

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
ON HEALTH SERVICES

Assemblymember Judy Chu, Chair

FRIDAY, JANUARY 17, 2003
STATE CAPITOL, ROOM 4202
10AM

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CONSENT CALENDAR

0530 HEALTH AND HUMAN SERVICES AGENCY

- Reversion from the office of HIPAA (Health Insurance Portability and Accountability) Implementation - \$831,000.
- Disencumber prior year contracts- \$8,000.

4260 DEPARTMENT OF HEALTH SERVICES

- Disencumber prior year contracts - \$10, 152,000
- Eliminate paper distribution of CALSTARS Report, an electronic report is available - \$26,000
- Reduce Medi-Cal Anti-Fraud Media Campaign - \$133,000
- Reduce out-of-state travel - \$140,000
- Reduce Various External Contracts - \$23,000.
- Revert Prior Year 2001-2002 unneeded Capital Debt Service Payments for hospitals in the Medi-Cal Program- \$25,799,000
- Levy an assessment of 6.5 percent on rate per patient day for intermediate care facilities for the developmentally disabled and Developmental Centers and transfer the accompanying federal mat - \$4,453,000.
- Eliminate Valley Fever Vaccine Research, Effective 1/1/03, private funding is available - \$350,000.

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

- Eliminate Health Professions Career Opportunity Program - \$36,000.

4280 MANAGED RISK MEDICAL INSURANCE BOARD

- Reduce Funding for Managed Risk Medical Insurance Board Operating Expenses and Equipment in the Current Year - \$60,000.
- Reduce out-of-state travel - \$6,000.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

- Adjust Development Center Population to Staffing and non-critical Position Elimination -\$1,336,000.
- Reduce out of state Travel and Operating Expenses and Equipment - \$100,000.
- Increased Federal Funds under the Home and Community Based Waiver - \$142,700,000.

5160 DEPARTMENT OF REHABILITATION

- Unexpended Vocational Rehabilitation Funding - \$180,000.
- Eliminate CSUS Consulting Contract - \$5,000.
- Prior Year – Revert excess State Operations funding - \$886,000.
- Prior Year – Revert excess Habilitation Services Funding - \$7,562,000.
- Reduce out of state travel - \$4,000.

9909 OFFICE OF HIPAA IMPLEMENTATION

- Reversion of funding for staffing HIPAA functions in the Youth Authority - \$250,000.

ITEMS TO BE HEARD**4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT****FAMILY PHYSICIAN FAMILY PLANNING PROGRAM****BACKGROUND:**

Family Physician Training Program (FPTP) provides support to medical training institutes for the expansion of family practice resident, primary care physician assistant, osteopathic family physician, and primary care nurse practitioner residency programs. To provide ongoing stable funding source for the FPTP, the Administration proposes legislation for a surcharge on various medical licenses. The fee revenue would offset approximately \$4.5 million General Fund that supports the administration and operation of the program.

COMMENTS:

- Department of Finance please provide a brief overview of the Family Physician Training Program.
- Department of Finance, what would the fees be to support the program?

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**REGIONAL CENTERS CASH FLOW****BACKGROUND:**

The 2002-2003 budget impasse caused cash flow problems for Regional Centers. Regional Centers are nonprofit entities and their expenditure claims are not honored by the state until the budget is passed. Welfare and Institutions Code Section 4621 allows the Department of Developmental Services to advance up to 25 percent of a Regional Center's contract amount at the beginning of a fiscal year, assuming appropriations authority from the annual Budget Act. Regional Centers did not receive these advance funds because the budget was not signed until September 3, 2002.

Regional Centers bill the department after the services are provided, thereby causing a 30-45 day lag time in reimbursement of funds from the state. The advance funds would be to prevent Regional Centers from running out of cash so they could fulfill their obligations to clients, providers and their employees.

The proposed language, see handout 1, would allow for the 90 day advance payment provided by Welfare and Institutions Code Section 4621 in the event the annual state budget is not passed by July 1 of any subsequent budget year.

COMMENTS:

- ARCA please describe the cash flow problem that Regional Centers confront.
- ARCA please describe language handout 1 and how it would address the cash flow problem.

REGIONAL CENTER DEFICIT**BACKGROUND:**

The Governor's proposed 2003-2004 budget assumes a deficit in the Regional Center Program. The amount is expected to increase during the remaining months of the 2002-2003 fiscal year as the Department receives more expenditure data from the Regional Centers. The Association of Regional Center Agencies (ARCA) believes the deficit will lead to serious cash flow problems for most Regional Centers at the end of the current fiscal year. The Association believes one of the Regional Centers may run out of money prior to May of this year. ARCA projects others will run out by June 30 of this year.

ARCA believes lending institutions will be unlikely to loan funds to Regional Centers because there are no assurances the Legislature will appropriate the funds to avoid a deficit. The cash flow problem of the Regional Centers could be exacerbated if the 2003-2004 budget is delayed and the Regional Centers do not receive the 90-day funding advance as authorized in Section 4621 of the Welfare and Institutions Code. The combination of a current year deficit with a delayed budget could lead to a discontinuation of services and Regional Center closures adversely affecting the 175,000 persons with developmental disabilities.

ARCA believes the normal process for dealing with cash flow problems through the May Revision and the annual deficiency bill will not address the problem. The deficiency budget is usually not passed until near the end of the budget process. Therefore, the normal process will occur too late in the fiscal year to prevent service terminations and closure of Regional Centers.

ARCA is proposing that Section 16531.2 of the Government Code be added to create the Regional Centers Short-term Loan Fund. (See Handout 2) The fund would be used by the Department to make short-term loans, interest free, to those regional centers that certify they cannot meet current obligations. The amount of the loan cannot exceed the amount contained for Regional Centers in the annual deficiency budget bill. The loan would be repaid by debiting the appropriate Budget Act item in accord with procedures prescribed by the Department of Finance.

COMMENTS:

- ARCA, please describe the deficit problem that Regional Centers confront.
- ARCA, please describe how the deficit problem is related to the cash flow problem.
- ARCA, please describe language handout 2 and how it would address the deficit problem.