

State Realignment Funding Update and Options

Santa Barbara County
Board of Supervisors

September 17, 2013

The Realignment “Redirection”

- State FY 2013-14 Budget to Redirect \$300M from Counties Back to State
- The Cost to Santa Barbara County: \$2.3M
- Future Realignment Funding to be Distributed via Two Models:
 - 1) **Set Percentage Calculation**
 - 60% to the State
 - 40% to the County
 - 2) **Savings Share**
 - Follows a Formulary Yet to be Finalized



Recommendation

- Post Analysis Resulted in Tentative Option #1 (Set Percentage Calculation) Recommendation from Public Health
 - \$7.3M to be Redirected from County
 - Not subject to “true-up” or audit settlement
 - Does not subject Tobacco Settlement to State sharing
 - Actual split is closer to 70% State / 30% County



Budget Gap

- County to Return \$2.3M in FY 13-14 to State Starting in January 2014
- Anticipated Deficits due to ACA

	FY 13-14	FY 14-15
Previous Budget Gap for PHD	\$1,500,000	\$1,300,000*
Additional Projected Net Reduction/Gap from ACA	2,385,000	2,700,000
Total Projected Gap	\$3,885,000	\$4,000,000

* Total PHD FY 14-15 gap in PHD budget D pages is \$2.8M; this figure represents the incremental increase only to the FY 13-14 budget gap.

Uncertainties

- The “Residually Uninsured”
 - Undocumented, and those not enrolled in existing programs nor purchasing their own insurance
 - Exposure of risk in caring for a disproportionate share of these individuals
- Reduction in Federal Financial Participation for Newly Eligible



Uncertainties

- Future reimbursement reductions and payment reforms
- Increased regulatory compliance obligations and cost
- Ongoing expenditure increases (salaries and benefits, overhead, and indirect costs)



Mitigation Strategies

- PHD developing strategies to maximize opportunities under ACA
 - Partnering with DSS for eligibility workers
 - Becoming a Certified Enrollment Entity (with ADMHS) to enroll the newly eligible
- Assignment by CenCal of indigents currently in system



Mitigation Strategies

- Reassessing non-mandated services/levels
- Redirecting discretionary revenue sources
- Program streamlining and reorganizing



Summary of Recommendations

- a) Receive and file a report and presentation on the Patient Protection and Affordable Care Act's (ACA) effect on State budget funding for the Public Health Department...
- b) Approve and authorize the Public Health Department Director to notify the State of its intention to tentatively select the State's option of a "Set Percentage Calculation"...
- c) Authorize and direct the Public Health Department Director to enter into the attached Agreement with the California Health Benefit Exchange as part of an application process...