



"OUR HOUSE...ES SU CASA"

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## 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

Continuous Improvement  
Through Focused Attention  
on:

- Mission
- Quality
- Customer Service

## DALLAS METROCARE SERVICES

### FIRST QUARTER REPORT—FY05

PREPARED FOR THE DALLAS COUNTY COMMISSIONERS COURT  
JANUARY, 2005

"OUR MISSION IS TO PROVIDE QUALITY SERVICES, TREATMENT AND ASSISTANCE TO PEOPLE WHO LIVE WITH THE CHALLENGES OF CHRONIC DISABILITIES"

## First Quarter Highlights

- **The Center showed a net loss (memo) of nearly \$700,000 for the quarter (a margin of -6%)**
- **The loss primarily reflects a 10% reduction in rates paid for mental health services:**
  - **Unique mental health consumers-served was up 8% from a year ago**
  - **Revenue was up 5% from a year ago, due to serving more consumers**
  - **But it required 28% more staff to generate that revenue due to the lower rates, thus the loss**
- **Unique mental retardation consumers-served increased by 10% in the first quarter**
- **Overall consumer satisfaction remained at its highest level**
- **Central administrative costs remain below 10%**

The Center is struggling with the conversion to the new mental health model required by the Texas Department of State Health Services (DSHS) known as "Resiliency and Disease Management." The managed care company set its rates to incentivize rehabilitation in group settings instead of the traditional individual setting, and the Center's staff and consumers have not adjusted to the change rapidly enough to maintain the Center's financial success. Financially, the model essentially required a 500% increase in the amount of group treatment provided. Through December, the Center has only attained a 33% increase in the number of people served in groups. More aggressive measures to facilitate this transition have been implemented for second quarter, but we are not convinced that consumer demand for this service will reach the levels required for financial viability.

Thus we remain very concerned about the impact that continued efforts to reduce the costs in NorthSTAR will have upon the Center. Rate cuts in the past twelve months now total over 20% of the value of potential revenue. Net income in MH therefore was down from \$197 per patient-served in FY03, to \$78 in FY04, to minus-\$62 in first quarter of FY05.

Charles M Cooper, Chairman  
James G Baker MD MBA, Chief Executive Officer