

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1****HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER TONY THURMOND, CHAIR****MONDAY, APRIL 27, 2015****1:30 P.M. - STATE CAPITOL ROOM 127**

ITEMS TO BE HEARD		
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**0530 HEALTH AND HUMAN SERVICES AGENCY
5180 DEPARTMENT OF SOCIAL SERVICES****ISSUE 1: CALHEERS AND THE DETERMINATION OF MEDI-CAL ELIGIBILITY**

The Subcommittee will explore the customer service impacts resulting from the move of the automation of Medi-Cal eligibility rules from the three Statewide Automation System to the CalHEERS system.

BACKGROUND

Individuals and families seeking to enroll in health and human services programs like Medi-Cal, CalFresh, and CalWORKs, must enroll at a county social service department. These county departments are tasked with the labor-intensive and complex task of completing initial intake for families to determine eligibility and also managing the cases of these individuals for ongoing eligibility and renewals.

California's 58 counties are each a member of one of three Statewide Automated Welfare System (SAWS) consortiums (LEADER, CalWIN, C-IV). Each of these consortiums oversees an information technology project that is used for county eligibility and case management activities related to CalWORKs, CalFresh, Foster Care, and Medi-Cal. Until recently, these systems determined eligibility for the Medi-Cal program.

In 2014, the rules regarding federal Medicaid eligibility changed with the implementation of the Affordable Care Act (ACA), which guides the eligibility rules for much of the State Medi-Cal population (it does not apply to the elderly, disabled and medically needy). The new rules require the application of Modified Adjusted Gross Income (MAGI), which is a new methodology that standardizes how income and household composition is calculated to determine Medicaid eligibility. It is based on tax definitions of income developed by the Internal Revenue Service.

The State chose to implement these new rules by creating a central "MAGI Rules Engine" in the CalHEERS system. The existing SAWS system is still used to do intake for Medi-Cal for this population, but the data is supposed to be interfaced with the CalHEERS system to determine, based upon the "MAGI rules", whether an individual is eligible and then return the determination to the SAWS system so that the county can finalize eligibility.

This interface has not worked, and this has dramatically reduced customer service levels and increased workloads for county workers. In order to make sure that families, individuals, and children receive the services they are entitled, workers have to use "workarounds and override" to trick the CalHEERS system into accurately determining eligibility and to make sure the SAWS and CalHEERS records are consistent. For Medi-Cal, the SAWS systems remain the system of record for the program.

In January 2014, the Department of Health Care Services acknowledged the need for these approaches in a letter to counties that stated in part:

The purpose of a workaround or override is to ensure implementation and recording of the appropriate eligibility determination when one or more automation system may not accurately implement, record, or display that information. Further, workarounds or overrides are also needed to ensure that both CalHEERS and SAWS record and/or display the same eligibility status or information in both systems, until needed system corrections can be implemented.

The 2014-15 budget includes \$150 million (\$48 million General Fund) for additional county staff, for the workload associated with increased caseloads as well as the workarounds and overrides required to make CalHEERS work. The Governor's January Budget Summary includes an additional \$240 million for this purpose and suggests that these funds would be re-evaluated for this fiscal year.

Recent Legislation, SB 1341 (Mitchell) Chapter 864 of 2014, required that Notices of Action generated for Medi-Cal clients come from the SAWS system. Notices of Action inform beneficiaries when their benefits levels are going to change so that individuals can plan. This change in the Notice of Action process allows county eligibility staff to view and if necessary modify Notices of Action that were incorrect or duplicative. In addition, this created a framework where the eligibility computation was still within the CalHEERS system, but the rules of eligibility would be "exposed" or shared with the SAWS systems to ensure that the notices were accurate. It is anticipated that this change will reduce some of the customer service challenges faced by the system.

STAFF COMMENTS

County eligibility workers are expected to have the capacity to immediately enroll qualified individuals into Medi-Cal. In some counties, the local hospitals have these workers on site to allow individuals and families that need care almost immediate enrollment in the program.

The inclusion of the "MAGI Rules Engine" in CalHEERS has caused counties to reduce their responsiveness and effectiveness at connecting Californians with Medi-Cal coverage. The intended interface with the county SAWS system has been unreliable and the glitchy CalHEERS system is difficult to override locally to insure families can get the coverage for which they are entitled.

CalHEERS is one of the States most ambitious and complex information technology projects, but so far it has not delivered on all of the promised functionality. Currently the project faces a four page single-spaced list of 50 pending change requests to make the system function as intended. However, CalHEERS is still early in its development and the administration believes that recent changes made to SB 1341, better

engagement of stakeholders by OSI, and stabilization of the MediCal expansion and ACA implementation will result in better system performance and improved customer services.

If the system interface issues do not improve, one possible solution to this challenge would be to include the Magi Rules Engine in the three SAWS systems. This would reduce the reliance on counties to query the CalHEERs system in processing applications, which would likely improve system stability and reduce the level of data interfaces needed between the systems.

Staff Recommendation: Hold Open

ISSUE 2: HEALTH AND HUMAN SERVICES AGENCY BUDGET REQUESTS

The Governor's budget includes four budget proposals related to information technology in health and human services.

BACKGROUND

The Governor's budget includes several information technology-related budget requests.

These proposals are:

- \$176,000 in spending authority and one limited-term position due to a 9 month shift in procurement schedule for the State Hearings Appeals Case Management System. This project will replace the forty-year old existing State Hearing System, with a new system that will have more functionality than the current system. The administration believes that the project will still be implemented by October 2017.
- \$206,000 in spending authority and one limited-term position for the Health Care Complaint Data Reporting Project which is housed in the Office of the Patient Advocate. The project will allow the Office to collect and analyze data related to the Health Care Quality Report Cards, the Compliance Data Reports and Baseline Review of the State Consumer Assistance Call Centers, and Model Protocols for State Consumer Assistance Call Centers.
- \$1.6 million of expenditure authority for one-time costs associated with the transition of the California Electronic Benefit Transfer program to a new vendor. The existing contract for this service expired in March of 2015 and the State has triggered the first of three available annual contract extensions, which could potentially extend this contract until 2018. With this request, the Agency is beginning the planning effort for the transition to a new vendor. This funding is contingent upon State and federal approval.
- The budget includes a proposal to permanently extend two existing limited-term positions and also add permanent funding for a third existing position at the Department of Social Services. The requested positions plan and implement horizontal Integration efforts involving multiple automated systems, including Statewide Automated Welfare System (SAWS), Child Welfare Services – New System (CWS-NS), Medi-Cal Eligibility Determination System (MEDS), Leader Replacement System (LRS), and the Appeals Caseload Management System (ACMS).

STAFF COMMENTS

None.

Staff Recommendation: Approve as Budgeted

5175 DEPARTMENT OF CHILD SUPPORT SERVICES**ISSUE 3: DEPARTMENT OF CHILD SUPPORT SERVICES OVERVIEW AND TBL REQUEST**

The Department of Child Support Services (DCSS) will give an overview of the Department and provide an overview of the requested trailer bill language.

BACKGROUND

Department Description. The mission of the Department of Child Support Services (DCSS) 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.

DCSS 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. DCSS is committed to providing the highest quality services and collection activities in the most efficient and effective manner.

Overview of Department's Major Areas. 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.

California's Federal Performance Measures for Federal Fiscal Year (FFY) 2014

- **Statewide Paternity Establishment Percentage (PEP)** for California measured 98.2 percent in FFY 2014. California's performance decreased in this measure by 0.4 percentage points from FFY 2013 to FFY 2014. The Statewide 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 101.2 percent in FFY 2014. California's performance increased in this measure by 0.7 percentage points from FFY 2013 to FFY 2014. The IV-D PEP measures the total number of children in the IV-D, caseload in the fiscal year who have been born out-of-wedlock and 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 who were born out-of-wedlock, expressed as a percentage.
- **Cases with Support Orders Established** for California measured 89.2 percent for FFY 2014. California's performance increased in this measure by 0.2 percentage points from FFY 2013 to FFY 2014. This data element measures cases with support orders, including orders for medical support only and zero support orders, as compared with the total caseload, expressed as a percentage.
- **Collections on Current Support** for California measured 64.9 percent for FFY 2014. California's performance increased in this measure by 1.6 percentage points from FFY 2013 to FFY 2014. 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 65.8 percent for FFY 2014. California's performance increased in this measure by 0.7 percentage points from FFY 2013 to FFY 2014. This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the FFY, expressed as a percentage.
- **Cost Effectiveness** for California measured at \$2.43 for FFY 2014. California's performance decreased in this measure by \$0.11 from FFY 2013 to FFY 2014. 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.

Cases - DCSS serves 1.26 million cases, with 27.9 percent currently assisted (cases that receive state aid, affecting the calculation of their receipt of child support), 49.6% formerly assisted, and 22.5% never assisted.

TRAILER BILL LANGUAGE

The Department has requested trailer bill language to suspend the payment of Performance and Health Insurance Incentive Payments to counties. Existing law provides a quality assurance and performance improvement program, as well as a health coverage incentive program in order to reward counties with high performance. Payment to counties for these incentive programs has been suspended since 2002.

STAFF COMMENTS

According to the Department, new practice indicators are being developed and should be ready this Fall. These new indicators will redesign the incentive payment structure, and create more targeted incentives for counties. As these incentives have been suspended for over twelve years, many are outdated. In particular, the Health Insurance incentives must be redesigned in the wake of Affordable Care Act implementation.

Staff Recommendation: Approve TBL as Requested

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

ISSUE 4: PROGRAM AND BUDGET REVIEW

The mission of the Department of Community Services and Development is to administer and enhance energy and community services programs that result in an improved quality of life and greater self-sufficiency for low-income Californians.

BACKGROUND

Energy Programs. The Energy Programs assist low-income households in meeting their immediate and long-term home energy needs through financial assistance, energy conservation, and weatherization services.

- The Low-Income Home Energy Assistance Program (LIHEAP) provides financial assistance to eligible low-income households to offset the costs of heating and/or cooling residential dwellings, assistance payments for weather-related or energy-related emergencies, and weatherization services to improve the energy efficiency of homes. This program may include a leveraging incentive program in which supplementary LIHEAP funds can be obtained by LIHEAP grantees if non-federal leveraged home energy resources are used along with LIHEAP weatherization related services.
- The Department of Energy Weatherization Assistance Program provides weatherization to improve the energy efficiency of low-income residential dwellings and safeguard the health and safety of household occupants.
- The Lead Hazard Control Program provides services to fully abate or control lead paint hazards in low-income privately owned housing with young children.

Community Services. The Community Services Block Grant (CSBG) is designed to enable local organizations to help low-income families achieve and maintain self-sufficiency through a broad range of activities. These activities include education, employment services, emergency services, housing, income support and management, and health and nutritional services. Additionally, CSBG funds are used by local community organizations to revitalize low-income communities.

Funding (in thousands)	2013-14	2014-15	2015-16
Federal Trust Fund	\$234,854	\$251,889	\$251,832
Greenhouse Gas Reduction Fund	-	75,000	75,000
Totals, Expenditures, All Funds	234,854	326,889	326,832
Positions	95.8	118.4	119.9

STAFF COMMENTS

None.

Staff Recommendation: Informational Item.
