



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

October 27, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SECOND PROGRESS REPORT ON ESTABLISHING A SEPARATE PUBLIC HEALTH DEPARTMENT

On September 1, 2005, we provided your Board with a progress report on our planning efforts in establishing a separate Public Health Department, pursuant to your action on June 28, 2005, approving that concept. In that report, we advised your Board that we would provide a second progress report to address outstanding issues, new issues that were identified, and a proposed timeline for implementation of a separate Public Health Department.

The planning group, consisting of staff from the Department of Health Services (DHS), including Public Health, the Department of Human Resources (DHR), County Counsel, Auditor-Controller and my office, has continued to meet on unresolved issues and implementation steps which must be addressed if a new Public Health Department is created. As a result of those meetings, additional recommendations have been developed, as discussed in the attached report, regarding County ordinance changes related to the Health Officer function, programs proposed for inclusion in the new Public Health Department, and some revisions to the proposed staffing. In addition, the planning group identified changes which are recommended as necessary in Public Health pharmacy services, regardless of whether your Board proceeds with establishing a separate Public Health Department.

The planning group is continuing to review the specific impact that this proposal will have on overhead costs in DHS and in the new Public Health Department and the related impact on State and federal revenue streams in both budgets. As indicated in

Each Supervisor
October 27, 2005
Page 2

the earlier report, this review has been complicated by the recent changes in Medi-Cal hospital financing. The final analysis will be submitted as part of the implementation plan to be considered by the Board.

Based on the continued review of the planning group, we are currently recommending that this item be placed on your December 6, 2005 agenda, instead of November 1, 2005 as proposed earlier, in order to fully address implementation issues, including the development of a detailed timeline, related to creating the separate Public Health Department.

If you have questions or need additional information, please contact me or your staff may contact Josie Jaramillo, of my office, at (213) 974-1274.

DEJ:DIL
SAS:JJ:bjs

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Chief Information Officer
Director of Health Services
Director of Internal Services
Director of Personnel

STATUS REPORT ON ESTABLISHING A SEPARATE PUBLIC HEALTH DEPARTMENT

On September 1, 2005 the Chief Administrative Office (CAO) submitted a progress report on efforts to establish a separate Public Health Department as instructed by the June 28, 2005 motion by the Board of Supervisors approving, in concept, a separate Public Health Department. In that report, several areas were identified that required follow-up discussions, including County ordinance changes as it relates to the Health Officer function, program issues, financing issues, and some proposed administrative staff changes.

Staff from the CAO, Department of Health Services (DHS), including Public Health, Department of Human Resources (DHR), County Counsel, and Auditor-Controller has continued to meet on unresolved issues and implementation steps which must be addressed if a new Public Health Department is created. County Counsel, Auditor-Controller, and the Chief Information Office staff have participated in these meetings, as necessary. Follow-up discussions with Internal Services Department staff are planned.

As a result of those meetings, additional recommendations have been developed, as discussed further below, regarding County ordinance changes related to the Health Officer function, programs proposed for inclusion in the new Public Health Department, and some revisions to the proposed staffing. In addition, the planning group identified changes which are recommended as necessary in Public Health pharmacy services, regardless of whether the Board proceeds with establishing a separate Public Health Department.

The planning group is continuing to review the specific impact that this proposal will have on overhead costs in DHS and in the new Public Health Department and the related impact on State and federal revenue streams in both budgets. As indicated in the earlier report, this review has been complicated by the recent changes in Medi-Cal hospital financing. The final analysis will be submitted as part of the implementation plan to be considered by the Board.

County Code Changes

Under existing state law, it is not a legal requirement that the Director of Public Health also be the Health Officer. The Health Officer must be a graduate of a medical school while the Director need not be. The Board has the discretion to combine the two positions or separate them.

After further discussion by the planning group, it will be recommended that the ordinance establishing the Public Health Department reflect the same language for the Director of Public Health that is currently in place for the Director of Health Services. This language would define the Public Health Director as the County Health Officer and would allow the Board of Supervisors either to appoint a physician as Director of Public Health, who can then also serve as the Health Officer, or to appoint a non-physician as Director of Public Health, in which case the Director would delegate the Health Officer

function to a physician employed by the Public Health Department. This provides maximum flexibility to the Board in making its leadership appointments.

Program Issues

Following further discussions, the planning group will recommend that the new Public Health Department include Public Health, the Office of AIDS Programs and Policy (OAPP), Alcohol and Drug Programs Administration (ADPA), and Children's Medical Services (CMS), as initially proposed in the CAO's earlier reports.

In addition to these Departments, the planning group will recommend that the Antelope Valley Rehabilitation Center (AVRC), currently part of the San Fernando Valley Area, should be included as part of the Public Health Department. This recommendation is based on the programmatic review of the substance abuse rehabilitation services provided by the Acton and the Warm Springs facilities that are part of AVRC and the current working/funding relationship with ADPA.

This change should not affect programmatic operations at AVRC and should only affect administrative reporting under the new Public Health Department. With respect to the budget format, as proposed, AVRC will be established as a separate budget unit reporting to ADPA. This should not change the budgeted appropriation for AVRC, but will establish AVRC as a separate budget unit, rather than incorporating it as it currently is within the San Fernando Area budget.

In the 2005-06 Final Budget, AVRC includes 89.1 budgeted positions. As a result of this recommendation an additional position will be added to the Public Health budget to handle Human Resources issues at AVRC. A new staffing ordinance will be prepared as part of the ordinance changes to be considered by the Board when the Public Health separation issue is placed on the agenda.

Memoranda of Understanding (MOUs)

If the Board approves a separate Public Health Department, a Memorandum of Understanding (MOU) between DHS and Public Health will be executed. That draft document is currently being developed. The MOU will have various exhibits detailing the areas where the Departments will need to work together, including programmatic areas e.g, laboratory services, pharmacy services, radiology services, and inpatient care, and administrative support areas, e.g., information systems, shared space, planning and some human resources activities. The exhibits will also include areas where the Public Health Department and/or DHS will provide or receive services and funding.

The MOU between DHS and Public Health will also clarify the relationship between DHS and Public Health for existing contracts that identify the Director of Health Services or designee as the authorized signatory. In instances, where contracts deal with services to both DHS and Public Health, the MOU will specify that the Department receiving the majority of services will be designated as the Department to administer the contract through its term. In instances where the contracts deal with services only to

Public Health, the MOU will clarify that the Director of Public Health will be the Director of Health Services' designee.

Finally, after the departmental split, County Counsel will assist both departments with amending existing contracts if needed to assure that the contractors are informed of the departmental split and that the contracts contain appropriate provisions to reflect administrative, fiscal and programmatic oversight.

Separate MOUs will be developed between Public Health and other County Departments such as DHR, ISD, and Auditor-Controller for administrative support activities, including facilities maintenance, audit investigations, and advocacy.

Public Health Management Infrastructure and Administrative Support

Based on further discussion by the planning group, the number of positions needed by the new Public Health Department to perform centralized administrative support and program functions has increased from 161.0 budgeted positions to 165.0 budgeted positions, including 136.0 existing budgeted positions and an additional 29.0 budgeted positions. The revised estimated cost for the new positions is \$1.9 million for salaries and employee benefits. The additional new positions, added since the September 1, 2005 report, are related to pharmacy services. The planning group is continuing to evaluate the staffing needs for the new Public Health Department and DHS, and will include final recommendations, including estimates of costs, in the implementation plan for consideration by the Board. The implementation plan will also include estimates of costs associated with administrative support services to be purchased by the new Public Health Department from other County Departments.

Pharmacy Services

In its review of areas where bulk purchases are shared by DHS and Public Health, the planning group identified pharmaceutical purchases as an area that will require action, regardless of whether a separate Public Health Department is established. Currently Public Health pharmaceuticals are purchased through the LAC+USC Medical Center under the federal 340B purchasing program which allows for the direct purchase of pharmaceuticals at a discounted rate. The DHS and County Counsel have recommended that the Public Health clinics obtain their own certification to participate in the 340B program, for regulatory purposes as established by federal guidelines. Consistent with this recommendation, Public Health is currently working with County Counsel and DHS to obtain the necessary licensing/permits. It is anticipated that the necessary licenses and permits will be in place by January 2006, to coincide with the establishment of the Public Health Department, if approved by the Board.

As part of the review of the pharmaceutical program in Public Health, it was also determined that additional staff will be needed for both the LAC+USC Medical Center and Public Health to fully operationalize the tracking and monitoring processes for pharmaceuticals, again, regardless of whether a separate Public Health Department is established. The number of staff determined to be needed for these purposes for the new Public Health Department will be a total of 10.0 budgeted positions, including 6.0

existing budgeted positions and 4.0 additional positions. Although the 4.0 additional positions will be recommended regardless of whether the separate Public Health Department is established, they are being included in the number of positions associated with the new Department. The total positions determined to be needed for the LAC+USC Medical Center is 4.0 budgeted positions. The 4.0 additional budgeted positions for LAC+USC will be included in the DHS 2006-07 budget request.

The staffing classifications required for additional pharmacy services positions in Public Health are being reviewed and will be part of the staffing ordinance presented to the Board for consideration.

Space Management

The planning group reviewed current space utilization and has determined that additional space would not be required if a separate Public Health Department is created. The group is continuing to develop a plan for potential staff movements related to the consolidation of revised Public Health and DHS administrative support areas. This space management plan will be submitted as part of the detailed implementation plan to be considered by the Board.

Implementation Plan and Timeline

Based on the planning groups additional review, it is recommended that this issue be scheduled for December 6, 2005 Board meeting, rather than the November 1, 2005 agenda as proposed earlier. This will provide sufficient time to address all of the remaining technical issues regarding implementation of the new Public Health Department, including the development of a detailed timeline, and to meet with union representatives to discuss the potential impact on represented employees.

The effective date of a new Public Health Department, should the Board approve the introduction of ordinances on December 6, 2005, with adoption of the ordinances on December 13, 2005, would be January 12, 2006. While additional time is being requested to finalize the detailed implementation plan and timeline for consideration by the Board, it is still expected that the plan will be fully implemented by April 2006, with separate budget roll-ups to be reflected in the 2006-07 Proposed Budget and effective by July 1, 2006.