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Developing, Managing, and Monitoring Local Health Department Budgets

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Recognize County Budget Type

- ⌘ One county health department budget (regardless of the number of program budgets)
- ⌘ One county budget per program budget
- ⌘ Two or more program budgets within one county budget

One County budget - usually have to keep some type of Excel spreadsheets in-house to keep up with individual programs.

One County Budget per program budget - Best way. This means for every grant you have, you have an individual budget. Easiest way to track costs.

Two or more program budgets within one county budget -

- 1) Administration
- 2) Clinical - includes CH, FP, MH, etc.
- 3) Environmental Health - includes EH, F&L, etc.
- 4) Home Health

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Identify and Project Revenues

- ⌘ State/federal grant dollars
- ⌘ Local appropriations
- ⌘ Medicaid earnings
- ⌘ Other receipts
 - ☑ Fees (patients, industries, etc.)
 - ☑ Third-party billings (insurance)
 - ☑ Grants (Kate B. Reynolds, March of Dimes, etc.)
 - ☑ Contracts, Donations

Medicaid earnings - remember you must budget equal to or greater than earnings from previous closed fiscal year.

Consolidated Agreement C.3.h.

“The amount of Title XIX fees budgeted and expended in FY 2005-2006 must equal or exceed the amount of Title XIX revenues earned during FY 2003-2004.”

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Identify and Project Expenditures

- ⌘ Salaries/fringe benefits to support present staffing pattern
- ⌘ Cost of any new positions
- ⌘ Increased cost of operating expenses
- ⌘ Office, data, and medical equipment needs

Salaries/Fringes - as Penny has already mentioned when discussing Time Study, the majority of any health department budget is comprised of salaries/fringes. Approximately 80%-85%.

If we get this part right, the rest of the budget will fall into place.

Cost of new positions - advertising, hiring, training, etc.

Increased cost of operating expenses -

- Gas situation
- Increased utilities
- Increases in liability insurance

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⌘ EXPENDITURES =
REVENUES

Need I say more

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⌘ Items That Have A
Major Impact On Health
Department Budgets

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Increase or Decrease in
Revenues

- ⌘ Decrease in number of Child Health Medicaid patients
- ⌘ Loss of grant dollars
- ⌘ Increase in receipts from insurance billings/patient fees
- ⌘ County request to cut 4% from all budgets
- ⌘ Transition of Home Health Agency to private sector

1) New Pediatrician in town - all Medicaid patients take their children there instead of the Health Department

2) Health Promotion - just saw a 50% decrease in estimated grant funding for this year.

3) Home Health revenues can be used to support any public health program in your Department, not just Home Health. If you have a profitable Home Health Agency, do not lose it.

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Increase or Decrease in Expenditures

- ⌘ County grants 5% cost of living - request health department to fund increase from existing revenues
- ⌘ Major piece of equipment needs repair or replacement
- ⌘ Turnover in staff requires extensive training

1) Where does this extra money come from? Hold vacant positions so that you can support COLA, cut back on travel/training, use Home Health revenues to fund?

2) Lab equipment, soil augers or Laser Levels for Environmental Health, server for computer system

3) New staff - very expensive to train - particularly Nursing Staff. Must be Enhanced role Nurses to bill Medicaid. New RN graduates needing to attend the Orientation to Public Health Nursing training, etc.

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Hidden Effects on Budget - Cost Effectiveness

- ⌘ Effective utilization of staff
 - ☒ Patient flow analysis reveals 4% direct patient contact time
 - ☒ Consider no-show rate
 - ☒ Number of staff assigned to clinic
 - ☒ Increase the number of appointments
 - ☒ Services provided are no longer needed
 - ☒ Services provided at time when no other provider was available
 - Now several providers in community

How efficient are your clinics? Are you overstaffing for the number of patients being seen? How about no-shows? Why? Are you overbooking, making appointments 6 months - 1 year out?

Are the services you are providing needed? Are there other providers in the area serving the same population that you are trying to serve?

May be you need to reassess clinical services - change clinics, discontinue some clinics, focus on areas/needs that are not being served.

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Administrative Overhead Costs are Limited

- ⌘ Most DHHS grants reimburse administrative overhead cost
- ⌘ Smart Start and/or other local agreements may or may not reimburse cost
- ⌘ Some DHHS grants limit by percentage and/or other method
 - ☑ Ryan White/HOPWA
 - ☑ WIC

This does not mean that you CANNOT charge Administrative Overhead to these programs. Just means that you need to provide other sources of revenue to cover these costs: County Appropriation, Fees/Insurance payments, Home Health appropriation, etc.

If you don't post Administrative Overhead to these Programs, then you are not getting a true picture of true program cost.

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Continual Auditing of Programs

- ⌘ Ensure all chargeable expenses are being charged to the appropriate program
- ⌘ Ensure all billing is kept current
- ⌘ Ensure you stay within your budget throughout the budget year
- ⌘ Remember, a budget is a roadmap to the financial destination of your program
- ⌘ Monitor budgets throughout the year and amend as needed

1) Time study (remember, that is 80-85% of your total budget), travel, mail, telephone, etc.

2) Medicaid billing needs to be completed by 7th of each month, insurance billing completed at least monthly (preferably weekly).

3) Monthly, monitor budget to see which budgets are running high and which are running low. May need to make some changes of budgets throughout the year. If this isn't done monthly, BE SURE it is done at least QUARTERLY.

4) It's very difficult to know in February/March 2005 when preparing the budget, what will be happening in February/March of 2006.

Monitor budgets throughout the year and amend as needed