



---

## Finance Committee Summary

---

Wednesday, November 19, 2008

1:30 p.m.

3<sup>rd</sup> Floor Council Conference Room

Committee Members: Faatz, Chair; Boigon, Vice-Chair; Brown, Hancock, Lehmann

---

Agenda:

- 1) *Various agency supplementals (Parks & Recreation and Career Service Authority)*
  - 2) *Denver Health & Hospital Authority - Operating Agreement*
- 

### 1) Various agency supplementals:

#### Committee Action

The Committee approved a supplemental appropriation from the General Fund Contingency Reserve for Parks and Recreation and the Career Service Authority in the total amount of \$1,704,400 for personnel costs, drought expenses, emergency repairs, and other miscellaneous costs.

#### Committee Discussion

Leigh Oliver, Budget & Management, reported that the 2008 Contingency Reserve at the beginning of the year was \$17,269,000. The current balance is \$6,310,000; but Budget is anticipating miscellaneous year-end supplementals from various agencies estimated at \$3.9 million (see attachment). Councilmember Faatz asked how the voluntary furloughs that the Mayor asked for would be used – in 2008 or 2009. Mr. Oliver said he thought the furlough savings would help to build up the fund balance for 2009. City Charter requires that at least 2% of its total estimated expenditures be put aside in the General Fund Contingency Reserve for unseen problems (casualties, blizzards, etc.).

The Parks & Recreation supplemental in the amount of \$1,636,400 is needed due to costs associated with drought response, fuel increases, separation payouts, other personnel costs, emergency repairs in parks and facilities, and other miscellaneous expenses. The personnel payouts are for individuals who have retired this year, commented Fred Weiss, Parks & Recreation. He noted the agency has absorbed some of the costs and used vacancy savings to meet budget requirements for this year and in 2009. Mr. Oliver added that Public Works – Fleet Maintenance – locks in fuel prices and agencies estimate how much use they would use from the initial pricing. None of the supplemental costs are attributed to the Denver Democratic Convention. Mr. Oliver stated that the City is still experiencing copper thefts. Mr. Weiss noted that so far the thefts haven't reached the deductible level.

John Schick, Career Service Authority (CSA), reported that he is requesting a \$68,000 supplemental for leave payouts and personnel costs associated with CSA's 2008

reorganization. He explained that 10 positions were eliminated and eight new positions were created to perform workforce development functions. He said of the 10 positions, two people retired and other employees were hired in other agencies.

## **2) Denver Health & Hospital Authority – Operating Agreement:**

### Committee Action

The Committee approved the 2009 Amended and Restated Operating Agreement between the City and Denver Health & Hospital Authority (DHHA) that establishes the responsibilities for Core Services and Non-Core Services to be provided by the Authority to the City and for services to be provided by the City to the Authority. In the Core Services Section “A” portion of the contract it will reflect language regarding Emergency Medical System (EMS) standards to be consistent with the Denver Fire Code - National Fire Protection Association (NFPA) or equivalent standards until the completion of an audit report being conducted by the Auditor’s Office and the commitment by March 30, 2009 that the City and the Authority would determine if any changes are warranted based on the audit findings for EMS standards.

### Committee Discussion

Nancy Severson, Environmental Health, said the City and DHHA entered into an agreement in 1997 when the hospital separated from the City and became its own Authority. The Operating Agreement outlines Core Services and Non-Core Services that are performed by DHHA. Shaun Sullivan, City Attorney’s Office, pointed out that the agreement also provides information regarding how funding would be provided to DHHA annually for the various services. He highlighted the following changes to the agreement (see attachment):

- Core Services, A-2, Emergency Medical Services: Emergency Medical Standards are being evaluated and will be brought back to Committee in January. Emergency services for DIA are under review and will also be impacted by the anticipated audit report.
- Core Services, A-7, Denver International Airport Medical Clinic: DHHA may now submit requests to the Manager of Aviation for reimbursement of expenses that exceed the lease value.
- Non-Core Services, B-9 Physical and Specialty Examinations for Aid to the Needy and Disabled Determination: Provision for disability evaluation services is being re-introduced for 2009 at an estimated cost of \$2,000.

Councilmember Faatz asked how the information under Core Services, A-4, Denver CARES, regarding how the number of persons to be served at Denver CARES will increase and anticipated decreases to in-patient hospital stays and emergency room visits be recorded financially. She wants to make sure that services aren’t being interpreted by others as “financial decreases” if there are no real dollars associated with the decreases. Peg Burnett, DHHA/Chief Financial Officer, explained that the Denver CARES facility is another resource for a growing indigent population and that indigent costs are also escalating. Payments for indigent care has increased by 3% and there is a disproportionate share of funding sources for these services, stated Ms. Burnett. As of October, the hospital incurred \$29 million for indigent care costs and the formula that is used to determine reimbursements is complicated and capped at the State level. Councilmember Lehmann asked if the move of the University Health Sciences Center out of Denver impacted their admissions. Ms. Burnett said it has and

that their admissions are up 16%; and that is another issue the hospital and City need to address. Stephanie Thomas, DHHA, said the rising cost of health care is another initiative that everyone is working on. They are not looking at cutting Medicaid, but the hospital has implemented a multi-pronged approach to identify wastes and medical efficiencies. The program is called "LEAN" and the goal of the program over a three year period is to save \$14 million in costs and to find other funding sources. Employees come up with ideas and spend an entire week looking at an issue, piloting a plan and rolling out the plan within that same week. The hospital has four to five of these events monthly. Katherine Archuleta, Mayor's Office, said they are looking at Public Health correlations to assist DHHA. Ms. Severson noted that this relationship is important because they address water, air, land, and childcare issues (to name a few) and community health impacts medical health.

Councilmember Brown noted that he is seeing more demand for medical services at DIA. Ms. Thomas said there is and that a Working Group has been pulled together to evaluate the services being provided at the airport. Currently, the bulk of services are being provided by the paramedics to the 30,000 employee population at DIA. Ms. Archuleta stated the Working Group is looking into what services can be offered to the traveling public, such as flu shots, and expanding the role of the medical clinic at DIA.

Councilmember Robb asked if the Sheriff's standards for patient care are covered in this agreement. Mr. Sullivan said yes and is covered in Non-Core Services, B-5 section of the agreement. That component requires a utilization report and that the hospital must meet correctional care standards. Undersheriff Lovingier and Ms. Thomas meet monthly to discuss issues. Ms. Thomas noted that Denver has chosen to meet ACA Accreditation standards and the Sheriff's have asked for additional performance standards, especially in areas of mental health services. She stated that Denver has an integrated system that other cities do not have, including participating with the Crime Control Commission. Councilmember Faatz acknowledged a letter from Council President Robb to Dr. Gabow in August 2008, regarding medical protocols for inmates and asked if the recent development of Emily's Rights would be in future agreements. Darlene Ebert, DHHA Legal Counsel, said that Emily's Rights is another process that will be implemented and the recent settlement will require some things, but that this contract is different and that it will not have that language in the Operating Agreement.