

June 24, 2011

Hamilton County Board of Commissioners
Hon. Mr. Greg Hartman-President
Hon. Mr. Todd Portune
Hon. Mr. Chris Monzel
138 East Court Street, Room 603
Cincinnati, Ohio 45202

RE: Indigent Care Tax Levy Review 2011
Hamilton County Tax Levy Review Committee (TLRC)

Dear Commissioners,

Following the direction of Mr. Tom Cooney, chairperson of the Hamilton County Tax Levy Review Committee, a sub-committee was formed in February 2011 for the purpose of the five year review of the Hamilton County Indigent Care Levy, which is considered for placement on the ballot for the November 2011 general election.

I would like to thank Mr. Tom Cooney and the Board of County Commissioners for my appointment as a chairperson of an Indigent Care Tax Levy Review Sub-Committee. I am also very appreciative of the time and efforts of fellow sub-committee members Mr. John Smith and Mr. Mark Quarry, together; we have been provided excellent support by county staff, including Lisa Webb and by our hired consultant.

Through the course of our review, we have been presented with information on funded programs, including Inmate Medical Services, Extended Detoxification Program, the Bureau of Children with Medical Handicaps, Medical Expenses for Juvenile Court, the Tuberculosis Control Clinic, Alternative Interventions for Women, Residential Treatment Program and Probate Court Medical. There is an additional program under consideration, St. Vincent de Paul Charitable Pharmacy, which does not receive any current funding from the Indigent Care levy. We have also been able to visit the juvenile court program at 2020 Auburn Avenue, the Hamilton County Justice Center Inmate Medical Services Department and the St. Vincent de Paul Charitable Pharmacy. We have discussed related issues at open meetings of the TLRC and conducted a public hearing in June 2011 for additional citizen input.

It has been our mandate to follow the direction of the mission statement adopted by the BOCC. We concur with the commissioners on their requirement to balance the public need for services and the ability of Hamilton County citizens to bear the tax burden to fund these services. The local, state and national economy has deteriorated dramatically since the 2006 passage of the current Indigent Care Levy. While the number of persons who could temporarily benefit from Indigent Care programs is probably at an all time high, the pool of property owners that are able to pay their levy assessments on time continues to shrink. While the current Indigent Care fund was solvent, other demands on the finances of Hamilton County during the recent levy cycle have caused

programs that should be paid out of the general county budget to be shifted to Indigent Care and other levies.

It is our desire that any and all dollars raised by the Indigent Care levy go to directly benefit legal Hamilton County residents who have exhausted all other means of assistance, including funding from family, friends, private charities, religious organizations and federal or state programs. The long term intent of any of these programs should be that help is only temporary and the promotion of self-sufficiency rather than default to permanent dependence on a taxpayer funded safety net. Most of the aforementioned non-government originated programs tend to include a different level of motivational assistance to help move people off of their programs and towards personal independence, if for no other reason because of direct contact with the benefactor and the finite resources of private charity. The concern that seems to be prevalent among many of the persons we have met is a sense that many clients are dis-incentivized to try to improve their situation when horizontal movement across publicly funded programs contains less financial risk than the challenge of leaving these programs permanently.

The Indigent Care levy does help to finance a unique level of county funded benefits and programs when compared to the counties contiguous to Hamilton County. Our subcommittee has reviewed the programs, using the final report of our consultant, site visits, research and comparison of the agencies and additional input from citizens at the public hearings. Each of the programs that we have reviewed does deserve consideration from the Board of County Commissioners and we offer the following recommendations.

Inmate Medical

During the first year of this levy cycle, Hamilton County operated four jails with a 2,286 bed capacity and housed a number of inmates at the Butler County jail. The jail space lease arrangement was ended with Butler County and the 822 bed Queensgate facility was closed in 2008. Today, the county operates three jails with approximately 1,464 beds.

The budget request for 2011 includes a request for the Sheriff's Department to be reimbursed for Correction's Department FTE's that provided security for various areas at the Hamilton County Justice Center during 2007 and 2008. It is our recommendation that if these 2007 and 2008 reimbursement requests are to be supported, that they are reimbursed from the General Fund of Hamilton County over a period of time as funding becomes available. Funding these requests from the next levy cycle of the Indigent Care levy would cause other current and future year priority "here and now" expenses to be deferred.

During our subcommittee visit to the Hamilton County Justice Center Inmate Medical Services program, we observed the unit operating at capacity. We were impressed by the high level of professionalism of the Naphcare service provider team and the volume of inmates that were processed during our short visit. Despite the current economic pressures facing the BOCC, we recommend that no reduction in Indigent Care levy funding is made for Inmate Medical and that future funding from the Indigent Care levy

be supported at the most recent full year level, which for 2010 was \$7,893,460, for each of the years of the upcoming levy cycle, with no inflation or deflation adjustments.

The HW&Co. Report showed that the Sheriff's Inmate Medical budget includes \$500,000 annually for medical expenses above the current Naphcare contract. It is the subcommittee's recommendation that this amount not be included in the annual appropriation, but remains in the levy's fund balance as part of an emergency medical reserve. This reserve could then be appropriated as needed for extreme medical costs during the levy cycle.

Extended Detoxification Program

We have reviewed various programs that receive funding through the Extended Detoxification Program. There is a high level of demand for these services and the agencies do seek funding from any available sources. Our subcommittee encourages these agencies to continue to pursue new and innovative funding streams as Hamilton County cannot fully fund these programs at the desired level. While the Ohio legislature is on track to reduce state contributions for these programs, our subcommittee recommendation is for the Indigent Care levy to honor the reduced 2011 budget request of the Extended Detoxification Program of \$2,484,549, for each year of the upcoming levy cycle, with no inflation or deflation adjustments.

Bureau of Children with Medical Handicaps

The HW & Co. Consultant Report acknowledges that this program (BCMh) is allowed by state law to draw up to one tenth of one mill of a county's real estate taxes to pay for certain treatment services provided to children residing in the county. Over the past four years, reimbursement has ranged from an annual high of \$2,117,412 (2009) to a low of \$332,372 (2007)*. The 2010 amount was \$1,444,692. Due to the upcoming 2011 re-evaluation of property values in Hamilton County, it is difficult to project the amount that one-tenth of a mill will generate. It is the recommendation of our subcommittee that the program be funded at \$1,500,000 for each year of the upcoming levy cycle with no inflation or deflation adjustments. The additional recommendation is that before December 31, 2013, BCMh should be moved out of the Indigent Care levy and to the General Fund, as it is a state mandate to provide this service.

*The program was moved into the Indigent Care levy during 2007 so this amount only includes a portion of the total annual costs for that year.

Juvenile Court Medical Expenses

Basic medical services for juvenile court are provided at two locations including the youth center at 2020 Auburn Avenue and at the Hillcrest Training School in Springfield Township. During the most recent levy cycle (2007-2011), significant changes have taken place. The youth center had 160 beds in service in 2007 and has reduced to 80 beds in service for 2011. During the same period, Hillcrest Training School has reduced from

142 beds in 2007 to 58 beds in 2011. The reduction in capacity has caused a corresponding decrease in the number of admissions, medical screenings and physical examinations. Beginning in 2006, all on-site medical services have been contracted to Cincinnati Children's Hospital, which resulted in a savings of 16% the first year and decreasing savings in 2008 and 2009, due to a contractual 5% annual medical inflation increase. During the same period, reported medical inflation has averaged 4%. The Youth Center received a credit in 2010 of \$99,763 as a part of the reconciliation required concerning actual costs. Children's Hospital has not provided reconciliation for 2010 as of this report.

While Hillcrest and the Youth Center do serve clientele with different security backgrounds, it is the recommendation of the subcommittee that due to overcapacity at both locations, that the BOCC should consider a restructuring of the use of each facility in order to maximize the economies of scale, not just with medical costs but with total facility operations. In order to provide a budgetable, firm number for the Indigent Care levy and for planning purposes of Juvenile Court Medical, it is the recommendation of the subcommittee that \$1,347,977 is considered for each year of the upcoming levy cycle, with no inflation or deflation adjustments. (\$1,447,740, less the credit of \$99,763), The provision of medical care for any youth in the custody of a local jurisdiction in Ohio is a mandated requirement, therefore, it is the opinion of this subcommittee that the BOCC transfer this mandated expense to the general fund by December 31, 2013, as funding for medical care will be necessary whether or not the Indigent Care levy is approved by the electorate. Should the 2010 Patient Protection and Affordable Care Act survive legal and other challenges in its' present form, the effect on this program will require evaluation. The sub-committee would also request that the BOCC investigate the economy of the purchase of some level of private health insurance or become self-insured for each of the 138 beds in use during 2010. The \$1,347,977 would allow \$9,767 per client/bed annually or \$814 per month per client for self-insured care or for the insurance premium of an outside vendor.

Tuberculosis Control

The Hamilton County Tuberculosis Clinic is a free standing, 12,320 sq/ft clinic dedicated to the treatment and control of tuberculosis. As of the date of this report, the TB Clinic building is in the process of being sold. Based on the HW & Co. Indigent Care Programs report, TB Control observation #3, (p23) the impact on future operating expenses is uncertain at this time. There has been discussion that the clinic could operate more efficiently in a smaller facility and at the same time, might be able to increase co-operation with Clermont County and other surrounding jurisdictions to share future expenses. As stated, the sale of the building is ongoing and any savings might not be realized soon enough to mitigate expenses associated with combining efforts with any neighboring counties. The TB Clinic has requested some capital related expense funding for software and implementation for FY 2012, however the HW & Co. report states that they have already contracted with an outside service provider and should have their system operational before the end of 2011.

Through outsourcing of some services and restructuring of physician contracts, costs have been significantly reduced at the clinic. The 2010 operating costs were \$933,250.

Along with outsourcing certain expenses, the Ohio Legislature during 2008 rescinded the TB screening requirements for public school personnel, which helped to reduce the number of skin tests by approximately 30% between 2005 and 2010.

The HW & Co. report also recommends that Hamilton County should establish a contingency fund of 15% should an outbreak of TB occur. The subcommittee, recognizing the benefit of maintaining such a local fund while acknowledging the current precarious financial situation of the county, does not recommend the creation of a contingency within the program's annual budget, but does recommend the economy of utilizing the duplicative resources of the Ohio Department of Health and the Federal Center for Disease Control should such an outbreak occur.

Due to good management practices and the aforementioned changes in state law, the clinic has reduced their costs by almost 25% between 2005 and 2010. It is the recommendation of the sub-committee that the TB Clinic be funded at the full amount of their 2010 expenses, which is reported at \$933,250, for each year of the upcoming levy, with no adjustments for inflation or deflation.

Alternative Interventions for Women

The Alternative Interventions for Women Program, (AIW), located at 909 Sycamore Street, is designed to assist women involved in the criminal justice system who have co-occurring mental health disorders and substance abuse issues. The program, so named, is an alternative to incarceration based on treatment recommendations by the Hamilton County Court. Based on review by the sub-committee, including a presentation by AIW, the subcommittee believes that while not a mandated service, this is a worthwhile program and part of the array of services that can help women receive treatment to move towards recovery and re-integration into society.

Prior to 2009, the program was funded by the Hamilton County General Revenue Fund. The program receives \$425,000 each year from the Indigent Care levy. However, due to AIW billing the County sometimes months after the services have been rendered it is difficult to track their costs on an annual basis. The subcommittee recommends continuing this funding and encourages AIW to submit their invoices for services within 30 days to help with record keeping. The subcommittee further recommends a review of the annual detailed expenses of this agency in order to promote improved business practices in all areas.

The sub-committee recommends that the BOCC consider moving this expense away from the Indigent Care levy and to the next cycle of the Mental Health Levy, which could allow this program to be paired more closely with related services for other persons in a similar circumstance.

Residential Treatment Program

The Residential Treatment Program, located at 1617 Reading Road, is designed to assist up to 172 individuals by providing chemical dependency treatment to adult offenders. Prior to 2009, all 172 beds were funded by the Health and Hospitalization levy. Beginning in 2009, 22 of the 172 beds are funded by the Indigent Care levy. The annual

cost of the contract with Talbert House, which is effective through October 2011 is currently set at \$2,980,000. The additional 22 beds were approved as a part of this contract at an incremental cost that covers only the additional staffing and program costs related to these beds. This contract is currently out to bid. The subcommittee recommends that if the additional 22 beds are to continue to be funded out of the Indigent Care levy, that it be contingent the continuation of this incremental cost allocation. The subcommittee recommends that this program be funded at no more than \$165,000 each year for the next levy cycle.

Probate Court Medical

The Hamilton County Probate Court conducts civil commitment hearings for mentally ill and mentally retarded persons pursuant to ORC 5122. The purpose of these hearings is to determine if a person is mentally ill or mentally retarded and subject to court ordered hospitalization for treatment. The expenses incurred by the probate court in 2010 were \$391,783. The probate court does receive some reimbursement from the Ohio Department of Mental Health for these expenses. The nature of this program is more in line with programs funded by the Mental Health levy rather than the Indigent Care levy and the subcommittee recommends that this expense is moved to the Mental Health levy for FY 2013 and beyond. For FY 2012 only, we recommend that Probate Court Medical is funded by the Indigent Care levy in the amount of actual 2010 Indigent Care Levy reimbursement for expenses, which was \$391,783.

Saint Vincent de Paul Charitable Pharmacy

The Hamilton County Tax Levy Review Committee (TLRC) received during March 2011 a request from the Society of St. Vincent de Paul (SVDP) that the Hamilton County Board of Commissioners provide some level of financial assistance using county funds acquired through the 2011 Indigent Care levy, which is proposed to appear on the ballot at the general election in November 2011, for a charitable pharmacy that SVDP operates at 1125 Bank Street in Cincinnati, Ohio. The request is attached to this report.

On April 13, 2011, two members of the Hamilton County TLRC Indigent Care subcommittee, Mr. John Smith and Mr. Dan Unger, met at the pharmacy with SVDP representatives Liz Carter, Mike Espel and Tamara Sullivan. We were joined by Lisa Webb of the Hamilton County BOCC office.

During the meeting, we toured an area where medicine and non-narcotic drugs are stored. From this area, we were able to watch pharmacy employees and volunteers fill prescription orders and were able to observe finished orders handed to clients through a service window. The pharmacy seems to operate in much the same manner as any regular commercial pharmacy. During our visit, we observed 17 persons in the client area, waiting for their orders to be completed, which is similar to what might be seen in any pharmacy.

The building also has an upper floor, which has finished rooms which are used for patient consultation and other purposes directly related to pharmacy operations. After our tour of the street level walk in pharmacy, we did meet in one of the upstairs conference rooms for discussion of the SVDP request.

New clients for free pharmacy services are qualified based on income and expenses. The income and expenses have to “zero out”, meaning that based on the judgment of SDVP, a prospective client has not enough income to pay for priority items necessary to maintain a minimum standard of living. While not mentioning a specific dollar amount of income that would qualify a client, SVDP does have five different drug manufacturers that do “audit” the qualifications of end users of the private source donated medicine, and therefore, the donating manufacturers and distributors are rightly satisfied that the program is affecting the desired clientele.

The pharmacy operates with a mix of paid personnel, some volunteers and the efforts and services of three pharmacy students per month assigned to work at the pharmacy as an extension of their education.

There is no age limit for clients. Children and adults of all ages are served. Some minor patients whose medical treatment is funded using indigent care levy dollars allocated to Cincinnati Children’s Hospital are directed to the SVDP pharmacy if there is no other known program to support their prescription medicine needs. Prescriptions are only filled for a 30 day limit. If a patient has been directed to take the same medicine for a longer period, the patient must return to the pharmacy every thirty days to have the prescription refilled, with a six month limit.

Students assigned to the pharmacy, in cooperation with other students and pharmacy staff, are currently conducting a study to determine if the regular distribution of typical high blood pressure medication has been effective in reducing the high blood pressure of the test group, which are selected clients of the SVDP Charitable pharmacy. The results of the study will be available to the BOCC after compilation of the data.

Approximately 30% of the walk in clients do not have a regular doctor and have been prescribed medication by a licensed person at a local public health clinic or emergency room and who has directed them to SVDP.

If a client is eligible for Medicare part D, that person can qualify for extra assistance from SVDP.

Approximately 90% of the clients have been determined by SVDP to be residents of Hamilton County and 10% are from outside of Hamilton County. All clients must provide a social security number to be served. The subcommittee does recommend that if the BOCC does desire to include this agency in the 2011 Indigent Care levy, that the amount of funding which is agreed upon be reduced by 10%, as SVDP has acknowledged that approximately 10% of their clients are not residents of Hamilton County.

Although SVDP is an extension of the Archdiocese of Cincinnati, the pharmacy reports not having received any financial assistance from the archdiocese. The SVDP pharmacy does submit a regular report to the archdiocese detailing their operation, including revenues and expenses. Other parish-based ministries associated with St. Vincent de Paul do have fundraising events, including collections after Sunday mass at local Catholic churches that are used for the localized needs of the individual neighborhood conferences, not for the SVDP district office programs, such as the Charitable Pharmacy. The funds are kept separate and are not commingled with any other SVDP funds.

SVDP has reported that there is only two other known charitable pharmacies in Ohio. In Columbus, there is a program called Access Health Columbus, which is able to provide assistance to persons in that region. There is also a charitable pharmacy located in Stark County (Akron). There is a similar type pharmacy serving Northern Kentucky known as the Faith Community Pharmacy

SVDP has reported that they have no outstanding legal liabilities and no pending lawsuits or other legal actions.

SVDP desires that the BOCC consider providing funding their pharmacy in the amount of \$175,000 per year for the five year term of the upcoming Indigent Care Levy. When asked if this was the right amount of funding, SVDP stated that this is not a high or low amount, but it is the amount that would allow them to keep the steady planned growth of their services. SVDP desires to have four FTE, which is an increase from the current 2.5 FTE. With the additional 1.5 employees, the pharmacy would then be able to open 4 days per week, instead of the current 3.5 days per week and would be able to fill more prescriptions during hours of operation. In mind of the mission statement of the TLRC, the use of Hamilton County taxpayer dollars is to be a last resort for funding after all other sources have been exhausted. During the meeting, we asked whether SVDP has approached any of the local, large corporate pharmacy chain stores to determine if those companies would consider assigning a paid pharmacist to work at the SVDP pharmacy one day per week. The discussion included that there might be a tax or other financial advantage to a large corporation for providing an employee. SVDP has indicated that while that might be helpful, they could be more secure in their long range planning to have a dedicated stream of county funding for an in house pharmacist, rather than be subject to changes that can occur with staffing that are beyond the control of SVDP management.

SVDP has sent various emails and other information related to their request, and those items are attached to this report. SDVP has directly contacted the BOCC and each of the commissioners has been invited to visit the pharmacy.

The consideration of Indigent Care levy funding has proven to be a challenging task. SVDP has been timely in providing all information requested and has been comprehensive in their responses. We have been unanimous in our appreciation of the great work of the pharmacy but concerned about allowing additional agencies to become dependent on funding from Hamilton County.

After a review of all information presented, three members the full TLRC have recommended allowing some level of funding and eight members have recommended to not including the SVDP Pharmacy in the upcoming Indigent Care levy cycle. Therefore, it is the recommendation of the TLRC to not fund the SVDP Charitable Pharmacy in the upcoming Indigent Care levy cycle.

The TLRC does commend the St. Vincent de Paul Charitable Pharmacy for their work and privately funded assistance that they have provided to citizens of Hamilton County.

Please contact me with any questions or comments,

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Unger". The signature is written in a cursive, flowing style.

Dan Unger
Sub Committee Chair – Indigent Care Levy Review
Hamilton County Tax Levy Review Committee
danunger@cinci.rr.com
513 404 3057

Attachments: