



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 20-096

Board Meeting Date: 3/10/2020

Special Notice / Hearing: 14-day notice pursuant
to CA Health & Safety Code section 1442.5

Vote Required: None

To: Honorable Board of Supervisors

From: Louise Rogers, Chief of Health
Srija Srinivasan, Deputy Chief of Health

Subject: Beilenson Hearing concerning FY 20-21 Health Budget Proposals

RECOMMENDATION:

Accept this report and offer guidance regarding additional public feedback on the FY 2020-21 Health Budget proposals as part of the required Beilenson hearing.

BACKGROUND:

As we updated your Board at the January 28th study session, County Health (Health) has been engaged in a multi-year phased approach to addressing a structural budget deficit. Health will meet its current 2019-20 fiscal year responsibilities within our budgeted resources. However, given an estimated \$57M expected shortfall for the FY 2020-21, we are bringing forward proposals for \$33M in revenue increases and \$16M in cost reductions for your Board's guidance and public input in advance of the usual timeline for FY 2020-21 budget planning. After implementing the above-referenced revenue increases and cost saving measures, we are proposing to cover the \$8M remaining shortfall with SMMC reserves. We strive to treat everyone who may be impacted by the reductions with sensitivity and respect and part of that is affording them substantial advance notice.

The cause of the structural deficit remains that Health revenues are largely flat or declining while costs for both directly operated and contracted functions continue to increase. The majority of Health expenditures are in the workforce, where compensation and benefits are driven substantially by high Bay Area costs and competition with private healthcare employers. Our greatest asset is the workforce of our organization and of our partner organizations who carry out the important work we do to further our mission of longer and better lives for everyone in San Mateo County. At the same time, salary and benefits increases are the greatest driver of our structural deficit because our revenues are not keeping up with these costs. Our reimbursements are largely tied to the services we provide. We are proposing to maximize every opportunity we can to raise \$33M in new revenues for FY 2020-21 within the current reimbursement systems. However, the magnitude of our budget gap requires us to also propose \$16M in reductions, as set forth in Health's presentation at the January 28, 2020 hearing, of which \$4.7M will result in reductions in service to the public and are the

focus of this hearing.

Pursuant to State law known as the Beilenson Act, elimination of and/or reductions in the level of certain health services provided by a County, and/or the closing of County health facilities, requires notice and a public hearing. The notice for California Health & Safety Code § 1442.5, pursuant to legal requirements, was posted at the entrance to all County health care facilities on or before February 25, 2020. A copy of the notice, which was posted in English, Spanish, Mandarin, and Tagalog, is submitted herewith.

DISCUSSION:

This hearing provides the Board with an additional opportunity to hear feedback from the public, in compliance with the requirements of the Beilenson Act, concerning the proposed service reductions set forth below.

There are six recommended service reduction actions that are the subject of this public hearing:

		Financial Impact	Clients Impacted	Positions Impacted
1	Close retail outpatient pharmacy at main campus in San Mateo and direct Medi-Cal patients to any of 10 pharmacies in the HPSM network in the area; partner with HPSM to obtain services for ACE clients through an alternative provider.	\$1,300,000	15,196	22 pos, (21 filled)
2	Reduce acute inpatient psychiatric capacity by 12 beds from 34 licensed (29 budgeted) to 17 staffed beds. Redirect \$1.4 M to purchase other residential placements for 80% of census who are waiting for discharge to residential care. Currently, of the 18 referrals per week from Psych Emergency Services, 5 patients are admitted to the unit and 13 are referred out. Estimate reduction of 2.5 admissions per week referring those out to other hospitals for total of 15.5 patients referred out per week to other hospitals.	\$1,634,946	100	29 pos, (19 filled)
3	Eliminate ophthalmology services at SMMC and work with HPSM to obtain services for ACE clients through an alternative provider and direct Medi-Cal patients in need of these services to other HPSM contracted providers.	\$ 269,000	1485	3 pos, (3 filled)

		Financial Impact	Clients Impacted	Positions Impacted
4	Relocate Mental Health Primary Care services (6 staff members) for mentally ill clients operated at the BHRS Central and South Clinic sites that are not billable pursuant to Federally Qualified Health Center (FQHC) regulations under current SMMC structure to other SMMC FQHC clinic locations. Specialized co-located model is beneficial for and tailored to needs of mentally ill clients but not currently reimbursable under Medi-Cal outside the medical clinic structure.	\$930,000	1,385	
5	Redirect Measure K funding from Alzheimer's Association contract.	\$491,727	29	
6	Redirect Measure K funding from Ombudsman Services of San Mateo County contract providing advocacy services to County long-term-care residents.	\$121,983	No impact on County Health services anticipated	

As we described at the January 28th meeting of your Board, each of these proposed actions was arrived upon after significant consideration of options to achieve fiscal balance. We ultimately selected these recommendations to minimize impact on the clients and patients we serve.

FISCAL IMPACT:

There is no fiscal impact as a result of accepting this report or as a result of conducting the Beilenson hearing.