

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
May 16, 2007

To: Board of Supervisors

From: Department of Health and Human Services

Subject: Approve Appropriation Adjustment Request No. 27-075 In The Amount Of \$2,989,812 Releasing Reserve For Assistance Payments To Cover Additional Costs Resulting From Labor Actions That Occurred During Fiscal Year 2006-07 Labor Negotiations

Contact: Susan Priest, Deputy Director (875-1705)

**Overview**

During Fiscal Year 2006-07 labor negotiations several labor actions occurred that resulted in additional costs to the Department of Health and Human Services. The County Pharmacy had to send most prescriptions to Walgreens to be filled which resulted in additional pharmaceutical costs of \$2,388,237. The majority of this additional cost was allocated to the Department of Health and Human Services Clinic Division. The Mental Health Treatment Center (MHTC) incurred additional acute psychiatric service costs of \$601,575 because of the labor actions. Funding originally budgeted for Adult Mental Health to contract for sub acute (lower) levels of care were reallocated to the MHTC to obtain acute services. As a result, Adult Mental Health currently does not have the necessary appropriations for sub acute levels of care resulting in additional census impacts to the MHTC. This negative impact is due to patients who are ready to transfer from the MHTC to sub acute (lower) contract service providers, however cannot do so due to the lack of funding outlined above. Of course, this is not only a fiscal impact, but a clinical impact as these patients no longer require acute care at the MHTC and could be served at a lower level of care if placements were available to them. The Board established a Reserve for Assistance Payments during the Fiscal Year 2005-06 budget process. The Department of Health and Human Services is requesting a release of these reserve funds to fund these unavoidable labor action costs.

**Recommendation**

Approve the attached Appropriation Adjustment Request in the amount of \$2,989,812 to release Assistance Payment Reserves.

**Measures/Evaluation**

N/A

**Fiscal Impact**

This appropriation adjustment request of \$2,989,812 will offset unavoidable cost increases resulting from labor actions during Fiscal Year 2006-07 labor negotiations. There will not be an increase in net county cost as these funds are currently maintained in a Reserve for Assistance Payments.

Approve Appropriation Adjustment Request No. 27-075 In The Amount Of \$2,989,812 Releasing Reserve For Assistance Payments To Cover Additional Costs Resulting From Labor Actions That Occurred During Fiscal Year 2006-07 Labor Negotiations.

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## **BACKGROUND**

In August 2006, a pending job action by unions representing clinicians, pharmacists, nurses, mental health workers, clerical, kitchen staff and general service workers required the Department of Health and Human Services to prepare for limited staffing with management personnel for an unknown length of time. Plans were formulated to fill clinical, pharmacy and direct care positions with mental health managers from other areas of the division, registry contract agencies to provide nursing staff, and to use Walgreens Pharmacy to fill prescriptions if necessary. As the strike date approached, planning for meals for patients became difficult as a vendor to provide food service could not be found. Furthermore, nursing and pharmacy registries began to report dwindling numbers of their personnel willing to cross a picket line in the event of a strike.

In lieu of these staffing hurdles, the general strike plan for the Mental Health Treatment Center was revised to include lowering the census at the Treatment Center by admitting new patients to other psychiatric facilities through an expanded use of Single Case agreements (SCA). Reducing the census provided some assurance that the Treatment Center would remain within State Department of Mental Health regulations mandating staff to patient ratio. It also reduced the impact on a strained food service delivery plan. Most important, with a general lack of full staff, it assisted with the risk management issues related to having inexperienced staff working in a large, acute psychiatric facility.

The Pharmacy found it necessary to utilize Walgreens Pharmacy to meet the prescription needs of its clients with pharmacists on strike and registry pharmacists unwilling to cross the picket lines.

## **DISCUSSION**

By approving the attached Appropriation Adjustment Request the Department of Health and Human Services will be able to cover the unavoidable costs incurred as a result of the labor action that occurred during Fiscal Year 2006-07 labor negotiations.

In addition, Adult Mental Health Services will have sufficient appropriations to allow for the placement of patients currently residing at the MHTC on administrative status to appropriate sub acute levels of care. When these patients move to lower levels of care, bed space at the MHTC is freed to provide acute services to other community members, and reducing the possibility of using even more money to outsource acute psychiatric services.

## **MEASURES/EVALUATION**

N/A

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**FINANCIAL ANALYSIS**

This appropriation adjustment request of \$2,989,812 will offset unavoidable cost increases resulting from labor actions during Fiscal Year 2006-07 labor negotiations. There will not be an increase in net county cost as these funds are currently maintained in a Reserve for Assistance Payments.

Respectfully submitted,

APPROVED:  
TERRY SCHUTTEN  
County Executive

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LYNN FRANK, Director  
Department of Health and Human Services

By: \_\_\_\_\_  
PENELOPE CLARKE, Administrator  
Countywide Services Agency

Attachment  
Appropriation Adjustment Request