



VENTURA COUNTY
HEALTH CARE AGENCY

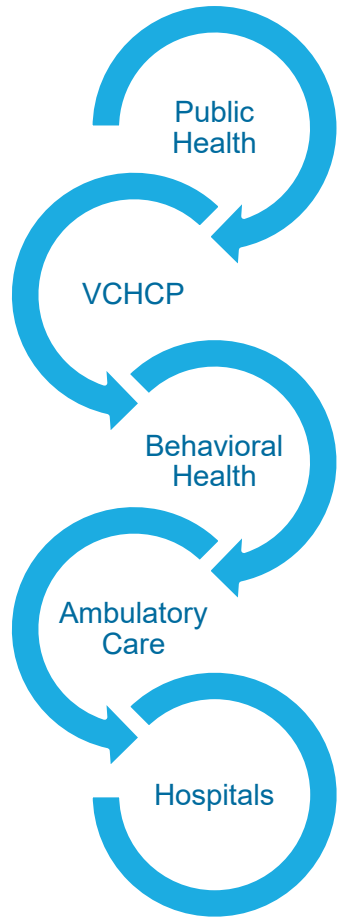
May 14, 2024

FY 2024-25 BUDGET PRESENTATION

Board of Supervisors

Barry L. Zimmerman
Director

Ventura County Health Care Agency



Mission

Provide comprehensive, cost-effective, compassionate health care for our diverse community, especially those facing barriers, through an exceptional workforce, education and forward-thinking leadership.

Vision

Setting the standard in health care excellence
Healthy people in healthy communities throughout
Ventura County.

Health Care Agency Budgets by Department

| Departments | Appropriations | Revenues | General Fund Contribution/ Net County Cost | Enterprise Funds Net Income/(Loss) | Total FTEs |
|---|------------------------|------------------------|--|---------------------------------------|--------------|
| Ventura County Medical System (VCMS) | \$ 720,985,485 | \$ 702,205,624 | \$ 19,197,700 | \$ 417,839 | 2,525 |
| Ventura County Health Care Plan (VCHCP) | \$ 90,583,114 | \$ 88,004,480 | \$ -0- | \$ (2,578,634) | 60 |
| Behavioral Health Department | \$ 284,866,005 | \$ 263,296,840 | \$ 21,569,165 | | 828 |
| Public Health Department | \$ 66,004,574 | \$ 58,279,822 | \$ 7,724,752 | | 399 |
| Total Agency | \$1,162,439,178 | \$1,111,786,766 | \$ 48,491,617 | | 3,784 |

The total appropriation growth Agency-wide was 6.1% or \$66.9 million higher compared to prior year adopted budget. The total General Fund Contribution for all departments is \$48,491,617, an increase of \$3,681,437 from the prior year and is primarily due to the incorporation of the Public Guardian's Office into the Behavioral Health Department. FY 24-25 Budget FTE change from FY 23-24: 87 positions for a total of 3,784.

VCHCP FY 24-25 proposed budget is at a loss but has sufficient Net Equity to finance the operation throughout the year. Public Health has \$454,045 increase in NCC due to the ending of COVID Relief Funds and grants resulting in total FTEs decreased by 24 positions from prior year adopted budget.

Behavioral Health showed a \$3,227,665 general fund increase from prior year. The incorporation of the Public Guardian accounts for the majority of the growth in Net County Cost with a \$2,270,035 addition to their overall budget. Total revenue for BH includes \$18,916,891 from MHSA reserves.

Ventura County Medical System Budget Summary

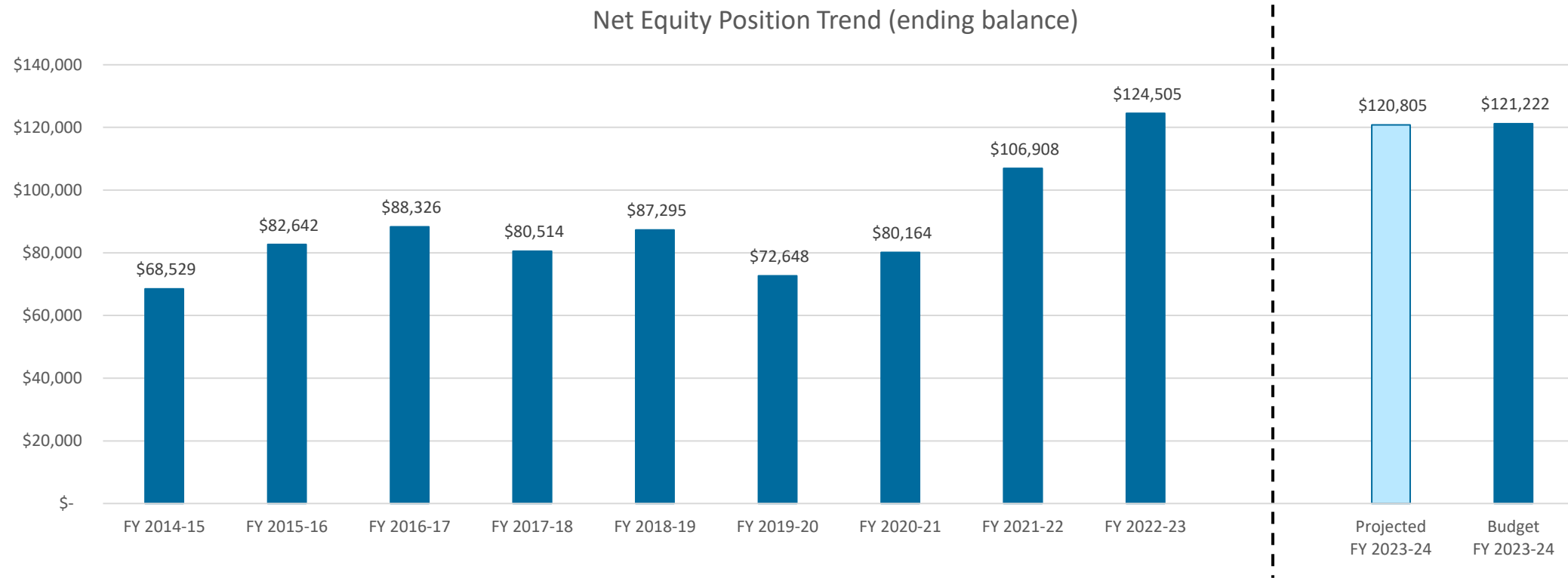
| (in millions) | FY 2023-24 Adopted Budget | FY 2023-24 Year-End Projection | FY 2024-25 Proposed Budget | Change From YE FY 23-24 to Proposed Budget | % Change |
|----------------------------|------------------------------|-----------------------------------|-------------------------------|--|--------------|
| Revenues | \$ 665.4 | \$ 674.2 | \$ 721.3 | \$ 47.1 | 6.9 % |
| Expenses | <u>\$ 673.7</u> | <u>\$ 677.9</u> | <u>\$ 720.9</u> | <u>\$ 43.0</u> | 6.3 % |
| Net Income (loss) | \$ (8.3) | \$ (3.7) | \$ 0.4 | \$ 4.1 | |
| | -1.2 % | -0.5 % | 0.4 % | | |
| Net Equity Position | \$ 124.5 | \$ 120.8 | \$ 121.2 | \$ 0.4 | 0.3 % |

The overall budget position for VCMS is positive with a targeted net income of \$417,839 for FY 2024-25. The year-end projection has improved from FY 2023-24 Adopted Budget with a \$ 4.6 million improvement resulting in an estimated loss of \$3.7 million from a budgeted \$8.3 negative position. The FY 24-25 budget plan improves the projected year-end loss position by \$ 4.1 million for a FY 24-25 budgeted net income of \$417,839.

Growth in both volumes and revenue account for the positive position with overall expenses increasing by 6.3% over year-end projected amounts. Salary and Benefits (Labor Costs) continue to be the primary driver in the overall costs increases at 11%. Professional services have leveled off at a 3% cost growth.

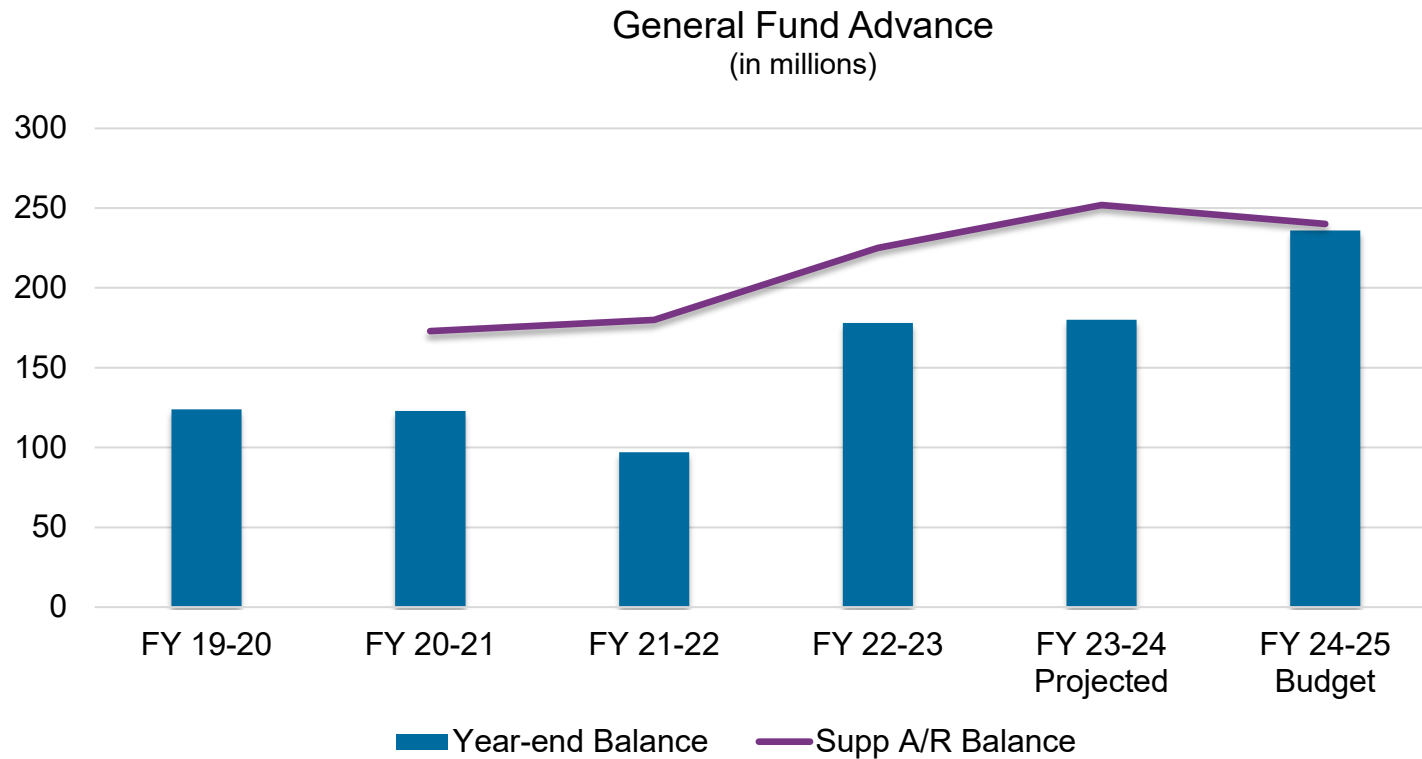
Ventura County Medical System

Net Equity Position Trend



Ventura County Medical System

Cashflow Overview



- Cash collections (Net Patient Revenue) continues to increase. (3.5% per qtr.)
- QIP to be paid in advance for calendar year 2025.
- Concerns remains high due to continued outstanding supplemental payments.
- Pension Adjustments – negative impact on cash, positive impact financials.
- Reduction in costs and cash demands will be a focus area.

Ventura County Medical System

Net Income Analysis by Unit

| Net Income by Department (in millions) | FY 2023-24 Adopted Budget | FY 2023-24 Year-End Projection | FY 2024-25 Proposed Budget |
|--|------------------------------|-----------------------------------|-------------------------------|
| VCMC & AC | \$ 15.5 | \$ 20.2 | \$ 11.6 |
| SPH – Full Scope | \$ (15.1) | \$ (16.0) | |
| SPH (new scope) | ---- | ---- | \$ (11.1) |
| IPU | \$ (8.7) | \$ (7.9) | \$ (0.1) |
| Total Enterprise | \$ (8.3) | \$ (3.7) | \$ 0.4 |

The positive net position for VCMS is a result from improvement from the IPU and high achievement of quality incentives primarily relating to the Ambulatory Care operations. Santa Paula Hospital continues to incur significant losses. As result, to address the significant negative position it is proposed to restructure the service lines at Santa Paula Hospital and focus on the most in-demand services being provided to the community. The primary use for Santa Paula Hospital is for emergency services and surgical procedures; the least utilization and highest cost driver per use is OB services.

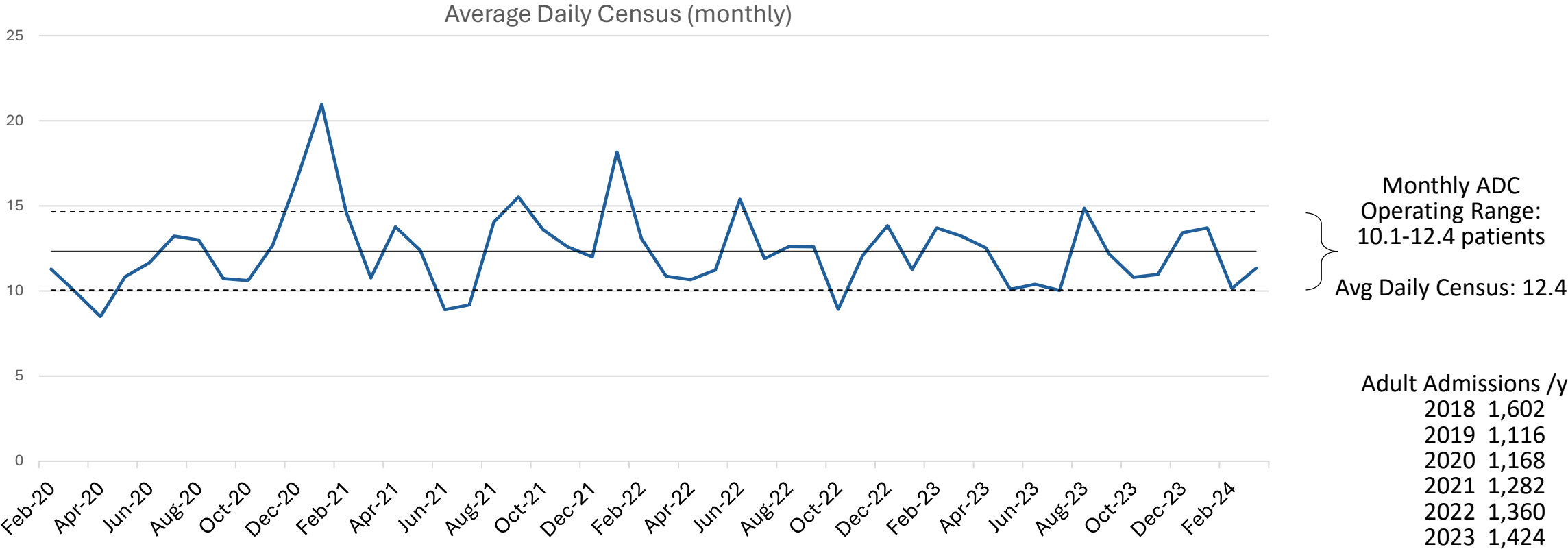
Budget Year 2024-25

Proposed Changes to Santa Paula Hospital

Ventura County Medical System

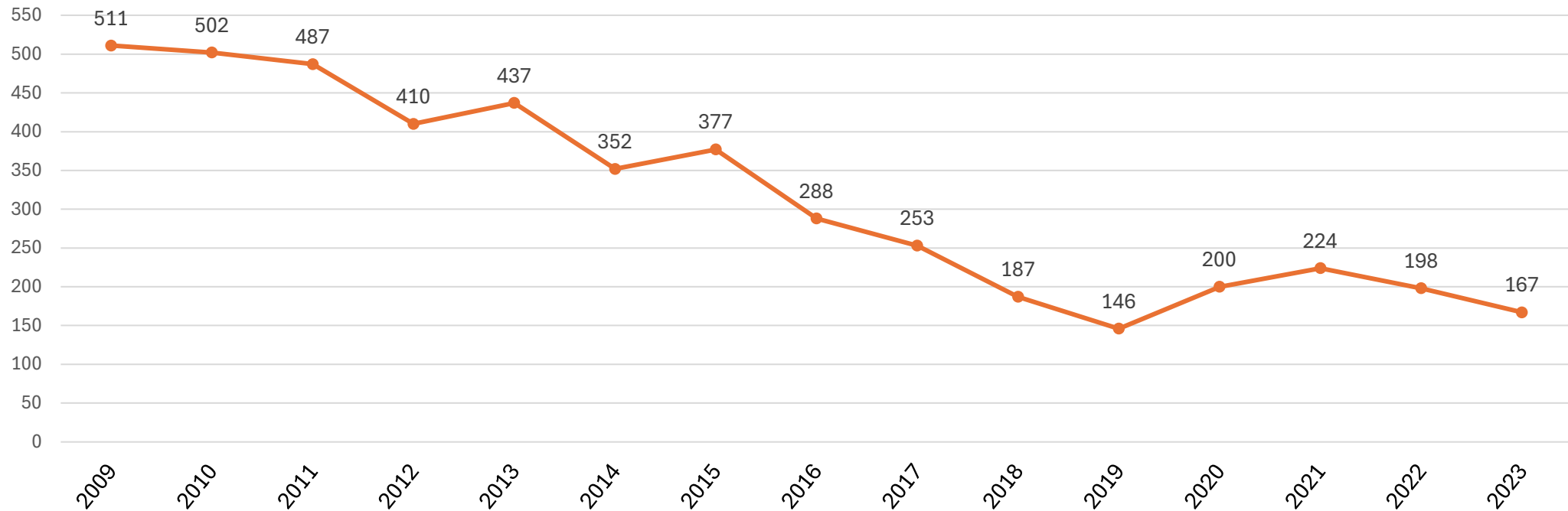
Santa Paula Hospital Proposed FY 2024-25

Four-year Trend for Monthly Average Daily Census for Acute Bed In-Patients – Santa Paula Hospital



Ventura County Medical System Labor and Delivery Volumes

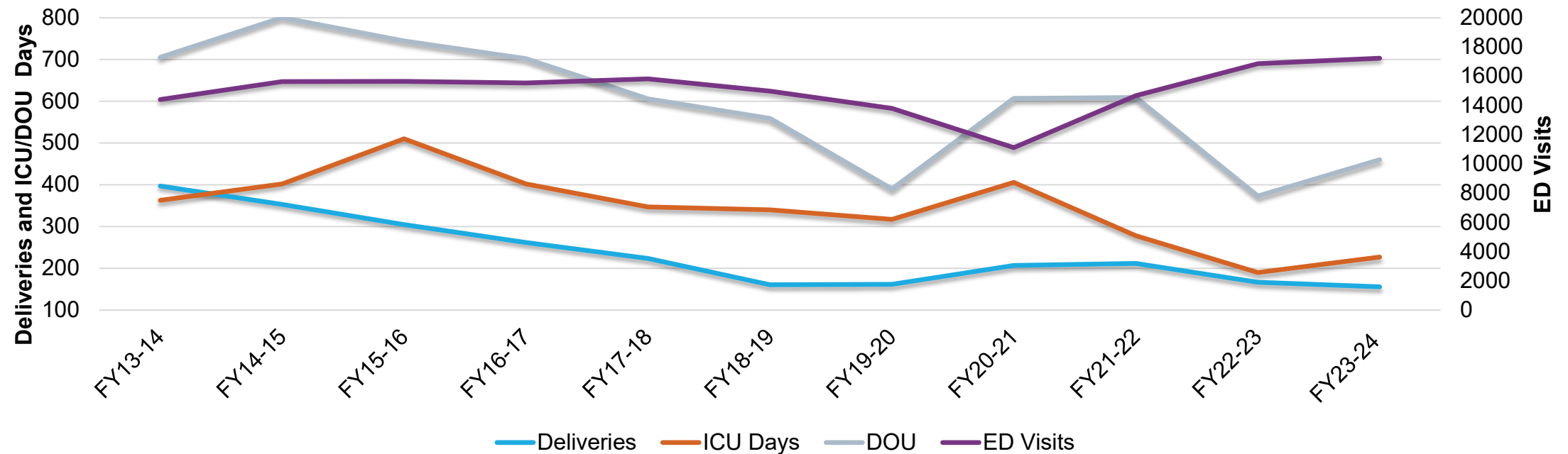
Total SPH Deliveries – 15 Year Trend



The total volume of deliveries for 2023 averaged 14 per month (a significant decrease from the high in 2009 of 43 per month). Most of the deliveries are derived from within VCMS assigned patient lives with very few deliveries coming from the broader community. Given the overall demographics and current physician networks and relationship with other hospital systems it is unlikely that delivery volumes will change from the current downward trend. Not only is the low volume unsustainable financially it is unsustainable from a medical practice perspective as well.

Santa Paula Hospital Patient Volumes

Santa Paula Hospital Volumes - 10 yr trend



The total volume of emergency room visits have steadily increased to more than 17,000 visits per year, representing 30% of the total VCMS volume, with only 6% of ED visits resulting in an admission compared to VCMC ED volumes result in 11% admission rate. The SPH ED activity demonstrates a lower level of acuity comparatively. Deliveries, ICU and DOU volume have steadily declined over time, representing 9.5% of the total VCMS volume.

Ventura County Medical System

Santa Paula Hospital Proposed FY 2024-25

| Net Income / (Loss) (in millions) | FY 2022-23 Actual | FY 2023-24 Year-End Projection | FY 2024-25 Proposed Budget |
|--------------------------------------|----------------------|-----------------------------------|-------------------------------|
| SPH – Full Service | \$ (15.1) | \$ (16.0) | \$ (14.1) |
| SPH – Scope Change | -- | -- | <u>\$ (11.1)</u> |
| Net Change | -- | -- | \$ 3.0 |

The FY 2024-25 Budget is proposed with the service scope change for Santa Paula Hospital. The total savings is \$5.0 from prior year-end projections. The following changes to the service lines at Santa Paula Hospital include:

Re-locate Services to VCMC:

OB Services
ICU Operations

Addition:

Additional operating room – full schedule
Expand Med/Surge and Telemetry Operations

All other services including Emergency Medicine will remain at full capacity

Impact of Proposition 1 Behavioral Health System & BH Connect

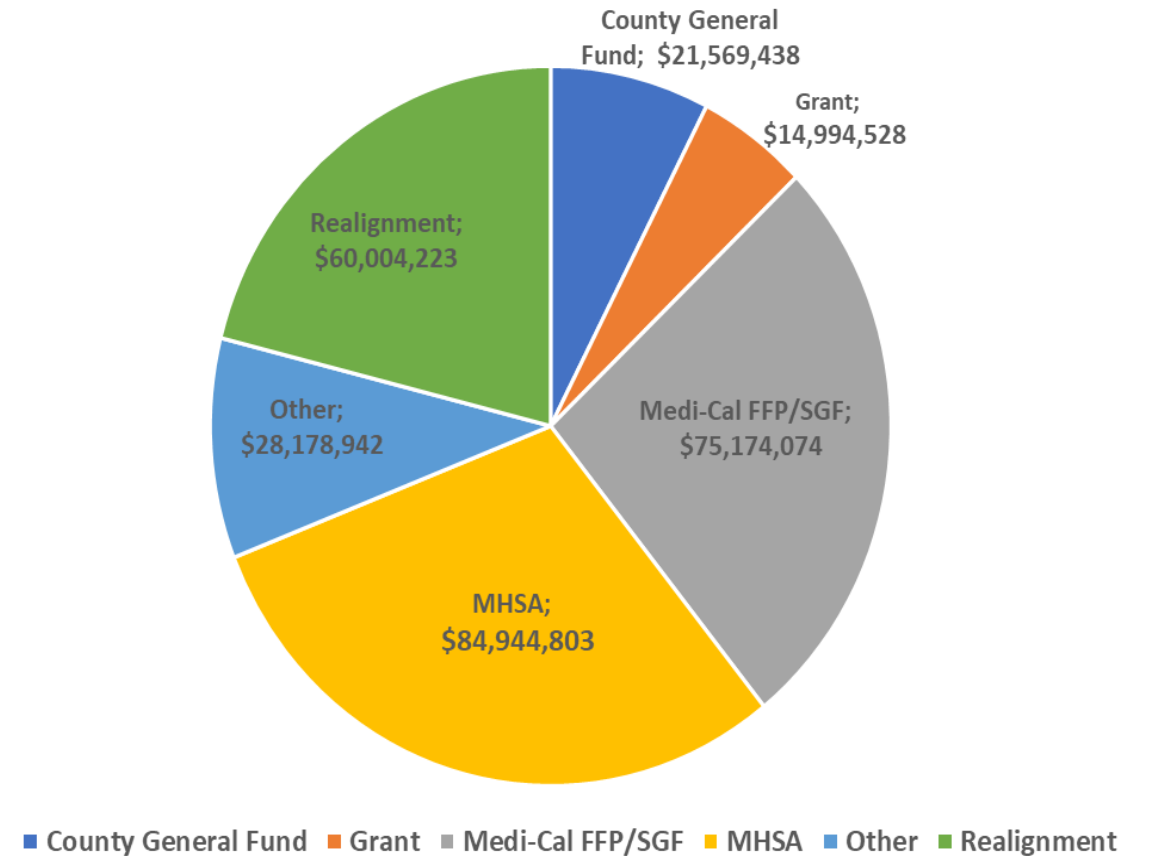
Fiscal Year 2025-26

Behavioral Health Department Funding FY 24/25 Preliminary Budget

- Ventura County Behavioral Health's budget is comprised of the following elements:
 - General Fund
 - Grants
 - MHSA*
 - Medi-Cal
 - Realignment
 - Other
- CalAIM and Payment Reform impacts are still under review.
- New state initiatives on the horizon including CARE Act, and BH Connect will also have budgetary impact.

*MHSA increase due to large one-time payment, generally MHSA funds around 25% of VCBH department's budget.

FY24-25 Behavioral Health Budget Funding

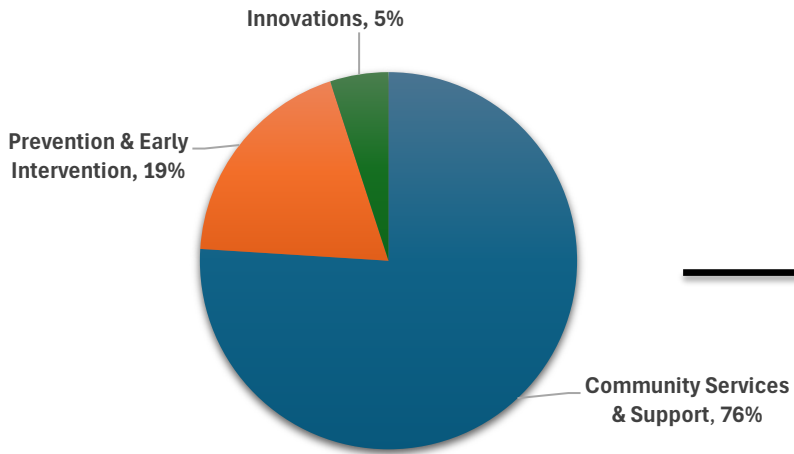


Proposition 1 Funding Structure Changes Funding Allocations

Total MHSA Funding to Counties

95%

MHSA



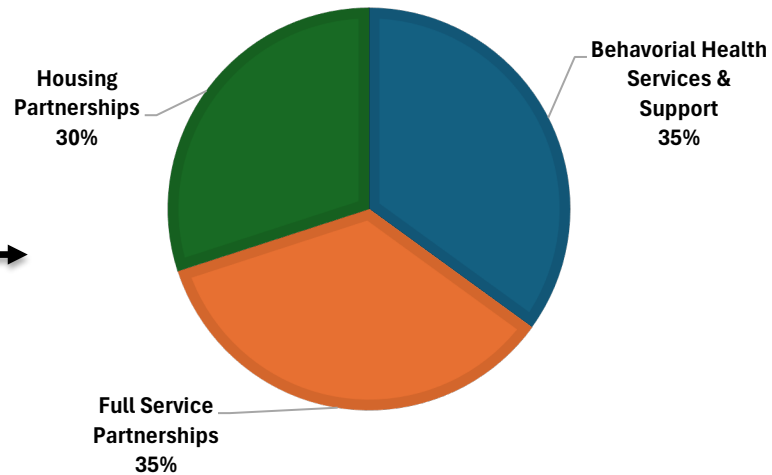
FY 25-26
Reduction 5%



Total BHSA Funding to Counties

90%

BHSA



Revises and recasts the Mental Health Services Act (MHSA) as the Behavioral Health Services Act (BHSA).

Re-prioritizes the use of MHSA Funding and shifts oversight and accountability to the State.

Total County allocation State-wide decreases by 5% and shifts 30% of the available funding to housing as a new service line.

Cost Shift and Projected Funding MHSA vs. BHSA

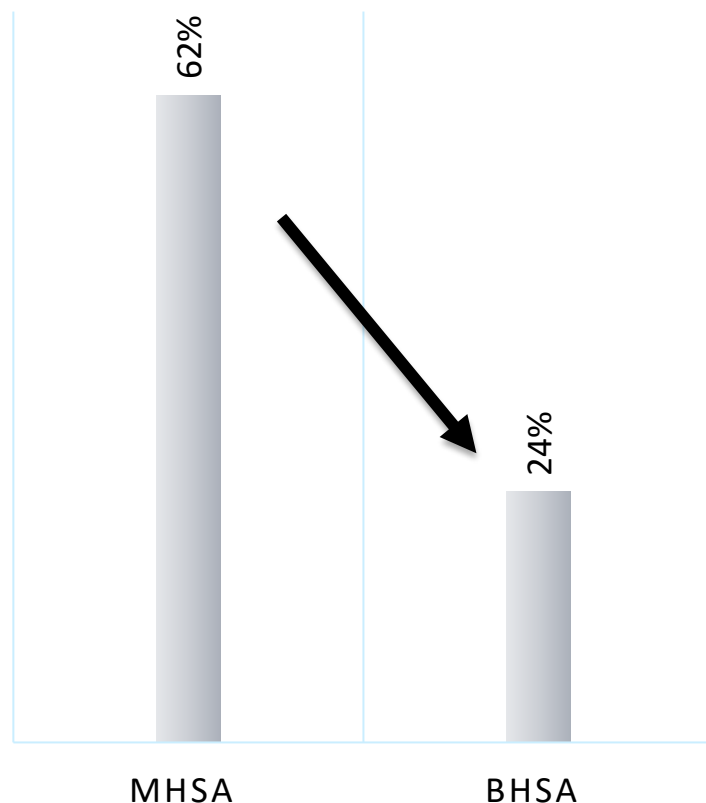
| Program Area | MHSA Funding 3-yr Average* | BHSA Funding Allocation | Change From MHSA to BHSA | Potential Dollar Impact* |
|---------------------------------------|-------------------------------|----------------------------|-----------------------------|-----------------------------|
| Core Services – CSS – GSD | 62.0% | 24.0% | (38.0%) | \$(26,720,400) |
| CSS – Full-Service Partnership (FSP) | 8.5% | 28.0% | 20.5% | \$ 11,823,800 |
| Prevention & Early Intervention (PEI) | 16.0% | -- | (16.0%) | \$(10,793,500) |
| PEI (< 25 yrs) | 5.7% | 25.0% | 19.3% | \$11,798,700 |
| Innovations | 5.0% | -- | (5.0%) | \$(3,389,000) |
| Workforce Employment Training | 0.2% | -- | (0.2%) | \$(156,900) |
| Housing Chronically Homeless | 2.5% | 23.0% | 20.5% | <u>\$ 12,718,600</u> |
| Total Estimated Impact | | | | \$ (4,718,700) |

Currently CSS GSD (non-FSP) funding is used to support core treatment, crisis and recovery services for the SMI/SED populations and with community endorsement counties can transfer up to 20% cumulatively of the CSS funds (5-year average) to support WET initiatives, CF/TN projects or Prudent Reserve. Counties can move up to 7% from on category to another with a maximum of 14% added to any on category.

* - based on a 3-year budgeted average

Behavioral Health Services and Supports

CORE SERVICES



Estimated program decrease ~ \$(26,720,400)

Changes

Largest overall cut to allowable dollars spent

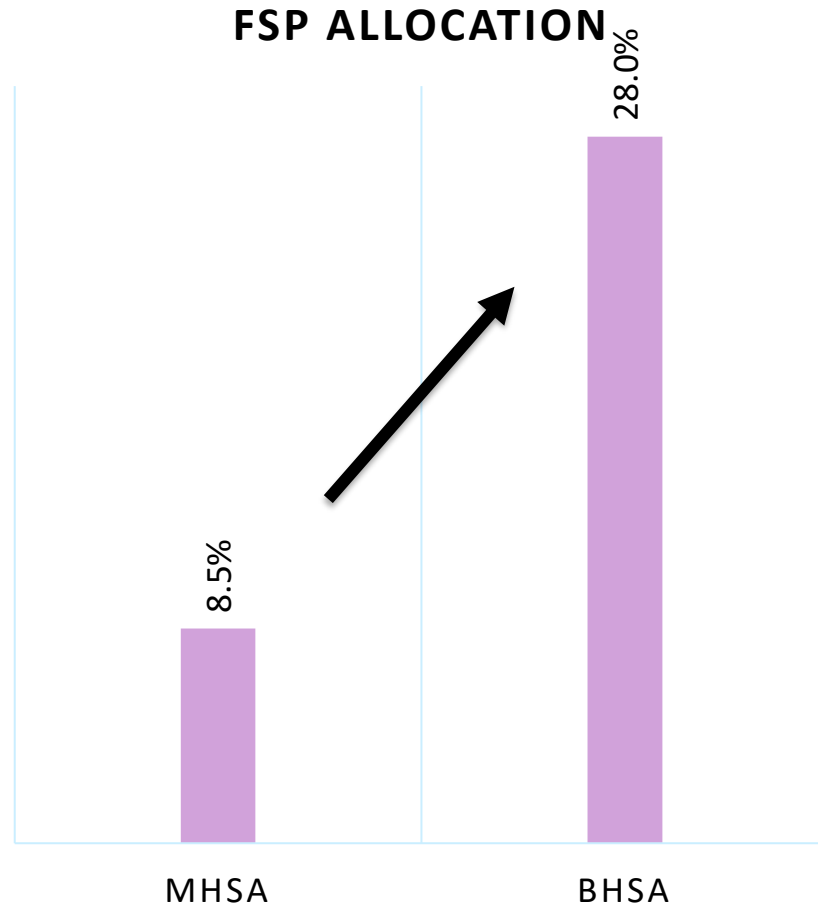
Existing services covered in this category:

- Crisis Services
- Regular Outpatient Treatment
- Peer Services
- Access
- Engagement

Additional Requirements – No Allocation

- Innovation Programs
- Workforce Enhancement and Training
- Capital Facilities and Technology

Full-Service Partnerships



Estimated program increase ~ \$11,823,800

Additional Requirements

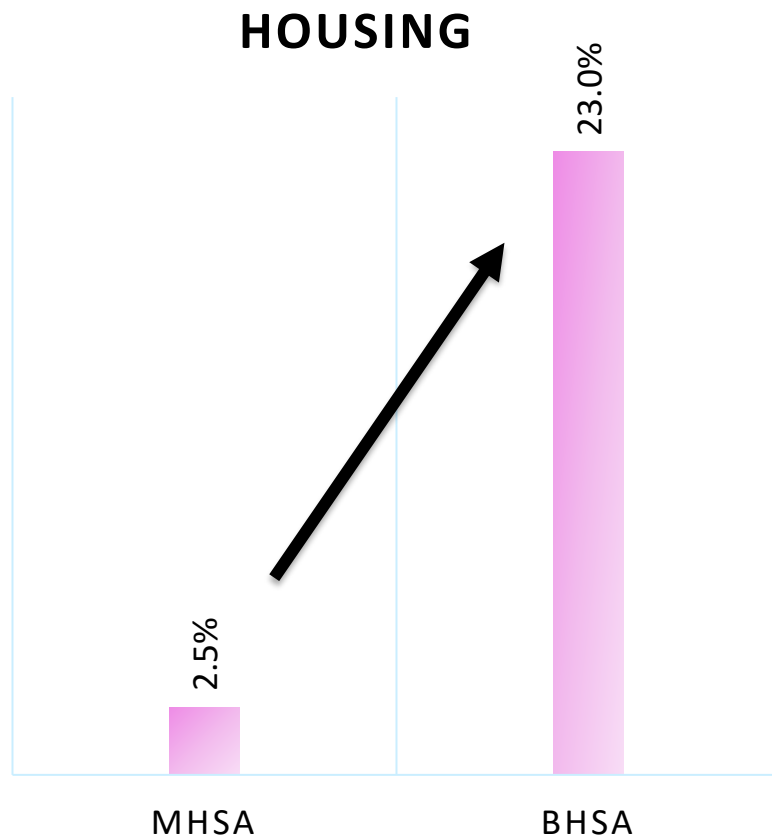
Fidelity Requirements:

- Individualized Placement Services Supportive Employment
- Wraparound and other EBPs as identified by DHCS
- Assertive Community Treatment Model (higher cost/better outcomes)

Create a Substance Use Service FSP Program including MAT

Step down care criteria to be developed by DHCS

Housing



Estimated program increase ~ \$12,718,600

New Standalone Category

- Housing First model
- Includes, but not limited to, rental subsidies, operating subsidies, shared housing, family housing
- 50% to be used for Chronically homeless (678 in Ventura County in 2024)
- Not restricted to individuals enrolled in Medi-Cal
- May include recovery housing as defined by HUD
- Housing was previously limited and primarily for FSP clients

Not allowed

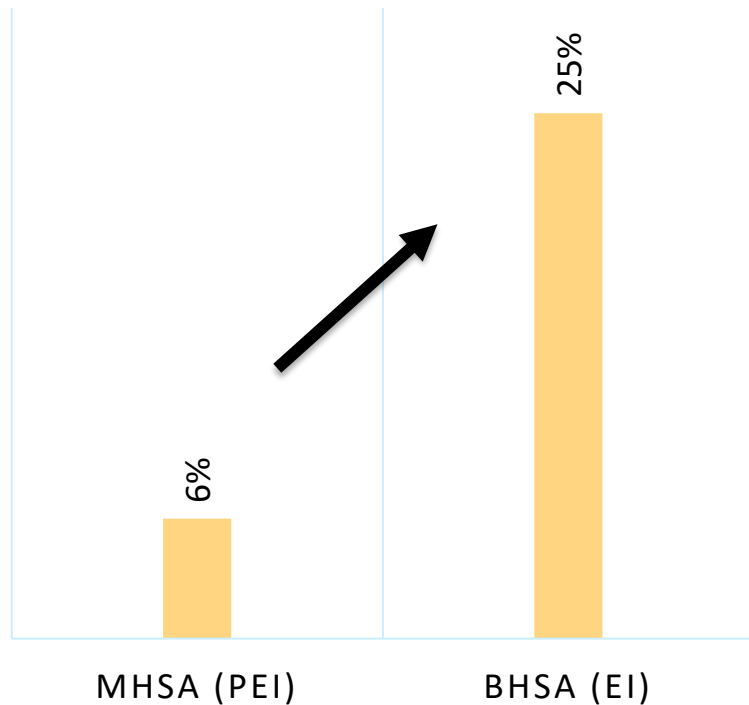
- Support services to keep SMI individuals housed
- Treatment services

Behavioral Health Services and Supports

Early Intervention

EARLY INTERVENTION

■ Early Intervention



Estimated program increase ~ \$11,798,700

Changes

- Minimum 51% to serve youth under the age of 25
- May include response services for MH Crisis
- One on one services
- Focused on Medi-Cal reimbursable
- Must include SUD only population
- List of Community Defined Evidence-Based Practices maintained and may be required by DHCS

Not Allowed

- Eliminates local funding for Prevention Services
- Eliminates stigma reduction as allowable
- No specific allocation for Suicide Prevention

Potential Impacts of Behavioral Health Services Act Funding

The majority of Federal and state funding requires a local match. For example, Adult outpatient care is reimbursed at around 50-60% of total cost, local funding, MHSA dollars are used provide the nonfederal share of costs.

MHSA dollar are flexible and are used of cover non-mandated program costs and are used as match funding for many program areas. On average, MHSA dollars matches Core Program Services at nearly \$40 million per year.

Under BHSA it is unknown to the degree that BHSA funds can be used to match and cover the same level of core services that currently exist.

If BHSA funds prove to be less flexible than MHSA funding; alternative local funding will be required as match funding to maintain current levels of services.



Prop. 1 – Infrastructure Funding and System Development

AB 531

- Authorizes \$6.38 billion in general obligation bonds to finance the conversion, rehabilitation, and construction of supportive housing and behavioral health housing and treatment settings. Of the total, \$1.5 billion is to be awarded through grants exclusively to counties, cities, and tribal entities; and local jurisdictions are not precluded from applying for additional funds.
- The bond will be distributed in a similar approach as BCHIP and Project Home Key processes with a combination of competitive and noncompetitive applications.
- Competitive applications for infrastructure projects will begin as early as this summer 2024.
- New treatment facilities may be funded under the AB 531 model, operational costs remain with local Behavioral Health Department



Public Health: Proposition 1

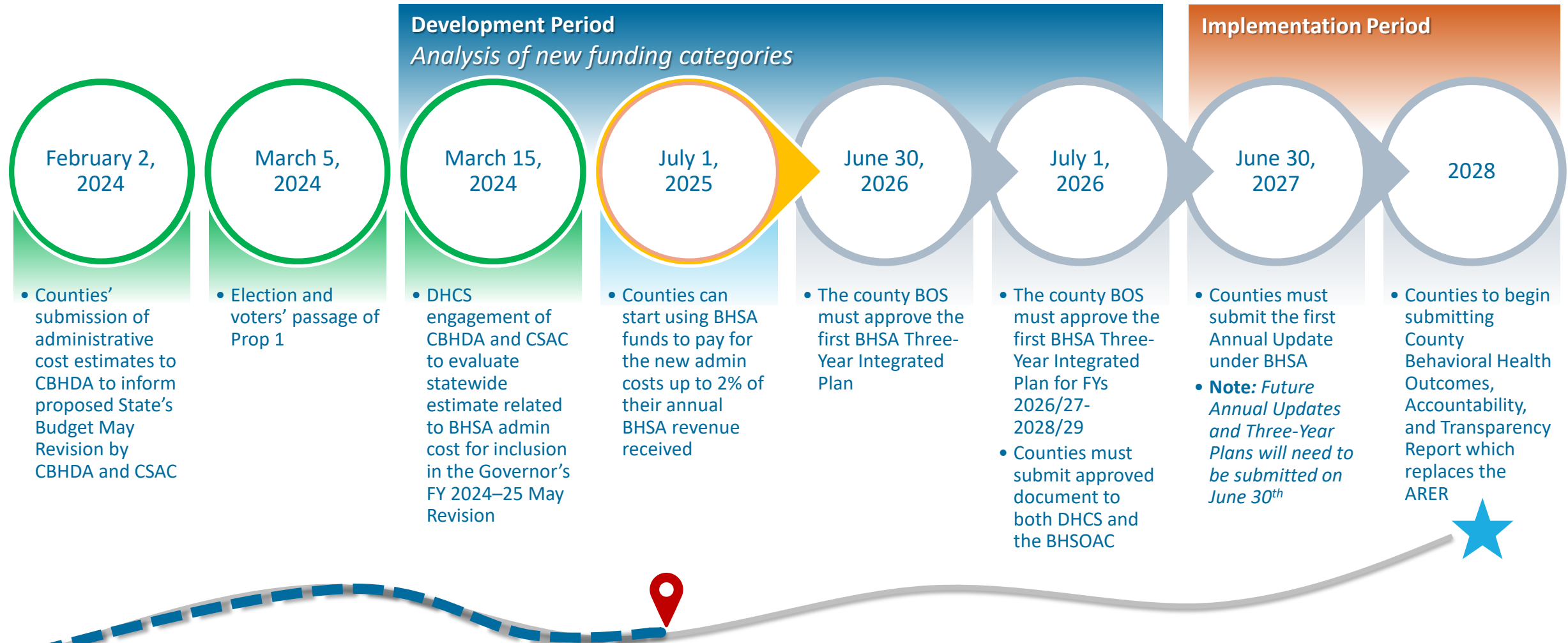
Proposition 1 – CDPH will receive a minimum of 4 percent of the BHSA funding for population-based mental health and substance use disorder prevention programs.

Population-based prevention programs are activities designed to reduce the prevalence of mental health and substance use disorders and resulting conditions.

Requires local health departments to submit a plan in partnership with behavioral health departments that accomplishes the following:

1. Behavioral Health Data Monitoring & Analytics (Real-time surveillance and monitoring for actionable interventions)
2. Population-Based Interventions:
 - Place-Based Improvements (parks, walking/biking trails, community improvements etc.)
 - Home Visiting
 - Anti-Poverty Interventions
 - Early Childhood, Parenting and Family Programming
 - Violence Prevention
 - School-Based Interventions
 - Public Awareness and Education
 - Evaluation & Continuous Improvement

BHSA Timeline Overview



BH Connect Statewide Objectives

Incentive Program

- The statewide incentive program will support counties to improve their managed care infrastructure and performance on key quality measures.

National Committee for Quality Assurance (NCQA) Assessment

- 2024 – Counties required to participate in the NCQA assessment as part of the incentive program.
- Assessment will measure the readiness to meeting future accreditation requirements including quality improvement, performance on quality metrics, etc.
- VCBH will conduct a thorough evaluation of its Managed Care infrastructure. This evaluation will serve as the foundation for future restructuring initiatives, aimed at aligning with NCQA requirements and optimizing operational effectiveness.

NCQA Managed Behavioral Healthcare Organization (MBHO)

- Future accreditation may be required for all MBHO. The assessment results will inform future DHCS policy on potential county BH NCQA Managed Behavioral Healthcare Organization accreditation. DHCS does not intend for counties to meet all MBHO standards or become accredited as part of the initial assessment process.

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration (BH Connect)

BH-Connect aims to bridge gaps in access to care and disparities in treatment outcomes through community-based approaches.



Through innovative strategies and data-driven interventions, the program endeavors to break down barriers to treatment and improve the overall well-being of Californians facing mental health and substance use challenges.

The objectives of BH-CONNECT waiver include:

- Amplify the state's ongoing investments in behavioral health and further strengthen the continuum of community-based care.
- Meet the specific mental health needs of children, individuals who are justice-involved, and individuals experiencing or at risk of homelessness.
- Ensure care provided in facility-based settings is high-quality and time-limited.

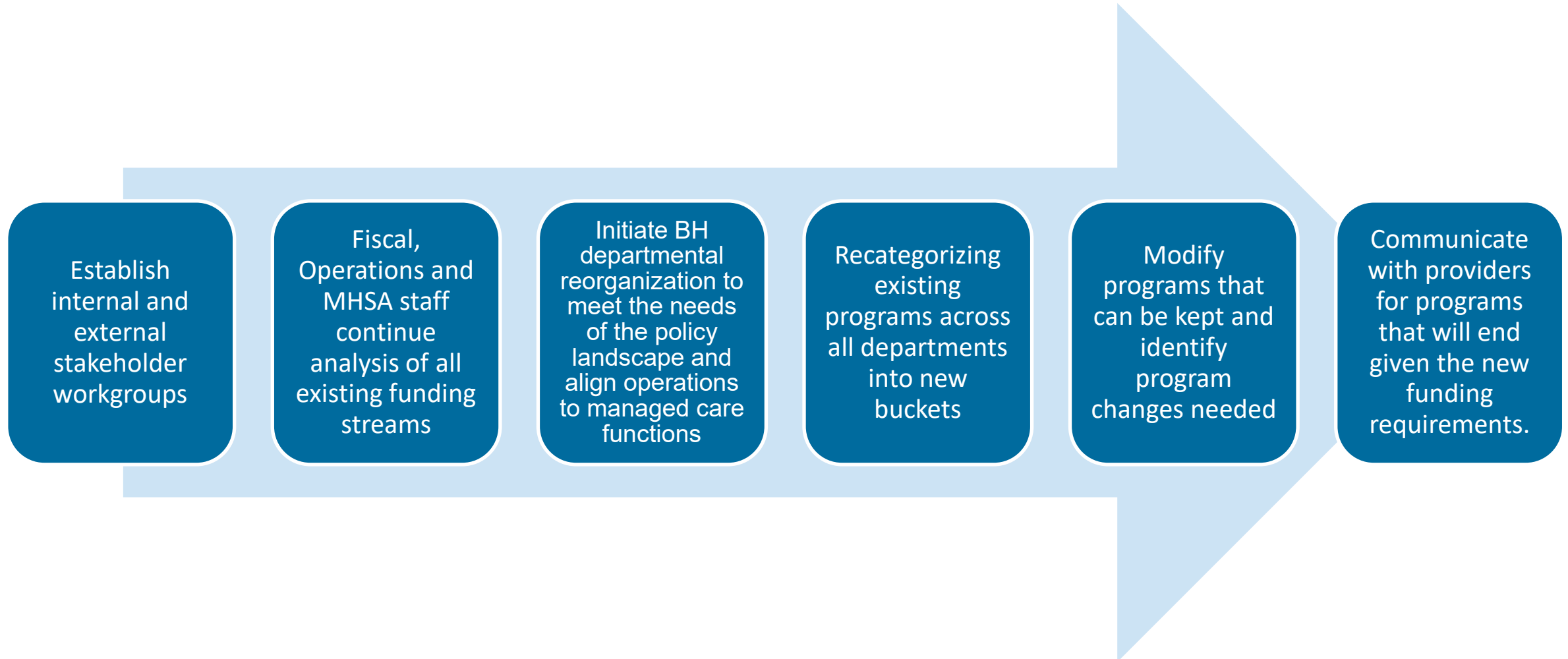
BH Connect incentive program for opt-in counties:

- Support and reward counties for implementing a robust continuum of community-based behavioral health services and Evidence Based Practices for Medi-Cal members.
- FFP for care provided during short-term stays in IMDs and implementation of specific requirements for counties that opt-in to receive it.

Continuum of community-based behavioral health services and EBPs for Medi-Cal members:

ACT and FACT
CSC for FEP
Transitional Rent Services
Supported Employment
Peer Support Services
CHW Services
Clubhouse Services

Concurrent Next Steps





THANK YOU FOR YOUR SUPPORT



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MEDICAL CENTER



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AMBULATORY CARE



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PUBLIC HEALTH



VENTURA COUNTY
BEHAVIORAL HEALTH



VENTURA COUNTY
HEALTH CARE PLAN