



Department of County Management

MULTNOMAH COUNTY OREGON

Budget Office

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TO: Board of County Commissioners

FROM: Shannon Busby, Senior Budget Analyst

DATE: December 21st, 2011

SUBJECT: Fed/State Fund Contingency request of \$1,756,458 for the Health Department to implement Electronic Dental Records (EDR) in the Integrated Clinical Services Dental Clinics. (Budget Modification HD-12-05).

The Health Department is requesting that \$1,756,458 of Fed/State Fund Contingency be appropriated to fund the implementation of electronic dental records. These funds were initially identified and placed into the Fed/State Fund Contingency during the FY 2011 Supplemental Budget pending clarification on accounting restrictions on use and Board Policy decisions. These funds were identified as not being restricted in use to clinical services. Board amendment 12_OVER_RA_01 'carried' these contingency funds over to FY 2012 pending Board action.

During the FY 2011 Supplemental Budget process, implementing Electronic Dental Records was unofficially earmarked as a potential use for these funds as EDR will provide an increase in efficiency and accuracy in the services provided by the dental clinics. In addition, implementing EDR will also make the Health Department eligible to apply for Centers for Medicare and Medicaid Services (CMS) EHR Meaningful Use incentive payments (\$63,750 per dentist), resulting in over \$1 million in revenue. The Health Department will also recognize savings of up to 1.0 FTE by reducing the need to maintain paper records.

In addition to the upfront costs of the capital purchase and direct implementation costs such as a project manager, the Health Department expects to experience reduced productivity during the implementation process which will result in fewer office visits and less revenue. The reduced period of productivity will likely carry through into FY 2013 and the Health Department is unlikely to recoup these revenues in FY 2012. Current direction is for the Health Department to manage expenses, given the reduced revenues, within current budget.

General Fund Contingency Policy Compliance- (Please note that this request is for Fed/State Fund Contingency)

The Budget Office is required to inform the Board if contingency requests submitted for approval satisfy the general guidelines and policies for using the General Fund Contingency.

In particular,

- Criteria 1 states contingency request should be for one-time-only purposes. If this is not judged to be one-time-only transition funding, the request essentially funds ongoing programs with one-time-only emergency contingency funds. **The request meets this criterion.**
- Criteria 2 Addresses emergencies and unanticipated situations. **The request does not meet this criterion. These Fed/State Funds were placed into contingency pending board policy decisions, EDR being a known potential use for these funds.**
- Criteria 3 addresses items identified in Board Budget Notes. **This item was not identified in the budget notes.**