



San Francisco Department of Public Health

FY 2021-22 Fourth Quarter Financial Report

November 2022



Highlights for Fourth Quarter Financials

- Final balances reflect routine year end balancing with the Controller's Office with no significant variances in expenditure at the close of the fiscal year
- The positive balance projected in this report will be applied to offset the City's General Fund deficit
- Above budget revenue projected primarily from one-time/temporary sources
- One-time budget and expenditure adjustment made by the Controller's Office of \$18.7 Million to repay prior year withdrawals of deactivated MRA funds, as advised by the City Attorney
- Operating funds does not include COVID-19 Response project which is reported separately
 - In Q4, the Controller's Office did transfer \$9.8 million of project budget to address the shortfalls projected in Q3.



Fourth Quarter Summary

Fourth Quarter FY 21-22 Report	Revenue			Expenditure			Total
	Revised	Current	Surplus/	Revised	Current	Surplus/	Surplus/
	Budget	Projection	(Deficit)	Budget	Projection	(Deficit)	(Deficit)
HGH - Zuckerberg SF General	\$ 1,012.0	\$ 1,114.3	\$ 102.4	\$ 1,024.0	\$ 1,024.4	\$ (0.4)	\$ 102.0
HLH - Laguna Honda Hospital	\$ 206.1	\$ 210.1	\$ 3.9	\$ 290.0	\$ 288.4	\$ 1.6	\$ 5.5
HBH - Behavioral Health	\$ 224.0	\$ 268.7	\$ 44.7	\$ 354.3	\$ 350.1	\$ 4.2	\$ 48.9
HPC - Primary Care	\$ 18.5	\$ 14.1	\$ (4.3)	\$ 133.5	\$ 132.0	\$ 1.4	\$ (2.9)
HJH - Jail Health	\$ 0.4	\$ 0.4	\$ -	\$ 37.7	\$ 37.8	\$ (0.1)	\$ (0.1)
HHH - Home Health	\$ 2.3	\$ 3.3	\$ 1.0	\$ 8.4	\$ 8.4	\$ 0.0	\$ 1.1
HNS - Health Network	\$ 31.5	\$ 10.2	\$ (21.3)	\$ 174.8	\$ 171.9	\$ 3.0	\$ (18.3)
HPH - Public Health Division	\$ 26.6	\$ 22.3	\$ (4.3)	\$ 79.5	\$ 79.0	\$ 0.5	\$ (3.8)
HAD - Central Administration	\$ 39.8	\$ 46.5	\$ 6.8	\$ 142.5	\$ 139.4	\$ 3.1	\$ 9.9
Total Operating	1,561.1	1,690.0	129.0	2,244.8	2,231.4	13.4	142.3
							Less Revenue Surplus Deposit to Management Reserve (9.22)
							Less Additional Deposit To Management Reserve Based On Adopted FY 22-24 Budgeted Revenues (10.61)
4/							122.50



One-Time Revenue Summary

~\$94 M of the \$129 million revenue surplus is related to mid-year policy changes resulting in significant one-time increases for FY 21-22

- \$4.9 M of net increase in Provider Relief Funds (PRF) - newly recognized in Q4

Note in addition to this increase, following the submission of PRF in this year for 20-21 revenues, PRF revenue was realigned to match submission. This created positive and negative variances in PRF, but this set of adjustments.

- \$32.7 M for the extension of enhanced Federal Medical Assistance Percentage under the Public Health Emergency
 - \$8 M Behavioral Health, \$3.4 M LHH, \$15 M ZSFG
- \$38.5 M - One-time threshold change under the Global Payment Program
- \$8.4 M One-time State General Fund Grant for public health care systems
- \$9.4 M One-time prior year BH settlements

Zuckerberg San Francisco General

\$102.4 million surplus



Major Variances	FY 21-22 GF Favorable / (Unfavorable)
Revenues	
Net Patient Revenues	\$70.9
Medi-Cal Waiver - Global Payment Plan +38.5, less -29.2 Settlement	\$8.6
Quality Incentive Program (QIP)	\$4.9
Other Medi-Cal: GME	\$9.0
Capitation Revenues	\$4.3
Other State Funding - Hospital Quality Insurance Program	\$7.4
Expenditures	
Salary and Fringe Benefits	(\$0.6)
Non-Personnel Services	(\$0.9)
Materials and Supplies	(\$1.2)

Laguna Honda Hospital \$5.5 million surplus



Major Variances	FY 21-22 GF Favorable / (Unfavorable)
Revenues	
Medi-Cal Per Diem SNF Rates	\$10
Provider Relief Funds (realigned to other divisions)	-\$6.1
Expenditures	
Salary and Fringe Benefits	\$1.4
Materials and Supplies Savings	\$0.2

Behavioral Health

\$48.9 million surplus



Major Variances	21-22 GF Favorable / (Unfavorable)
Revenues	
Patient Revenues	\$29.4
- \$24.9 M SD Medi-Cal Billing (including \$8 M FMAP)	
- \$0.4 M in Medicare Revenues	
- 4.1 M in one-time prior year settlements	
2011 Realignment	\$16.5
Behavioral Health Quality Incentive Program under CalAIM	\$0.4
Substance Abuse Prevention and Treatment (SAPT)	\$0.2
Other State Revenue (0.7 M Delayed SFUSD Claims & \$1 SUD)	(\$1.7)
Expenditures	
Salaries and Fringe Shortfall	\$0.3
Nonpersonnel Savings	\$3.2



Primary Care: \$2.9 Million Shortfall

Major Variances	FY 21-22 GF Favorable / (Unfavorable)
Revenue Shortfall of \$4.3 M	
Prior Year Settlements	(\$5.5)
Other Patient Revenues	\$0.4
Medi-Cal (+1.2 M) and Medicare (-1.2 M)	-
Capitation	(\$0.1)
Provider Relief Funds	\$0.8
Expenditures	
Salary and fringe benefits	\$0.9
Non Personnel Services	\$0.3
Materials and Supplies, Equipment and workorders	\$0.2



Jail Health: \$0.1 million shortfall

Health at Home: \$1.1 million surplus

Jail Health Services	FY 21-22 GF Favorable / (Unfavorable)
Expenditure	
Salary and Fringe Benefits	\$0.05

Health at Home	21-22 GF Favorable / (Unfavorable)
Patient Revenue	\$1.1
Salaries and fringe benefits	\$0.03



Health Network Services: \$18.3 million shortfall

Major Variances	FY 21-22 GF Favorable / (Unfavorable)
Revenues: -(\$21.3)	
Medi-Cal Administrative Activities Billing	(\$0.7)
Health Plan Settlements	(\$0.2)
HSF Patient & Employer Fees	(\$16)
Fees and Licenses	(\$0.4)
Other Revenue - \$6 M City Option Funds Disbursements, \$0.9 M CCS and \$1.1 M PRF	(\$4.0)
Fees and Licenses	(\$0.4)
Expenditures: \$3.0	
Salaries and Fringes	\$0.7
Non Personnel Services – \$2.1 M and Workorders \$0.1 M	\$2.2

As noted earlier, the HNS division also reflected a one-time budget adjustment and expenditure of \$18.5 M to repay prior year withdrawals of deactivated funds for MRA accounts. This change shows as a neutral adjustment on DPH's Financials with no variance, but offset as part of the larger city budget.

Population Health Division: \$3.8 million shortfall



Major Variances	21-22 GF Favorable / (Unfavorable)
Revenues: -\$4.3 M shortfall	
Medi-Cal and Medicare Billing	(\$0.7)
Patient Revenues	(\$1.7)
Environmental Health Fees	(\$2.8)
Other Revenue (0.4 m – Provider Relief Funds and 0.3 M Agricultural Subventions)	\$0.9
Expenditures: \$1.1 M savings	
Salaries and Fringes	\$0.3
Non Personnel Services	\$0.7

Public Health Administration: \$9.9 M surplus



Major Variances	21-22 GF Favorable / (Unfavorable)
Revenues \$6.8 million surplus	
Medi-Cal Administrative Activities	(\$1.8)
Vital Records Fees	(\$0.2)
Other State – Provider Relief Funds	\$8.4
Expenditures - \$3.1 M surplus	
Salary and fringe benefits	\$0.7
Non Personnel Services (Delay in Debt Payment)	\$2.0
Interdepartmental Workorders	\$0.4



COVID Response Project Budget

Branch	Revised Budget	Actuals	Encumbrances and Other Pending Charges for FY 21-22 Services	Inventory Adjustments*	Total Projected Spending	Remaining Balance
CoVid OPS DOC	13.0	10.5	2.1		12.6	0.4
CoVid OPS SIP Hotels	2.1	0.8	-		0.8	1.3
CoVid OPS I&Q	14.6	10.2	6.0		16.2	(1.6)
CoVid CDRU	20.6	12.2	5.9		18.1	2.5
CoVid OPS Community	35.2	13.4	8.8		22.2	13.0
CoVid PLN Epi & Surveillance	1.2	0.1	1.3		1.4	(0.2)
CoVid OPS Testing	27.2	25.5	5.0		30.5	(3.3)
CoVid OPS Vaccination	25.4	14.5	7.2		21.7	3.7
CoVid PPE*	0.8	(5.0)	0.1	5.7	0.8	-
CoVid DOP Amb. Care Response	0.6	0.6	0.7		1.3	(0.7)
CoVid DOP HL Response	5.7	5.3	0.4		5.7	-
CoVid DOP HGH Response	23.8	20.7	2.5		23.2	0.6
Total	170.2	108.8	40.0	5.7	154.5	15.7
						Less Expected Carryforward for Community Contracts
						<u>12.9</u>
						Total Available Balance
						2.8

*This line item reflects the accounting treatment for prior year purchases and not actual expenditures. This "negative" expenditure is a result of inventory reporting where the value of assets purchased from a prior year is deducted from balance sheets at the time it is distributed and no longer held as inventory.



COVID Response Project Budget

- Revised budget included a \$9.8 million adjustment by Controller similar to prior year adjustments
- Significant variances include
 - SIP Hotel Savings – due to funding via HSH and State’s Project Room Key
 - Isolation and Quarantine Hotels – expansion of rooms due to surges
 - COVID Community Contracts – Delay in implementation and underspending. This savings was assumed as part of our budget planning and will continue programs in FY 22-23.
 - Testing – increased demand, primarily during Omicron surge (Dec-Feb)
 - Vaccine– increased capacity by providers and retail pharmacies reduced need for services



DPH Revenue Management Reserve

- Section 12.6 of the administrative provisions of the Annual Appropriation Ordinance allows the deferral of DPH Revenue Management Reserve.
- Reserve is based on net Medi-Cal, Medicare and Patient Revenue and allows for up to 50% of surplus revenues to be deposited, up to a total of 5% of the two-year budgeted revenues.
- With the fourth quarter surpluses, the reserve is fully funded and no further deposits are expected until the FY 2023-24 and FY 2024-25 budgets are updated.

DPH Revenue Management Reserve as of Q4 2021-22					
Budgeted Revenues	Medi-Cal	Medicare	Patient Revenues	Less IGT	Annual total
FY 2022-23	1,061,266,522	191,432,968	122,869,166	(114,034,233)	1,262,120,134
FY 2023-24	1,019,131,750	188,379,336	123,446,637	(116,148,435)	1,215,506,998
			Total Revenues Over Two Years		2,477,627,132
			Reserve Balance as of Q4 FY 20-21		104,050,638
				FY 21-22 Q1 Deposit	4,850,000
				FY 21-22 Q2 Deposit	4,371,485
				FY 21-22 Q3 Deposit	-
				FY 21-22 Q4 Deposit	10,609,234
				Current Reserve Balance	123,881,357
			Reserve as a percentage of Two year Medi-Cal, Medicare and Patient Revenues		5.00%

Questions



Thank You