

AGENDA PART II

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR

WEDNESDAY, MAY 22, 2013

2:00 P.M. (OR UPON THE CALL OF THE CHAIR) - STATE CAPITOL ROOM 4202

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VOTE-ONLY ITEMS

4170 DEPARTMENT OF AGING

ISSUE 1: HEALTH INSURANCE COUNSELING PROGRAM

The Administration requests that Item 4170-101-0890 be increased by \$660,000 and that Item 4170-101-0001 be amended to reflect this change. The federal Centers for Medicare and Medicaid Services will award a one-time, \$1 million grant to CDA to provide training for Health Insurance Counseling Program staff and one-on-one dual-eligibility health insurance counseling connected with the Cal MediConnect initiative. There is no requirement for the state to match the grant funds. The adjustments reflect the estimated 2013-14 grant expenditures. The remaining funding will be expended in 2014-15, and the Administration also proposes budget bill language to allow for this carryover.

Staff Recommendation:

Staff recommends approval of the May Revision requested expenditure authority and budget bill language.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES**ISSUE 1: ADDITIONAL FEDERAL TRUST FUNDS**

The Governor's May Revision includes a request to decrease the amount of the department's General Fund support by \$276,000 and to offset the reduction with a \$276,000 increase in Federal Trust Funds. The decrease in General Fund support stems from an increase an additional Federal Trust funds being made available.

As noted in the April 25, 2013 Subcommittee hearing, there are federal incentives tied to a list of performance measures that apply to the process of establishing parentage, the collection of child support, and the overall cost of collecting child support. Additional gains have been made by the state in nearly every category. Most notably, there have been significant increases on collections in current support and collections on arrears. The additional gains made by the state have led to an increase in Federal Performance Basic Incentive funds. The table below represents the state's ranking as it compares to other states and territories.

Measure	2012 Rank	2011 Rank	2010 Rank
Paternity Establishment	7	2	2
Cases with Support Orders	14	20	25
Current Support Paid	28	37	41
Cases Payment on Arrears	22	25	31
Cost Effectiveness	49	49	50

Staff Recommendation:

Staff recommends approval of the May Revision request for DCSS.

ITEMS TO BE HEARD

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 1: MAY REVISION CASELOAD AND ESTIMATES UPDATES

The Administration requests the following technical adjustments in the May Revision:

- Workload Adjustments (Issues 507, 509, and 510): The Administration requests to increase Item 4300-003-0001 by \$903,000 and reimbursements by \$486,000, as well as to increase Item 4300-004-0001 by \$43,000 and reimbursements by \$20,000, to reflect adjustments in Level-of-Care and Non-Level-of-Care Staffing. These adjustments are due to refinements in caseload estimates based on more recent data.
- Workload Adjustments (Issues 512, 513, 514, and 518): The Administration requests to increase Item 4300-101-0001 by \$7.7 million and reimbursements by \$26.0 million to reflect adjustments in caseload, Intermediate Care Facility/Developmentally Disabled (ICF/DD) operational costs, and the delayed inclusion of developmental services in the 1915 (k) State Plan Amendment.
- Provider Payment Restoration Adjustment (Issues 516 and 517): The Administration requests to increase Item 4300-101-0001 by \$294,000 and reimbursements by \$183,000 to reflect adjustments for the operations and provider payments restoration previously included in January (and adopted by this Subcommittee on April 11, 2013).
- Annual Family Program Fee Adjustment (Issue 501): The Administration requests to increase Item 4300-101-0001 by \$3.3 million and to decrease Item 4300-101-0172 by \$3.3 million. This adjustment reflects a revised, lower estimate of fees to be collected. The underlying request was held open by this Subcommittee on April 11, 2013.
- Quality Assurance Fees (Issues 515): The Administration requests to increase Item 4300-101-0001 by \$414,000 reimbursements to reflect updated day treatment and transportation costs for ICF/DD residents.

The caseload estimates included in the May Revision anticipate that the number of consumers with developmental disabilities in the community, who are served by regional centers, will increase from 256,224 in the 2012-13 fiscal year to 265,097 in 2013-14, while the number of consumers residing in state-operated facilities will be 1,209 by the end of 2013-14 (June 30, 2014).

PANEL

- Department – Please present on the May Revision Caseload and Estimates updates.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends approval of the requested technical adjustments, subject to additional conforming changes made by other Legislative actions.

ISSUE 2: MAY REVISE – REGIONAL CENTERS**FEDERAL SEQUESTRATION BACKFILL**

The May Revision requests a reduction of \$3.4 million in the federal grant for Early Start services due to federal sequestration (Issue 506). The Administration proposes, however, to backfill \$600,000 of this amount with General Fund resources in order to maintain the expenditures for direct services. The remaining \$2.8 million decrease would be absorbed by reductions in administrative costs.

The May Revision also requests to increase Item 4300-101-0001 by \$11.9 million, and decrease reimbursements by \$11.9 million, to backfill the estimated loss of federal funding resulting from the Title XX Block Grant for Social Services and Elder Care, associated with sequestration (Issue 499).

Sequestration and Other Federal Grant Reductions

Description	Current Year		Budget Year	
	Reduction	GF backfill	Reduction	GF backfill
Title XX Social Services Block Grant*	\$ (5,660,000)	\$ 5,660,000	\$ (11,869,000)	\$ 11,869,000
<i>Detail:</i>				
<i>Regional Center - purchase of services</i>	<i>\$ (5,660,000)</i>	<i>\$ 5,660,000</i>	<i>\$ (11,869,000)</i>	<i>\$ 11,869,000</i>
Part C Grant (Early Start) **	\$ -	\$ -	\$ (4,004,564)	\$ 613,000
<i>Detail:</i>				
<i>Regional Center - purchase of services</i>			<i>\$ (613,000)</i>	<i>\$ 613,000</i>
<i>CA Department of Education</i>			<i>\$ (537,152)</i>	<i>(a)</i>
<i>Family Resouce Center (b)</i>			<i>\$ (177,566)</i>	<i>\$ -</i>
<i>DDS Headquarters</i>			<i>\$ (543,000)</i>	<i>\$ -</i>
<i>DDS Contractor - West Ed</i>			<i>\$ (1,969,846)</i>	<i>\$ -</i>
<i>Interagency Coordinating Council (c)</i>			<i>\$ (74,000)</i>	<i>\$ -</i>
<i>Office of Administrative Hearings (d)</i>			<i>\$ (60,000)</i>	<i>\$ -</i>
<i>Department of Health Care Services (d)</i>			<i>\$ (30,000)</i>	<i>\$ -</i>

* Title XX Social Services Block Grant funds are used for the purchase of consumer services to prevent or reduce the need for institutional care, including such services as: personal and family counseling; repite care; family support; transportation; self-sufficiency skills; and training in mobility and communication skills.

** Part C Federal Grant amount was reduced in Budget Year due to sequestration (\$2.8 million) and reallocation among states (\$1.2 million) for a total reduction in May Revision of \$4.0 million

(a) - CDE seeking Prop 98 backfill for all or part of this reduction.

(b) - The sequester reduction of \$100,000 was based on historical spending level, and the remaining \$77,000 reduction was based on an equitable share of the federal grant reduction.

(c) - ICC travel and general expense reduced and saving will be achieved through efficiencies.

(d) - Reduced to historical spending level.

PANEL

- Department – Please present on the Federal Sequestration Backfill May Revision proposal.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends approving the requested resources to backfill the loss of federal funding associated with sequestration.

ISSUE 3: MAY REVISE – DEVELOPMENTAL CENTERS**REAPPROPRIATION FUNDS FOR REPAIRS**

The Administration requests to add Item 4300-492 to provide for a one-year extension of the liquidation period for approximately \$322,600 that was initially appropriated in Item 4300-003-0001 by the Budget Act of 2010. DDS is in the process of completing two special repair contracts at the Sonoma Developmental Center (one to replace a main sewer line and one to replace flooring); however, the projects will not be completed prior to June 30, 2013 (when the funds are otherwise scheduled to revert). Both projects are estimated to instead be completed in August 2013.

SONOMA DC FUNDING

The May Revision reflects a \$7.4 million GF increase in 2012-13, and a \$15.7 million GF increase in 2013-14, to backfill federal funding lost due to the loss of federal certification for four residential units within the Sonoma Developmental Center (SDC) (Issue 511). The 2012-13 funding was also included in SB 68, a current-year budget bill that was passed by the Senate earlier this month. SB 68 was approved in the Assembly on May 20, 2013 and will be sent to the Governor this week.

The May Revision additionally requests \$300,000 (\$200,000 GF) in 2012-13, and \$2.5 million (\$1.7 million GF) in 2013-14, to fund a contract with an Independent Consultative Review Expert (ICRE), as required by the Program Improvement Plan the state entered into with the federal certification agency.

Finally, the May Revision includes proposed budget bill language intended to address costs that may be necessary to implement the action plan identified by the ICRE as a part of the state's Program Improvement Plan. The proposed language allows the Department of Finance to authorize expenditure of up to \$10 million GF, and to notify the Legislature within 10 working days of such authorization. The department indicates that the, as yet unidentified, costs might include costs associated with implementing recommendations related to additional staffing or training.

With approximately 500 total residents, SDC is authorized for around 1,500 state staff positions and has a 17 percent staff vacancy rate. The Governor's January budget proposed a \$2.4 million increase (\$1.3 million GF) to allow the facility to hire approximately 36 additional direct care staff. The addition of those staff members would correspondingly allow staff who serve as shift leads to focus on supervision, without being counted toward required ratios of direct care staff-to-clients. This Subcommittee previously approved that requested funding, but with authorization for the positions for a limited-term of two years.

As discussed in greater detail in the Subcommittee agenda for April 17, 2013, four out of 10 of SDC's Intermediate Care Facility (ICF) units, with approximately 111 consumers who reside in them, were recently withdrawn from federal certification by DDS, in response to notice that the federal government was otherwise moving to decertify all of the ICF units at SDC. The federal government's concerns, and DDS's resulting withdrawal of these units from certification, came on the heels of findings last year regarding multiple instances of abuse, neglect, and lapses in caregiving at SDC. The Program Improvement Plan, referenced above, covers changes required for the remaining six ICF units to retain certification, as well.

LAO Recommendation. The LAO recommends that the Legislature approve funding for the ICRE contract, indicating that it is "critical to continue progress towards recertification" of the four units. The LAO also recommends that the Legislature deny the administration's provisional budget bill language because "...it is premature to assume any level of costs associated with implementation of the action plan to be developed by the ICRE. There is uncertainty regarding the level of additional staffing, training, overtime or patient safety costs that may result from the action plan. Furthermore, the costs to implement the action plan may be minor and absorbable. If DDS requires additional funding to implement the action plan, it can utilize the deficiency funding process or seek additional expenditure authority through a supplemental appropriations bill."

ADDITIONAL TRAILER BILL LANGUAGE PROPOSALS

The 2012-13 budget included trailer bill language (in AB 1472, Chapter 25, Statutes of 2012) associated with a \$200 million GF reduction that made a variety of policy changes. These changes included, among several other provisions, a series of policies intended to redesign services for individuals with challenging needs by significantly restricting the statutory criteria for admissions to developmental centers (DCs), limiting the use of locked mental health facilities and out-of-state placements, and strengthening the capacity of the community to serve individuals with challenging needs (including expanded availability of Adult Residential Facilities for Individuals with Special Health Care Needs and the creation of a statewide Specialized Resource Service). They also included a requirement for regional centers to conduct comprehensive assessments of the service needs of all individuals residing in DCs. Disability Rights California proposes the following clean-up to these provisions:

1. Clarification that existing restrictions on use of Institutions for Mental Disease (IMDs) should apply irrespective of the age of the individual with a developmental disability. This is recommended because a reference in last year's trailer bill to the lack of federal funding for the placements that were restricted may have unintentionally created distinctions between when children under the age of 18 or adults over the age of 65 can be placed in these institutions (because federal funding may actually be available in some instances when individuals of those ages are placed in these institutions) versus the more restrictive circumstances

under which individuals between the ages of 18 and 65 can now be placed there;

2. Clarification that comprehensive assessments of the needs of DC residents that regional centers are required, under existing law, to conduct within a specified timeframe should specifically identify the community-based services and supports that would enable the individual to move to a community-based setting (including specification that those services and supports should be considered for development in Community Placement Plans, if they are not already available), along with a requirement for regional centers to submit those assessments to the court and other parties to specified hearings in response to the request of an adult who is seeking release from a DC;
3. Notification of clients' rights advocates when placements in IMDs are made, when the required assessments of DC residents' needs are being shared at Individual Program Plan team meetings in which the team will be identifying the least restrictive placement setting that can meet a consumer's needs, and when courts are holding specified hearings in response to the request of an adult who is seeking release from a DC, along with clarification that the clients' rights advocate may attend those hearings; and
4. A statement that these requirements shall be construed in a manner that "affords an adult requesting release all rights under Welfare and Institutions Code section 4502, including the right to treatment and habilitation services and supports in the least restrictive environment and the Americans with Disabilities Act of 1990 (P.L. 101-336), as amended in 2008 (P.L. 110-325), including the right to receive services in the most integrated setting appropriate."

PANEL

- Department – Please present on each of the major Developmental Center proposals in the May Revision and as outlined in the agenda.
- Legislative Analyst's Office
- Department of Finance
- Public Comment – on all subjects within this Issue.

Staff Recommendation:

Staff recommends the following:

1. Approving the May Revise proposal for Reappropriation Funds for Repairs.
2. Holding open the remaining DC issues.

5160 DEPARTMENT OF REHABILITATION

ISSUE 1: CLIENT ASSISTANCE PROGRAM

The Administration requests that Item 5160-001-0890 be decreased by \$909,000, and that Item 5160-001-0001 be amended, to reflect this change. This adjustment reflects the transfer of responsibilities for administering the federally-funded Client Assistance Program from DOR to Disability Rights California (DRC). The Administration indicates that designating DRC as the grant recipient will reduce program administrative costs by an estimated \$198,000 annually, allowing additional funding to become available for direct services. The amount of the requested decrease represents nine months of the federal grant period beginning October 1, 2013. The total federal fiscal year 2013 grant award is \$1.2 million.

PANEL

- Department – Please present on this May Revision proposal.
- Legislative Analyst's Office
- Department of Finance
- Public Comment

Staff Recommendation:

Staff recommends approval of the requested transfer of responsibilities, with a technical adjustment to make the changes to Program 10 - Vocational Rehabilitation Services (not Program 30 – Independent Living).