

Health Services Agency

2025-26

Proposed Budget

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Presentation Overview



Who we are



What we do



Financial Drivers



Proposed Budget



Emerging Issues



Request & Questions



Our Mission

To promote and ensure a healthy community and environment by providing education, outreach and comprehensive health services in an inclusive and accessible manner.

HSA Org Chart



Divisions & Services



- CONSUMER PROTECTION
- WATER RESOURCES
- LAND USE
- HAZARDOUS MATERIALS
- ENVIRONMENTAL CLEANUP



- WATSONVILLE HEALTH CENTERS
- EMELINE HEALTH CENTER
- HOMELESS PERSONS HEALTH PROJECT
- MOBILE CLINIC/STREET MEDICINE
- JUVENILE HALL MEDICAL



- CHILD, YOUTH & ADULT MENTAL HEALTH SERVICES
- CRISIS & POST-HOSPITALIZATION SERVICES
- SUBSTANCE USE SERVICES
- RESIDENTIAL SUPPORT SERVICES
- INPATIENT MENTAL HEALTH AND CRISIS STABILIZATION SERVICES



- POPULATION HEALTH AND VITAL STATISTICS
- CHILDREN & FAMILY HEALTH
- INFECTIOUS DISEASE CONTROL
- HEALTH PROMOTION & EDUCATION
- EMERGENCY PREPAREDNESS & RESPONSE



- POLICY
- ADMIN
- CAPITAL PROJECTS
- HEALTH BENEFITS

How Many Served

FY 2023–2024



HEALTH SERVICES AGENCY SANTA CRUZ COUNTY

We serve as a community safety net by providing services to indigent or low-income and uninsured Santa Cruz residents who have no other sources of care.



Health Centers:
13,744 people served

1,915 Average completed encounters per week.

99,605 Appointments completed this year.



Public Health:
All who live, work and play in Santa Cruz County: (270,861 residents, over 3 million visitor trips per year!)

Vital Records total certificates issued in FY 23–24: ~14,000

- 2,000 birth certificates issued per year
- 2,000 disposition (burial) permits
- 10,000 death certificates



Behavioral Health:
Mental Health Plan (SMI & SED)

- 3,590 Adults with 184,379 contacts
- 1,136 Children with 49,184 contacts

DMC–ODS Plan
(Substance Use Disorder Services)

- 1,760 Adults with 300,790 contacts
- 167 Children with 3,284 contacts



Environmental Health:

Consumer Protection: 2,604 facilities/practitioners
HazMat: 1,592 facilities
Environmental Cleanup: 74 cases

Water Resources:
103 water systems

Land Use: 36,000 + parcels

Primary Health Goals



Mental Health

Youth Prevention & Early
Intervention

24/7 Crisis Support



Opioid Overdose

Prevention

Treatment

Community Supports



Homelessness

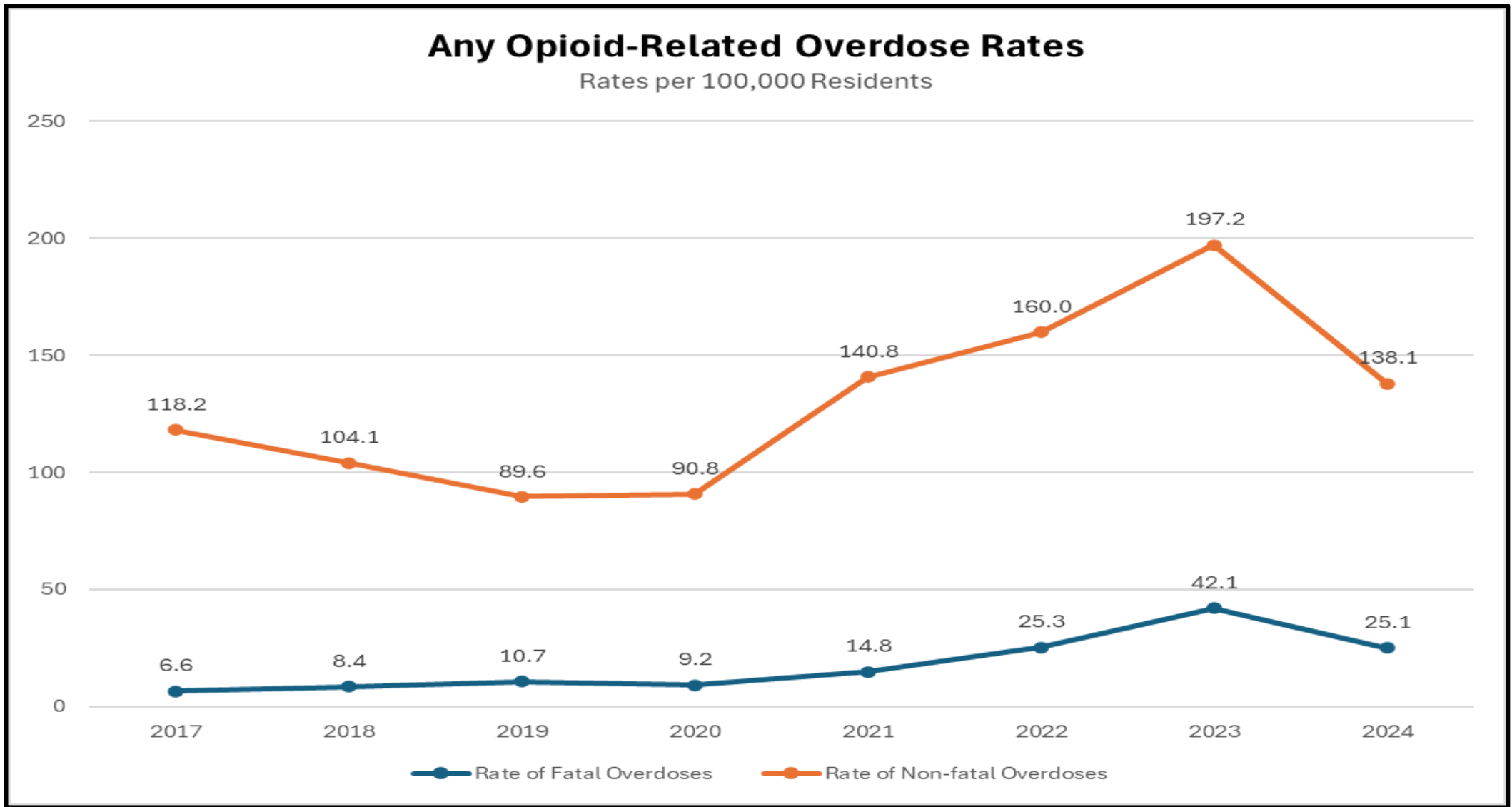
Clinical Services

Behavioral Health Services



Opioid Overdose

Santa Cruz County Opioid-related Overdose Rates



State of California, Department of Public Health. (2025). California Vital Records Business Intelligence Systems (VRBIS), Death Query. Recent data may be incomplete due to a backlog in the state's death registration system (Cal-IVRS) Retrieved 01/2025. EMS data from ImageTrend retrieved 01/2025.



Community Opioid Initiatives

Medication Assisted Treatment

- Served 8,600+ HSA Health Center patients since 2016

Opioid Misuse Prevention Initiative

- HSA-led internal County effort involving 7 departments

Opioid Settlement Funds (OSF)

- \$810,000 awarded to 7 agencies through the Community Foundation of Santa Cruz County

SafeRx Annual Drug Trends

- Hosted by the Health Improvement Partnership of Santa Cruz County, focused on Coroner and EMS data



Safe Use and Overdose Prevention Program (SUOPP)

- SUOPP aligned with **14 of 15** best practices for SSP (CDC)¹

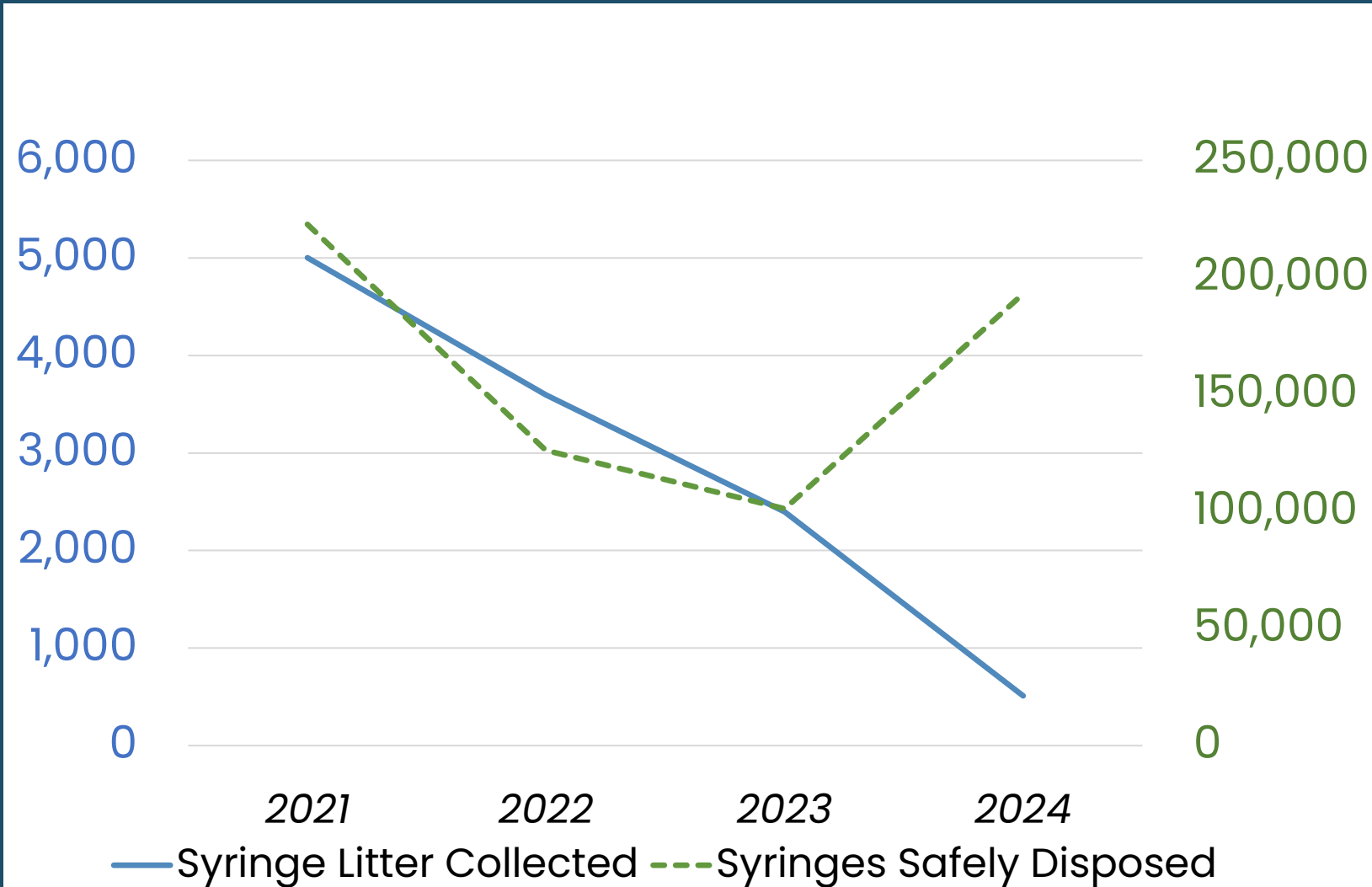
Best Practice Recommendation ¹	SUOPP Current Practice
<i>“Needs-based syringe distribution is the best approach”</i>	One-for-one exchange model

- **Recommendation:**
 - Align SUOPP services with CDC’s evidence-based best practices, including needs-based syringe distribution



Increased Safe Disposal Practices Leading to Less Syringe Litter

Opioid Overdose



Safe disposal includes:

1

Public kiosk disposal

2

In-person SUOPP exchange



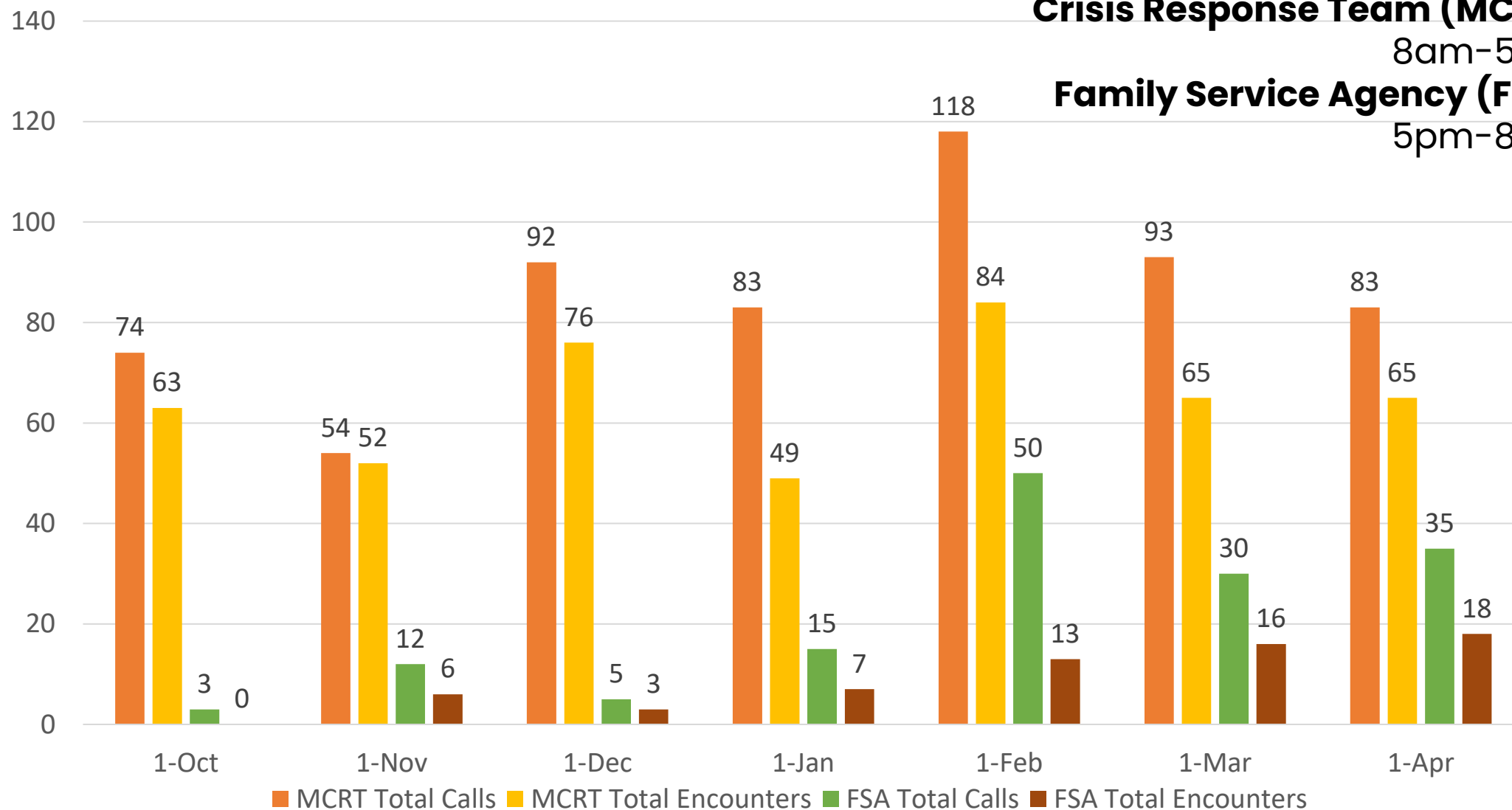
Mobile Crisis Services & Contacts

**Santa Cruz County Mobile
Crisis Response Team (MCRT)**

8am-5pm

Family Service Agency (FSA)

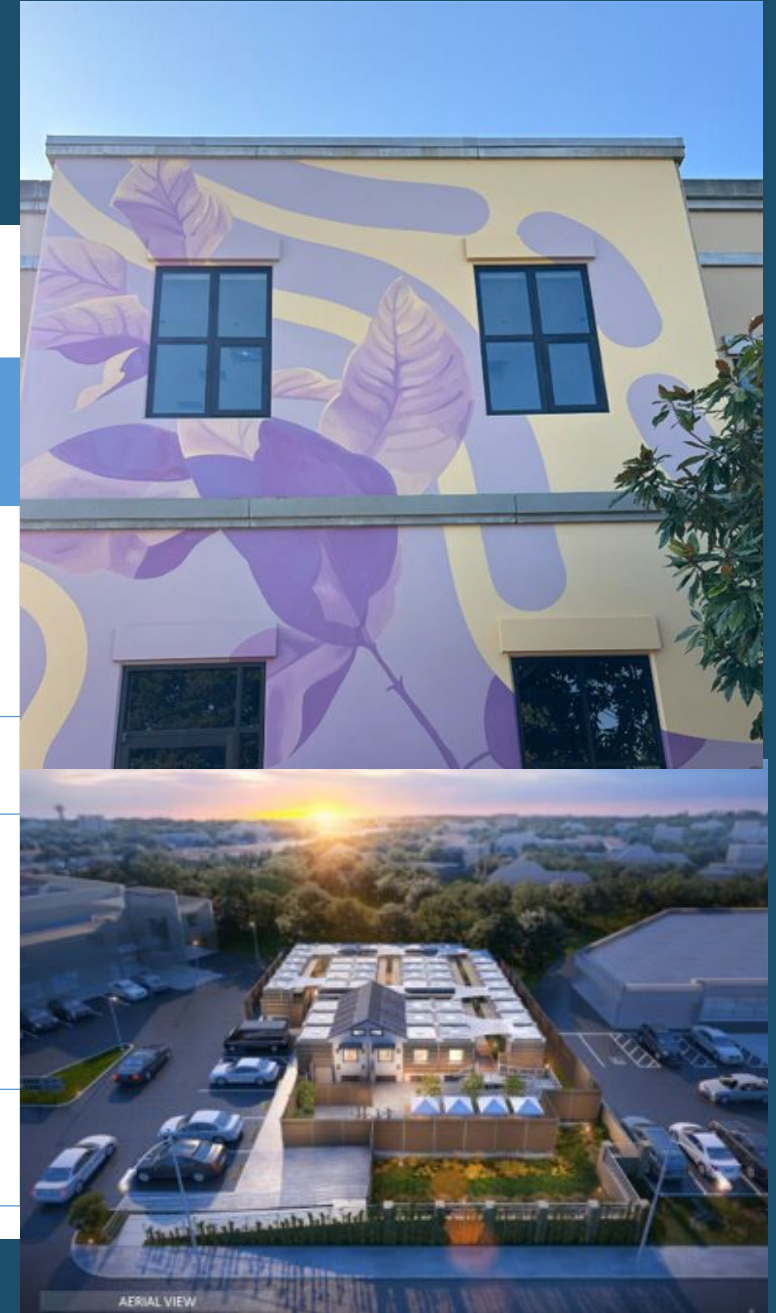
5pm-8am





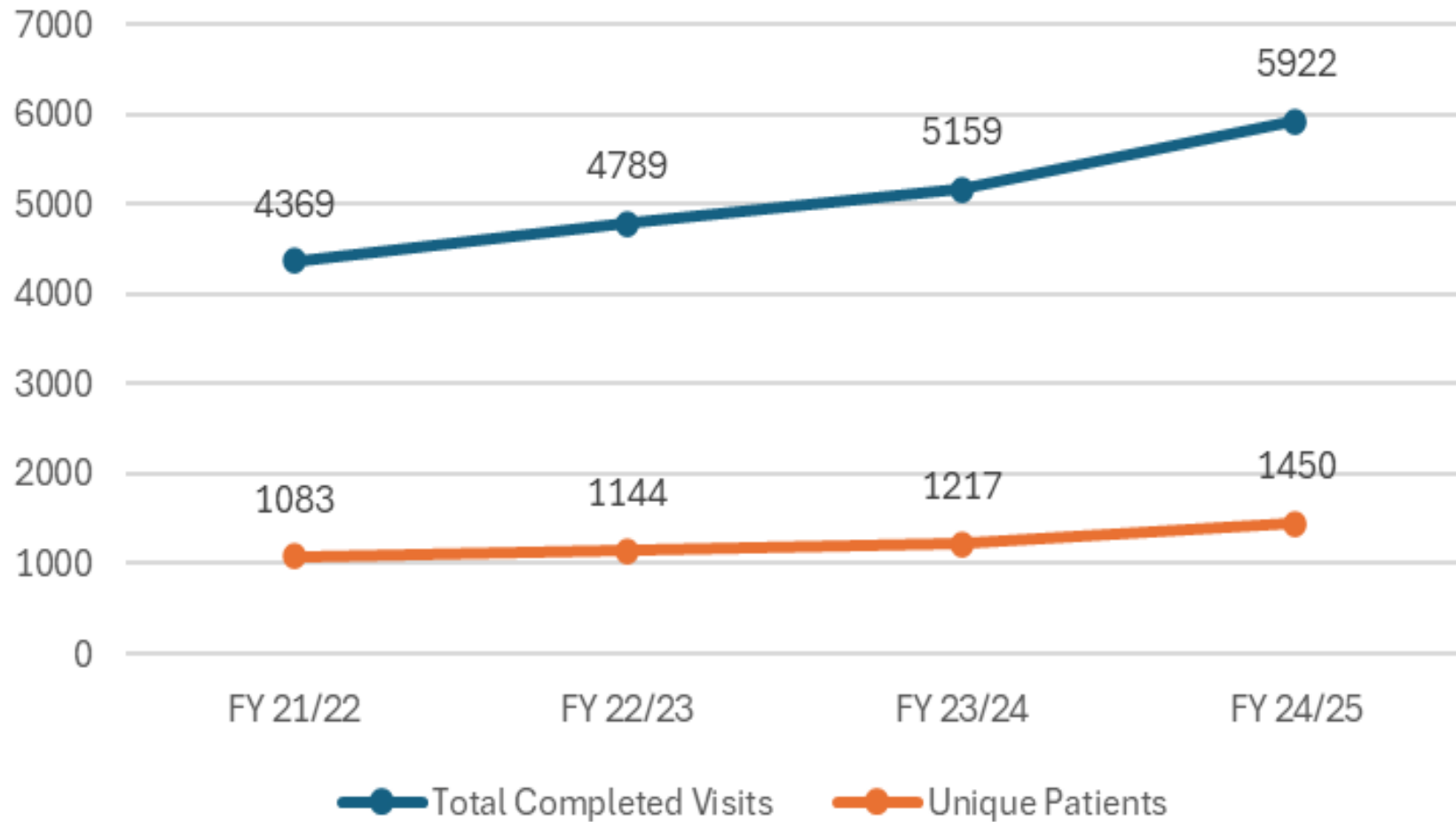
Mental Health

2025-26 Budget	Capital Project Title
\$ 1,121,000	Behavioral Health Bridge Program Housing for 32 individuals Scheduled to open in November 2025
\$ 3,215,000	Children's Crisis Center 8 crisis chairs 16 residential beds Scheduled to open in September 2025



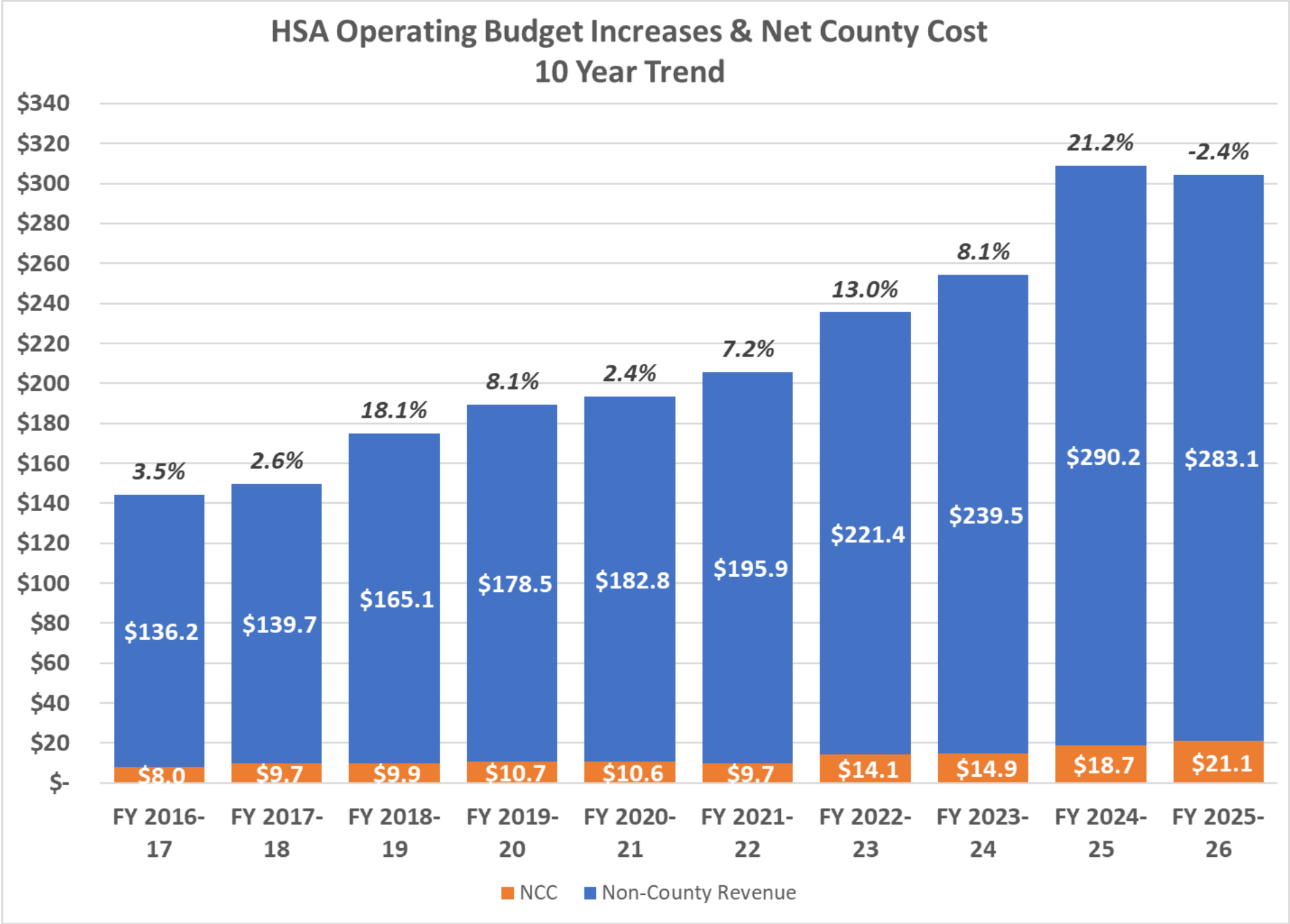


Homeless Persons Health Project Visits and Patients

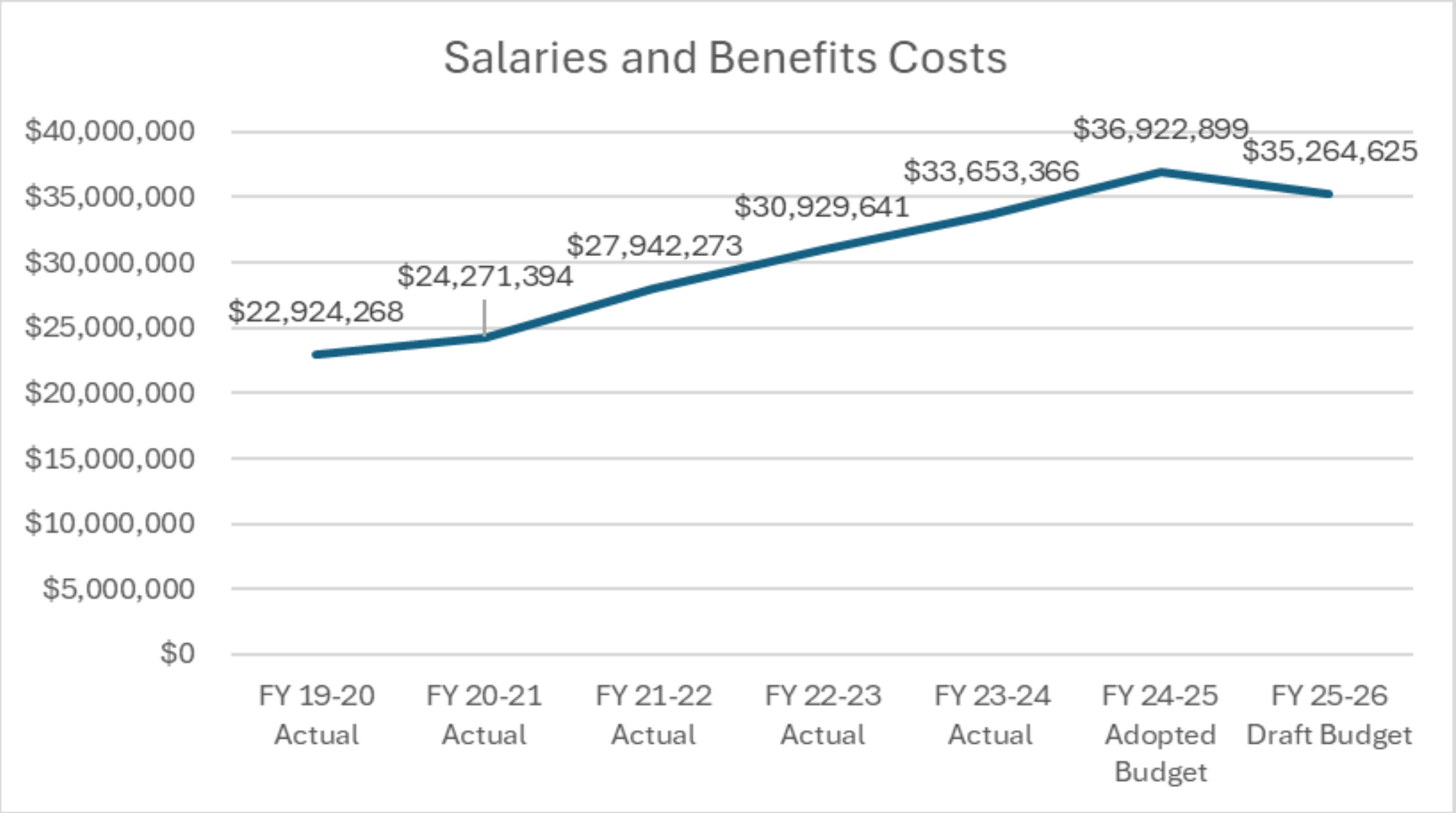


HSA's Fiscal History

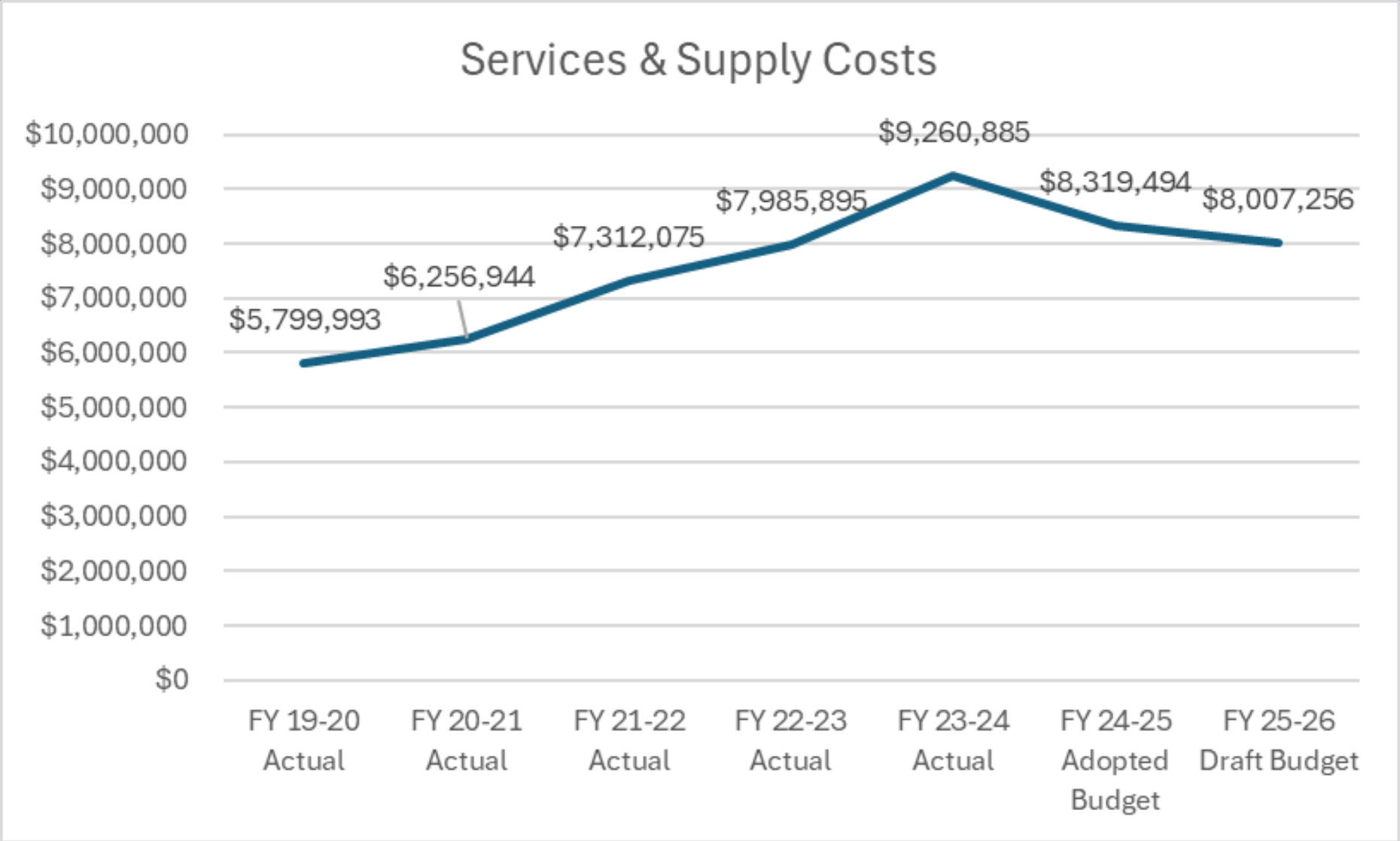
**NCC = Net County
Cost, also known
as County General
Fund**



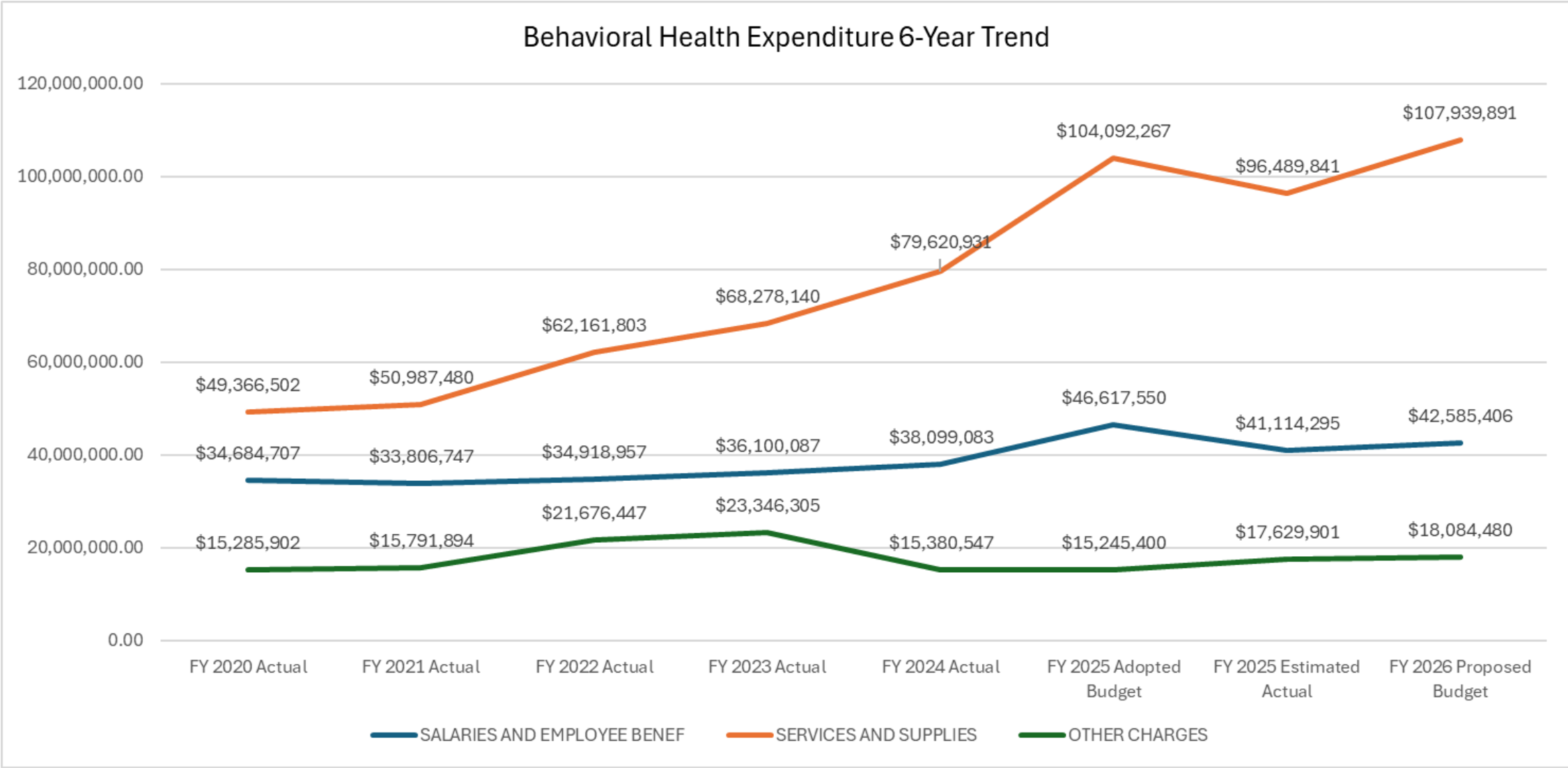
Health Centers Salary and Benefits



Health Centers Services and Supply Costs

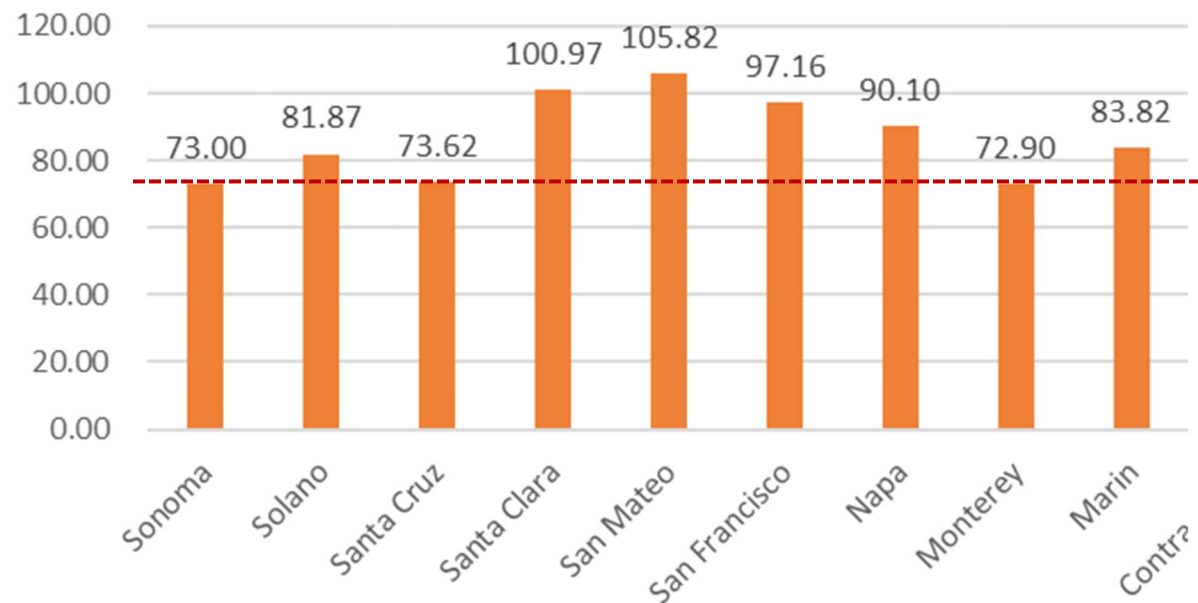


Behavioral Health Expenditures: 6-Year Trend

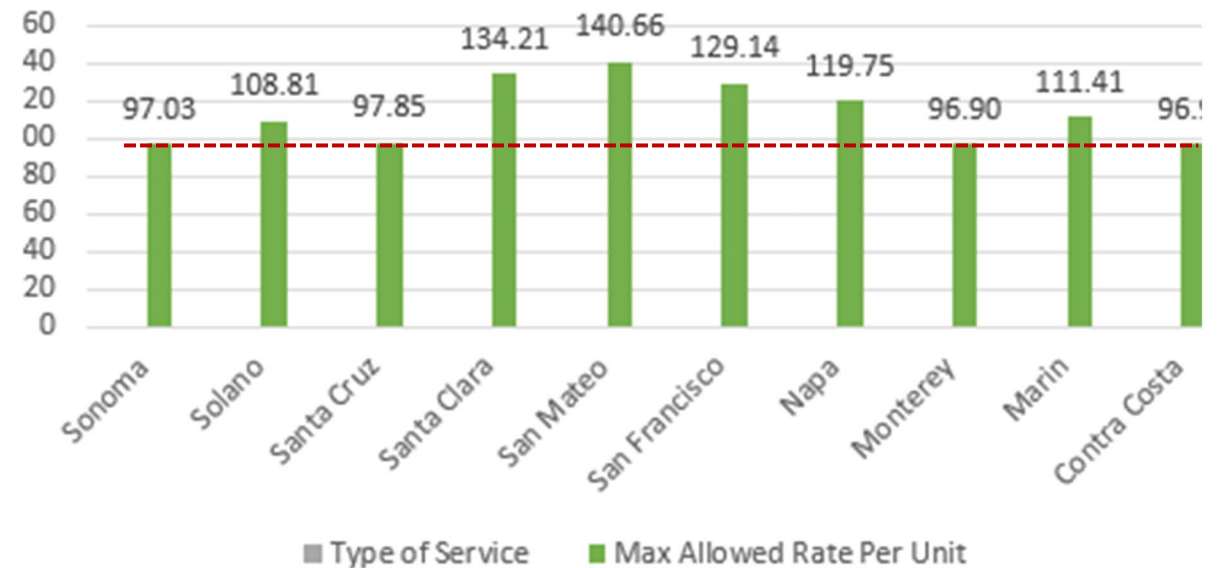


Santa Cruz County's new CalAIM reimbursement rates are far below adjacent Bay Area Counties

Bay Area Counties SMHS Rehab Service Rates by an MHRS (per 15 min)



Bay Area Counties SMHS rates for Assessment by an LCSW/MFT (per 15 min)



Federal Policy REAL Impacts

- Health Services Grants Eliminated, March 2025
 - Access to health (\$78k lost)
 - Microenterprise Home Kitchen Operation pilot project (\$26k lost)
 - Access to immunizations for COVID-19, flu and other vaccine-preventable diseases (\$330k lost)
 - Detection and prevention of emerging infectious diseases (fully expended)
 - 5.7 FTEs saved with other funding sources
 - HSA was able to pivot and sustain the services and staff through other funding sources.

Drivers of HSA's Budget Deficit

- Grant reductions, COVID, BH, etc.
- Clinics – low revenue
- Behavioral Health – Low Reimbursement Rates
- Extensive Non-Mandated Services
- Increase in Program Expenditures
- Increase Operational Expenditures: Labor, Supplies, Cost Plan, etc.
- Federal and State Policy Changes: Medi-Cal, DEI, etc.



Behavioral health crisis?

Our Mobile Crisis Response Teams serve all of Santa Cruz County.

Help is just a call away.



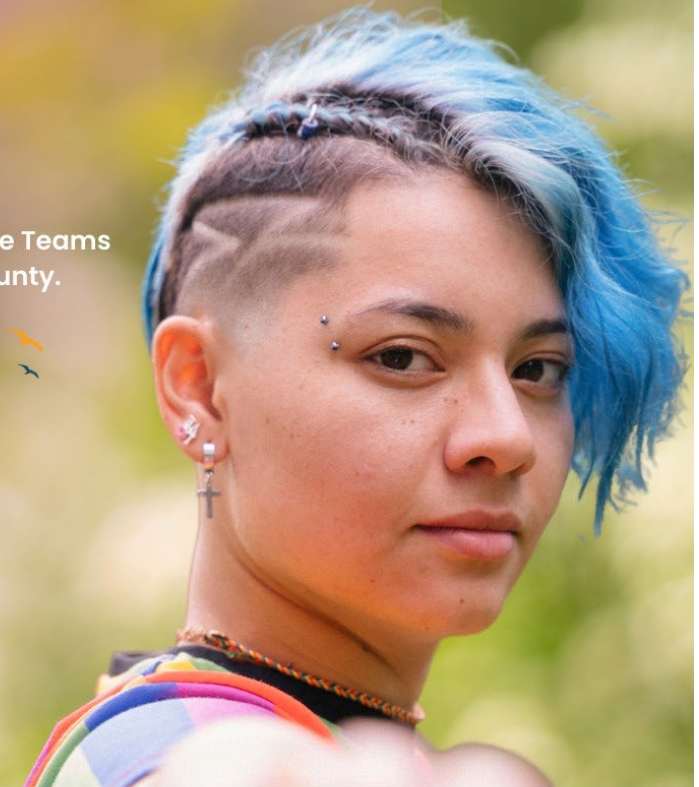
24/7/365
support



Immediate
Response



Professional &
compassionate
help



1-800-952-2335

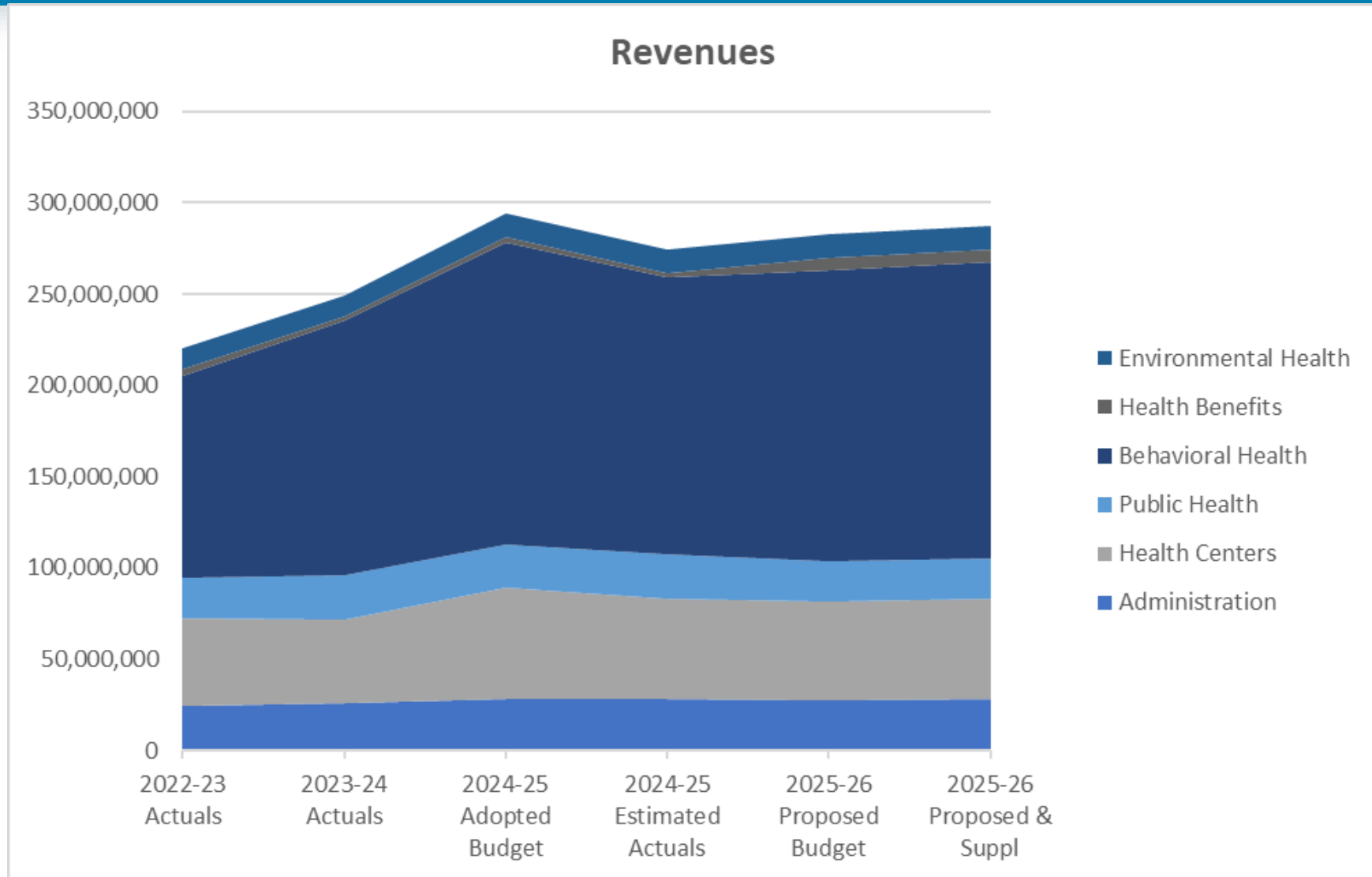
santacruzhealth.org/CrisisResponse



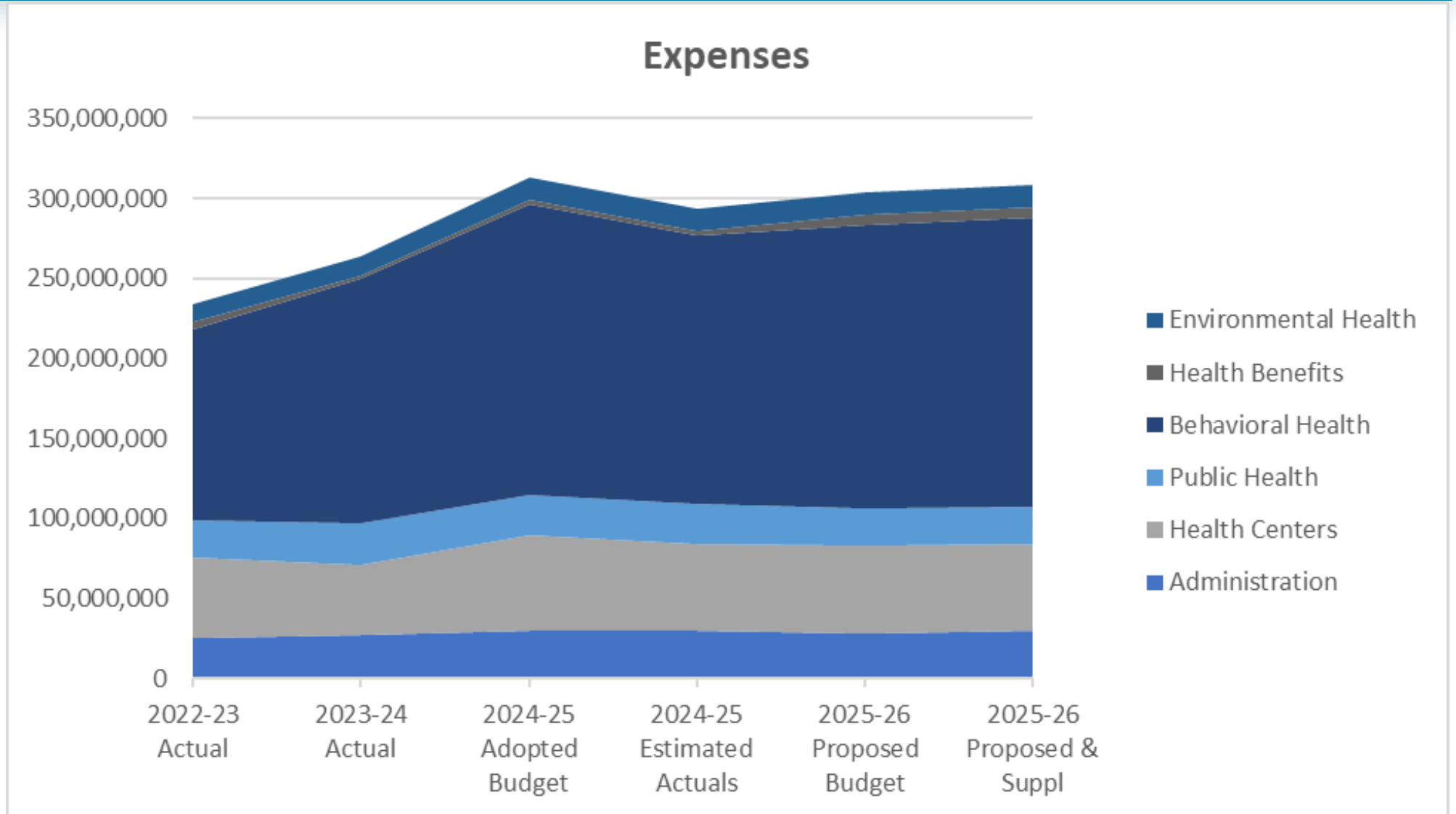
Health Services Agency Summary of Proposed Budget

	2024-25 Adopted	2025-26 Proposed	Amount of Change	Percent Change
Revenues	\$294,117,248	\$287,480,486	(\$6,636,762)	-2.26%
Expenses	\$313,120,183	\$308,604,421	(\$4,515,762)	-1.44%
District Sales Tax Contribution	\$0	\$400,000	\$400,000	0.00%
General Fund Contribution	\$18,674,533	\$20,712,232	\$2,037,699	10.91%
Other Fund Contribution	\$328,402	\$11,703	(\$316,699)	-96.44%
Funded Staffing	733.25	658.85	(74.40)	-10.15%

Health Services Agency Revenues by Division









Health Services Agency Expenses by Division



Major Budget Changes from Adopted Revenues

	Amount	Title of change in revenue
↓	\$ 2,366,379	Decrease in Charges for Services mainly due to reduced outpatient health center fees, offset by increases in Patient Revenue
↓	\$ 4,718,817	Decrease in Intergovernmental Revenues mainly due to decreases in Mental Health Services Act (MHSA) & Federal Grant revenues, offset by increases in Drug Medi-Cal (DMC) & CalAIM Providing Access and Transforming Health (PATCH CITED)
↑	\$ 262,229	Increase Misc Revenue mainly due to increase from Fines, Forfeitures & Assessments
↑	\$119,333	Increase from Env Health Licenses, Permits & Franchise Fees
↑	\$65,000	Increase from Property Taxes
↑	\$1,872	Increase from Fines, Forfeitures, & Assessments

Major Budget Changes from Adopted Expenses

	Amount	Title of change in expenditure/expense
	\$ 10,907,089	Decrease in intrafund transfers due to the change in facility charges to properly reflect the cost of facility services and utilities, transfers from the Voluntary Rate Range Program Intergovernmental Trust Fund and Transfer to the Opioid Settlement Trust Fund
	\$ 5,492,563	Decrease in Salaries & Benefits
	\$ 2,051,951	Decrease in Other Financing due to reduced transfers to the Capital Fund
	\$ 1,111,100	Decrease in Fixed Assets predominantly because of completion of the HVAC project at HPHP
	\$ 12,176,507	Increase in Services & Supplies, predominantly from increases to Professional Services, Custodial Services, Facility Improvements & Medical Supplies, offset by a decrease to outside hospital services
	\$2,870,434	Increase in Other Charges

HSA Major Budget Changes

Fiscal Year 25/26

- Loss of \$6.64 million in HSA revenue resulted in a net reduction of \$4.52 million
- Reduction of 74.40 FTE positions,
 - including 11.6 FTE filled positions,
 - primarily in Behavioral Health, Health Centers, and Public Health*

HSA Major Budget Changes

Fiscal Year 25/26

- Focus on mandated and reimbursable services
- Closure of lab and X-Ray services, moving to referrals
- Ending non-mandated services
 - MHCAN, Gemma, Suicide Prevention
- **Reductions Do NOT include potential impacts from federal & State policy changes!**

HSA

State Medi-Cal Looming Impacts

Behavioral Health

At least 191 undocumented individuals (3% of all clients served) accessed BH services between May 2024 and April 2025.

Under the new rules those individuals would be considered indigent and therefore services **would not be billable**.

Health Centers

- **5,500 undocumented patients**
 - 30% of total clinic clients
- **Eliminate Acupuncture**
 - All clients
 - *Impact of \$980,000*
- **Elimination of Dental**
 - Undocumented
 - *Impact of \$770,000*
- **Elimination of Prospective Payment**
 - Undocumented
 - *Impact of \$2.7 million*

Federal Threats to Health Services & Safety Net

Additional Risks

- Additional Medi-Cal impacts to clinical and behavioral health services
- Modifications of 1115 Waivers –
 - CalAIM, ECM, & CHW expanded services
- Termination of Ryan White Funding for HIV/AIDS healthcare
- Critical public health knowledge and research removed from federal websites
- Provisions of gender affirming healthcare
- Provisions of reproductive care in FQHCs

Clinical Care Options: MediCruz

- Counties have a statutory obligation to meet the health care needs of low-income people with no other sources of care
California Code, Welfare and Institutions Code - WIC § 17000
- MediCruz is the County's managed health care program of last resort for uninsured or underinsured community members
 - Referral-based from safety-net clinics
 - Residency and income eligibility
 - Covers specialty services
 - Served 556 patients in 2023 (prior to MC expansion for undocumented adults)
 - Budget of 3.8 million
- Decreased programming over time with Medi-Cal expansion
- Federal Medicaid and State Medi-Cal proposals could increase demand for MediCruz

Budget Considerations

- Reduction in services and programs will continue due to state and federal policy and budget changes
- Focus on statutorily mandates and services
- Focus on programs preventing imminent threats to morbidity and mortality
- Assess for innovation, efficiencies, and quality
- Equity and client centered
- Consider alternative funding source for behavioral health, such as ballot measure

Health Services Agency

Receive presentation on the proposed budget for the Health Services Agency, including any Supplemental Materials, which includes

- Revenues of \$287,480,486
- Expenses of \$308,604,421
- General Fund Contribution of \$20,712,232
- Staffing of 658.85 funded FTEs
- Continue to June 10, 2025 for approval of proposed budget
- Direct Health Services Agency to align Safe Use and Overdose Prevention Program with CDC evidence-based practices.

**Holding spot as a reminder that CEO
will provide slide to add**