



1380 River Bend Drive
Dallas, Texas 75247
214-743-1200

DALLAS METROCARE SERVICES

THIRD QUARTER REPORT—FY05

PREPARED FOR THE DALLAS COUNTY COMMISSIONERS COURT
JULY 18, 2005

“OUR MISSION IS TO PROVIDE QUALITY SERVICES, TREATMENT AND ASSISTANCE TO PEOPLE WHO LIVE WITH THE CHALLENGES OF MENTAL ILLNESS AND MENTAL RETARDATION”

PRINCIPLES

- Ethical Conduct
- Stakeholder Focus
- Superior Stewardship
- Win-Win Partnerships
- Process Approach to Operations
- Systems Approach to Management
- Fact-based, Best-Value Approach to Decision-making
- Involvement of Staff
- Continuous Improvement

GOALS

MANAGING OUR RESOURCES

- Regionalization with Diversification
- Community Partnerships

RUNNING OUR BUSINESS

- Efficient Clinical Services

SERVING OUR CONSUMERS

- Excellent Clinical Outcomes

DEVELOPING OUR EMPLOYEES

- Invest in Our Human Assets

Third Quarter Highlights

- **The Center showed a net loss (memo) of almost \$400,000 for the quarter, giving the Center a loss totaling \$1.7 million in FY05 year-to-date**
- **The loss primarily represents payouts related to staff reductions in May, following an agreement with ValueOptions on a contract amendment that stabilized income from mental health services**
- **Following the staff reductions, preliminary results for the first month of fourth quarter show the Center making budget for the first time this fiscal year**
- **If achieved, the Center’s mid-year budget revision makes up about half of the current fiscal-year deficit by year’s end**
- **Efficiencies in mental retardation services allowed a same-quarter increase in consumers-served of 30% from FY04 (about 1700)**
- **Mental health consumers-served are up 9% from the same quarter last year (about 13000)**

In April, the Center came to an agreement with ValueOptions on a model of payment that traded stability of income for an overall reduction in services. During the third quarter, the Center made the operational changes (primarily staff reductions) required under the new agreement, and early fourth quarter results suggest that the changes will have the necessary impact on the Center’s financial picture. Still, the change has come at the price of significant reductions in services to mental health consumers. Center staff intends to do its best to minimize the impact of the reductions on the lives of the people we serve. We remain very concerned about the impact that continued efforts to reduce the service costs in NorthSTAR will have upon the Center and/or its patients.

Mental retardation services continued to expand during the quarter through efficiencies achieved in the self-imposed fee-for-service model that the Center uses to pay its network of providers. Although recent State-level executive activity leaves the future unclear, the Center continues to prepare for the possibility of an “authority-provider split” in mental retardation services similar to the one that already exists in mental health services.

Charles M Cooper, Chairman

James G Baker MD MBA, Chief Executive Officer