

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR

WEDNESDAY, APRIL 24, 2013
1:30 P.M. - STATE CAPITOL ROOM 444

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ITEMS TO BE HEARD

4170 CALIFORNIA DEPARTMENT OF AGING

ISSUE 1: BUDGET AND PROGRAM OVERVIEW AND UPDATES

DEPARTMENT OVERVIEW

The California Department of Aging's (CDA's) mission is to promote the independence and well-being of older adults, adults with disabilities, and families through:

- Access to information and services to improve the quality of their lives;
- Opportunities for community involvement;
- Support to family members providing care; and
- Collaboration with other state and local agencies.

As the designated State Unit on Aging, the Department administers Older Americans Act programs that provide a wide variety of community-based supportive services as well as congregate and home-delivered meals. It also administers the Health Insurance Counseling and Advocacy Program. The Department also contracts directly with agencies that operate the Multipurpose Senior Services Program.

The Department administers most of these programs through contracts with the state's 33 local Area Agencies on Aging (AAAs). At the local level, AAAs contract for and coordinate this array of community-based services to older adults, adults with disabilities, family caregivers and residents of long-term care facilities.

- **Nutrition.** The Nutrition Program provides nutritionally-balanced meals, nutrition education and nutrition counseling to individuals 60 years of age or older. In addition to promoting better health through improved nutrition, the program focuses on reducing the isolation of the elderly and providing a link to other social and supportive services such as transportation, information and assistance, escort, employment, and education.
- **Senior Community Employment Services.** The federal Senior Community Service Employment Program, Title V of the Older Americans Act, provides part-time subsidized training and employment in community service agencies for low-income persons, 55 years of age and older. The program also promotes transition to unsubsidized employment.

- **Supportive Services and Centers.** This program provides supportive services including information and assistance, legal and transportation services, senior centers, the Long-Term Care Ombudsman and elder abuse prevention, and in-home services for frail older Californians as authorized by Titles III and VII of the Older Americans Act. The services provided are designed to assist older individuals to live as independently as possible and access the programs and services available to them.
- **Special Projects.** This program includes the community-based Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides personalized counseling, community education and outreach events for Medicare beneficiaries. HICAP is the primary local source for accurate and objective information and assistance with Medicare benefits, prescription drug plans and health plans.
- **Medi-Cal Programs.** This program includes the Multipurpose Senior Services Program (MSSP) and Adult Day Health Care (ADHC) program, which was eliminated effective February 29, 2012. The new Community-Based Adult Services (CBAS) began March 1, 2012 to provide necessary medical and social services to those in the elder community with the greatest need. The CBAS program is to be operated by the Department of Health Care Services. The MSSP provides health/social case management to prevent premature and unnecessary long-term care institutionalization of frail elderly persons. The Department provides program oversight of the MSSP via an interagency agreement with the Department of Health Care Services.

FISCAL OVERVIEW

Fund Source	2011-12 Actual	2012-13 Projected	2013-14 Proposed	BY to CY Change	% Change
General Fund	\$31,839	\$32,063	\$32,184	121	0%
State HICAP Fund	2,472	2,473	2,476	3	0%
Federal Trust Fund	152,514	154,818	148,736	(6,082)	-4%
Special Deposit Fund	1,185	1,187	1,189	2	0%
Reimbursements	7,587	8,201	9,760	1,559	19%
Skilled Nursing Facility Quality and Accountability Fund	1,900	1,900	1,900	0	0%
Total Expenditures	\$197,497	\$200,642	\$196,245	(4,397)	-2%
Positions	112.3	114.7	115.5	0.8	0.70%

BUDGET CONTEXT

As part of the 2012-13 Budget, the following actions were taken in the Aging area:

- Approved \$787,000 (\$473,000 GF) for staffing and resources to support the Department's role in certifying Community Based Adult Services (CBAS) programs (which replaced the former Adult Day Health Care program) for participation in the Medi-Cal program.
- Integrated, as part of a demonstration project, the Multi-Purpose Senior Services (MSSP) program into Medi-Cal managed care as a part of the Coordinated Care Initiative. This is discussed further below.

MSSP IN THE CCI

MSSP is a Medicaid-funded program that has operated under a federal Medicaid Home and Community-Based Services 1915(c) waiver since 1983. It services over 12,600 chronically ill, disabled older adults annually in the home instead of a nursing home. MSSP patients are 65 years or older (the average age is 85) and state certified at nursing home level of care and unable to live safely without MSSP.

As part of the 2012-13 budget, trailer bill legislation creating the Coordinated Care Initiative (CCI) was passed. MSSP was included in the Initiative. In response to a request from the Subcommittee, the administration provided the following description of how the MSSP fits into the CCI:

"The Coordinated Care Initiative (CCI) seeks to improve service delivery to individuals who are eligible for both Medicare and Medi-Cal and Medi-Cal beneficiaries who are receiving long term services and supports (LTSS) through In-Home Supportive Services, the Community Based Adult Services Program, the Multipurpose Senior Services Program (MSSP), or in nursing facilities.

In the eight counties participating in the CCI, the care coordination and services currently being provided by MSSP will be integrated into and administered by the managed care plans. Initially, the managed care plans will be required to contract with the MSSP sites to continue providing MSSP waiver services to their clients. MSSP clients will see no change in their MSSP services, although they may experience better coordination between their health care and LTSS providers via the plan's interdisciplinary care coordination teams.

Once plan members are enrolled, the Plans will make payments to the MSSP sites on a monthly basis for the amount MSSPs would have otherwise received in providing these services to the waiver clients in the plan. During this initial implementation period, the Plans and the MSSP sites will collaborate to develop a coherent, integrated approach to provide personalized health and LTSS care coordination.

CDA will continue to contract with the MSSP waiver sites and have responsibility for assuring that the local sites meet all of the federal waiver requirements. CDA will be sharing any MSSP site issues or required plans of correction with the managed care plans as well. The Memorandum of Understanding between CMS and the Department of Health Care Services (DHCS) was executed on March 27, 2013, so implementation dates in SB 1008 (Chapter 22 Statutes of 2012) will need to be revised to reflect changes in dates.

All current MSSP waiver participants who are eligible for the CCI for managed LTSS and the Duals Demonstration (Cal MediConnect) will be enrolled in managed care no sooner than October 1, 2013. The Plans will work with their local MSSP site(s) to develop an integrated, person-centered care management model that works within the context of managed care. Health plans will collaborate with their MSSP providers to conduct a local stakeholder process and develop recommendations to the State regarding transition strategies to ensure seamless continuity of care coordination in transitioning MSSP into a managed care plan.

DHCS, in consultation with CDA and the Department of Managed Health Care, and with stakeholder input, will submit a transition plan to the Legislature to describe how the MSSP principles will be incorporated into the managed care benefit, including provisions to ensure seamless transition and continuity of care. By March 31, 2015 or 19 months after the commencement of beneficiary enrollment into a participating plan, MSSP will transition from being a Medi-Cal waiver program to a benefit administered by the health plan(s) in the participating counties.”

Issues Raised by Advocates. Advocates, principally the MSSP Site Association, have expressed concerns around the implementation of CCI and how it affects MSSP. These have been heightened by the terms of the recently approved MOU. Advocates raise questions around the intended incorporation and timing of integration of MSSP services into managed care, as well as what home and community-based services will look like as these are implemented by the health plans. Advocates’ chief issues are as follows:

- Lack of detail about contract mechanisms, billing, payment, data exchange, and state and health plan roles. Advocates state that DHCS has not provided a concrete plan to ensure continuity of care and that service providers and managed care organizations have the appropriate payment, communication/data exchange, and software systems in place and aligned to support the delivery of MSSP waiver services.
- Lack of definition about “Person-Centered Care Coordination,” also commonly referred to as “MSSP-like services.” Advocates state that MSSP-like services and /or “care coordination models” referred to in the legislation that created the CCI remain undefined with no scope of services or service delivery standards established.

PANEL

- Lora Connolly, Director, and Ed Long, Deputy Director, Long-Term Care and Aging Services Division, California Department of Aging
 - History and Effects of Program and Budget Changes for CDA
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

While this item was included for informational and oversight purpose, staff recommends that the Subcommittee request regular updates from CDA staff on the evolution, effects, and issues with the MSSP within the Coordinated Care Initiative.

ISSUE 2: BUDGET CHANGE PROPOSALS**BACKGROUND**

The Governor's budget includes three Budget Change Proposal (BCP) requests for CDA, as outlined below.

**CHRONIC DISEASE SELF-MANAGEMENT
EDUCATION (CDSME) GRANT
PROGRAM**

This BCP requests federal budget authority for a three-year \$1.725 million federal Administration on Aging grant. The grant will fund a new Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education (CDSME) grant project. CDA states that it has partnered with the Department of Public Health (DPH) to expand the availability of the Chronic Disease Self-Management Program (CDSMP) and Diabetes Self-Management Program (DSMP) to ten counties.

This funding will make it possible to expand CDSMP and DSMP programs to both seniors and adults with disabilities who are low income, ethnically diverse, limited/non-English speaking, Medi-Cal eligible, and/or veterans to improve their health and reduce health care expenditures.

**SUPPLEMENTAL NUTRITION
ASSISTANCE PROGRAM NUTRITION
EDUCATION OBESITY PREVENTION
PROGRAM (SNAP-ED)**

This BCP requests a \$3.618 million increase in reimbursement authority (over three state fiscal years) and a two-year limited-term Aging Program Analyst II to support nutrition education and obesity prevention activities targeted to low-income adults aged 60 and older. Reimbursements will be received from the federal Supplemental Nutrition Assistance Program Nutrition Education and Obesity Prevention (SNAP-Ed) Grant via an interagency agreement with DSS. CDA will administer grant activities and distribute funding for SNAP-Ed interventions through the statewide network of local AAAs. No state match is required for this grant.

**NEW FREEDOM TRANSPORTATION
GRANT – EXTENSION REQUEST**

This BCP requests additional reimbursement authority of \$106,000 and a six-month extension of limited-term position authority for one Staff Services Manager through December 31, 2013 to complete grant activities for the New Freedom Transportation project. In 2010-11, California Department of Transportation (CalTrans) awarded a two-year \$400,000 New Freedom Transportation grant to the CDA. CDA's goal is to

work with AAAs and other state and local stakeholders to help establish local mobility management and coordination programs that can make the most efficient use of local transportation resources on an ongoing basis. This would ultimately increase access to essential transportation services for older adults and adults with disabilities.

PANEL

- Lora Connolly, Director, and Ed Long, Deputy Director, Long-Term Care and Aging Services Division, California Department of Aging
 - Review of BCPs and their justification
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

No issues have been raised with the BCP requests. Staff recommends approval of the three requests:

1. Chronic Disease Self-Management Education (CDSME) Grant Program
2. Supplemental Nutrition Assistance Program Nutrition Education Obesity Prevention Program (SNAP-Ed)
3. New Freedom Transportation Grant – Extension Request

5175 DEPARTMENT OF CHILD SUPPORT SERVICES**ISSUE 1: BUDGET AND PROGRAM OVERVIEW AND UPDATE****DEPARTMENT DESCRIPTION**

The mission of the California Child Support Program is to enhance the well-being of children and the self-sufficiency of families by providing professional services to locate parents, establish paternity, and establish and enforce orders for financial and medical support.

The Child Support Program is committed to ensuring that California's children are given every opportunity to obtain financial and medical support from their parents in a fair and consistent manner throughout the state. The Child Support Program is committed to providing the highest quality services and collection activities in the most efficient and effective manner.

The Department of Child Support Services (DCSS) is the single state agency designated to administer the federal Title IV-D state plan. The Department is responsible for providing statewide leadership to ensure that all functions necessary to establish, collect, and distribute child support in California, including securing child and spousal support, medical support and determining paternity, are effectively and efficiently implemented. Eligibility for California's funding under the Temporary Assistance to Needy Families (TANF) Block Grant is contingent upon continuously providing these federally required child support services. Furthermore, the Child Support Program operates using clearly delineated federal performance measures, with minimum standards prescribing acceptable performance levels necessary for receipt of federal incentive funding. The objective of the Child Support Program is to provide an effective system for encouraging and, when necessary, enforcing parental responsibilities by establishing paternity for children, establishing court orders for financial and medical support, and enforcing those orders.

Child Support Administration. The Child Support Administration program is funded from federal and state funds. The Child Support Administration expenditures are comprised of local staff salaries, local staff benefits, and operating expenses and equipment. The federal government funds 66 percent and the state funds 34 percent of the Child Support Program costs. In addition, the Child Support Program earns federal incentive funds based on the state's performance in five federal performance measures. Revenue Stabilization funds (\$18.7 million (\$6.4 million General Fund) annually) have been provided to Local Child Support Agencies (LCSAs) to retain caseworker staff in order to maintain child support collections. A report on the workforce retention and associate collections associated with this augmentation is provided to the Legislature every January with the Governor's Budget.

Child Support Automation. Federal law mandates that each state create a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the Child Support Enforcement (CSE) system and the second is the State Disbursement Unit (SDU). The CSE component contains tools to manage the accounts of child support recipients and to locate and intercept assets from non-custodial parents who are delinquent in their child support payments. In addition, it funds the local electronic data processing maintenance and operation costs. The SDU provides services to collect child support payments from non-custodial parents and to disburse these payments to custodial parties.

FISCAL OVERVIEW

Fund Source	2011-12 Actual	2012-13 Projected	2013-14 Proposed	BY to CY Change	% Change
General Fund	\$306,590	\$307,061	\$312,910	5,849	2%
Federal Trust Fund	407,421	468,518	482,136	13,618	3%
Reimbursements	179	123	123	0	0%
Child Support Collections Recovery Fund	202,787	203,869	202,220	(1,649)	-1%
Total Expenditures	\$916,977	\$979,571	\$997,389	17,818	2%
Positions	491.5	593.5	593.5	0	0%

BUDGET CONTEXT

As part of the 2012-13 Budget, the following actions were taken in the Child Support Services area:

- Approved the entire non-federal portion of child support collections to provide a \$31.9 million benefit, on a one-time basis, to the General Fund. Also, adopted trailer bill language to provide authority for temporary suspension of specified collections.
- Reduced funding for LCSAs by \$14.7 million (\$5.0 million General Fund) and incorporated Budget Bill Language to ensure that, to the extent practicable, the reduction in local child support agencies will not result in a reduction to casework staffing levels. DCSS reports that LCSAs managed their budgets to accommodate this one-year temporary reduction by holding positions vacant and assessing planned expenditures to identify those that could be deferred. When comparing collections to the same time period for the last state fiscal year, collections for the first seven months of the current fiscal year are flat.

- Denied Governor's request to modify state hearing requirements for the DCSS.
- Adopted trailer bill language to allow for the continued suspension of payments related to health insurance and performance incentives to Local Child Support Agencies. This continues the policy followed over past budget year.
- Adopted trailer bill language to provide the DCSS with the authority to invest non-negotiated funds in an investment account. The department holds funds for the child support payments it has disbursed to the participants of the child support program until such time as they are negotiated. The non-negotiated child support payments are held in an Investment Sweep Account (ISA) outside the state treasury.

The Governor's Budget does not propose another one-time suspension of the county share of child support collections in 2013-14.

FEDERAL PERFORMANCE REVIEW AND TRENDS
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FFY 2012 – Federal Performance Measures.

- ***Statewide Paternity Establishment Percentage (PEP)*** for California measured 101.6 percent for Federal Fiscal Year (FFY) 2012. California's performance decreased in this measure by 5.4 percentage points from FFY 2011 to FFY 2012. Since FFY 2000, Statewide PEP has been above 100 percent. The PEP measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year, expressed as a percentage.
- ***IV-D Paternity Establishment Percentage*** for California measured 98.4 percent for IV-D PEP in FFY 2012. California's performance increased in this measure by 6.2 percentage points from FFY 2011 to FFY 2012. The IV-D PEP measures the total number of children in the IV-D, or Child Support, caseload in the fiscal year who has been born out-of-wedlock for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year, expressed as a percentage.
- ***Cases with Support Orders Established*** for California measured 87.9 percent for FFY 2012. California's performance increased in this measure by 2.1 percentage points from FFY 2011 to FFY 2012. This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

- **Collections on Current Support** for California measured 61.4 percent for FFY 2012. California's performance increased in this measure by 2.8 percentage points from FFY 2011 to FFY 2012. This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.
- **Cases with Collections on Arrears** for California measured 63.5 percent for FFY 2012. California's performance increased in this measure by 1.9 percentage points from FFY 2011 to FFY 2012. This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.
- **Cost Effectiveness** for California measured \$2.47 for FFY 2012. California's performance increased in this measure by \$0.18 from FFY 2011 to FFY 2012. This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

OPERATIONAL ASSESSMENT

DCSS is in the beginning stages of an "Operational Assessment" project for the purpose of evaluating various operational aspects of LCSAs. The assessment will be conducted by state DCSS staff using a combination of an assessment survey tool, site visits and data analysis. The primary focus of the project is to identify practices in local operations that contribute to increased child support collections and/or an increase in the program's federal performance measures. Other factors including effective utilization of resources, local court processes and demographics will also be examined. The first stage of the assessment includes ten LCSAs and is expected to be completed by June 2013. The initial results will be evaluated and will guide the operational assessment in the remaining counties. DCSS states that practices that can be reproduced in other LCSAs may be recommended for implementation. Collection and performance data will continue to be monitored for results.

CCSAS UPDATE

In 1999, the Legislature passed Assembly Bill 150, which directed DCSS to develop, implement, maintain, and operate a new statewide child support system. The California Child Support Automation System (CCSAS) Project was initiated in State Fiscal Year (SFY) 2003-04 to create a single statewide child support system that automates and centralizes all child support activities, including: locating absent parents; establishing paternity; and obtaining, enforcing, and modifying child support orders. In December 2008, the conversion of all county local child support agency (LCSA) operations to the single statewide system was completed.

CCSAS consists of two major components: the State Disbursement Unit (SDU) and the Child Support Enforcement (CSE) System. The SDU was fully implemented in May 2006. The system currently collects, processes, and distributes all child support payments. The CSE provides a central database and case management system to support child support enforcement activities in all LCSAs. For 2013-14, the total CSE project costs are projected at \$103.8 million and the total SDU project costs are \$14.9 million. These costs are the same as those that were budgeted for the current 2012-13 fiscal year.

The department has been asked to provide a brief update on the CCSAS project as part of the overview presentation.

REVENUE STABILIZATION UPDATE

In the 2009-10 Governor's Budget, the administration proposed an augmentation of \$18.7 million (\$6.4 million General Fund (GF)) for LCSAs to maintain revenue generating caseworker staffing levels in order to stabilize child support collections. The Legislature approved the request for revenue stabilization funding in the 2009 Budget Act, and directed that 100 percent of the new funds be used to maintain revenue generating caseworker staffing levels.

DCSS issued specific claiming instructions to the LCSAs to ensure that the funds are used in compliance with the legislative directive, which specified that the revenue stabilization funds should be distributed to counties based on their performance on two key federal performance measures – Collections on Current Support and Cases with Collections on Arrears. The Legislature also required each LCSA to submit to DCSS an Early Intervention Plan (EIP). All 51 LCSAs submitted plans, and began implementation in July 2009.

Collection data for 2011-12 indicates that the revenue stabilization funding continues to have the expected positive impact on child support collections for California's families and the State General Fund. The department has been asked to provide a brief update on the Revenue Stabilization funding as part of the overview presentation.

PANEL

- Kathleen Hrepich, Interim Director, and Linda Adams, Deputy Director of Administrative Services, Department of Child Support Services
 - History and Effects of Program and Budget Changes for DCSS
- Office of Systems Integration
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

This item was included for oversight purposes. No issues have been raised with the DCSS budget; therefore, staff recommends approval of the Governor's budget for DCSS. Issues for DCSS may still come before the Subcommittee as part of the May Revision proposal.