Occasional Papers

The State Budget and Local Health Services in California: Surveys of Local Health Officials

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Public Policy Institute *of* California

The Public Policy Institute of California (PPIC) is a private operating foundation established in 1994 with an endowment from William R. Hewlett. The Institute is dedicated to improving public policy in California through independent, objective, nonpartisan research.

PPIC's research agenda focuses on three program areas: population, economy, and governance and public finance. Studies within these programs are examining the underlying forces shaping California's future, cutting across a wide range of public policy concerns, including education, health care, immigration, income distribution, welfare, urban growth, and state and local finance.

PPIC was created because three concerned citizens – William R. Hewlett, Roger W. Heyns, and Arjay Miller – recognized the need for linking objective research to the realities of California public policy. Their goal was to help the state's leaders better understand the intricacies and implications of contemporary issues and make informed public policy decisions when confronted with challenges in the future.

David W. Lyon is founding President and Chief Executive Officer of PPIC. Thomas C. Sutton is Chair of the Board of Directors.

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Summary

This report is the second comprehensive analysis of how local health programs in California have fared in the context of the state's ongoing budget deficits. The findings are based on a survey of local government health officials conducted during February and March 2005 by the Public Policy Institute of California.

The survey was emailed to health and mental health department heads in all 58 counties. In addition, several cities run health and mental health programs, and these departments were also included in our survey.[1] We provide context for the survey findings with in-depth case studies of county health programs in Contra Costa, Orange, Riverside, Stanislaus, and Tuolumne counties (Appendix B).

Major Findings

Health Services

- Seventy-two percent of local health officials ranked their current budget situations as worse than previous budget situations. Sixty-four percent of respondents said that they received less state funding than a year ago.
- Seventy-nine percent of respondents indicated that state funding changes were one of the most important factors contributing to budgetary pressures. Federal funding changes were mentioned next most often, with 63 percent rating this as one of the most important sources of budgetary pressure.
- Almost half of local health officials said that this year their departments were less able to provide public health services and preventive care (46% and 49%, respectively) compared to last year. Moreover, more than four in 10 respondents indicated that they were less able to provide care for adults and serve the uninsured this year.
- Two-thirds of respondents (66%) indicated that the demand for services provided by their department had increased relative to last year.
- Nearly half of local health officials indicated that they had reduced staff (49%), cut programs (44%), or increased fees (47%) in response to current budget situations.
- AIDS and alcohol prevention and treatment services were areas in which substantial proportions of local officials reported a decrease in their capacity to deliver services. Relatively few reported an increase in ability to deliver any of the mentioned services.
- Eighty-four percent of local health officials expect the governor's proposals for monthly premiums for Medi-Cal recipients to worsen their financial condition.

[1] The cities of Berkeley, Long Beach, and Pasadena received the health survey. Long Beach and Pasadena also received the mental health survey. The results from these cities are included with the results from the surveys of county officials.

A survey was also sent to public hospital directors; however, very few of these officials responded, and the responses of this group are therefore not included in this report.

Mental Health Services

- In general, local mental health officials reported that the budget situation was worse today than they had observed over the course of their careers. Sixty-nine percent of local mental health officials said that they received less state funding than a year ago, and 79 percent ranked their current budget situation as worse than previous years.
- Ninety-four percent of officials said that state funding changes were "one of the most important factors" or "fairly important" in contributing to local budgetary pressures. Seventy-nine percent reported that this year's state budget had "negatively affected" their ability to deliver services. Moreover, 44 percent reported that their local county general fund budget had negatively affected their ability to deliver services.
- Two-thirds (66%) of local officials reported program reductions, while almost half (44%) eliminated programs altogether. These reductions occurred at a time of increasing demand for mental health services: Two-thirds of local mental health officials (67%) reported that the demand for services delivered by their department had increased relative to last year.
- Almost three-fourths (72%) of local mental health officials said that their departments were less able to serve the uninsured this year compared to last year. Similarly, more than half of local mental health officials reported that they were less able to serve undocumented immigrants this year.
- More than half (52%) of local mental health officials expect their ability to deliver services next year will increase, while only 18 percent expect their ability to deliver services will decrease. This optimism may be related to the upcoming implementation of Proposition 63, the income tax for local mental health services. Sixty-one percent of local officials expect Proposition 63 to have a moderate impact on their ability to meet their most pressing mental health need, and 33 percent expect it to have a significant impact.

Conclusions

- Local governments are dependent on state revenues to deliver health and mental health services, and most report that the amount of state revenues available to them has declined. State budget actions are perceived to be a major source of budgetary pressure.
- In response to budget pressure, many local health and mental health departments have reduced staffing levels, reduced or eliminated programs, or closed facilities. Many have also approved fee increases to support local health and mental health programs.
- Many local officials reported reductions in their general service levels as well as reductions in their ability to deliver services to certain groups, including the uninsured and undocumented immigrants.

Introduction

County governments in California provide billions of dollars worth of health and mental health services, offering programs to populations with health and mental health problems that have limited ability to obtain services elsewhere. These services are paid for through a combination of federal, state, and local resources. State funding is by far the largest source of revenues for county governments, accounting for 40 percent of their total funding for all purposes.[2]

County governments, in turn, spend about 17 percent of their annual budgets on health programs, including public health, medical care, mental health, and drug and alcohol abuse. County health and mental health departments are required to fulfill many state and federal mandates. For instance, they serve as the "safety net" for millions of uninsured Californians, providing health care under the section 17000 mandate for indigent health care, and they also provide much of the public health infrastructure and outreach efforts. County governments also have gained the responsibility for local bio-terrorism contingency planning, with federal funds supporting these programs.

Over the past several years, the state government's budget in California has experienced an ongoing multibillion dollar gap between revenues and expenditures. According to local officials, this has resulted in lower levels of state spending on county-run health and mental health programs. Because of limitations on county revenue-raising authority and the two-thirds vote requirement needed to increase local special taxes, many local governments may find it difficult to make up for lost state revenues through additional local revenue sources.

The Public Policy Institute of California, with funding from the California Endowment, conducted a survey of local health officials during the first quarter of this year to determine how state budget deficits affected health and mental health programs in fiscal year 2004-05. The survey results presented in this report offer a benchmark for later comparisons while providing a current, comprehensive analysis of how local health and mental health departments are faring in light of the state's budget situation.

Specifically, we sought to answer these question:

- How do local health officials rank the impacts of the 2004-05 fiscal year budget shortfall compared to previous years? How much did changes in state funding contribute to local budget pressures relative to other funding and expenditure pressures?
- How many local officials report that they are less able to provide health services in general or less able to provide health services to specific population groups? Which health-related services were the most likely to experience cutbacks during the 2004-05 fiscal year?
- How did local health departments bridge their budgetary gaps during the 2004-05 fiscal year? What kinds of cost-savings and types of revenue-increasing measures were used?

[2] State of California Counties Annual Report—Fiscal Year 2001-02.

- How much did changes in state funding contribute to local budget pressures on local mental health services?
- Which specific types of mental health services provided by counties today have experienced cutbacks, and which populations are most affected by service cuts?
- Were specific expenditure reductions and tax and fee increases used to bridge the budget gap between spending and revenues in mental health services?

Surveys of County Officials

In February and March 2005, we emailed survey requests to the heads of county health departments and mental health departments in all 58 counties across California.[3] We prepared two tailored versions of the survey for each county. A survey request tailored to public health departments was sent to the primary health official in each county, as determined by his or her participation in the County Health Executives Association of California. A slightly different survey instrument focusing on mental health care was sent to the primary Mental Health official in each county, as determined by his or her participation in the County Mental Health Directors Association. Some questions were repeated from our 2004 survey for comparisons. [4]

The combined responses to the survey questions on county health services reflect a response rate of 64 percent and include 71 percent of the state's population. All but five of the state's largest counties (i.e., those with a population of more than 500,000 people) responded. The combined responses to the questions on county mental health services represent a response rate of 61 percent and include 69 percent of the state's population. All but six of the state's largest counties responded to the mental health survey.

Appendix A describes the methodology used in conducting this survey. Appendix C presents the survey instrument, including all of the questions on both public health and mental health services.

We also prepared five case studies of health and mental health programs in counties that were selected to reflect the state's geographic and population diversity. They were Contra Costa, Orange, Riverside, Stanislaus, and Tuolumne counties. These case studies are intended to provide context for the survey results through information gathered from in-depth interviews with county health and mental health officials and through additional information drawn from county budget documents, consultant reports, newspaper accounts, and various other sources. Appendix B presents the five case studies.

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[3] We also emailed survey requests to the three cities that have their own health or mental health departments and to the directors of the state's public hospitals. The responses of the city officials are included in the results presented in the report in the relevant health or mental health sections. Because of a low response rate (29 percent), the responses of the public hospital directors are not included in this report.

[4] A third "full version" of the survey containing all of the questions from both the public health and mental health surveys was prepared and sent to four small counties where the same person serves as the primary health and mental health contact.

County Health Services

Perceptions of Current Budget Situation

Many of the health services provided by California counties are paid for in whole or in part with funds from state and federal sources. As a consequence, the vitality of county health program budgets is closely tied to changes in the amount of these intergovernmental transfers. Most county health officials believe the current budget situation is worse than in previous years.

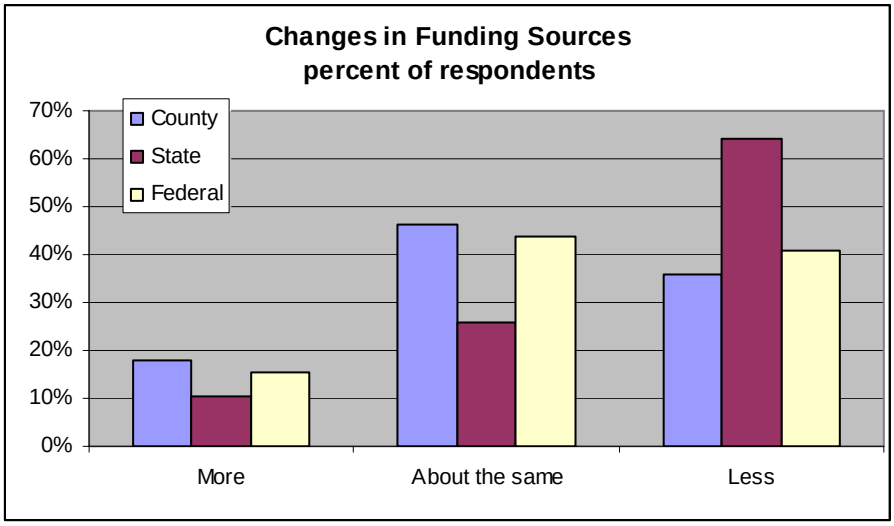
When asked to compare the budget shortfalls of the current fiscal year to previous shortfalls in terms of the effects on the county's ability to meet residents' health care needs, 72 percent of county health officials reported that this fiscal year's budget shortfalls were worse.

When asked if their departments received more, about the same, or less funding from state, federal, or local government sources in FY 2004-05 than in the preceding year, nearly two-thirds of the respondents (64%) said that they received less funding from state sources, 41 percent said they received less federal funding, and 36 percent said they received less from the county (Figure 1).

Comparing these statistics to those in last year's survey reveals the potential cumulative effect that year-over-year funding cuts may have on the availability and provision of local health services. Last year, 77 percent of local officials reported receiving less funding from state sources than in the previous year, 23 percent said they received less federal funding, and 48 percent reported receiving less from the county.

Figure 1

"Thinking about the current fiscal year (FY04-05), would you say your department/hospital has received more, about the same, or less total funding from county, state, and federal sources than one year ago?"



Sources of Local Budget Pressure

What are the sources of fiscal pressure on local health program budgets? Local health officials are most likely to point to funding changes at the state level. Seventy-nine percent responded that changes in state funding were "one of the most important factors" influencing their ability to balance their budget. None of the respondents said that state funding changes were "not a serious constraint" when it came to balancing their budget (Table 1).

Other important sources of budgetary pressure include federal funding changes and collective bargaining, with 63 percent and 61 percent, respectively, saying that these areas were one of the most important factors affecting their ability to balance their budget.

Year-over-year comparisons reveal a changing situation in the percentage who rate a particular source of budget stress as "one of the most important":

- Medical cost inflation (last year 45%, this year 32%),
- Mandates (last year 44%, this year 29%),
- Federal funding changes (last year 42%, this year 63%),
- Caseload increases (last year 41%, this year 26%).

Table 1

"There are many possible sources of pressure that make it difficult for county departments and hospitals to balance their budgets. How important are the following factors in contributing to budgetary pressures in your department/hospital?"

Source of Budget Pressure	Percent Responding			
	One of the most important factors	Fairly important	Not too important	Not a serious constraint
State funding changes	79%	21%	0%	0%
Federal funding changes	63	29	8	0
Collective bargaining	61	26	13	0
Local funding changes	50	26	24	0
Uncertainty about budget	50	39	11	0
Medical cost inflation	32	55	13	0
Mandates	29	66	5	0
Bureaucracy	29	45	18	8
Caseload increases	26	58	13	3
Public pressure	18	66	16	0
Changes in payer mix	11	46	32	11

Note: Numbers may not sum to 100 due to rounding.

Other Factors Contributing to Budgetary Pressure in Local Health Departments

Professional staff recruitment problems

County growth

Medical/nursing staff shortage which required an increase in overtime and per-diem cost

Significant deficit due to struggling county hospital

Flatness in Realignment revenue against overall and ongoing cost increases

Increases in pension costs, workers compensation

Reporting requirements for all the different programs, grants and funding streams has become VERY difficult. More staff needed to manage, report less money.

Grant terminations

Influence of County General Fund and State Budget

Although the local county general fund and the state budget provide the majority of funds available for local health programs, local health officials report that the condition of these two funding sources are more likely to negatively affect their ability to deliver services than to enhance it.

When asked, "have local budget conditions in your county positively affected, not affected, or negatively affected your ability to provide services?" a majority (54%) of those we surveyed responded that the condition of the county general fund had negatively affected their ability to deliver services. Only 8 percent of local health officials reported that the condition of their county general fund had positively affected their ability to provide services.

As for the specific effects of the state budget on local capacities, 64 percent of local health officials reported that the 2004-05 state budget had "negatively affected" their ability to provide services. None reported that the state budget had positively affected their ability to deliver services.

Ability to Deliver Services

In the context of funding reductions noted by local public health departments, respondents also reported reductions in the ability of these local agencies to deliver public health services. When asked how their ability to deliver services had changed compared to a year ago, many local officials reported that their service capability had deteriorated (Table 2).

Nearly half (46%) reported a reduction in their ability to deliver public health services, and a similar 49 percent indicated that they were less able to provide preventive care. Last year, 52 percent reported they were finding it more difficult than in the previous year to deliver preventive care services.

Thirty-five percent of respondents reported that they were less able to deliver outpatient indigent care this year than they were a year ago. Last year, 57 percent reported being less able to fund outpatient indigent care.

One important factor in counties' reduced ability to deliver services is medical cost inflation generally and a corresponding increase in costs for county pensions and other fringe benefits. In our case study interviews, several county health officials noted that cost increases had eroded their ability to deliver services even in cases where the overall size of their budgets had not decreased. For example, in Stanislaus County, the Health Services Agency experiences cost increases of $1.8 million annually due to increases in employee cost-of-living wage adjustments, health insurance benefits, retiree pensions, and other fringe benefits.[5] In other words, the agency must find an additional $1.8 million annually just to maintain service levels, even if costs for medical goods and services that the agency must pay for do not increase.

The other categories of service delivery in Table 2 all show predominantly flat or declining abilities to carry out or fund functions such as indigent inpatient care, environmental health, and emergency hospital care.

[5] Interview with Margaret Szczepaniak, Managing Director of the Stanislaus County Health Services Agency.

Table 2

"In terms of the level and quality of services, would you say that your county is better, about the same, or less able to carry out or fund the following functions (during FY04-05) than it was one year ago?"

	Percent Responding		
	Better able	About the same	Less able
Preventive care	14%	37%	49%
Public health	14	41	46
Outpatient indigent care	6	58	35
Behavioral	14	57	29
Inpatient indigent care	0	75	25
Emergency hospital care	0	84	16
Environmental health	7	79	14

Note: Numbers may not sum to 100 due to rounding.

Many local officials also reported reductions in their ability to serve specific groups (Table 3). Four in ten reported reduced ability to serve adults (42%) and the uninsured (44%). Nearly as many (38%) reported reduced ability to serve the homeless, and 25 percent reported that they were less able to serve undocumented immigrants. For example, in Stanislaus County, budget difficulties during FY 2004-05 forced the county to reduce eligibility for undocumented immigrants to emergency services only—the minimum required by law. (Previously, the county had provided outpatient services to this group.) As a result, approximately 2,600 patients will not be provided free care. They will still be served in county clinics, but on a cash basis. [6]

Again, this year's results should be seen in the context of last year's findings, when large percentages of respondents said that they had become less able than they were in the previous year to serve the uninsured (61%), homeless (53%), and undocumented (55%) populations. The ability of local health officials to serve children is a notable exception to the general trend toward reduced ability to serve specific populations. Thirty percent of local officials reported an increased ability to deliver services to children, with just 8 percent reporting that their ability to serve this population had declined since last year.

As for perceptions of the short-term future, about two in three expect their ability to deliver services to county residents to decrease or remain the same in the next fiscal year, while 36 percent remain hopeful that their ability to deliver services will increase (Figure 2).

[6] ibid.

Table 3

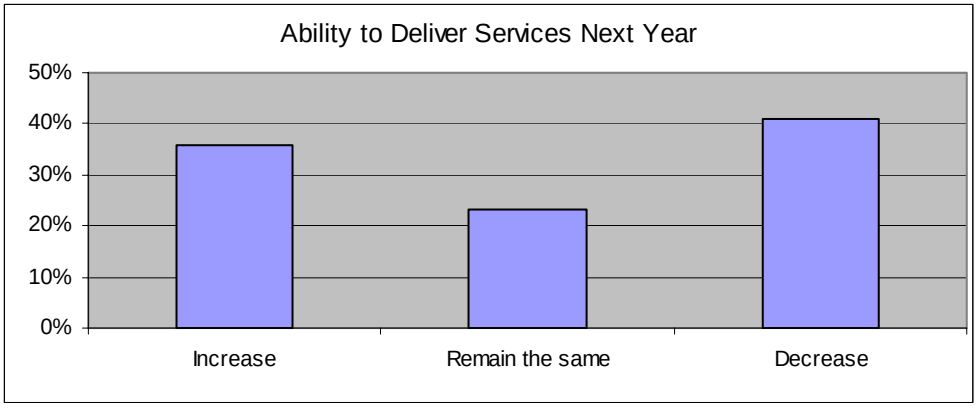
"Thinking of the level and quality of services, would you say your department/hospital is better able, about the same, or less able to serve the following populations of residents (during FY04-05) than it was one year ago?"

Population	Percent Responding		
	Better able	About the same	Less able
Uninsured	3%	53%	44%
Adults	3	55	42
Homeless	5	57	38
Seniors	8	59	32
Mentally ill	7	66	28
Undocumented immigrants	3	72	25
Adolescents	13	63	24
Women	6	75	19
Children	30	62	8

Note: Numbers may not sum to 100 due to rounding.

Figure 2

"Thinking ahead to next year (FY 2005-06), do you expect your department/hospital's ability to serve county residents to increase, remain the same, or decrease?"

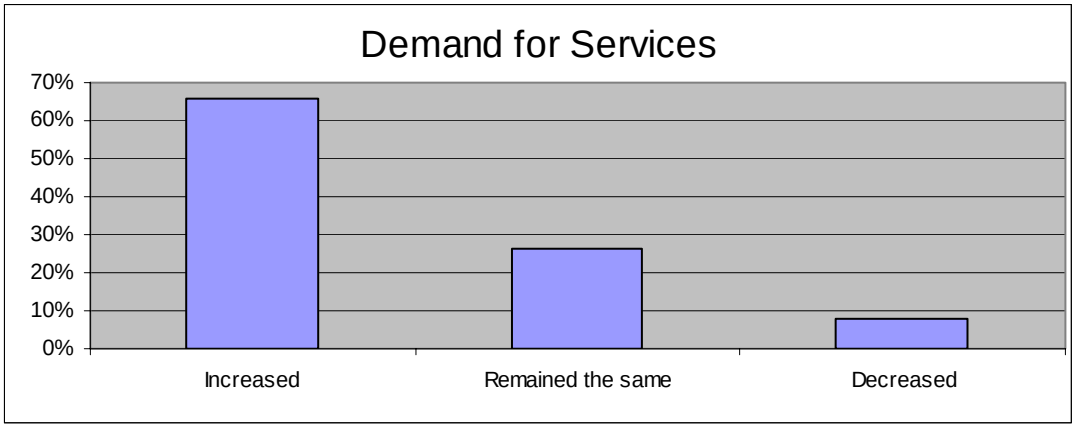


Demand for Services

At the same time that many local health officials say there has been a decrease in outside funding and a decline in their ability to deliver services to their residents, a significant majority report that the demand for services has increased. Nearly two out of three local officials (66%) report that the demand for services has increased compared to last year (Figure 3).

Figure 3

"Compared with last year, would you say that the demand for the services provided by your department/hospital has increased, remained about the same, or decreased?"



Impacts on Local Health Services

Local officials were also asked about their budget-balancing strategies in response to budget shortfalls. Specifically, they were asked to report on whether they approved, considered but did not approve, or did not consider a range of budget-balancing solutions including facility closures, staff reductions, program reductions, elimination of programs, and cuts to contract providers (Table 4).

Most local officials were reluctant to close facilities, with 55 percent reporting that they "did not consider" taking such action. Nevertheless, 18 percent reported that they did close facilities. Staff reductions were the most commonly used approach for addressing budget shortfalls, with nearly half of local officials (49%) reporting that they approved staff cuts, which is down substantially from the 67 percent that reported staff cuts last year. Nearly as many (44%) also approved program reductions, and 37 percent eliminated programs altogether. Last year, 53 percent reported program reductions, and 50 percent reported program eliminations.

Table 4

"During the current fiscal year (FY 2004-05), have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to limit expenditures?"

Type of cut	Percent Responding		
	Did not consider	Considered but not approved	Approved
Staff reductions	26%	26%	49%
Program reductions	23	33	44
Program elimination	26	37	37
Contract cuts	31	33	36
Facility closures	55	26	18

Note: Numbers may not sum to 100 due to rounding.

Spending Cuts for Specific Health-Related Services

Our questionnaire asked department heads to indicate which of 19 specific health services were subject to spending cuts in 2004-05 (Table 5).

There were several areas where a significant number of local officials reported service-level reductions. Almost two in five (39%) reported service reductions in AIDS services. Nearly as many (35%) reported service reductions in alcohol-related services, although this represented a decline from last year's survey, when 50 percent reported cuts in this area.

In all 19 program areas, more than a majority reported that the service "remained the same." Some notable examples of health departments maintaining the status quo in service levels include emergency medical care (97%); maternal, child, and adolescent health care (92%); and inpatient care (86%).

Some local health officials also reported that they were actually able to increase services in specific program areas. Among the most notable examples, almost one-third (31%) reported increases in bioterrorism services, while 25 percent reported increases in trauma care services, 23 percent reported increases in children's services, and 19 percent reported increases in child health and disability services. In the latter program, only 3 percent reported cuts (a notable change from last year, when 30 percent reported cuts in this program area).

Table 5

"County health departments and hospitals provide many services to residents. Please indicate whether service levels for these programs increased, remained the same, or decreased as compared with last fiscal year."

	Percent Responding		
	Increased	Remained the same	Decreased
AIDS education and treatment	6%	56%	39%
Alcohol and drug prevention and treatment	9	57	35
Indigent care	19	58	23
Outreach and enrollment	12	69	19
Health education	12	70	18
Training of health professionals	5	80	15
Specialty outpatient care	10	76	14
Immunizations	11	80	9
Primary outpatient care	17	74	9
Dental services	21	71	8
Reproductive health and family planning	7	85	7
Bioterrorism preparedness	31	64	6
California children's services	23	71	6
Communicable disease control	20	74	6
Maternal, child, and adolescent health	3	92	6
Inpatient care	10	86	5
Child Health and Disability Program	19	78	3
Emergency medical services	3	97	0
Trauma care	25	75	0

Note: Numbers may not sum to 100 due to rounding.

Examples of Respondents' Comments on Changes in County Health Services

Cut residential treatment budget for alcohol and drug treatment services.

Reduced physical therapy services, increased waiting list.

Significant increase in caseload for children's services.

Staff costs and reduction of funds from the state have impacted communicable disease program.

Increased service levels for communicable disease program in response to increase in TB cases.

Cut health education services, eliminated one health educator position.

Lost environmental health ed program.

Reduction in sites where immunization services are offered.

Increased indigent care services; increased patient census from 3,200 to 4,500.

Reduced services for undocumented to emergency only.

Lack of staff resources to perform adequate outreach.

Training is one of the first things that gets cut when budget is cut.

Flat funding not covering costs in AIDS and maternal, child, adolescent health programs.

Increased cost due to increased patient volume coupled with insufficient reimbursement in reproductive care program.

Increased number of identified reportable conditions with no increase in staff or funding for communicable disease program.

Increased indigent and underinsured population.

School based maternal, child, adolescent health clinics closed.

Lack of specialists taking Medi-Cal in area reduces access to care.

In addition to service reductions in specific program areas, in-depth interviews in the case study counties revealed that access to care was a significant concern. In many counties, low reimbursement rates for private providers—both for Medi-Cal patients and the medically indigent—led to difficulties in finding providers willing to see these patients. For example, in Tuolumne County, just 16 percent of the providers accept new Medi-Cal patients.[7] A Stanislaus County official reported a similar trend, with very few if any private providers willing see new Medi-Cal patients.[8] In order to maintain participation in their program for the medically indigent, Orange County officials were forced to add $3 million to the county's FY 2005-06 budget for increased reimbursements to providers that serve the indigent population.[9]

Budget Solutions

Local officials were asked whether they considered or adopted a range of options—including taxes, fees, and the use of tobacco settlement money— to address their budgetary challenges (Table 6).

Almost half of all local officials (47%) reported approving fee increases. Another 21 percent considered but ultimately did not approve such increases, while one in three did not consider the option. Twenty-four percent approved changes in the use of tobacco settlement money, while 16 percent considered but did not approve any changes.

In spite of budget difficulties, very few local officials reported approving tax increases. Only 3 percent adopted tax increases, although 24 percent considered doing so. Another 74 percent did not consider a tax increase.

Table 6

"During the current fiscal year, have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to increase revenues for health/mental health functions?"

Budget Solution	Percent Responding		
	Did not consider	Considered but not approved	Approved
Increase fees	32%	21%	47%
Change use of tobacco money	61	16	24
Increase taxes	74	24	3

Note: Numbers may not sum to 100 due to rounding.

[7] Interview with Dr. Todd Stolp, Tuolumne County Health Officer.
[8] Interview with Margaret Szczepaniak, Managing Director of the Stanislaus County Health Services Agency.
[9] Interview with David Thiessen, Chief of Quality Management, Orange County Health Care Agency.

State Mandates

Local health officials were asked to list examples of the federal or state mandates for services that are difficult for them to provide. Respondents reported that some of the state-mandated services that they were required to provide were difficult to fulfill due to funding reasons. Several local officials reported that services for the indigent, including both medical and dental care, were difficult to fulfill due to budget constraints. Some local officials also indicated it was difficult to comply with the many reporting requirements they face. Examples of the most difficult state health mandates are offered below.

Examples of Most Difficult State Health Mandates

Medical and dental care for the indigent.

Drug and alcohol treatment.

Communicable Disease Control.

Administrative requirements of multiple funders — takes time away from services to do contracts, reports, specialized computer systems, etc.

The mandates for data. We are not yet equipped to handle the magnitude of tracking necessary to make the required reports in the normal course of business.

TB prevention.

Jail medical services for both adults and juveniles.

Environmental health services.

Preventive services in public health.

Meeting the requirements of the Bioterrorism and HRSA Grant applications in order to qualify for funding.

The provision of care and housing for severely disabled, homeless, and mental health patients.

Substance exposed infants.

Crisis inpatient services, because one non-Medi-Cal hospitalization can absorb most of our "flexible" funds from other possible programs.

Nurse staffing ratio requirement.

Seismic upgrading.

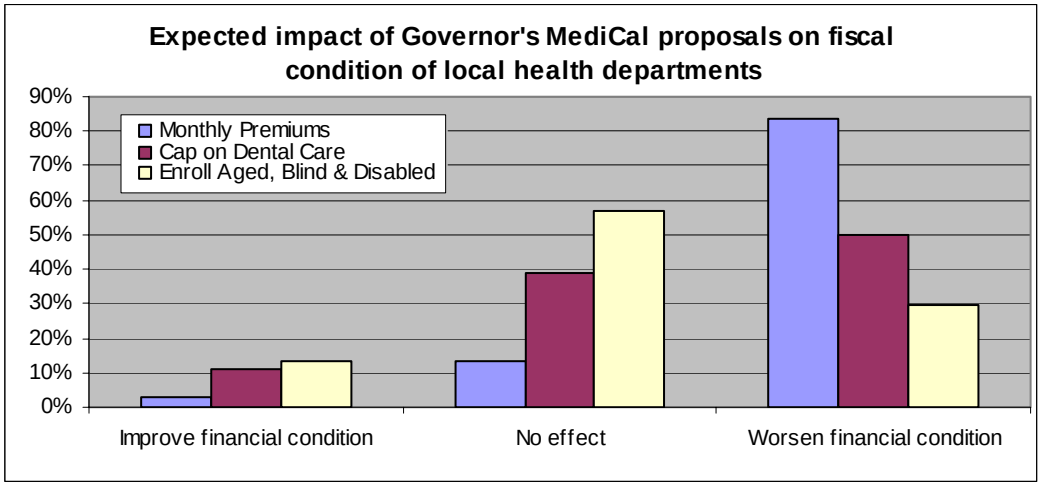
Uncompensated care/indigent care to uninsured.

Views About the Governor's Proposals

Our survey this year also asked local health officials for their views on certain proposals made by Governor Arnold Schwarzenegger in his January 2005 budget plan. Specifically, we asked the health officials how they expected three aspects of the governor's Medi-Cal proposals to affect the financial condition of their department.

An overwhelming majority of respondents (84%) said that the governor's proposal for monthly premiums for Medi-Cal recipients would worsen the financial condition of their departments. Half of the health officials said that the proposed cap on dental care would make matters worse. Current views on the mandatory enrollment of the aged, blind, and disabled in Medi-Cal managed care were more mixed: While 57 percent thought this proposal would have no effect if implemented, 30 percent expected it would worsen their fiscal situation, and just 14 percent expected it would improve the financial condition of their departments.

Figure 4



County Mental Health Services

This section describes the responses of local mental health officials to the survey questions pertaining to their departments.[10] Some questions are the same as those asked of local health officials, while others focus on services specifically related to mental health.

Perceptions of Current Budget Situation

As noted in the previous section, many of the health and mental health services provided by counties are paid for in whole or in part with funds from state and federal sources. The well-being of county mental health program budgets is, therefore, closely tied to changes in the amount of these intergovernmental revenues.

Nearly four in five local mental health officials (79%) reported that their current budgets were worse than previous years' budgets.

Most county mental health departments reported receiving less in state funding this year than in the previous fiscal year. When asked if their departments received more, about the same, or less funding from state, federal, or local government sources during FY 2004-05 compared to the previous year, nearly seven in ten mental health officials (69%) said that they received less funding from state sources (Figure 5). Less than 3 percent said they received more from the state. However, this represents a decline from the 82 percent who reported in last year's survey that they had received less in state funds than in the previous year.

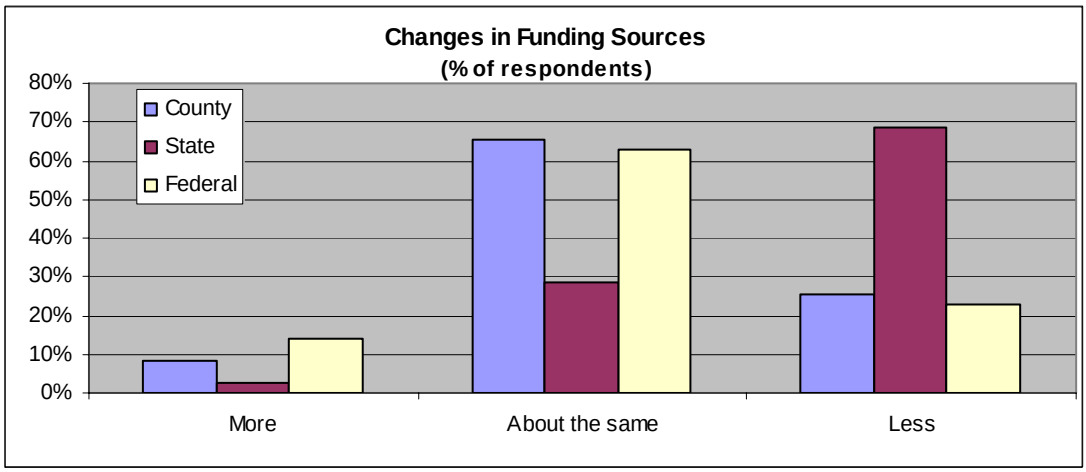
Federal funding for mental health programs was perceived as substantially more stable than state funding, with 63 percent reporting that the amount of federal funds they received was the same as last year. Twenty-three percent reported less federal funding this year (down from 35 percent reporting less federal funding in last year's survey), while 14 percent said they actually received more federal money.

Funding from county sources reflected a pattern similar to that of federal money, with 66 percent of mental health officials reporting the same amount of local funding this year. While 26 percent reported less county funding—compared to 11 percent reporting less county funding in last year's survey—just 9 percent reported receiving more county funding than a year ago.

[10] Responses from the four counties with the same primary health and mental health contact are included here as are the responses from the cities with mental health departments.

Figure 5

"Thinking about the current fiscal year (FY04-05), would you say your department/hospital has received more, about the same, or less total funding from county, state, and federal sources than one year ago?"



Sources of Local Budget Pressure

When given a list of 11 possible sources of fiscal pressure on local mental health program budgets, mental health officials are most likely to point to state funding changes and mandates as the most problematic (Table 7).

Sixty-two percent of local officials responded that state funding changes were "one of the most important factors" contributing to the budgetary pressures in their department. However, this represents a decline from the 89 percent who mentioned state funding last year. On the other hand, 61 percent reported that mandates were one of the most important factors, while only 39 percent cited mandates last year. None of the local mental health officials responded that these two factors were "not a serious constraint" in balancing their budgets. Fewer than half named any of the other nine factors as one of the most important in terms of budgetary pressure.

Table 7

"There are many possible sources of pressure that make it difficult for county departments and hospitals to balance their budgets. How important are the following factors in contributing to budgetary pressures in your department/hospital?"

Source of Budget Pressure	Percent Responding			
	One of the most important factors	Fairly important	Not too important	Not a serious constraint
State funding changes	62%	32%	6%	0%
Mandates	61	30	9	0
Caseload increases	38	41	22	0
Uncertainty	34	47	16	3
Collective bargaining	31	41	25	3
Public Pressure	30	55	9	6
Federal funding changes	27	61	12	0
Medical cost inflation	25	56	16	3
Bureaucracy	24	39	33	3
Local funding changes	22	22	41	16
Changes in payer mix	16	55	26	3

Note: Numbers may not sum to 100 due to rounding.

Influence of County General Fund and State Budget

Local mental health departments receive funding primarily from two sources: the local county general fund and the state budget. Many local officials reported that the condition of these two funding sources was negatively affecting their ability to deliver mental health services.

When asked, "have local budget conditions in your county positively affected, not affected, or negatively affected your ability to provide services?" 44 percent of the mental health officials responded that the condition of the county general fund had negatively affected their ability to deliver services. Only 3 percent reported that their local general fund had a positive affect on their ability to provide services.

The reaction of local officials with regard to the state budget was even more negative. Seventy-nine percent reported that the 2004-05 state budget had "negatively affected" their ability to provide services. No respondents reported that the state budget had a positive effect on their service delivery.

Ability to Serve Specific Populations

A substantial percentage of mental health officials reported reductions in their ability to serve nine specific population groups (Table 8). Seventy-two percent said they were less able to serve the uninsured this year. These results come in the wake of the 94 percent who reported last year that they were less able than in the previous year to serve this population. More than half (55%) of the respondents reported that they were less able to serve adults. Fifty-two percent reported a reduction in their ability to serve undocumented immigrants, following hard upon the 67 percent reporting a reduced ability to serve this group in last year's survey. Almost half said they were less able this year to serve children, adolescents, and the mentally ill. Mental health services for women and the homeless were perceived as the most stable programs; however, it should be noted that fewer than one in 10 mental health officials reported that they were better able this year than last year to serve *any* of the nine specific populations mentioned in our survey.

Table 8

"Thinking of the level and quality of services, would you say your department/hospital is better able, about the same, or less able to serve the following populations of residents (during FY04-05) than it was one year ago?"

Population	Percent Responding		
	Better able	About the same	Less able
Uninsured	0%	28%	72%
Adults	3	42	55
Undocumented	0	48	52
Children	9	42	48
Adolescents	9	42	48
Seniors	3	48	48
Mentally ill	6	48	45
Homeless	3	64	33
Women	0	70	30

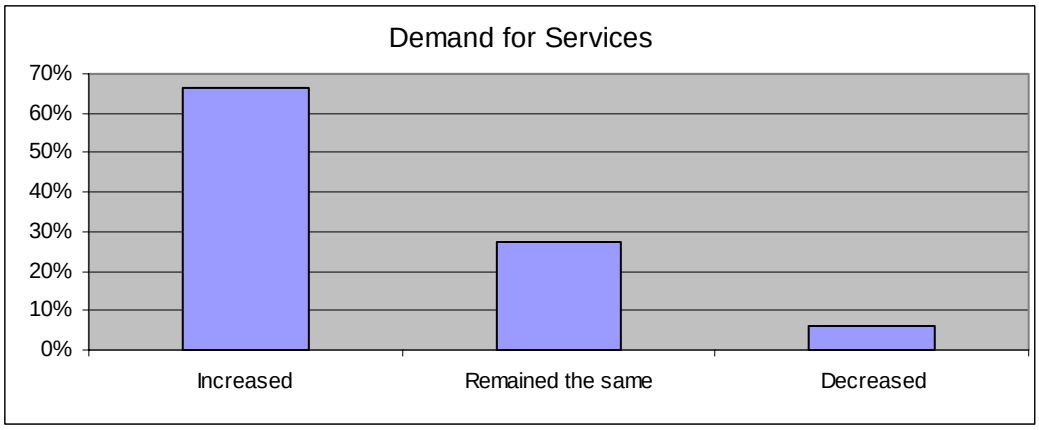
Note: Numbers may not sum to 100 due to rounding.

Demand for Services

In the context of an overwhelming perception that their budget situation today is worse than in previous years, 67 percent of mental health officials also report that the demand for the services they provide has increased (Figure 6). Only 6 percent reported that demand for services has declined, while 27 percent reported that demand has remained the same as last year.

Figure 6

"Compared with last year, would you say that the demand for the services provided by your department/hospital has increased, remained about the same, or decreased?"

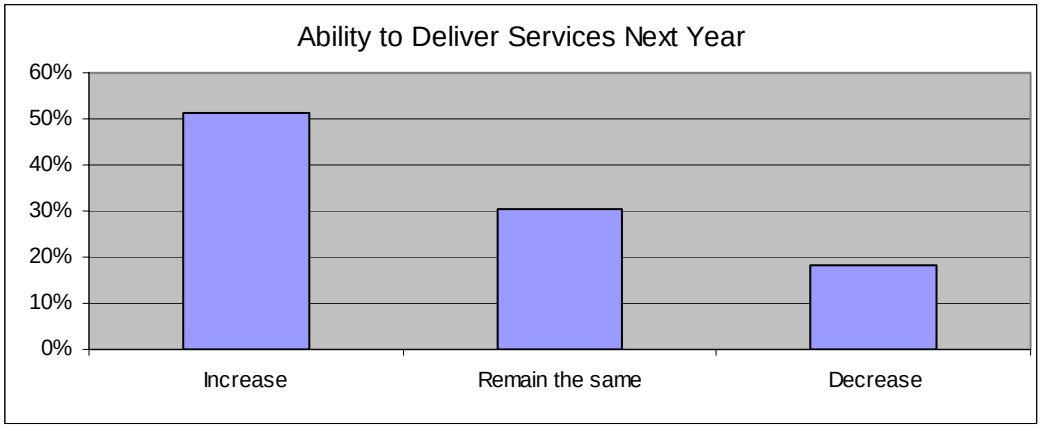


Ability to Deliver Services Next Year

In spite of their reports of current budget challenges, service reductions for specific populations, and increasing demand for services, many mental health officials expect that their ability to deliver services will improve next year (Figure 7). This optimistic view stands in contrast to the views of public health officials, where most expect their ability to deliver services will decline. While respondents did not report the reasoning behind their views, the pending implementation of Proposition 63 (the income tax for mental health services) may account for their optimism.

Figure 7

"Thinking ahead to next year (FY 2005-06), do you expect your department/hospital's ability to serve county residents to increase, remain the same, or decrease?"



Impacts on Local Health Services

Mental health departments were also asked about their budget-balancing strategies in response to funding shortfalls. Specifically, departments were asked to report on whether they approved, considered but did not approve, or did not consider a list of five budget-balancing solutions.

Many counties were reluctant to close facilities, with 38 percent reporting that they did not consider taking such action (Table 9). Nevertheless, a similar 38 percent said they considered but did not approve facility closures. About one-fourth (24%) reported that they approved facility closures, which is similar to the 17 percent who reported closing facilities last year.

Program reductions were the most commonly reported approach for addressing budget shortfalls, with 66 percent reporting that they approved program reductions. Last year, 50 percent reported reducing programs. Nearly as many counties (62%) also approved staff reductions, which is about the same as last year when 56 percent cut staff. Forty-four percent eliminated programs altogether, which is, again, similar to last year when 39 percent said they eliminated programs. Half of the counties (50%) this year say they cut funding to contract providers.

Table 9

"During the current fiscal year (FY 2004-05) have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to limit expenditures?"

Type of Cut	Percent Responding		
	Did not consider	Considered but not approved	Approved
Program reductions	22%	13%	66%
Staff reductions	26	12	62
Contract cuts	33	17	50
Program elimination	38	19	44
Facility closures	38	38	24

Note: Numbers may not sum to 100 due to rounding.

Spending Cuts for Specific Mental Health-Related Services

Our survey this year also asked department heads to indicate which of 14 specific mental health-related services were subject to spending cuts in 2004-05. Even though department heads reported substantial budget constraints and concerns about their ability to deliver services, a large majority of these officials thought that service levels this year in 13 of 14 specified mental health-related categories have increased or remained the same relative to the preceding fiscal year (Table 10).

By a substantial margin, the most common service-level reductions were reported in children's system of care, with 70 percent reporting that service levels declined in this program area. This program area was also the leading candidate last year for service cuts, with 47 percent of local officials responding that services in this area had decreased. The next most frequently mentioned program for reduced service levels was day treatment for children, with 36 percent of local mental health officials reporting that service levels were reduced in this program area. One in four local mental health officials said they perceived decreases in day treatment for adults, long- term residential care, short-term therapy, support for independent living, vocation assistance, and emergency psychiatric services.

For most programs, the service level was perceived to have remained the same as a year ago. Relatively few departments reported service-level increases. The most commonly reported area for increased service levels was emergency psychiatric services, where 27 percent reported increased service levels. Twenty-one percent of local mental health officials reported service level increases in assessment and evaluation and also in vocational assistance.

Table 10

"County health departments and hospitals provide many services to residents. Please indicate whether service levels for these programs increased, remained the same, or decreased as compared with last fiscal year."

Service	Increased	Remained the same	Decreased
Children's System of Care	9%	21%	70%
Day treatment for children	4	61	36
Short-term therapy	19	50	31
Day treatment for adults	0	72	28
Support for independent living	7	66	28
Emergency psychiatric services	27	45	27
Vocation assistance	21	55	24
Long-term residential care	3	73	23
Emergency shelter	12	68	20
Assessment and evaluation	21	61	18
Support services for families	18	64	18
Medication	15	70	15
Homeless mentally ill	17	69	14
Transitional young adult services	19	70	11

Note: Numbers may not sum to 100 due to rounding.

Budget Solutions

We asked local mental health officials if they considered or approved three types of revenue options in order to address their budgetary challenges (Table 11). The majority of respondents said they did not consider increasing taxes (64%), increasing fees (58%), or changing the use of tobacco settlement money (88%). Thirty percent of the local governments considered raising taxes at some point but did not do so, and 6 percent approved a tax increase. Even fewer local mental health officials (9%) considered but did not change the use of tobacco settlement funds, and only 3 percent adopted this change. The most commonly approved fiscal solution to the budgetary challenges in local government was the use of fee increases. Twenty-seven percent of respondents said they approved a fee increase, while 15 percent considered but did not approve a fee increase. These responses were consistent with the results reported in last year's survey, when 21 percent reported increasing fees, 11 percent changed the use of tobacco money, and no one reported approving a tax increase.

Table 11

"During the current fiscal year, have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to increase revenues for health/mental health functions?"

Budget Solution	Percent Responding		
	Did not consider	Considered but not approved	Approved
Increase fees	58%	15%	27%
Increase taxes	64	30	6
Tobacco money	88	9	3

Note: Numbers may not sum to 100 due to rounding.

Unmet Needs

We also asked local officials in an open-ended question to list the largest unmet need for mental health services in their county. Some examples of their responses are listed below.

Examples of Largest Unmet Need for Mental Health Services

Access to mental health assessment, diagnosis and treatment for the uninsured or those not meeting Medi-Cal medical necessity criteria.

Adolescent mental health services and long-term acute inpatient care.
Community-based alternatives to locked institutional care and capacity to provide more services and better outcomes.

Community based support services to prevent decompensation for adults.

Community based supportive housing.

Early intervention to high-risk adults not yet determined to be danger to self or others.
Easily accessible acute care in Medi-Cal eligible facilities. We currently have to maintain contracts with 5-6 facilities over broad geographic area.

Emergency psychiatric services, inpatient beds.
Housing and support services for indigent mentally ill who have co-occurring substance disorders.

Lower-level-of-care beds.

Mentally ill in and out of jail.
Non-crisis services to the non-Medi-Cal population of adults and children who are uninsured or underinsured.

Non-acute residential services.
Not enough capacity for hospital emergency and inpatient care; patient volume routinely in excess of budgeted and physical capacity.

Outpatient services for ethnic underserved populations.

Pre-crisis stabilization unit, client self-help programs.

Psychiatry services for children.

Respite options for 24-hour care services to the undocumented.

Services for indigent adults and children who are not full-scope Medi-Cal.

Services for the uninsured.
Services to seniors with co-occurring disorders; substance treatment programs for youth, pregnant women with children.

Services to uninsured and undocumented citizens

The serious mentally ill who are homeless or otherwise disenfranchised.

State Mandates

When asked to list their difficulties in meeting mandates, local officials reported that many of the state-mandated services that they were required to provide were difficult to fulfill due to funding reasons. Many of the local mental health officials cited the requirement to provide services for disabled children referred from the schools (AB 3632 services).

Other commonly listed mandates include inpatient mental health services and services for the indigent. The following table lists some examples of the most difficult to fulfill mandates according to the local mental health officials who responded to our survey.

Examples of Most Difficult State Mental Health Mandates

Services to handicapped and disabled students (AB 3632 services) because of lack of full reimbursement from the state.

Medication services for children and adolescents.

Psychiatric Emergency Response services.

Crisis inpatient services; one non-Medi-Cal hospitalization can absorb most of our "flexible" funds from other possible programs.

Reporting of data because the same people doing the work have to devote time to these managed care duties.

Medi-Cal Managed Care Plan mandates (cultural competency, oversight and monitoring, grievance resolution, entitlement services to beneficiaries, etc.) have increased a great deal and this is straining our capacity to the breaking point.

Services for the indigent mentally ill outside of crises.

We have few funds for indigent care (because these funds must primarily be used for Medi-Cal match) but have a large undocumented and transient population, that includes a great number of children.

Services to children with out-of-county Medi-Cal who are residing in our county in group homes or foster care.

State hospital care.

State hospital care for felons unable to stand trial due to mental illness, also known as Murphy Conservatorships.

Inpatient services, both acute and long-term.

Services for seriously mentally ill adults and older adults and seriously emotionally disturbed children and adolescents.

Mental health services to the outlying areas. Cost of therapist full-time is impossible. Clinics are manned 1/2 time, when the need is greater in these areas. We struggle to meet the cultural needs of these clients.

Conclusion

This second annual survey of local officials provides a comprehensive examination of local health and mental health services at a time of multibillion dollar gaps between revenues and expenditures in the state budget. The services provided by these local agencies are funded from a variety of federal, state, and local sources. Funding from the state represents the largest funding source for local health and mental health programs, and local governments play a critical role in providing services as "agents of the state."

Because of large, ongoing budget deficits, funding from the state has been declining in recent years, at least according to the local officials who completed our survey. In fact, local officials overwhelmingly reported that the state budget has had a negative impact on their ability to deliver health and mental health services.

In response to budget pressure, many local health and mental health departments reduced staffing levels, reduced or eliminated programs, or closed facilities. Many local governments also approved fee increases to support local health and mental health programs; however, very few approved tax increases. At the same time, many local officials also reported that they perceived the demand for health and mental health services to be increasing in their community.

Can local governments continue to provide an appropriate level of services for their residents? Many local officials reported that they felt less able to deliver services to certain population groups than they have been in the past, including the uninsured and the undocumented. Still, for the time being, many local officials reported that their service levels for most of their health and mental health programs were similar to last year.

However, many officials expressed concern about the fiscal challenges of meeting state mandates for health services and mental health services. Moreover, the reports of reductions in funding and services reported in this year's survey occurred in the wake of similar funding and service level reductions reported in last year's survey. Such cuts could therefore have a cumulative effect on the ability of local governments to provide health and mental health services, both deepening and widening the extent of service level reductions and the elimination of programs.

This survey primarily asked local officials about the impact of state and local budget conditions in fiscal year 2004-05. For health officials, the possibility that the state's ongoing, structural budget deficit may force additional cuts to county-run health and mental health programs is a cause for concern. For mental health officials, the pending implementation of Proposition 63 and its additional funding is a positive development. However, because of the fiscal constraints faced by local governments in raising additional revenues, it is unlikely that the funding reductions reported by local officials can be fully compensated for through local funding sources. As a result, efforts to address the issue of state and local fiscal relations remain highly relevant to those in charge of delivering health and mental health services and to the populations in need.

Appendix A. Survey Methodology

Procedure

A survey request was emailed to local officials in all 58 counties in California during February and March 2005, using a list of department heads and addresses obtained through our contacts at the California Endowment, the California Health Executives Association of California, the California Mental Health Directors Association, and the Public Policy Institute of California. We sent reminder emails to all of the local officials on the original survey lists and followed up with telephone reminders to all of the survey nonrespondents.

Separate Surveys: We sent three slightly different surveys to different departments within the 58 counties. The surveys contained a core set of questions about the current state budget situation and service cuts (see Appendix C).

1. COUNTY HEALTH DEPARTMENT AND MENTAL HEALTH DEPARMTENT SURVEYS: Most counties received two separate surveys. Both versions of the survey included a set of core questions. In addition, the health survey included a set of health questions and the mental health version included a set of mental health questions.

2. COUNTY AGENCY SURVEYS: Four counties received "full surveys." These counties were identified as those for whom the primary health and mental health contact were the same person. As such, these surveys contained the core questions and both the supplemental health questions and mental health questions.

Response Rates

The combined responses to the survey questions on county health services reflect a response rate of 64 percent and include 71 percent of the state's population. All but five of the state's largest counties (i.e., those with more than 500,000 population) responded. Similarly, all but seven of the smallest counties (i.e., those of less than 100,000 population) responded. The combined responses to the questions on county mental health services provide a response rate of 61 percent and include 69 percent of the state's population. All but six of the state's largest counties responded to the mental health survey as did all but 10 of the smallest counties. Responses were received from all geographic areas of the state, including the San Francisco Bay Area, Sacramento region, San Joaquin Valley, Northern California, and the Southern California/Los Angeles area. Responses were received from urban, suburban, and rural counties.

Throughout this document, the results we report reflect the percent of respondents who completed each corresponding question (rather than the percent who completed the entire survey).

Appendix B. County Case Studies

To provide a context for the survey results, we prepared a series of five case study analyses of local health programs in a cross section of California counties. While this is not designed to be a representative sample of all 58 counties, we selected a small group of counties that reflect the state's diversity across population size and geographic regions. The five counties we selected are Contra Costa, Orange, Riverside, Stanislaus, and Tuolumne.

The information used to prepare the case studies includes interviews and site visits with county health and mental health officials, county budget documents, consultant reports, newspaper accounts, and other sources. These data sources provide helpful insights into the unique "story" of each county's health or mental health programs, revealing the specific challenges confronting these diverse systems and providing common threads with the survey results.

The case studies revealed that there are both similarities and important differences in each system. In some cases, severe budget constraints have forced significant cutbacks in services and/or staff or make such cutbacks likely in the near future. In other counties, a commitment on the part of local officials, good strategic decisionmaking, good fortune, or other factors have helped county officials to avoid fiscal crises or significant service reductions.

Most of the five counties that we studied face significant difficulties with increasing costs, both for services and supplies as well as employee salary and benefit costs. Medical costs are increasing rapidly in many areas, and public providers must accommodate these increases just as any private sector provider would. Additionally, many counties face increasing costs for staff fringe benefits, such as health insurance for employees and retiree pension benefits. Finally, staffing shortages, particularly for nurses and specialists, have led to recruiting difficulties and upward pressure on wages in many of the counties that we studied.

These increasing costs can erode the level of services provided, even if the total amount of funding does not decline from year to year. Most of the county programs that we reviewed either maintained the same level of funding of experienced increases in their budgets from FY 2003-04 to FY 2004-05. Nevertheless, some service reductions were reported in every county.

Although all face challenges, several of the county health programs we reviewed were in relatively good fiscal condition, while others appear to be closer to financial crises and face the prospect of significant service reductions unless additional resources become available.

Contra Costa County

Contra Costa County operates mental health, public health, and hospital and clinic programs under a single umbrella organization overseen by a single department director. The county government has a health plan that enrolls county employees, individuals and families, and others and that provides services to Medicare and Medi-Cal recipients and others.

In addition, all county residents of any age earning up to 300 percent of the federal poverty level are eligible to participate in the county's "Basic Health Care" program. This program provides services to the indigent, fulfilling the county's Section 17000 requirements. It includes a full array of benefits, which are similar to Medi-Cal benefit levels and include office visits, medications, specialty care, and inpatient and emergency care at the Contra Costa Regional Medical Center.

According to Contra Costa County Health Services Director William Walker, M.D., the consolidated structure of the county's health and mental health programs allows the county to effectively cover overhead costs and manage combined program areas more effectively and efficiently than would be the case if each were to operate independently. In part, the ability of the county to manage and pay for all of the health services provided is facilitated by maintaining a large volume of Medi-Cal patients, patients enrolled in the county government's health plan, and revenues from other patient populations.

The FY 2004-05 operating budget for the department was $687.4 million, with 13 percent of the budget coming from local tax resources and 87 percent supported by federal and state funding programs such as Medi-Cal and Medicare and other program grants and fees.[11]

Total expenditures for health services programs increased in FY 2004-05 relative to 2003-04. County costs increased both for services and supplies as well as for salaries and employee benefits. Moreover, a combination of increasing costs and reductions in some of the department's revenue sources forced a reduction in the overall number of department staff and cuts in department programs, according to budget documents provided by the county.

The program reductions necessitated by the increases in program costs and reductions in certain department revenues came in health, mental health, and public health program areas and included closing facilities, reducing staff, and reducing services. Examples of some of the largest reductions include closing two surgery operating rooms (saving $2,750,000), reducing psychiatric inpatient and emergency staff (saving $2,200,000 and $500,000, respectively), reducing the county's contribution to the George Miller child care centers for the developmentally disabled (saving $1,659,960), reducing hospital ambulatory care clinics (saving $1,300,000), reducing county-run children's services programs (saving $842,112), and reducing contracts for alcohol and drug treatment services (saving approximately $2 million).[12] In addition, certain facilities were closed, including a clinic in El Cerrito.

The Contra Costa County board of supervisors has made a significant commitment of county general fund resources to health programs as evidenced by the creation and funding of

[11] Contra Costa County Health Services website.
[12] Unpublished list of budget reductions provided by Contra Costa County.

the county's Basic Health Care program. However, while the board has largely maintained the level of general fund support for health programs in recent years, this level of support has not increased in a way that would offset increases in program costs.

Although the county was forced to reduce services in FY 2004-05, Health Services Director William Walker believes that more significant challenges lie ahead as the state considers changes in funding for health programs, including the Medi-Cal program. The county has developed a large and diversified system of paying for and providing health care services to the county's residents. Nevertheless, this system depends in large part on revenues from the Medi-Cal program. As a result, reductions in this revenue stream could influence the ability of the county to provide services in other areas.

Orange County

The Orange County Health Care Agency had an annual budget of $465 million in FY 2004-05 and employed approximately 2,650 people, down slightly from the more than 2,700 employed in FY 2003-04.[13] About 84 percent of the agency's funding comes from state and federal sources and locally generated fees; 16 percent comes from the county general fund.[14]

The primary programs within the health services agency include public health, behavioral health, medical services for the indigent, emergency medical services, and regulatory health services (including animal care and environmental health).

During the recent past, the "net county cost" or county general fund contribution to health programs has been relatively stable, and in fact increased moderately from FY 2003-04 to FY 2004-05. However, rising costs for health-related programs has eroded the value of the county's contribution. Some of the notable cost increases included expenses for retirement and group insurance for employees.[15]

County officials are concerned that "inequities in the statutory allocation of health and mental health realignment funding to counties" are having major impacts on the agency.[16] According to their county budget documents, "the most significant challenge facing HCA is uncertainty of funding."[17] Additionally, a slow economic recovery from the recession earlier this decade has dampened the available realignment funds.

This uncertainty has had a demonstrable impact on the agency's operations. The agency's FY 2004-05 final budget called for a reduction of 63 positions, including 27 positions deleted to comply with the county's limit on the amount of county general fund money that could be used for the agency. Ultimately, the agency did experience an overall reduction in staffing in FY 2004-05; however, 20 positions were subsequently added mid year owing to improving financial conditions.

Overall, $4.2 million in direct service reductions were incurred during FY 2004-05, following the $23 million in program reductions incurred in FY 2003-04.[18]

The agency's FY 2004-05 Final Budget called for reducing inpatient services for the chronically mentally ill and reducing outpatient mental health and substance abuse treatment services. Also, during the fiscal year, state funding reductions resulted in elimination of services in the children's system of care program. Formerly $600,000 in intensive case management services were provided to children through this program.

In behavioral health, a monitoring program was reduced by $600,000. Moreover, mental health services for older adults were also reduced by $300,000, resulting in fewer services and

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[13] Orange County Health Care Agency FY 2005-06 budget .
[14] Orange County Health Care Agency 2005 Business Plan, p.18.
[15] Interview with David Thiessen, Chief of Quality Management, Orange County Health Care Agency.
[16] Orange County Health Care Agency 2005 Business Plan, p.2.
[17] Orange County Health Care Agency FY 2005-06 budget, p. 171 .
[18] Orange County Health Care Agency 2005 Business Plan, p.20.

referrals for 900 clients. As a consequence, some of these individuals may not be able to maintain independent living and may face an increased risk of abuse.[19] Outpatient mental health services for older adults were reduced, increasing the risk of homelessness. All of the mental health clinics were closed on Saturdays for a $300,000 savings but reducing access to services. Overall, behavioral health programs had a $3 million reduction during the year.[20]

Low reimbursement rates for health care providers is also an important issue in the county. Low Medi-Cal reimbursement rates result in difficulties accessing specialists in the county programs. Additionally, for FY 2005-06, the county had to add $3 million in additional funding for providers in its medical services for the indigent program in order to maintain provider participation in the program.

Orange County receives approximately $8 million annually in funds for treatment, probation, court monitoring, vocational training, and other costs related to Proposition 36. However, the number of eligible participants and the severity of addiction have exceeded the amount of available funds. As a result, the county has used reserve funds to supplement the annual appropriation and provide additional services. In FY 2004-05, $1 million in reserve funds helped maintain services; however, these reserves are now nearly depleted.[21]

In response to lean fiscal times for state and local government, Orange County has negotiated for three years without salary increases for county employees. This policy took effect in FY 2004-05 and consequently has yet to have a significant impact on hiring and retention. However, Orange County health care officials expressed a concern that these difficulties may become more pronounced in future years.[22]

[19] Interview with David Thiessen, Chief of Quality Management, Orange County Health Care Agency.
[20] ibid.
[21] Orange County, Health Care Agency 2005 Business Plan, p.20.
[22] ibid.

Riverside County

Riverside County health care and public health services are provided through the Community Health Agency and the Riverside County Regional Medical Center, which provides both inpatient hospitalization services and operates outpatient clinics. The Riverside County Regional Medical Center also operates a secure facility that provides specialty inpatient and outpatient care to individuals incarcerated in the county's correctional facilities. Mental health services are provided by the Riverside County Department of Mental Health, which also serves as the lead agency for Proposition 36 implementation in the county.[23] The Riverside County Regional Medical Center also operates mental health inpatient and emergency treatment services, under contract from the Riverside County Department of Mental Health.

The Riverside County Regional Medical Center operates as a county-run enterprise. Expenditures for FY 2004-05 totaled approximately $265 million. Thirty-one million dollars was provided by the county general fund, and the remaining funds came from a variety of sources, including realignment, Medi-Cal, Medicare, and reimbursements from private insurance companies. The county general fund contribution to the medical center represented a significant increase from the previous year's level of $17 million.

In part due to this increase in general fund contributions, the medical center is in relatively sound fiscal condition, according to Riverside County Regional Medical Center CEO Douglas Bagley. In addition to the increased general fund contribution, which was used primarily to offset increased costs for pension plan contributions and additional nurses to comply with required increases in staffing ratios, two important factors account for the center's fiscal condition.

First, the medical center has embarked on a series of cost-saving measures over the past several years that resulted in improvements in the center's fiscal condition in FY 2004-05. For example, the medical center joined a national group purchasing cooperative consisting of both public and private sector health care providers, which resulted in cost savings on materials and supplies. The medical center also set up a joint labor-management project that reviewed the hospital and clinic operations to identify cost-saving opportunities.

Second, the medical center has worked to increase patient volume and revenue. Through a concentrated effort to reach out to health care providers in the community, the medical center has been able to increase the number of both Medi-Cal and privately insured patients seen in the county's facilities.[24]

In addition to these factors, the county recently built a new hospital. By virtue of occupying the newest hospital facility in the county, the medical center is able to offer a competitive patient care environment relative to private providers.

In spite of the relatively good overall fiscal health of the medical center, certain challenges do exist. Shortages of nurses, certain types of technicians, and specialists have made filling some positions difficult. Additionally, according to county budget documents, health

[23] County of Riverside, "FY 2004-05 Third Quarter Budget Report." May 3, 2005.
[24] Interview with Douglas Bagley.

services not delivered at the county hospital have resulted in increased costs and a need to augment the medical center budget. In FY 2004-05, both the detention health services and the medically indigent services programs experienced cost overruns totaling $1.4 million and $800,000 respectively. The cost overruns were due to health care not provided at the county hospital, specifically for emergency and specialty care services, or prescriptions not filled through the county's pharmacy services.[25]

Perhaps the most important challenge confronting the medical center is a pending one. Upcoming changes in the Medi-Cal program have the potential to shift the financial risk of caring for these patients from the state to the counties. In addition, these pending changes may decrease reimbursements to the county to the extent that growth in Medi-Cal funds is not provided.[26] Because the county relies on a significant volume of Medi-Cal patents to sustain its operations, these changes have the potential to weaken the fiscal foundation of the medical center and thereby compromise the center's ability to serve other types of patients, including the indigent.

The Riverside County mental health system has weathered sustained reductions in its ability to deliver services over the past three years. Since May 2003, the department has been under a hiring freeze. With few exceptions, no new employees have been hired since then. As positions have become vacant, they have not been filled. As a result, the department's staffing has fallen from about 1,100 positions in 2003 to less than 890 as of the end of the 2004-05 fiscal year.[27]

These staffing cuts— which have occurred throughout the department in clinical, administrative, and clerical positions— have had a significant impact on the department's ability to deliver services to the mentally ill in Riverside County.

As a result of the staffing reductions, the mental health department has closed all of its day treatment programs, including those for children, adults, and older adults. Generally, the department can serve only the seriously mentally ill, those with Medi-Cal insurance coverage, and mandated special education services (pursuant to AB 3632). Those with less severe illness are referred to non-government providers in the community or go without services altogether.[28]

As a result of the department's fiscal condition, facilities have been consolidated, which makes it more difficult for clients to receive the services they need. The consolidation of facilities (which resulted in two facilities being closed) means that clients need to travel farther to get needed services. In a county as geographically large as Riverside, these added transportation pressures can have a significant impact.[29]

The staffing reductions experienced by the mental health department have come at a time of rapidly increasing demand for services. Riverside County is one of the state's fastest

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[25] County of Riverside, "FY 2004-05 Third Quarter Budget Report," May 3, 2005, p. 11.
[26] Interview with Douglas Bagley.
[27] Interview with Ted Kubota, Assistant Mental Health Director for Riverside County.
[28] ibid.
[29] ibid.

growing counties, and demand for mental health programs has been increasing during the past three years— even as the department's staffing levels have fallen by one-fifth.[30]

While a significant portion of the mental health department's budget comes from realignment funds, the county general fund also provides significant support. In response to cuts in county general purpose revenues from the state, notably in property taxes and vehicle license fees, the county in turn reduced support for the mental health department.[31]

In spite of the department's fiscal condition for FY 2004-05, county mental health officials expect FY 2005-06 to be a better year. Proposition 1A will prevent the state from making additional cuts in county general purpose revenues and Proposition 63 will add additional resources to the mental health department budget.

[30] Downey, Dave, "Official: 70 percent of mentally ill unserved in Riverside County," *North County Times*, July 21, 2004, and Interview with Ted Kubota.
[31] Interview with Ted Kubota.

Stanislaus County

The Stanislaus County Health Services Agency provides health and public health services to residents of the county. The county's outpatient clinic system provides approximately 260,000 patient visits each year and serves 20 percent of the county's population.[32] The county's public health system accommodates an additional 140,000 patient visits per year. In 1997, the county closed its public hospital and contracted with a private party to provide inpatient care for county patients.[33] Outpatient services are provided through a county-run clinic network.

The Health Services Agency faces a multimillion dollar deficit heading into FY 2005-06, largely related to outpatient clinic operations. In FY 2004-05, a shortfall of more than $7 million was made up primarily with one-time revenues which are not available in FY 2005-06 and later years.[34] While overall spending for health and public health programs increased in FY 2004-05 relative to FY 2003-04, the Health Services Agency faces significant budget challenges going forward as it seeks ways to eliminate its multimillion dollar deficit.

The primary issue contributing to the county's fiscal difficulties is low Medi-Cal reimbursement rates.[35] Medi-Cal patients account for approximately half of all revenues in the county's outpatient care system.[36] In addition to producing fiscal problems for the county, low reimbursement rates lead to access problems for the county's Medi-Cal population, as very few of the private providers in the county accept new Medi-Cal patients. The county also has a difficult time recruiting and retaining specialists to serve the indigent and Medi-Cal patients as well as private patients. Without an adequate supply of specialists, the county is frequently forced to send indigent patients out of the county to receive services. The out-of-county visit is probably more expensive than in-county medical care if it were available.

In addition to low Medi-Cal reimbursement rates, the county faces rising costs for services in the face of stagnant or even declining revenues. As a result of increasing costs, the level of services declines each year, even if the budget remains steady. Costs for personnel—including COLAs, health care, and pension benefits— without adding any new positions, increase by $1.8 million each year at current staffing levels.[37]

The county health department receives the minimum required from the county general fund to match realignment funds.[38] As a result, county budget actions have not had a significant negative impact on the ability of the department to deliver services. In other words, because the county general fund was already making the minimum required contribution, there was little room to make additional cuts, even in the face of property tax shifts and reductions in VLF funds from the state.

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[32] Interview with Margaret Szczepaniak, Managing Director, Stanislaus County Health Services Agency.
[33] The Camden Group, "Strategic Assessment" (March 17, 2005).
[34] Stanislaus County FY 2004-05 Budget.
[35] Interview with Margaret Szczepaniak.
[36] Camden Group, op.cit., p. 16.
[37] Interview with Margaret Szczepaniak.
[38] Interview with Margaret Szczepaniak. Note that in addition to the MOE match, the county provides $500,000 in tobacco revenue, although these funds are not derived from the county general fund.

In response to budget difficulties during FY 2004-05, the county limited eligibility for health care services for undocumented immigrants to emergency services only (the minimum required by law). Previously, the county had provided outpatient services to this group. As a result, approximately 2,600 patients will not be provided free care. These individuals will still be served in county clinics, however, on a cash basis.

According to Szczepaniak, "all the low-hanging fruit have been picked." The county is currently working to develop a plan to cover its multimillion dollar deficit.

Stanislaus County provides mental health services through the Behavioral Health and Recovery Services unit. The department is funded primarily by realignment funds, as well as service charges from Medi-Cal, Medicare, and private insurance, and state program allocations.

The development of the FY-2004-05 budget was characterized by a degree of uncertainty. The department was asked, as were all county departments receiving local discretionary general fund appropriations, to prepare two different budgets reflecting two different levels of reductions, pending state budget actions. The Level I budget required general fund reductions of $8.7 million and forecasted a lower level of funding loss. The Level II budget required general fund reductions of $17.1 million and forecasted a substantial state funding loss. However, the Behavioral Health Department receives relatively little from county general fund sources, and so the anticipated county general fund reductions were expected to have a relatively minor impact on the department. Ultimately, total expenditures for FY 2004-05 were approximately the same as the FY 2003-04 expenditure level, although certain program areas experienced outright reductions in expenditures. For example, expenditures in the alcohol and drug treatment program were reduced from $3.5 million to $3.1 million.[39]

While expenditures for FY 2004-05 were similar to the previous year, the department faced rising costs, slow growth in realignment revenues, loss of certain grant funds, and failure of the state to pay for mandated services for disabled students, all of which contributed to an anticipated shortfall of more than $8 million to maintain the prior year's service levels.[40]

To address the shortfall, the department's FY 2004-05 budget called for elimination of both filled and vacant positions, use of fund balances where available, and deferment of maintenance, among other budget-balancing strategies.

[39] Stanislaus FY 2005-06 Budget, p. 327.

[40] Grant funds not included in the 2004-05 budget include Mentally Ill Offender Crime Reduction, Senior Access Team, Safe and Healthy Futures, and Targeted Capacity Expansion (Teen Recovery Center).

Tuolumne County

Tuolumne County provides public health services through the Department of Public Health and mental health services through the Department of Behavioral Health. Medical services are provided at the county-run public hospital, Tuolumne General Hospital, which also oversees outpatient and dental care clinics.

The county general fund contribution to public health and mental health programs is limited to the maintenance-of-effort amount required to receive realignment funds. Thus, the county general fund contribution to these program areas represents just a fraction of the total expenditures, and county-wide fiscal constraints do not necessarily translate into reductions in public health or mental health programs. The budgets for both public health and mental health programs increased very modestly from FY 2003-04 to FY 2004-05. The total public health budget increased from $7.11 million in FY 2003-04 to $7.28 million in FY 2004-05, and mental health program spending increased from $5.33 million to $5.43 million. Although budget resources have not declined over the past year, they have not kept up with inflation. As a result, the level of services delivered has probably declined even as the budget has remained relatively constant.[41]

Dr. Todd Stolp, Tuolumne County Health Officer, oversees the county's public health programs. While the county's public health programs face fiscal and policy challenges, an important public health issue facing the county is a lack of adequate resources to invest in prevention and patient education activities.[42] In addition, the county has limited ability to respond to changing needs in the community, because most funding streams are tied to specific programs. For example, the county offers relatively little in the way of services for seniors, even though this is a large and growing part of the county's population.[43]

Tuolumne County created its own Behavioral Health Department in 2001. As a result, most of the mental health services funded by the county are still provided via a contract with an outside provider. In FY 2004-05, the department experienced reductions in grant funds, including grants for mentally ill offenders and the older adult system of care. In response to budget constraints, the department reduced transportation services, cut a day treatment program for the chronically mentally ill, and reduced availability of emergency psychiatric services, among other changes.

The most significant health-related issue in Tuolumne County concerns the county's public hospital. Tuolumne County is one of the relatively few remaining counties that operates a county hospital. In spite of important access to and cost of care issues, severe fiscal problems are forcing the county board of supervisors to consider alternatives for the future of the county hospital, including closing the hospital altogether and contracting instead with a private hospital.

The county public hospital faces ongoing deficits and has received significant contributions from the county general fund and from the county's share of tobacco settlement funds. The county has hired a consulting firm to evaluate three specific options for the

[41] Interviews with Dr. Todd Stolp and Beatrice Readel, Director of Behavioral Health.
[42] Interview with Dr. Todd Stolp.
[43] Interview with Kathy Amos, Director of Public Health Nursing.

financially troubled hospital: remaining a full-service hospital, converting to an outpatient-only clinic system, and closing the hospital altogether.[44] The county has asked its consultant to evaluate each of these options according to the likely impact on access to and cost of care, financial considerations such as the impact on the county general fund, and the economic impact on the county.

Because of concerns about access to health care, county officials have sought to understand the impact on access to care of any policy that would change the services delivered by the hospital. The county has established clinics to address severe access problems for both primary and dental care. However, even with the establishment of these clinics, access to care remains a significant concern. Currently, just 16 percent of the county's primary care physicians are accepting new Medi-Cal patients.[45] Furthermore, the recently established dental clinic is very busy and not meeting all of the demand for services in the county.[46]

A primary factor driving the need to review the hospital operations is financial. Prior to 1998, the hospital largely operated without a significant contribution of county general fund or general purpose resources. Since 1998, however, the county has made significant contributions to the hospital, prompting the county to engage the consultant noted above.

The hospital is a major employer in the region and a significant purchaser of goods and services from the local community. While some of the economic activity associated with these jobs and purchases would no doubt continue with a contractor providing similar services, the county has asked their consultant to examine the extent to which this economic activity might be diminished.

In addition to operating deficits, the county hospital faces a significant bill for seismic upgrades. As a result, if the county wishes to continue to operate the hospital, it will need to spend $11-$15 million to upgrade the hospital or pay $19-$36 million to build a new facility.[47] As a consequence of the need to substantially upgrade the facility, the county's current decision about how to proceed cannot be delayed for any significant period of time. Either the county will need to make a significant capital investment and decide to remain in the business of running a county hospital or it will need to cease providing inpatient hospital services and enter into a relationship with a contract provider for these services.

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[44] Wolfson, Joshua, "County considers help for TGH," *The Union Democrat*, January 31, 2005.

[45] Interviews with Dr. Stolp and Craig Pedro, Assistant County Administrative Officer.

[46] Interview with Craig Pedro. The county has also received a grant from the California Endowment to fund dental services.

[47] Lewin Group, "An Assessment of Options for Tuolumne General Hospital," unpublished PowerPoint presentation to Tuolumne county staff.

Appendix C. Survey Questions

This appendix presents the "full" version of the survey sent to health and mental health officials. The public health and mental health versions of the survey contained a subset of the questions contained in the full version. Specifically, the public health version contained all of the questions from the full version except for questions 17, 21, and 22. The mental health version contained all of the questions from the full version except for questions 5 and 16.

Budgets and Health Care in 2004-2005:
A Survey of Local Health and Mental Health Departments and Public Hospitals

Thank you for helping us to learn about the budgetary situation facing local health and mental health departments and public hospitals in California. We value your insights, and the specific information that you can provide is very important to us. The results of this survey will help local and state officials, nonprofit groups, and the public understand the range of issues facing departments of health and mental health and public hospitals. This survey project was made possible by generous funding by the California Endowment. The survey is being conducted by the Public Policy Institute of California and the California Institute for County Government.

Please remember to press the "submit" button at the end of the survey to ensure that your responses are properly recorded.

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Note: The individual responses to this survey are confidential. We collect some identification information to track completed surveys. We will not identify, or reveal the specific responses of individuals or specific counties unless required by law.

Name of person completing the survey: _____

County person completing the survey works for: _____

Department person completing the survey works in: _____

BACKGROUND

Q1- How long have you served in your current position? ☐ years

Q2- How long have you worked in the county health field? ☐ years

Q3- In your experience working in the county health/mental health field, how would you compare your department/hospital's current fiscal year (2004-05) budget to previous budgets in terms of its effects on your county's ability to meet residents' health needs? On a scale of 1 to 10, where 1 is the best budget year you have observed in the course of your career and 10 is the worst budget year you have observed, how would you rate the FY 2004-05 year?

BEST			AVERAGE						WORST
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

MAGNITUDE OF SHORTFALLS

Q4- Thinking about the current fiscal year (FY04-05), would you say your department/hospital has received more, about the same, or less total funding from county, state, and federal sources than one year ago?

	More	About the same	Less
County	☐	☐	☐
State	☐	☐	☐
Federal	☐	☐	☐

Q5- In terms of the level and quality of services, would you say that your county is better, about the same, or less able to carry out or fund the following functions (during FY04-05) than it was one year ago?

	Better able	About the same	Less able
Behavioral/mental health	☐	☐	☐
Public health	☐	☐	☐
Preventive care	☐	☐	☐
Outpatient indigent care	☐	☐	☐
Inpatient indigent care	☐	☐	☐
Environmental health	☐	☐	☐
Emergency Hospital Care	☐	☐	☐

Q6- Again thinking of the level and quality of services, would you say your department/hospital is better able, about the same, or less able to serve the following populations of residents (during FY04-05) than it was one year ago?

	Better able	About the same	Less able
Children [0-12]	☐	☐	☐
Adolescents/teens	☐	☐	☐
Adults	☐	☐	☐
Seniors/older adults	☐	☐	☐
The uninsured	☐	☐	☐
Homeless persons	☐	☐	☐
Women	☐	☐	☐
Undocumented immigrants	☐	☐	☐
Seriously mentally ill	☐	☐	☐

Q7- Compared with last year, would you say that the demand for the services provided by your department/hospital has increased, remained about the same, or decreased?

Increased	Remained the same	Decreased
☐	☐	☐

Q8- Thinking ahead to next year (FY 2005-06), do you expect your department/hospital's ability to serve county residents to increase, remain the same, or decrease?

Increased	Remained the same	Decreased
☐	☐	☐

Q9- How has the overall condition of your county's general fund in fiscal year 2004-05 affected your ability to deliver services? In other words, have local budget conditions in your county positively affected, not significantly affected, or negatively affected your ability to provide services.

Positively affected	Not significantly affected	Negatively affected
☐	☐	☐

Q10- How has this fiscal year's state budget (fiscal year 2004-05) affected your ability to deliver services. In other words, have state budget actions this year positively affected, not significantly affected, or negatively affected your ability to provide services.

Positively affected	Not significantly affected	Negatively affected
☐	☐	☐

Q11- Thinking about those services your department/hospital is mandated by federal or state authorities to provide, which mandates would you say are most difficult to fulfill for funding reasons? Please list the one or two most difficult.

Q12- There are many possible sources of pressure that make it difficult for county departments and hospitals to balance their budgets. How important are the following factors in contributing to budgetary pressures in your department/hospital?

	One of the most important factors	Fairly important	Not too important	Not a serious constraint
Medical cost inflation	☐	☐	☐	☐
State funding changes	☐	☐	☐	☐
Federal funding changes	☐	☐	☐	☐
Local funding changes	☐	☐	☐	☐
Uncertainty about upcoming budget	☐	☐	☐	☐
Public pressure for enhanced levels of service	☐	☐	☐	☐
Mandates from higher levels of government	☐	☐	☐	☐
Collective bargaining/employee wages and benefits	☐	☐	☐	☐
Bureaucracy/administrative obstacles	☐	☐	☐	☐
Changes in payer mix	☐	☐	☐	☐
Caseload increases	☐	☐	☐	☐
Other (please specify ☐)	☐	☐	☐	☐

Q13- Compared with last year, does your county operate more, fewer, or the same number of outpatient clinics?

More	Fewer	Same number	My county doesn't operate outpatient clinics
☐	☐	☐	☐

BRIDGING THE GAP

Q14- During the current fiscal year, have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to increase revenues for health/mental health functions?

	Did not consider	Considered but not approved	Approved
Tax increases or new taxes	☐	☐	☐
Change in use of tobacco settlement money	☐	☐	☐
Increase in fees	☐	☐	☐

Q15- During the current fiscal year (FY 2004-05) have budget shortfalls caused your county/department/hospital to consider and/or implement any of the following to limit expenditures?

	Did not consider	Considered but not approved	Approved	If approved, please describe actions taken	Please estimate the number of clients/ people affected	Please indicate the dollar amount of the reduction
Facility closures	☐	☐	☐			
Staff reductions	☐	☐	☐			
Program reductions	☐	☐	☐			
Eliminating services or programs	☐	☐	☐			
Cutting funding to CBOs/contract providers	☐	☐	☐			

COUNTY HEALTH SERVICES

Q16- County health departments and hospitals provide many services to residents. Please indicate whether service levels for these programs increased, remained the same, or decreased as compared with last fiscal year. If your county does not provide the listed service, please check "N/A." To the extent that service levels increased or decreased, please indicate the nature of the service level change, including specific amount of budget or staffing changes if applicable.

	Increased	Remained the same	Decreased	Method of service provision	Describe nature of service level change	Amount of budget change $	Number of FTE positions added (+) or cut (-)
AIDS education and treatment	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Alcohol and drug prevention and treatment	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Bioterrorism preparedness	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
California children's services	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Child Health and Disability Program	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			

Dental services	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Communicable disease control	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Emergency medical services	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Health education	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Immunizations	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Indigent care	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Inpatient Care	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Maternal, child and adolescent health	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			

Outreach and enrollment	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Primary outpatient care	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Reproductive health and family planning	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Specialty outpatient care	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Training of doctors, nurses, and other health professionals	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			
Trauma care	☐	☐	☐	Direct ☐ Contract ☐ N/A ☐			

Q17- Thinking about the Behavioral/Mental Health Services your county provides, please check the appropriate boxes to indicate whether the following services are provided by your county (either directly or through a contract provider). Also, please indicate whether each service experienced service reductions to the public in the current fiscal year (2004-2005).

	Increased	Remained the same	Decreased	Method of service provision	Describe nature of service level change	Amount of budget change $	Number of FTE positions added (+) or cut (-)
Assessment and evaluation of mental health problems	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			
Children's System of Care	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			
Day treatment in community settings (children)	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			
Day treatment in community settings (adults)	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			
Emergency shelter	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			
Long-term residential care	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐			

Medication support to relieve symptoms	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Programs for homeless mentally ill	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Short-term therapy	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Support for independent living	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Support services for families	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Transitional young adult services	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Vocation assistance to find training to work	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				
Emergency psychiatric services	☐	☐	☐	Directly ☐ Contract ☐ N/A ☐				

THINKING AHEAD

Q18- In his 2005-06 budget proposal, the governor suggested several changes to the MediCal program. Please indicate in the space below what you expect the fiscal impact of these proposals would be on your county.

	Improve financial condition	No effect	Worsen financial condition
Monthly premiums for some MediCal recipients	☐	☐	☐
Cap on dental care	☐	☐	☐
Mandatory enrollment of aged, blind and disabled in MediCal managed care	☐	☐	☐

Q19- The governor has recently proposed changing the way public hospitals are financed. Please indicate in the space below how you expect these proposals to affect your ability to deliver services.

	Improve ability to provide service	No effect	Worsen ability to provide service
Access to care for the uninsured	☐	☐	☐
Respond to changing service needs in your community	☐	☐	☐
Your overall ability to deliver health care services	☐	☐	☐

Q20- In his 2005-06 budget proposal, the governor proposed capping the state's contribution to wages for in home support services workers. To the extent this proposal is implemented as proposed and your county chooses to maintain workers' wages, what effect do you think this proposal would have on funding for other health and mental health programs.

No impact	Moderate impact	Significant impact
☐	☐	☐

Q21- What is the largest unmet need for mental health services in your county?

Q22- How do you expect Proposition 63 funds to influence your ability to address this need?

No impact	Moderate impact	Significant impact
☐	☐	☐

Q23- In the coming weeks we would like to interview some local health/mental health administrators in order to make sure we understand the county experience as fully as we can. Would you be willing to talk with us in February or March 2005?

Yes	No
☐	☐

Please remember to press the "submit" button after completing the survey to ensure that your responses are properly recorded:

Submit

Thank you very much for responding to this survey. With the information provided by you and your counterparts, we can help inform residents and policymakers about the issues facing county health care in California. If you have further thoughts on this questionnaire or the topics it covers, we would welcome your comments below, or via email (countyhealth@ppic.org or mnewman@cicg.org).

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