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DALLAS METROCARE SERVICES

FIRST QUARTER REPORT—FY06

PREPARED FOR THE DALLAS COUNTY COMMISSIONERS COURT
JANUARY 4, 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

First Quarter Highlights

- **The Center showed a net income (memo) of about +\$240K for the quarter**
- **The Center anticipates its fiscal performance to remain positive in FY06 barring unforeseen changes in rate structures**
- **As part of the Department of Aging and Disabilities initiative on Statewide “equity of funding,” the Center is receiving an additional \$550K this fiscal year for mental retardation services**
- **Due in part to that extra funding, the Center is focused on completely eliminating its wait list for mental retardation services funded by the Center’s State grant-in-aid**
- **To eliminate that list, about 1500 new people will be offered services**
- **The Center anticipates eliminating that wait list and serving almost three times our contractually-required number of consumers, all for less than our annual dollar allocation**

Financial results for first quarter of FY06 demonstrate the Center’s success in adjusting to the April 2005 contract amendment with ValueOptions that traded stability of income for an overall reduction in services. However, that financial success has come at the price of significant reductions in services to mental health consumers – about a 40% reduction. At the same time, the percentage of premium paid to the managed care company that it, in turn, paid out for patient care dropped from an average of 98% for 2nd & 3rd quarters of FY04 to 90% for the same period in FY05.

In contrast, under the Center’s own managed care plan, Dallas County services to people with mental retardation continue to expand. Since September 2003 we have cut the cost-per-consumer in half and doubled the number of people served. In FY06, thanks in part to a Statewide equity-of-funding initiative, we hope to eliminate the wait list for mental retardation services funded by State general revenue, while still anticipating funds left over to return to the state treasury.

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