



June 25, 2024

**Los Angeles County
Board of Supervisors**

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TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

SUBJECT: **DEPARTMENT OF HEALTH SERVICES' (DHS)
FISCAL OUTLOOK**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

This is to provide an update to DHS' fiscal forecast for Fiscal Years (FY) 2023-24 through 2026-27 (Attachment I-A). DHS (excluding DHS Community Programs [CP] and Correctional Health Services [CHS]) is forecasting an available fund balance of \$1.3 billion in FY 2023-24, \$1.2 billion in FY 2024-25, \$1.1 billion in FY 2025-26, and \$235.6 million in FY 2026-27.

There are only a few key changes from the December 19, 2023 Fiscal Outlook. First, DHS has paid off \$203.0 million in commercial paper that was used to short-term finance previously approved capital projects (further explained in this letter). Second, this forecast adjusts the timing of revenue recognition for the Enhanced Payment Program (EPP) and Rate Range programs. DHS is working with the Department of Health Care Services (DHCS) to reduce the Long-Term Receivables (LTRs) for the two programs. The resolution of the LTRs for Rate Range is anticipated in FY 2024-25 and for EPP in FY 2025-26. Third, DHS expects the federal Office of Inspector General to formally issue the audit results for the Provider Relief Fund revenues in FY 2024-25, which is currently accounted for as a non-spendable reserve in the fiscal forecast.

Attachment I-A provides details for DHS' department-wide operations (excluding DHS CP and CHS); Attachment I-B provides details for DHS CP; Attachment I-C provides details for DHS CHS; and Attachment I-D provides a department-wide summary including DHS CP and CHS.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 288-8050
Fax: (213) 481-0503

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Available Fund Balance

The significant decrease in DHS' available fund balance over the four-year fiscal forecast period reflected in Attachment I-A demonstrates our continuing structural deficit. The root cause of the ongoing structural deficit is the fact that the current financial system for financing public hospitals does not provide sufficient funding in Medi-Cal managed care and fee-for-service (FFS) revenues to cover costs. Public hospitals in California must self-finance (i.e., provide the non-federal share) for a large portion of their budgets, leaving public hospitals without sufficient revenue to fully cover their costs.

DHS has been working with the other public hospitals which are experiencing similar revenue shortfalls to request that DHCS and California's Medi-Cal managed care plans address managed care funding shortfalls. Discussions with DHCS and the managed care health plans are expected to be protracted as the current financing system for the public hospitals is complicated. The FFS shortfalls are also being discussed with DHCS. Any potential changes that may be forthcoming as a result of these protracted discussions will still not guarantee a resolution to DHS' structural deficit.

Due to the significant imbalance between DHS' estimated expenditures and revenues which result in an ongoing structural deficit, one-time positive adjustments made in earlier years increase the available fund balance offsetting the existing annual structural deficit.

Updates to Major Fiscal Issues

Current Year Surplus/(Deficit)

For 2023-24, DHS is forecasting a surplus of approximately \$21.1 million at year-end closing.

New Managed Care Rules

On May 10, 2024, the Centers for Medicare and Medicaid Services (CMS) issued finalized Medicaid rules imposing new requirements on both states and Medicaid managed care plans to report and analyze payment rates and access to services. To determine access levels, the new rules establish federal standards for appointment wait times for various services, e.g., primary care, OB/GYN, mental health, etc., beginning in July 2027. Compliance with these standards requires the rate of appointment availability to be at least 90%.

Also, CMS establishes a numerical floor for FFS Medicaid rates, requiring the rates, in the aggregate, i.e., including base and supplemental payments, to equal at least 80% of the comparable Medicare rate. In addition, FFS payments for a benefit category may not be reduced by more than 4% per year. Both states and Medicaid plans will be required to conduct and report rate analyses for certain core services compared to Medicare physician fee schedule payments for the same services by July 1, 2026. The rule also establishes an aggregate cap on in-lieu of services of no more than 5% of total capitation payments.

In addition, the rules codify the ability of states to use directed payments to Medicaid providers to enhance payment rates to equal the average commercial rate for the same services. While the rule does not establish a cap on directed payments, the rates have to be “reasonable, appropriate, and attainable” and must utilize permissible sources for the non-federal share of the enhanced payments. Given that the new rules have only recently been released and the State’s implementation plans are pending development, DHS does not have enough information to estimate an impact at this time.

Managed Care Contracting

Pursuant to DHCS’ competitive procurement process for Medi-Cal managed care, in Los Angeles County, Health Net Health Plan (Health Net) was awarded the commercial plan and has a subcontracting agreement with Molina Healthcare (Molina). DHS has finalized contracts for base rates with Molina and Health Net for Calendar Year (CY) 2024. Negotiations with LA Care for the CY 2024 base rates are currently ongoing and an agreement is anticipated by the end of June. Accordingly, the fiscal forecast does not include the impact of any negotiated rate changes with LA Care.

Disproportionate Share Hospital (DSH) Funding

On March 9, 2024, President Biden signed the Consolidated Appropriations Act that eliminates the scheduled Medicaid DSH cut for federal fiscal year (FFY) 2024 and delays the FFY 2025 cut to January 1, 2025. DHS will continue to closely monitor any legislative activities related to DSH.

Updates to Major Revenue Categories

Medi-Cal Redetermination

As reported previously, because of the COVID-19 pandemic and the issuance of a public health emergency order, the annual Medi-Cal requirement to redetermine a beneficiary’s eligibility was suspended and large numbers of beneficiaries retained continuous Medi-Cal coverage throughout the pandemic. This resulted in a significant increase in the number of beneficiaries assigned to DHS.

The redetermination process in California resumed in July 2023 and is expected to be fully phased in by June 2024. As the redetermination process returns to normal, DHS estimates a loss of 135,000 members (due to those individuals either not completing the redetermination process or no longer being eligible for Medi-Cal) and an estimated decrease of approximately \$200.0 million annually in net capitation revenue.

Expanded Medi-Cal Coverage

Effective May 1, 2022, DHCS implemented the Older Adult Expansion (OAE) Medi-Cal program that expanded eligibility for full-scope Medi-Cal benefits to individuals who are 50 years of age or older, regardless of their citizenship or immigration status. DHS estimates approximately 40,000 of its assignments are in the OAE program.

Effective January 2024, the State expanded full Medi-Cal eligibility to the remaining group of income-eligible California residents, aged 26-49, regardless of their citizenship or immigration status. The coverage expansions may result in increased DHS member assignments; however, any potential increase is expected to be reduced to some extent, depending on the rate at which these Medi-Cal beneficiaries fail to complete the redetermination process and ultimately lose their Medi-Cal coverage. DHS continues to monitor the impact as the redetermination process is being phased in and will update the fiscal forecast accordingly.

California Advancing & Innovating Medi-Cal (CalAIM)

DHS participates in a number of CalAIM programs which provide Medi-Cal revenue for a number of care coordination and social supports programs offered and/or operated by DHS. These programs include Enhanced Care Management, which is estimated to provide \$7.3 million in revenue for FY 2023-24, and Community Supports, which comprises a number of housing and social supports, estimated at approximately \$58.0 million in revenue for FY 2023-24. Revenues are subject to annual contract negotiations with Medi-Cal managed care plans and are projected to be stable for FY 2024-25.

DHS is also preparing for the mandated CalAIM Justice Involved Initiative and submitted an application for planning funds under Providing Access and Transforming Health (PATH) Round 3. Funding awards have not been announced as of the date of this report.

AB 85 Realignment

AB 85 establishes a formula to redirect a certain portion of “excess” state health realignment funds to social services programs based on a sharing ratio of 80% State and 20% County. Based on current estimates, DHS is projecting the AB 85 redirection amount to be \$0 for the current fiscal year and continuing at \$0 going forward.

In-Home Supportive Services (IHSS) Provider Health Plan

The cost for DHS to provide healthcare services to the IHSS providers enrolled in the health plan exceeds the net capitation revenue that DHS receives annually by approximately \$85.0 million. This is primarily due to cost escalations over the last decade without any corresponding increases in the capitation rate DHS receives per member to provide health care services. DHS has evaluated the need to increase the health plan capitation rate to cover DHS’ financial losses and to provide an investment in the IHSS network. LA Care proposed a rate increase for the IHSS program; however, DHS has asked for revisions and is currently waiting for LA Care’s response.

Summary

Until DHS can fully resolve shortfalls with additional revenue or implementation of additional cost reduction strategies, DHS will need to continue to use one-time fund balance to close the annual funding gap.

DHS Community Programs (Attachment I-B)

DHS CP includes the Housing for Health program and the Office of Diversion and Reentry, including Harm Reduction activities. Housing for Health provides housing, intensive case management and health care to individuals experiencing homelessness. The Office of Diversion and Reentry provide services that primarily diverts people with mental illness and substance use disorder from the LA County jails and places them in permanent supportive housing. Harm Reduction activities include conducting overdose prevention work and other community programs that serve individuals who use drugs. In addition, the DHS CP unit also manages Community Supports under the CalAIM Medi-Cal waiver and includes programs such as the Medical-Legal Community Partnership.

DHS CP is projecting that replacement funding of approximately \$14.4 million will be needed starting in FY 2024-25 and up to \$96.6 million will be needed in FY 2026-27. This is primarily due to the loss of CalAIM funding, one-time American Rescue Plan Act-enabled funding, and one-time Housing for a Healthy California grant funding, with no ability to reduce associated program costs without cutting services and/or housing placements. As a plan to mitigate this funding gap is still to be determined, DHS will work closely with the CEO Homeless Initiative to identify potential strategies to mitigate existing costs and/or identify potential alternative funding sources.

Correctional Health Services (Attachment I-C)

While DHS manages CHS operations, CHS is primarily funded with net County cost. DHS requests additional funding for CHS, as needed, through the County's budget process. At this time, DHS is estimating a balanced budget for CHS through FY 2026-27; however, DHS continues to work with the CEO and the Sheriff to address various Department of Justice (DOJ)-related operational and staffing issues. DHS will continue to discuss any supplemental funding needs with the CEO should additional funding be necessary to comply with the DOJ consent decree.

Updates to Major Cost Categories

Salary & Employee Benefits (S&EB) Increases

DHS is required to fund any increases in its S&EB that result from increased labor costs, including those due to new or revised labor agreements with our majority represented workforce. The forecast includes the additional S&EB costs for those bargaining tables that have been closed and approved by the Board, estimated to exceed \$120.0 million annually.

The County has reached a tentative agreement in its negotiations with the Union of American Physicians and Dentists (UAPD). The next steps are review and ratification by the members of UAPD Bargaining Units 324 and 325 and, if approved by the membership, will be submitted to the County Board of Supervisors for approval. Any additional costs negotiated with UAPD and approved by the Board that are beyond the standard County COLA are not included in this forecast.

SB 525, enacted on October 13, 2023, is a new minimum wage law setting pathways to a \$25 minimum wage for health care workers. Due to the size of our hospital system and being County-owned or operated, the new healthcare worker minimum hourly wage will be phased in on the expedited timeframe listed below:

- \$23.00 in January 2025
- \$24.00 in June 2025
- \$25.00 in June 2026
- minimum wage after 2026 will be indexed to the lower of inflation or 3.5%

In addition to the hourly minimum wage provisions, the bill requires that salaried health care employees earn a monthly salary equivalent to no less than 150% of the health care worker minimum wage or 200% of the applicable minimum wage, whichever is greater. A workgroup has been created with the CEO, County Counsel, and DHS, DMH, and Public Health Departments to review classifications and SB 525 eligibility criteria, and to develop implementation steps for the new minimum wage requirements.

DHS has included the projected impact of both provisions of SB 525 to its S&EB in the DHS fiscal forecast as follows:

- FY 2024-25: \$45.0 million
- FY 2025-26: \$95.0 million
- FY 2026-27: \$100.0 million

Harbor-UCLA Medical Center Replacement Project (H-UCLA Replacement Project)

In February 2022, the Board approved the design-build contract with Hensel-Phelps for the construction of the H-UCLA Replacement Project. The long-term debt service costs for the H-UCLA Replacement Project will be shared based on the total project cost split between DHS (90%), and DMH (10%), whose share of cost will fund the construction of psychiatric emergency services and psychiatric inpatient beds. Working with DMH, these percentages will be revised to account for DHS paying down a portion of the replacement costs before it gets converted into long-term debt financing.

Since the Board's approval, a series of meetings have been held with clinical users to develop the design for the hospital, clinic, lab, and support service buildings and parking structure. The plans for the Clinic and Hospital buildings are currently going through jurisdictional approvals. Construction of the Support Services Building has been completed and the Facilities Management, Information Technology, and Safety programs took occupancy of the building in May 2024. The 1,500-space parking structure will be completed and open for use in June 2024. Construction began in May 2023 on the Clinic Building and the steel structure was topped off in March 2024. Completion of this building is anticipated in mid-2026.

Demolition and site preparation for the hospital is underway and construction is anticipated to begin this summer. The H-UCLA Replacement Project is expected to be completed by 2028. DHS used its fund balance to pay a total of \$580.0 million in FYs 2021-22 through 2023-24 for the planning, design, and construction costs for the H-UCLA Replacement Project and other projects as they occurred. Latest estimates are

predicting a project cost overrun. As firm numbers are available, we will update our estimated debt service payment assumptions. DHS will continue to work with CEO and Public Works on this matter.

Implementation of Cost Accounting System

DHS has completed the implementation of the new Cost Accounting Decision Support System. Multiple labor-intensive activities related to data capture, data quality, and data accuracy are ongoing. DHS is in the process of closely evaluating and analyzing the cost of primary care and urgent care services provided across DHS facilities. The detailed analysis is expected to assist in operational and strategic planning decisions.

Implementation of Patient Accounting System

DHS currently uses the Affinity Revenue Cycle Only (RCO) patient accounting system. DHS is planning to request Board approval to purchase the Cerner patient accounting system in spring of 2025 to replace the RCO system. The Cerner system will be integrated with DHS' electronic health record system (ORCHID) which will result in new billing protocols. In the existing RCO system, data is transferred to the billing vendor who then prepares and submits the claims through their own system. Under the new Cerner system, the data will reside in DHS' system and the billing vendors will submit claims through the DHS system.

DHS Finance has met with DHS' Contracts and Grants regarding the development of the Statement of Work for a Request for Proposals to select vendors for DHS' billing and recovery services for billing claims from the Cerner Patient Accounting System. We anticipated a phased implementation timeline starting in summer of 2026. Once implementation of the Cerner Patient Accounting System begins, DHS will be operating dual billing systems, i.e., services provided after the new system's start date will be billed in the new Cerner system, while services provided before that date will be billed using the old RCO system. We estimate the termination of the dual systems will occur in December 2029, at which time only the new system will be online.

If you have any questions or need additional information, please let me know, or you may contact Allan Wecker, Chief Financial Officer, at (626) 525-6100.

CRG:aw
Fiscal Outlook 062524
609:005

Attachments (4)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2023-24 THROUGH 2026-27
(\$ IN MILLIONS)

ATTACHMENT I-A

DHS
(Excluding Community Programs and Correctional Health Services)

	Year 1		Year 2		Year 3		Year 4	
	A	B	C	D	E	F	G	
	FY 2023-24 Forecast	Adjustments	FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	
(1) Expenses								(1)
(2) Salaries & Employee Benefits	\$ 3,992.991	\$ 389.190	\$ 4,382.181	\$ 225.702	\$ 4,607.883	\$ 187.432	\$ 4,795.315	(2)
(3) Net Services & Supplies	2,856.699	21.486	2,878.185	103.738	2,981.923	105.534	3,087.457	(3)
(4) Debt Service - Harbor Master Plan	202.711	(160.314)	42.397	23.353	65.750	25.822	91.572	(4)
(5) Debt Service - Other	78.989	(16.675)	62.314	(0.049)	62.265	0.711	62.976	(5)
(6) Other Charges	1,766.207	(282.877)	1,483.330	47.967	1,531.297	25.308	1,556.605	(6)
(7) Capital Assets	59.191	(8.927)	50.264	-	50.264	-	50.264	(7)
(8) Capital Projects & Deferred Maintenance	56.941	32.725	89.666	1.171	90.837	(1.811)	89.026	(8)
(9) Operating Transfers Out	100.064	(68.506)	31.558	1.262	32.820	1.313	34.133	(9)
(10) Intrafund Transfer	(120.006)	(50.356)	(170.362)	-	(170.362)	-	(170.362)	(10)
(11) Total Expenses	\$ 8,993.787	\$ (144.254)	\$ 8,849.533	\$ 403.144	\$ 9,252.677	\$ 344.309	\$ 9,596.986	(11)
(12) Revenues								(12)
(13) Managed Care	1,225.740	(165.011)	1,060.729	(10.312)	1,050.417	(16.884)	1,033.533	(13)
(14) Enhanced Payment Program (EPP)	953.825	231.450	1,185.275	155.490	1,340.765	61.443	1,402.208	(14)
(15) Quality Incentive Program (QIP)	413.281	0.052	413.333	19.113	432.446	19.820	452.266	(15)
(16) Cali. Advancing & Innovating Medi-Cal (CalAIM)	7.573	(1.624)	5.949	-	5.949	(2.973)	2.976	(16)
(17) Providing Access & Transforming Health (PATH)	14.443	(12.537)	1.906	(1.906)	-	-	-	(17)
(18) Global Payment Program (GPP)	1,399.831	(62.705)	1,337.126	26.392	1,363.518	23.449	1,386.967	(18)
(19) Medi-Cal Inpatient	472.772	13.821	486.593	16.854	503.447	17.457	520.904	(19)
(20) Medi-Cal Outpatient - E/R	104.395	1.491	105.886	1.818	107.704	1.883	109.587	(20)
(21) Medi-Cal CBRC	232.631	7.653	240.284	18.217	258.501	9.242	267.743	(21)
(22) Medi-Cal SB 1732	11.128	-	11.128	-	11.128	-	11.128	(22)
(23) Specialty Mental Health Services (SMHS)	197.882	-	197.882	-	197.882	-	197.882	(23)
(24) Managed Care Graduate Medical Education (GME)	180.660	-	180.660	-	180.660	-	180.660	(24)
(25) Hospital Provider Fee	28.324	(1.450)	26.874	2.159	29.033	-	29.033	(25)
(26) Medicare	377.747	0.531	378.278	-	378.278	-	378.278	(26)
(27) Hospital Insurance Collection	111.303	-	111.303	-	111.303	-	111.303	(27)
(28) Self-Pay	2.857	-	2.857	-	2.857	-	2.857	(28)
(29) In-Home Supportive Services (IHSS)	94.075	25.112	119.187	27.079	146.266	-	146.266	(29)
(30) Federal & State - Other	156.997	2.339	159.336	-	159.336	-	159.336	(30)
(31) Measure H	1.918	1.102	3.020	-	3.020	-	3.020	(31)
(32) Other County Department (OCD)	526.897	(2.817)	524.080	-	524.080	-	524.080	(32)
(33) American Rescue Plan Act (ARPA) Revenue	1.861	0.035	1.896	(1.896)	-	-	-	(33)
(34) Other	112.517	12.600	125.117	-	125.117	-	125.117	(34)
(35) Total Revenues	\$ 6,628.657	\$ 50.042	\$ 6,678.699	\$ 253.008	\$ 6,931.707	\$ 113.437	\$ 7,045.144	(35)
(36) Net Cost - Before PY	\$ 2,365.130	\$ (194.296)	\$ 2,170.834	\$ 150.136	\$ 2,320.970	\$ 230.872	\$ 2,551.842	(36)
(37) AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38) Prior-Year Surplus / (Deficit)	836.850	(836.850)	-	-	-	-	-	(38)
(39) Net Cost - After PY & AB 85 Redirection	\$ 1,528.280	\$ 642.554	\$ 2,170.834	\$ 150.136	\$ 2,320.970	\$ 230.872	\$ 2,551.842	(39)
(40) Operating Subsidies								(40)
(41) Sales Tax & VLF	425.313	-	425.313	-	425.313	-	425.313	(41)
(42) County Contribution	825.508	47.409	872.917	29.943	902.860	26.431	929.291	(42)
(43) Tobacco Settlement	52.159	-	52.159	-	52.159	-	52.159	(43)
(44) Measure B	246.410	-	246.410	-	246.410	-	246.410	(44)
(45) Total Operating Subsidies	\$ 1,549.390	\$ 47.409	\$ 1,596.799	\$ 29.943	\$ 1,626.742	\$ 26.431	\$ 1,653.173	(45)
(46) Surplus / (Deficit) = (45) - (39)	\$ 21.110	\$ (595.145)	\$ (574.035)	\$ (120.193)	\$ (694.228)	\$ (204.441)	\$ (898.669)	(46)
(47) Replacement Funding Needed	-	-	-	-	-	-	-	(47)
(48) Adjusted Surplus / (Deficit)	\$ 21.110	\$ (595.145)	\$ (574.035)	\$ (120.193)	\$ (694.228)	\$ (204.441)	\$ (898.669)	(48)
(49) Beginning Fund Balance	\$ 1,791.644	\$ (128.741)	\$ 1,662.903	\$ (497.458)	\$ 1,165.445	\$ (21.414)	\$ 1,144.031	(49)
(50) Surplus / (Deficit)	21.110	(595.145)	(574.035)	(120.193)	(694.228)	(204.441)	(898.669)	(50)
(51) Long Term Receivables	(149.851)	226.428	76.577	596.237	672.814	(682.589)	(9.775)	(51)
(52) Ending Fund Balance	1,662.903	(497.458)	1,165.445	(21.414)	1,144.031	(908.444)	235.587	(52)
(53) Restricted - Provider Relief Fund	(325.274)	325.274	-	-	-	-	-	(53)
(54) Available Fund Balance	\$ 1,337.629	\$ (172.184)	\$ 1,165.445	\$ (21.414)	\$ 1,144.031	\$ (908.444)	\$ 235.587	(54)

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2023-24 THROUGH 2026-27
(\$ IN MILLIONS)

ATTACHMENT I-B

B

Community Programs

	Year 1		Year 2		Year 3		Year 4	
	A	B	C	D	E	F	G	
	FY 2023-24 Forecast	Adjustments	FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	
(1) Expenses								(1)
(2) Salaries & Employee Benefits	\$ 51.653	\$ 19.209	\$ 70.862	\$ 2.734	\$ 73.596	\$ 2.865	\$ 76.461	(2)
(3) Net Services & Supplies	725.367	198.103	923.470	5.655	929.125	(17.042)	912.083	(3)
(4) Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5) Debt Service - Other	2.382	-	2.382	-	2.382	-	2.382	(5)
(6) Other Charges	37.079	29.667	66.746	(39.818)	26.928	(15.404)	11.524	(6)
(7) Capital Assets	0.832	(0.664)	0.168	(0.168)	-	-	-	(7)
(8) Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9) Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10) Intrafund Transfer	(232.401)	(36.087)	(268.488)	27.166	(241.322)	8.936	(232.386)	(10)
(11) Total Expenses	\$ 584.912	\$ 210.228	\$ 795.140	\$ (4.431)	\$ 790.709	\$ (20.645)	\$ 770.064	(11)
(12) Revenues								(12)
(13) Managed Care	0.657	(0.063)	0.594	(0.003)	0.591	(0.012)	0.579	(13)
(14) Enhanced Payment Program (EPP)	0.428	0.091	0.519	0.068	0.587	0.027	0.614	(14)
(15) Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(15)
(16) Cali. Advancing & Innovating Medi-Cal (CalAIM)	58.791	(6.485)	52.306	(26.684)	25.622	(12.767)	12.855	(16)
(17) Providing Access & Transforming Health (PATH)	-	-	-	-	-	-	-	(17)
(18) Global Payment Program (GPP)	-	-	-	-	-	-	-	(18)
(19) Medi-Cal Inpatient	-	-	-	-	-	-	-	(19)
(20) Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(20)
(21) Medi-Cal CBRC	-	-	-	-	-	-	-	(21)
(22) Medi-Cal SB 1732	-	-	-	-	-	-	-	(22)
(23) Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(23)
(24) Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(24)
(25) Hospital Provider Fee	-	-	-	-	-	-	-	(25)
(26) Medicare	-	-	-	-	-	-	-	(26)
(27) Hospital Insurance Collection	-	-	-	-	-	-	-	(27)
(28) Self-Pay	-	-	-	-	-	-	-	(28)
(29) In-Home Supportive Services (IHSS)	0.001	-	0.001	-	0.001	-	0.001	(29)
(30) Federal & State - Other	214.355	88.266	302.621	(21.042)	281.579	(4.600)	276.979	(30)
(31) Measure H	175.295	69.472	244.767	23.847	268.614	(0.806)	267.808	(31)
(32) Other County Department (OCD)	-	-	-	-	-	-	-	(32)
(33) American Rescue Plan Act (ARPA) Revenue	-	-	-	-	-	-	-	(33)
(34) Other	18.050	8.320	26.370	(1.494)	24.876	(1.700)	23.176	(34)
(35) Total Revenues	\$ 467.577	\$ 159.601	\$ 627.178	\$ (25.308)	\$ 601.870	\$ (19.858)	\$ 582.012	(35)
(36) Net Cost - Before PY	\$ 117.335	\$ 50.627	\$ 167.962	\$ 20.877	\$ 188.839	\$ (0.787)	\$ 188.052	(36)
(37) AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38) Prior-Year Surplus / (Deficit)	-	-	-	-	-	-	-	(38)
(39) Net Cost - After PY & AB 85 Redirection	\$ 117.335	\$ 50.627	\$ 167.962	\$ 20.877	\$ 188.839	\$ (0.787)	\$ 188.052	(39)
(40) Operating Subsidies								(40)
(41) Sales Tax & VLF	7.667	-	7.667	-	7.667	-	7.667	(41)
(42) County Contribution	106.868	36.231	143.099	(5.598)	137.501	(56.503)	80.998	(42)
(43) Tobacco Settlement	2.800	-	2.800	-	2.800	-	2.800	(43)
(44) Measure B	-	-	-	-	-	-	-	(44)
(45) Total Operating Subsidies	\$ 117.335	\$ 36.231	\$ 153.566	\$ (5.598)	\$ 147.968	\$ (56.503)	\$ 91.465	(45)
(46) Surplus / (Deficit) = (45) - (39)	\$ -	\$ (14.396)	\$ (14.396)	\$ (26.475)	\$ (40.871)	\$ (55.716)	\$ (96.587)	(46)
(47) Replacement Funding Needed	-	14.396	14.396	26.475	40.871	55.716	96.587	(47)
(48) Adjusted Surplus / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(48)

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2023-24 THROUGH 2026-27
(\$ IN MILLIONS)

ATTACHMENT I-C

C

Correctional Health Services

	Year 1		Year 2		Year 3		Year 4	
	A	B	C	D	E	F	G	
	FY 2023-24 Forecast	Adjustments	FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	
(1) Expenses								(1)
(2) Salaries & Employee Benefits	\$ 358.003	\$ 31.958	\$ 389.961	\$ 20.045	\$ 410.006	\$ 16.588	\$ 426.594	(2)
(3) Net Services & Supplies	131.583	9.931	141.514	2.826	144.340	4.914	149.254	(3)
(4) Debt Service - Harbor Master Plan	-	-	-	-	-	-	-	(4)
(5) Debt Service - Other	-	-	-	-	-	-	-	(5)
(6) Other Charges	4.382	-	4.382	-	4.382	-	4.382	(6)
(7) Capital Assets	4.600	-	4.600	-	4.600	-	4.600	(7)
(8) Capital Projects & Deferred Maintenance	-	-	-	-	-	-	-	(8)
(9) Operating Transfers Out	-	-	-	-	-	-	-	(9)
(10) Intrafund Transfer	(3.337)	0.145	(3.192)	-	(3.192)	-	(3.192)	(10)
(11) Total Expenses	\$ 495.231	\$ 42.034	\$ 537.265	\$ 22.871	\$ 560.136	\$ 21.502	\$ 581.638	(11)
(12) Revenues								(12)
(13) Managed Care	-	-	-	-	-	-	-	(13)
(14) Enhanced Payment Program (EPP)	-	-	-	-	-	-	-	(14)
(15) Quality Incentive Program (QIP)	-	-	-	-	-	-	-	(15)
(16) Cali. Advancing & Innovating Medi-Cal (CalAIM)	-	-	-	-	-	-	-	(16)
(17) Providing Access & Transforming Health (PATH)	-	-	-	-	-	-	-	(17)
(18) Global Payment Program (GPP)	-	-	-	-	-	-	-	(18)
(19) Medi-Cal Inpatient	-	-	-	-	-	-	-	(19)
(20) Medi-Cal Outpatient - E/R	-	-	-	-	-	-	-	(20)
(21) Medi-Cal CBRC	-	-	-	-	-	-	-	(21)
(22) Medi-Cal SB 1732	-	-	-	-	-	-	-	(22)
(23) Specialty Mental Health Services (SMHS)	-	-	-	-	-	-	-	(23)
(24) Managed Care Graduate Medical Education (GME)	-	-	-	-	-	-	-	(24)
(25) Hospital Provider Fee	-	-	-	-	-	-	-	(25)
(26) Medicare	-	-	-	-	-	-	-	(26)
(27) Hospital Insurance Collection	-	-	-	-	-	-	-	(27)
(28) Self-Pay	-	-	-	-	-	-	-	(28)
(29) In-Home Supportive Services (IHSS)	-	-	-	-	-	-	-	(29)
(30) Federal & State - Other	29.995	-	29.995	-	29.995	-	29.995	(30)
(31) Measure H	1.918	-	1.918	-	1.918	-	1.918	(31)
(32) Other County Department (OCD)	-	-	-	-	-	-	-	(32)
(33) American Rescue Plan Act (ARPA) Revenue	1.861	0.035	1.896	(1.896)	-	-	-	(33)
(34) Other	0.103	-	0.103	-	0.103	-	0.103	(34)
(35) Total Revenues	\$ 33.877	\$ 0.035	\$ 33.912	\$ (1.896)	\$ 32.016	\$ -	\$ 32.016	(35)
(36) Net Cost - Before PY	\$ 461.354	\$ 41.999	\$ 503.353	\$ 24.767	\$ 528.120	\$ 21.502	\$ 549.622	(36)
(37) AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38) Prior-Year Surplus / (Deficit)	1.341	(1.341)	-	-	-	-	-	(38)
(39) Net Cost - After PY & AB 85 Redirection	\$ 460.013	\$ 43.340	\$ 503.353	\$ 24.767	\$ 528.120	\$ 21.502	\$ 549.622	(39)
(40) Operating Subsidies								(40)
(41) Sales Tax & VLF	-	-	-	-	-	-	-	(41)
(42) County Contribution	460.013	43.340	503.353	24.767	528.120	21.502	549.622	(42)
(43) Tobacco Settlement	-	-	-	-	-	-	-	(43)
(44) Measure B	-	-	-	-	-	-	-	(44)
(45) Total Operating Subsidies	\$ 460.013	\$ 43.340	\$ 503.353	\$ 24.767	\$ 528.120	\$ 21.502	\$ 549.622	(45)
(46) Surplus / (Deficit) = (45) - (39)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(46)
(47) Replacement Funding Needed	-	-	-	-	-	-	-	(47)
(48) Adjusted Surplus / (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(48)

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
FORECAST
FISCAL YEARS 2023-24 THROUGH 2026-27
(\$ IN MILLIONS)

ATTACHMENT I-D

D = A + B + C

DHS Total

	Year 1		Year 2		Year 3		Year 4	
	A	B	C	D	E	F	G	
	FY 2023-24 Forecast	Adjustments	FY 2024-25 Forecast	Adjustments	FY 2025-26 Forecast	Adjustments	FY 2026-27 Forecast	
(1) Expenses								(1)
(2) Salaries & Employee Benefits	\$ 4,044.644	\$ 408.399	4,453.043	\$ 228.436	\$ 4,681.479	\$ 190.297	\$ 4,871.776	(2)
(3) Net Services & Supplies	3,582.066	219.589	3,801.655	109.393	3,911.048	88.492	3,999.540	(3)
(4) Debt Service - Harbor Master Plan	202.711	(160.314)	42.397	23.353	65.750	25.822	91.572	(4)
(5) Debt Service - Other	81.371	(16.675)	64.696	(0.049)	64.647	0.711	65.358	(5)
(6) Other Charges	1,803.286	(253.210)	1,550.076	8.149	1,558.225	9.904	1,568.129	(6)
(7) Capital Assets	60.023	(9.591)	50.432	(0.168)	50.264	-	50.264	(7)
(8) Capital Projects & Deferred Maintenance	56.941	32.725	89.666	1.171	90.837	(1.811)	89.026	(8)
(9) Operating Transfers Out	100.064	(68.506)	31.558	1.262	32.820	1.313	34.133	(9)
(10) Intrafund Transfer	(352.407)	(86.443)	(438.850)	27.166	(411.684)	8.936	(402.748)	(10)
(11) Total Expenses	\$ 9,578.699	\$ 65.974	\$ 9,644.673	\$ 398.713	\$ 10,043.386	\$ 323.664	\$ 10,367.050	(11)
(12) Revenues								(12)
(13) Managed Care	1,226.397	(165.074)	1,061.323	(10.315)	1,051.008	(16.896)	1,034.112	(13)
(14) Enhanced Payment Program (EPP)	954.253	231.541	1,185.794	155.558	1,341.352	61.470	1,402.822	(14)
(15) Quality Incentive Program (QIP)	413.281	0.052	413.333	19.113	432.446	19.820	452.266	(15)
(16) Cali. Advancing & Innovating Medi-Cal (CalAIM)	66.364	(8.109)	58.255	(26.684)	31.571	(15.740)	15.831	(16)
(17) Providing Access & Transforming Health (PATH)	14.443	(12.537)	1.906	(1.906)	-	-	-	(17)
(18) Global Payment Program (GPP)	1,399.831	(62.705)	1,337.126	26.392	1,363.518	23.449	1,386.967	(18)
(19) Medi-Cal Inpatient	472.772	13.821	486.593	16.854	503.447	17.457	520.904	(19)
(20) Medi-Cal Outpatient - E/R	104.395	1.491	105.886	1.818	107.704	1.883	109.587	(20)
(21) Medi-Cal CBRC	232.631	7.653	240.284	18.217	258.501	9.242	267.743	(21)
(22) Medi-Cal SB 1732	11.128	-	11.128	-	11.128	-	11.128	(22)
(23) Specialty Mental Health Services (SMHS)	197.882	-	197.882	-	197.882	-	197.882	(23)
(24) Managed Care Graduate Medical Education (GME)	180.660	-	180.660	-	180.660	-	180.660	(24)
(25) Hospital Provider Fee	28.324	(1.450)	26.874	2.159	29.033	-	29.033	(25)
(26) Medicare	377.747	0.531	378.278	-	378.278	-	378.278	(26)
(27) Hospital Insurance Collection	111.303	-	111.303	-	111.303	-	111.303	(27)
(28) Self-Pay	2.857	-	2.857	-	2.857	-	2.857	(28)
(29) In-Home Supportive Services (IHSS)	94.076	25.112	119.188	27.079	146.267	-	146.267	(29)
(30) Federal & State - Other	371.352	90.605	461.957	(21.042)	440.915	(4.600)	436.315	(30)
(31) Measure H	177.213	70.574	247.787	23.847	271.634	(0.806)	270.828	(31)
(32) Other County Department (OCD)	526.897	(2.817)	524.080	-	524.080	-	524.080	(32)
(33) American Rescue Plan Act (ARPA) Revenue	1.861	0.035	1.896	(1.896)	-	-	-	(33)
(34) Other	130.567	20.920	151.487	(1.494)	149.993	(1.700)	148.293	(34)
(35) Total Revenues	\$ 7,096.234	\$ 209.643	\$ 7,305.877	\$ 227.700	\$ 7,533.577	\$ 93.579	\$ 7,627.156	(35)
(36) Net Cost - Before PY	\$ 2,482.465	\$ (143.669)	\$ 2,338.796	\$ 171.013	\$ 2,509.809	\$ 230.085	\$ 2,739.894	(36)
(37) AB 85 Redirection	-	-	-	-	-	-	-	(37)
(38) Prior-Year Surplus / (Deficit)	836.850	(836.850)	-	-	-	-	-	(38)
(39) Net Cost - After PY & AB 85 Redirection	\$ 1,645.615	\$ 693.181	\$ 2,338.796	\$ 171.013	\$ 2,509.809	\$ 230.085	\$ 2,739.894	(39)
(40) Operating Subsidies								(40)
(41) Sales Tax & VLF	432.980	-	432.980	-	432.980	-	432.980	(41)
(42) County Contribution	932.376	83.640	1,016.016	24.345	1,040.361	(30.072)	1,010.289	(42)
(43) Tobacco Settlement	54.959	-	54.959	-	54.959	-	54.959	(43)
(44) Measure B	246.410	-	246.410	-	246.410	-	246.410	(44)
(45) Total Operating Subsidies	\$ 1,666.725	\$ 83.640	\$ 1,750.365	\$ 24.345	\$ 1,774.710	\$ (30.072)	\$ 1,744.638	(45)
(46) Surplus / (Deficit) = (45) - (39)	\$ 21.110	\$ (609.541)	\$ (588.431)	\$ (146.668)	\$ (735.099)	\$ (260.157)	\$ (995.256)	(46)
(47) Replacement Funding Needed	-	14.396	14.396	26.475	40.871	55.716	96.587	(47)
(48) Adjusted Surplus / (Deficit)	\$ 21.110	\$ (595.145)	\$ (574.035)	\$ (120.193)	\$ (694.228)	\$ (204.441)	\$ (898.669)	(48)
(49) Beginning Fund Balance	\$ 1,791.644	\$ (128.741)	\$ 1,662.903	\$ (497.458)	\$ 1,165.445	\$ (21.414)	\$ 1,144.031	(49)
(50) Surplus / (Deficit)	21.110	(595.145)	(574.035)	(120.193)	(694.228)	(204.441)	(898.669)	(50)
(51) Long Term Receivables	(149.851)	226.428	76.577	596.237	672.814	(682.589)	(9.775)	(51)
(52) Ending Fund Balance	1,662.903	(497.458)	1,165.445	(21.414)	1,144.031	(908.444)	235.587	(52)
(53) Restricted - Provider Relief Fund	(325.274)	325.274	-	-	-	-	-	(53)
(54) Available Fund Balance	\$ 1,337.629	\$ (172.184)	\$ 1,165.445	\$ (21.414)	\$ 1,144.031	\$ (908.444)	\$ 235.587	(54)