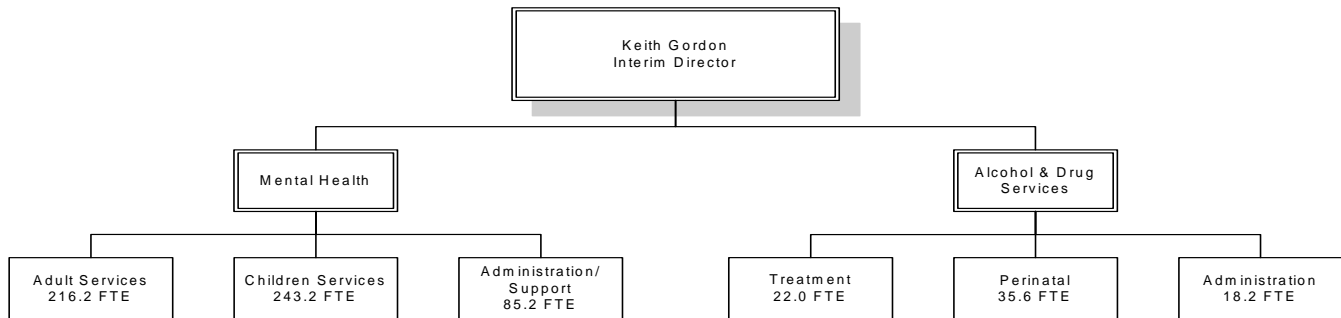


## BEHAVIORAL HEALTH Dr. Keith Gordon

### MISSION STATEMENT

The Department of Behavioral Health will help individuals living with the problems of mental illness and substance abuse to find solutions to challenges they face so that they may function well within their families and the community. The Department of Behavioral Health staff will be sensitive to and respectful of all clients, their families, culture and languages. The Department of Behavioral Health will use the taxpayers' money wisely to meet its goals while following all governmental guidelines and requirements. The Department of Behavioral Health will provide a pleasant workplace for its staff members so that they may be creative and effective in their jobs. The Department of Behavioral Health will provide a pleasant environment for clients in which to receive services.

### ORGANIZATIONAL CHART



### SUMMARY OF BUDGET UNITS

	2005-06				
	Appropriation	Revenue	Local Cost	Fund Balance	Staffing
Behavioral Health	125,648,995	123,806,242	1,842,753		545.6
Alcohol and Drug Services	19,085,440	18,935,982	149,458		75.8
Special Patient Account	-	-		-	-
Driving Under the Influence Programs	332,413	122,713		209,700	-
State Block Grant Carryover Program	3,750,982	1,539,219		2,211,763	-
Court Alcohol and Drug Program	996,753	407,687		589,066	-
<b>TOTAL</b>	<b>149,814,583</b>	<b>144,811,843</b>	<b>1,992,211</b>	<b>3,010,529</b>	<b>621.4</b>

### DESCRIPTION OF MAJOR SERVICES

The Department of Behavioral Health (DBH) is responsible for providing mental health services to county residents who are either unable to afford treatment or do not live in proximity to private services. Treatment is provided to all age groups, with primary emphasis placed on treating children, families and chronically mentally ill adults (in that priority). Services are delivered throughout the county via a network of department-operated clinics, community based contract providers (residential and psychiatric skilled nursing facilities and acute hospitals), public schools, and other community based settings. Services include: information and referrals, community outreach, client self-help and support groups, a variety of children's programs, mentally ill homeless program, employment services, case management, crisis and transitional residential assistance, augmented board and care placements, conservatorship services, supportive housing services and client transportation assistance. The department also operates as a training setting by administering various internship programs and offering continuing education for licensed department and contractor staff.

Mental health services are principally funded by realignment funds generated from state sales tax and vehicle license fees (approximately 48%) and state & federal revenues (46%). The remaining 6 percent of revenue sources are insurance/patient fees, reimbursements, other miscellaneous revenue, and local cost. The local cost of \$1,842,753 represents the required realignment revenue maintenance of effort (MOE).



## BUDGET AND WORKLOAD HISTORY

	<b>Actual 2003-04</b>	<b>Budget 2004-05</b>	<b>Estimate 2004-05</b>	<b>Proposed 2005-06</b>
Appropriation	117,902,648	114,699,507	110,282,177	125,648,995
Departmental Revenue	116,059,895	112,856,754	108,439,424	123,806,242
Local Cost	1,842,753	1,842,753	1,842,753	1,842,753
Budgeted Staffing		565.9		545.6

### Workload Indicators

Direct billable hours: Clinic	228,505	226,811	292,461	293,542
Direct billable hours: Contract	125,121	119,430	128,282	134,527
Direct billable hours: Fee for Service	43,896	32,617	36,797	36,936
Medical Administrative Activity Hours	36,488	34,579	34,704	37,690
Quality Assurance Hours	30,347	18,638	11,089	12,341
Outreach hours clinic & contract	12,039	8,993	9,026	10,541
Day treatment hours: Habilitative (Clinic & contract)	30,382	27,676	20,536	21,682
Day treatment hours: Intensive	65,247	20,960	21,979	23,078

Overall, estimated expenditures are expected to be under budget by \$4.4 million.

In a continuing effort to reduce the use of Realignment fund balance to cover ongoing expenditures, DBH held some positions vacant throughout the year, which resulted in estimated salary savings of \$2.8 million.

Estimated services and supplies are \$3.3 million under budget. The variance is due to the following:

- Computer software expenses, which are estimated at \$1.9 million less than budget due to delays in implementing the new MEDITECH client data system. These costs are now expected to be incurred in 2005-06.
- Contract agency expenditures, which are estimated at \$3.3 million less than budget due to smaller than anticipated contract expenditures in the following programs: Children's Residential & Intensive Services, Early Periodic Screening, Diagnosis and Treatment (EPSDT) services, general Mental Health services, and institutions for mental disease (IMDs).

These decreases are offset by increases in:

- Prior year expenditures of \$0.6 million were not accrued in the 2003-04 year-end process and therefore are included in 2004-05 expenditures.
- Additional professional fees of \$0.8 million due to increases in ambulance services costs for transporting clients from Arrowhead Regional Medical Center (ARMC) to other hospitals.
- Additional fee-for-service contract payment costs of \$0.5 million for outpatient services due to the expansion of the provider base.

The variance in other charges of \$610,237 is due to over-utilization of state hospitals beds due to the difficulty of placing clients in alternate care facilities. The Department has just entered into an agreement with a facility that will accept some clients currently placed in state hospitals. This agreement will assist in reducing the use of state hospitals.

Estimated operating transfers out are \$399,999 more than budget due to an increase in Inpatient Managed Care costs.

Estimated reimbursements are \$660,548 less than budget primarily due to under-spending of CalWORKs allocation funds. The department continues its efforts to maximize this funding source.

Estimated state revenues are \$1.0 million more than budget due to state restoration of the 2004-05 managed care allocation and an increase in the state participation rate. Estimated federal revenues are \$1.2 million more than budget due to a revised estimate of federal Medi-Cal reimbursement. Other miscellaneous revenues are

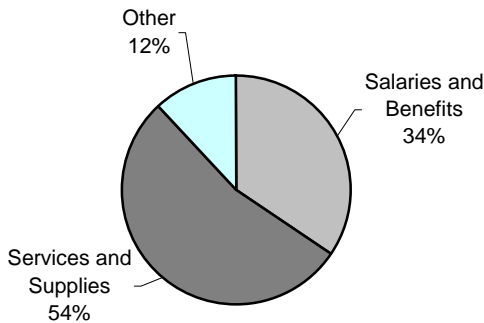


estimated at \$300,000 under budget. As a result, the estimate of Realignment revenue needed in 2004-05 is \$6.3 million less than budget.

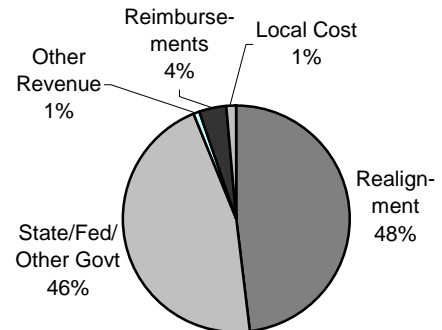
Workload indicators variances between estimated and budget for 2004-05 existed in the following areas:

- Direct billable hours – Clinic: The hours of operation were increased at several of the larger clinics. The estimates for 2004-05 and the budget for 2005-06 reflect the anticipated impact of this change.
- Direct billable hours – Contract: The department continues to expand its EPSDT contract network to provide services to children. The estimates for 2004-05 only reflect a partial year of operation. The budget for 2005-06 reflects the impact of full year operation.
- Direct billable hours – Fee for service (FFS): The number of FFS providers continues to grow, as does the need for services. Due to lower staffing levels at the clinics, more referrals were made to the FFS network. However, the department is in the process of addressing staffing needs and this line item is expected to level off in the coming year. Another impact to this indicator was the decision to expand the service network to include Masters of Social Work and Masters of Family Treatment.
- Quality Assurance hours: The scope of activities that can be claimed to this revenue source were reduced, resulting in an approximate reduction of 50% to the units being reflected in 2003-04. Estimates for 2004-05 indicate that reductions continue, though much of this can be attributed to staff turnover and vacancies. The proposed budget is based on the assumption that vacancies will be filled and staff will properly code their time.
- Day Treatment hours– Habilitative and Intensive: The 2004-05 budget contained a planned shift from Habilitative to Intensive Day Treatment to better serve consumers. The estimates and the proposed budget confirm this program change.

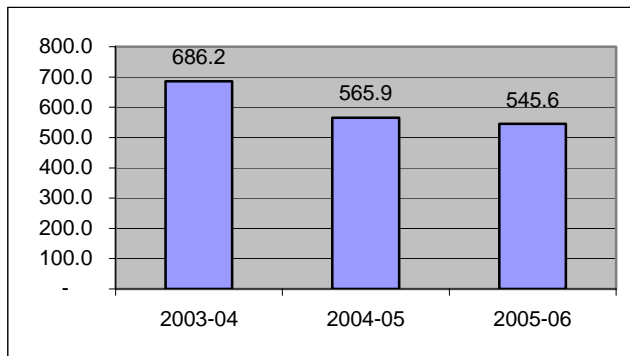
**2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY**



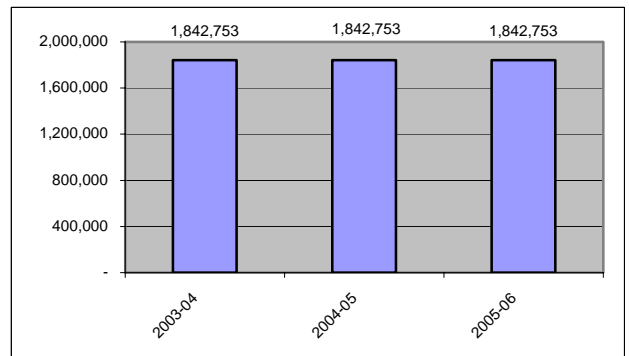
**2005-06 BREAKDOWN BY FINANCING SOURCE**



**2005-06 STAFFING TREND CHART**



**2005-06 LOCAL COST TREND CHART**



GROUP: Administrative/Executive  
DEPARTMENT: Behavioral Health  
FUND: General

BUDGET UNIT: AAA MLH  
FUNCTION: Health & Sanitation  
ACTIVITY: Hospital Care

## ANALYSIS OF 2005-06 BUDGET

	A	B	C	D	B+C+D E	F Department Recommended Funded Adjustments (Schedule A)	E+F G 2005-06 Proposed Budget
	2004-05 Year-End Estimates	2004-05 Final Budget	Cost to Maintain Current Program Services	Board Approved Adjustments	Board Approved Base Budget		
<b>Appropriation</b>							
Salaries and Benefits	39,503,130	42,310,515	3,304,712	-	45,615,227	(917,256)	44,697,971
Services and Supplies	59,404,049	62,688,578	781,112	544,300	64,013,990	5,770,905	69,784,895
Central Computer	523,431	523,431	(43,088)	-	480,343	-	480,343
Other Charges	4,641,988	4,031,751	-	-	4,031,751	137,418	4,169,169
Improvement to Structures	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	60,000	60,000
Transfers	4,681,670	4,677,870	-	-	4,677,870	194,590	4,872,460
Total Exp Authority	108,754,268	114,232,145	4,042,736	544,300	118,819,181	5,245,657	124,064,838
Reimbursements	(4,514,843)	(5,175,391)	-	-	(5,175,391)	166,795	(5,008,596)
Total Appropriation	104,239,425	109,056,754	4,042,736	544,300	113,643,790	5,412,452	119,056,242
Operating Transfers Out	6,042,752	5,642,753	-	-	5,642,753	950,000	6,592,753
Total Requirements	110,282,177	114,699,507	4,042,736	544,300	119,286,543	6,362,452	125,648,995
<b>Departmental Revenue</b>							
Realignment	48,898,513	55,217,257	3,072,632	(259,783)	58,030,106	4,460,000	62,490,106
State, Fed or Gov't Aid	58,099,321	55,898,870	970,104	804,083	57,673,057	2,241,151	59,914,208
Current Services	271,290	293,974	-	-	293,974	(31,104)	262,870
Other Revenue	1,170,300	1,446,653	-	-	1,446,653	(307,595)	1,139,058
Total Revenue	108,439,424	112,856,754	4,042,736	544,300	117,443,790	6,362,452	123,806,242
Local Cost	1,842,753	1,842,753	-	-	1,842,753	-	1,842,753
Budgeted Staffing		565.9	2.3	-	568.2	(22.6)	545.6

The majority of Behavioral Health services are funded with State Realignment revenues. In recent years, the budget has included a combination of ongoing Realignment funds as well as use of unspent Realignment fund balance. However, to better align spending with receipt of ongoing Realignment funding, the department made significant cuts in the 2004-05 budget. The 2005-06 proposed budget continues to align ongoing expenditures with ongoing Realignment funding.

The total increase requested in the 2005-06 budget is \$11.2 million. The increases described below are from budget to budget and include the cost to maintain services and midyear board-approved increases.

Salaries and benefits will increase by approximately \$2.4 million while budgeted staffing will decrease by 20.3 positions. Estimated costs increases of \$3.3 million are related to increased costs in retirement, workers compensation, potential salary increases due to labor negotiations, and the addition of two positions for the Adelanto Jail facility. This increase, which is reflected in the Cost to Maintain Current Services column, was partially offset by cost decreases of \$0.9 million due to recommended reduction in budgeted staffing. The 2005-06 budget includes the addition of 21.5 positions; the deletion of 17.0 positions; one reclassification; a net of 2 positions transferred to ADS; and the reduction of 22.8 positions to reflect current year staffing needs.

The increase in services and supplies of \$7.1 million is primarily due to increases in contracted services such as Fee for Service contracts, incorporated doctors, and contracts for therapeutic behavioral services, wraparound services, and children's specialty residential services. Other increases include ambulance costs for transporting clients from ARMC to other hospitals, computer equipment to replenish old equipment, and malpractice insurance. These costs increases of \$8.0 million were partially offset by decreases of \$0.9 million from COWCAP charges, ISD charges, risk management insurance, and minor decreases in miscellaneous expenses.

Central computer charges are decreasing by \$43,088.

Other charges are increasing by \$137,418 due to increased bed usage in the state institution facilities.

Equipment is increasing by \$60,000 to replace selected computer servers.



Transfers out to other departments are recommended to increase by \$194,590 due to increases in lease costs, services provided by the Human Resources Department and the Public Guardian Department. These increases were partially offset by decreases in administrative support provided by Human Services System and Alcohol and Drug Services.

Reimbursements from other departments are expected to decrease by \$166,795 primarily by the elimination of a Program manager no longer needed by the Department of Children Services and a minor reduction in the CalWORKS allocation. These decreases were partially offset by an increase in lease costs paid by Alcohol and Drug Services.

Operating transfers out are recommended to increase by \$950,000 due to an anticipated increase of \$700,000 in inpatient fee-for-service costs based on current year trend and a new CIP request in the amount of \$250,000 for building renovations needed to ease staff overcrowding on Gilbert Street.

Revenue changes are detailed as follows:

- \$7.3 million increase in Realignment to cover salary and contract increases. Ongoing Mental Health Realignment revenues for 2005-06 are estimated at \$60.3 million. The 2005-06 proposed budget continues to align ongoing expenditures with ongoing Realignment funding. Of the total Realignment revenue needed for 2005-06 (\$62.5 million), \$60.3 million is for on-going operating costs and \$2.2 million is for one-time costs. The one-time costs consist of \$1.9 million for costs related to the new MEDITECH system implementation, \$250,000 for building renovation costs, and \$65,000 for one-time server and equipment purchases.
- A net increase of \$4.0 million in state and federal revenue. State and federal revenue increased by \$5.3 million primarily due to increased Medi-Cal billing rates, increases in the number of services provided to Medi-Cal and EPSDT eligible children, and an increase in the PATH homeless grant. This increase was partially offset by a decrease of \$1.3 million from the Federal Emergency Management Agency (FEMA) grant that concluded in December 2004.
- Current services decreased by \$31,104 to reflect current year collections of insurance payments.
- Other revenue decreased by \$307,595 to reflect current year collections of IMD Supplemental Security Income (SSI) payments and revenue from clients receiving interim assistance.

The Mental Health Services Act (MHSA) was passed by voters in November 2004 as Proposition 63, and established a state personal income tax surcharge of 1% on taxpayers' whose annual taxable income exceeds \$1.0 million. This surcharge provides funding to expand mental health services, primarily in community services and supports, education/training, prevention/early intervention, and innovative programs. DBH is currently in the initial planning stage on how to expand services to utilize the increased funding. The amount of increased funding is not yet known, and therefore has not been included in the 2005-06 proposed budget. When funding is known, the department will return with a midyear budget adjustment.

DEPARTMENT: Behavioral Health  
 FUND: General  
 BUDGET UNIT: AAA MLH

SCHEDULE A

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1. New Positions	19.2	1,178,179	-	1,178,179
19.2 new positions are being requested for the following: 10.3 new positions for CalWORKs for providing better Mental Health services to CalWORKs clients and to better utilize the CalWORKs allocation funds. 2.6 Clinical Therapists 1.8 Social Workers 0.9 Mental Health Specialist 5.0 extra-help Public Service Employees to provide work experience to CalWORKs participants 6.5 positions to correct underfills 1.0 Storekeeper 1.0 Psychiatrist Technician I 4.5 Social Worker II 1.5 Staff Analyst II - One will replace a vacant funded Program Manager I position and the other is a new position needed due to workload in the Contracts unit. 0.9 Contract Clinical Therapist for Needles due to workload.				



DEPARTMENT: Behavioral Health  
 FUND: General  
 BUDGET UNIT: AAA MLH

SCHEDULE A

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
2. Net transfer of staff between the Mental Health budget unit (MLH) and ADS Five positions were transferred from MLH to ADS and three were transferred from ADS to MLH to more accurately reflect the duties and funding of positions.	(2.0)	(227,233)	-	(227,233)
3. Reclassification The department is requesting a reclassification of the Supervisor Accountant III position to an Administrative Supervisor II due to the duties assigned to this position.	-	4,793	-	4,793
4. Delete positions 17.0 positions will be deleted; 6.5 positions after underfills are corrected, 1.8 positions budgeted in error, and 8.7 positions that are either extra-help or contracts that are no longer needed.	(17.0)	(1,148,845)	-	(1,148,845)
5. Step increases 2.5% estimated for step increases.		784,718	-	784,718
6. Reduce budgeted staffing Reduce 22.9 budgeted staffing to allow for vacancy in some positions due to delays in hiring.	(22.8)	(1,508,868)	-	(1,508,868)
7. Computer Equipment Increase in computer equipment costs due to the continued implementation of the department's computer replenishing plan.		223,029	-	223,029
8. Professional and Special Service Increase in professional services mainly related to Increase in ambulance services costs for transporting clients from ARMC to other hospitals of \$1,178,252 partially offset by a minor decrease in other services of \$101,684, for a net increase of \$1,076,568.		1,076,568	-	1,076,568
9. Incorporated doctor costs Increase in salary costs to incorporated doctors due to potential Memorandum Of Understanding (MOU) increases.		309,359	-	309,359
10. Contract provider payments Increase due to provision of new Therapeutic Behavioral Services in 2005-06 and projected increased in Wraparound services and children's specialty residential services.		4,011,779	-	4,011,779
11. Fee for service contracts Increase in payments to fee-for-services contracts due to expanding the provider base.		375,200	-	375,200
12. Remote pharmacy costs Increase in pharmacy costs due to increasing drug costs.		425,502	-	425,502
13. COWCAP and Information Services Department (ISD) Charges Decrease in COWCAP charges of \$436,878 and decrease in ISD charges of \$168,325, for a net decrease of \$605,203.		(605,203)	-	(605,203)
14. Decreases in miscellaneous costs Net changes to expenses with the major decreases occurring in systems development as projects were completed in 2004-05; general maintenance; and leased equipment and structures.		(45,329)	-	(45,329)
15. Other charges Increase in State Hospital cost based on current State offsets and an increase in costs related to transporting indigents.		137,418	-	137,418
16. Equipment Equipment increased due to the planned replacement of computer servers.		60,000	-	60,000
17. Transfers Out Transfers are increasing due to the following: Increases: 1) in services provided by the Public Guardian Department of \$348,159 2) Rent costs paid to Real Estate Services of \$109,615 3) Human Resources support paid to the Human Resources Department of \$39,803 Partially offset by decreases in: 4) administrative support purchased from Human Services System in the amount of \$227,961 5) administrative support purchased from Alcohol and Drug Services in the amount of \$58,541 6) EHAP in the amount of \$16,485		194,590	-	194,590



DEPARTMENT: Behavioral Health  
 FUND: General  
 BUDGET UNIT: AAA MLH

SCHEDULE A

DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

Brief Description of Program Adjustment	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
18. Reimbursements Reimbursements are decreasing due to the following: 1) the elimination of a proposed transfer from the Department of Child Support for a Program Manager position in the amount of \$109,639 that was not needed in 2004-05 and that will not be needed in the upcoming year either. 2) a CalWORKs allocation reduction of \$90,602. 3) an increase in lease reimbursement from Alcohol and Drug Services in the amount of \$33,446.		166,795	-	166,795
19. Operating Transfers Out Operating transfers out increased due to an anticipated increase in Inpatient Fee-For-Service costs of \$700,000 based on current year trend and a new CIP requested to remodel Building #5 on Gilbert street to ease staff overcrowding in the amount of \$250,000.		950,000	-	950,000
20. Realignment Usage The Department anticipates a total increase in Mental Health Realignment usage of approximately \$7.3 million. Out of this increase, \$2.8 million is due to MOU increases, workers compensation increases, retirement increases and mid year changes not covered by other revenue sources. The difference of \$4.5 million is primarily related to contract increases. Ongoing Mental Health Realignment revenues for 2005-06 are estimated at \$60.3 million. The 2005-06 proposed budget continues to align ongoing expenditures with Realignment funding. Of the total Realignment revenue needed for 2005-06 (\$62.5 million), \$60.3 million is for ongoing operating costs and \$2.2 million is for one-time costs. The one-time costs consist of \$1.9 million for costs related to the new MEDITECH client data system implementation, \$250,000 for building renovation costs, and \$65,000 for one-time server and equipment purchases.		-	4,460,000	(4,460,000)
21. State, Federal or Government Aid State aid increases -The Managed Care allocation was increased by \$1.0 million primarily due to the change in the Medi-Cal sharing percentage to 50/50. The proposed budget includes an increase of \$541K in EPSDT due to the steady growth of providers added during the past two budget years. Federal Medi-Cal is projected to increase by \$2.0 million based on higher state allowable billing rates, expanded clinic hours and the continued increase in the FFS managed care network. Federal revenue reflects a decrease of \$1.3 million due to the termination of the FEMA grant that was awarded to the department to provide services associated with the 2003 Wildfire Project.		-	2,241,151	(2,241,151)
22. Current Services Insurance payments have been projected at the current trend. This is on a cash basis and fluctuates annually.		-	(31,104)	31,104
23. Other Revenue Other revenue decreased due to reduction in SSI revenue for IMD clients and revenue from clients receiving interim assistance to reflect current operating trends. In addition, the Wellness Grant was reduced based on the terms of the grant.		-	(307,595)	307,595
<b>Total</b>		<b>(22.6)</b>	<b>6,362,452</b>	<b>6,362,452</b>

