AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

Assemblymember Mervyn Dymally, Chair

MONDAY, APRIL 26, 2004
STATE CAPITOL, ROOM 437
4:00 PM

ITEMS TO BE HEARD

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 1: AGNEWS DEVELOPMENTAL CENTER CLOSURE – INFORMATION ONLY

BACKGROUND:

The closure of Agnews Developmental Center was announced in the 2003-2004 Fiscal Year budget. The closure was projected to be July 1, 2005.

The Department of Developmental Services announced in an early April letter that it was delaying the closure of Agnews until July 1, 2006.

The decision to postpone the closure was based on stakeholder input and the Department's analysis of the existing capacity of the Bay Area community to provide the range and type of services needed by 2005. The Department recognized that up to 100 Agnews residents would need to be transferred to the Lanterman Developmental Center, potentially putting their health and safety at risk and jeopardizing the continuity of family contact. The Department concurred with stakeholder recommendations that the following issues must be addressed prior to closure:

- The stability of the living arrangements must be assured;
- An appropriate array of service options designed to meet the special needs of Agnews' residents must be available;
- Systems must be in place to ensure continuity of services between the institution and the community; and
- On-going quality of care must be assured.

According to the Department, "To ensure the health, safety, and proper care of residents of Agnews as they transition to less restrictive, more integrated community placements, the State must ensure the essential building blocks are in place, including development of necessary housing, alternative models of service delivery, and appropriate quality issues."

The Department announced that it will shortly bring forth specific budget and legislative proposals, as well as a timeline for moving forward.

COMMENTS:

Department of Developmental Services, please briefly outline the Bay Area Project.

Department of Developmental Services, when might the Subcommittee receive the budgetary and legislative proposals?

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 2: STATEWIDE PURCHASE OF SERVICES STANDARDS

BACKGROUND:

The Administration again has proposed the imposition of Statewide Purchase of Services standards for the 2004-2005 fiscal year. The budget projects savings of $100 million from a variety of measures, one of which is the imposition of Statewide Purchase of Services Standards. They were first proposed in the 2002-2003 fiscal year and again in the 2003-2004 fiscal year. The Legislature rejected the standards in both of the prior years.

The Department, in conjunction with Association of Regional Center Agencies, each year establishes the level of funding for each Regional Center. The budget attempts to address the changing budget and programmatic needs of the regional center system. However, a Regional Center's budget will largely reflect what it received last year plus a component to recognize the growth.

There is a wide variation in expenditures between Regional Centers. The Department has examined through statistical analysis the variation in expenditures. To a certain extent, variation in expenditures between Regional Centers should occur because the services provided to each client of the system should reflect the individual needs of the client. An additional source of variation is the amount of generic services (services provided by other public agencies) that are available in the various communities. Variation is the norm.

To address the issue of variation in expenditures, the Department contracted with researchers at UC and CSU to examine the issue statistically. The final report concludes:

- Patterns of service expenditures were very similar across the five years examined (1995-1996 through 1999-2000) suggesting that regional centers maintain consistent standards for service delivery;
- Influences on legitimate cost-related factors include chronological age, residence type, consumer characteristics, level of mental retardation and levels of adaptive and maladaptive behavior.
- Gender has no relationship to service costs.
- Ethnicity has a small, but statistically significant relationship to service costs. Discrepancies among ethnic groups may arise from several sources such as socioeconomic status. People with lower incomes may rely on the Department for a larger proportion of their service needs.
- Persons with more severe mental retardation receive a higher level of resources;

The highest expressed needs tended to be among the lowest with unmet needs, indicating that Regional Center services are responsive to the most commonly expressed needs.

- Staff and consumers/parents felt that services were provided on the basis of need whenever possible, and participants found the process of service delivery equitable.

Notwithstanding the explanation of the differences between regional centers a degree of variation exists and cannot be explained by any of the factors identified above.

The principal objections to the Purchase of Services standards proposed over the last two years were they gave broad authority to the Department to: prohibit any consumer service or support; unilaterally reduce provider rates; and grant authority to the Regional Centers to deny services with a right of appeal. The revised trailer bill for the 2004-2005 fiscal year grants the Department authority to establish limits on type, scope, amount, duration, location and intensity of services and supports purchased by Regional Centers for clients and their families. The trailer bill would also grant the Department authority to prohibit the purchase of specified activities or items. Unless required by federal law, no activities or items denied or terminated pursuant to the to the prohibitions in the regulations promulgated to the statute shall be the subject to a fair hearing. As with the prior two proposals, no fiscal detail has been provided.

COMMENTS:

Department of Developmental Services, please outline for the Subcommittee the proposal, including both the draft trailer bill and regulations.

Department of Developmental Services, would any services have to be eliminated? If so, which ones? Would the proposal permit the Department to unilaterally reduce provider rates?

Legislative Analyst Office, please provide an overview of the proposed changes to the purchase of services trailer bill language.

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 3: REGIONAL CENTERS COST CONTAINMENT – FINANCE LETTER

BACKGROUND:

The Finance Letter proposes to increase funding to the Department of Developmental Services by $900,000. The Finance Letter also provides $600,000 to support consultant and project contracts to implement cost containment measures proposed for regional centers.

The funding will be for nine staff positions that will implement four Regional Center cost containment measures proposed in the 2004-2005 budget request. The cost control strategies are: statewide purchase of service standards; family co-payment for certain regional center services; standardization of rates; and self-directed service expansion. The contract funds are for the development of: standardized rate system; technology enhancements to integrate the new rate system into the current computer system; and development of a Federal Independence Plus Waiver to ensure the expansion of the self-directed service model is cost neutral to the state.

To implement the statewide purchase of service standards two positions are requested. Development of the standards will involve researching and resolving complex policy and legal issues of the most sensitive nature. To meet the requirements of the Administrative Procedures Act, the standards will need to be: well-crafted; legally sound; acceptable to the community; and defensible.

The family co-payment for certain regional center services is proposed to be administered by the Regional Centers and thus does not need any new positions.

The Finance Letter proposes to add four positions for rate standardization. To accomplish rate reform a multi-year strategy is necessary to effectively review the existing methodology, identify drawbacks and inconsistencies, identify and develop alternatives, identify and develop statutory and regulatory changes, as necessary and implement and monitor the revised methodology. In addition to the four staff requested, the Department also will be utilizing consultants to conduct research and provide technical assistance and recommendations relative to identification and grouping high cost areas throughout the state, appropriate indicators for determining cost differences based on geographic areas and cost differences for each geographic area.

The Finance Letter would restore two limited term positions lost by the Department through the 4.10 cuts last fall. The Letter also would add one counsel to address statute changes, regulations oversight and other legal issues that will arise during the development and implementation of the cost containment strategy.

COMMENTS:

Department of Developmental Services, please describe the cost containment strategy and the need for the 9 positions.

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 4: FAMILY COST PARTICIPATION ASSESSMENT PROGRAM

BACKGROUND:

As part of the 2003 Budget Act the Legislature required the Department of Developmental Services to develop a system of enrollment fees, co-payments, or both, to be assessed against parents of children between the ages of 3 and 17 years of age who live in the parent's home, receive regional center purchased services, and are not Medi-Cal eligible. The report was due to the Legislature on or before April 1, 2004. It was to include a system of co-payments and a detailed plan of implementation.

Basic Principles of the Plan:

When developing the proposal, the following principles were considered:

- All families who are financially able to participate in the cost of services provided to their children should do so.
- Family cost participation shall be developed in such a manner that will not create an unacceptable financial burden, will maintain the integrity of the family, and encourage families to continue caring for their children in their own home.
- Family cost participation will not compromise the health and safety of consumers receiving services.
- The assessment of family cost participation will not impact the IPP process that reflects the consumers' goals, objectives, and services and supports. The families' responsibility will be applied as part of the purchase of service authorization process.
- Consideration will be given to the number of family members dependent on the income and the number of children who receive services through the regional center, while either in the family's home or out-of-home, including developmental centers.
- The system must be simple and cost-effective to administer (e.g., costs to administer the system cannot exceed the ongoing realized savings).
- The amount of the family cost participation assessment will be less than the amount of the parental fee for 24-hour, out-of-home placement in order to encourage families to continue caring for their children in their own home.
- The system must not affect the Department's eligibility for other funding sources (i.e., waivers, Medi-Cal, etc.).
- The system must react to changes in family economic conditions or unforeseen, unusual family hardships, and allow for the re-determination of the level of cost participation based on those changes.

Services:

Three services would be considered when determining the family's cost assessment:

- Respite
- Day Care
- Camping

All other services provided by the regional center system were determined to have a direct impact on consumers, and therefore, were not considered for inclusion in the assessment process. It is essential that the needs of consumers remain as the main priority to ensure that their health and safety is not compromised.

The level of services would be determined during preparation of the Individual Program Plan (IPP) with the participation of the consumer, family, regional centers, and others, as appropriate. The amount of services and supports purchased by the regional center would be guided by the proposed Statewide Purchase of Services Standards and subject to any exceptions granted by the Regional Center to protect the health and safety of the consumer, or to prevent the consumer's movement to a more restrictive living environment.

Income:
Families with children with developmental disabilities who are between the ages of 3 and 17 years of age and receive one or more of the targeted services would be required to submit income verification to the regional center to determine their level of participation in the provision of those services. Families whose annual gross income is less than 400 percent of the Federal Poverty Level (FPL), as adjusted by family size, would not be assessed. Families whose annual gross income is 400 percent or more above the FPL, as adjusted by family size, would share in the cost of services provided to their children. The family's share of cost participation would be re-determined annually to assess the appropriate level of cost participation. A re-determination could be made sooner if there was a significant change in family circumstance, such as a severe illness that added a financial burden on the family, or a miscalculation of the assessment amount.

FAMILY COST PARTICIPATION ASSESSMENT PROGRAM

FAMILY INCOMES AND FAMILY SIZE

FROM NOVEMBER 2003 SURVEY

Income	Family Members								
	Total	% to Total	2 or less	3	4	5	6	7	8	9 or more
Under $24,240	1,095	18 %	197	263	325	184	78	27	9	12
$24,241 - $30,520	535	9 %	72	117	179	100	47	15	1	4
$30,521 - $36,800	428	7 %	39	89	164	79	45	8	3	1
$36,801 - $43,800	494	8 %	45	106	181	95	40	18	6	3
$43,801 - $49,360	374	6 %	39	59	123	103	36	5	6	3
$49,361 - $55,640	362	6 %	19	64	136	86	30	16	6	5
$55,641 - $61,920	409	7 %	16	63	161	114	41	10	2	2
Over $61,921	2,375	39 %	89	402	1,037	570	198	45	20	14
TOTAL	**6,072**	**100 %**	**516**	**1,163**	**2,306**	**1,331**	**515**	**144**	**53**	**44**

Examples

Example Number 1
A family of five persons, including the mother, father, and three minor children, one child with developmental disabilities residing in the home, is authorized 72 hours per quarter of vouchered respite services as indicated in the IPP. The family's annual gross income is $280,000, which is 1300 percent above the FPL. Using the Family Cost Participation Assessment Program (FCPAP) schedule, the family would be obligated to participate in 80 percent of the 72 hours, or 58 hours per quarter, of respite services; therefore, the regional center would pay for 14 hours per quarter. Using the hourly rate budgeted for voucher respite of $8.57, the family's participation would amount to $497.06 per quarter, or $165.69 per month.

Example Number 2:
A family of four persons, including the mother, father, and two children between the ages of 3 and 17 years of age, one child with developmental disabilities residing in the home, is authorized 72 hours per quarter of vouchered respite services, even though the family indicates a need of 90 hours per quarter. The regional center determines that limiting the respite hours to the level of 72 hours stated in the Purchase of Service Standards will not compromise the health and safety of the consumer. The family's annual gross income is $73,600 which is 400 percent above the FPL. Using the FCPAP schedule, the family would be obligated to participate in 5 percent of 72 hours, or 4 hours per quarter, of respite services; therefore, the regional center would pay for 68 hours per quarter. Using the hourly rate budgeted for vouchered respite of $8.57, the family's participation would amount to $34.28 per quarter, or $11.43 per month.

Regional Center Staffing
An increase in funding for regional center operations would be required to administer the

FCPAP, as follows:
2004-05: Approximately $570,000 and 11 positions would be needed to perform the cost participation assessment function at the regional centers beginning January 2005.
2005-06: Approximately $912,000 and 18 positions would be needed to continue the initial assessments and begin the re-determination process for those families who were phased-in in 2004-05.
2006-07: Approximately $770,000 and 15 positions would be needed on an on-going basis for this function.

General Fund Savings:
In calendar year 2002, approximately 22,448 non-Medi-Cal-eligible consumers 3 to 17 years of age lived in their parents' home. It is estimated that approximately 6,793 of these consumers family income is equal to or greater than 400% of the federal poverty level, which is the threshold included in the proposal.

Actual 2002-03 Purchase of Services Expenditures
for 22,448 Consumers Meeting Family Cost Participation Assessment Program Criteria

Budget Category	FCPAP Services				Non-FCPAP Services	Total Services
	Respite	Day Care	Camping	Subtotal		
Out of Home					$600,725	$600,725
Day Programs*					9,702,061	9,702,061
Transportation					770,884	770,884
Support Services					21,071,806	21,071,806
In-Home Respite	$35,302,658			$35,302,658		35,302,658
Out-of-Home Respite	359,931	$11,637,776		11,997,707		11,997,707
Health Care					6,384,305	6,384,305
Miscellaneous			$1,063,823	1,063,823	25,941,048	27,004,871
FY 2002-03 Total	**$35,662,589**	**$11,637,776**	**$1,063,823**	**$48,364,188**	**$64,470,829**	**$112,835,017**

*The majority of Day Program costs are temporary in nature and are transitional until children begin school.

Of the $13.6 million in targeted service costs, a savings of $570,000 in 2004-05, $3.1 million in 2005-06, and $3.5 million in on-going years would be realized due to the family's cost participation assessment.

The indirect fiscal impact on the Purchase of Services Standards costs in 2004-05 from implementation of the FCPAP cannot be estimated at this time. Recent budgetary and programmatic changes in the regional center system, including service-level rate freezes, unallocated reductions, and proposed Purchase of Services Standards for 2004-05, have impacted the Purchase of Services Standards costs to the extent that a reliable estimate currently cannot be developed. It is expected that execution of long-term proposals, such as Purchase of Services Standards and the FCPAP in 2004-05, and the restructuring of certain service provider rates and implementation of the Self-Directed Services waiver in 2005-06 will address the issue of rising purchased service costs for consumers with developmental disabilities served by the regional centers.

COMMENTS:

Department of Developmental Services, please outline for the Subcommittee the proposed family co-payment for Regional Center Purchase of Services.

Department of Developmental Services, why was the income threshold of 400 percent of the Federal Poverty Level chosen as the initial starting point of the co-payment? Healthy Families charges families co-payments at a much lower level of family income.

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 5: CONTRACTING OUT

BACKGROUND:

The budget proposes a reduction of $1.6 million ($910,000 General Fund) and 459 state positions by contracting out for food services at the Developmental Centers. The Department of Developmental Services would be required to contract out for food services as of January 1, 2005. This proposal would require a state constitutional amendment to enact.

The Developmental Centers have large, institutional kitchens where food is prepared by state employees for the residents. Due to the fragile medical condition of many of the Developmental Center (DC) residents and the resulting dietary restrictions, food preparation at the DCs is more complex than is typically the case for other institutions. Many DC residents have special meal plans prepared for them by dieticians and medical staff.

The California Constitution and case law limits the amount of contracting-out in which the state can engage. The Legislative Analyst Office analysis points out that contracts cannot cause the displacement of civil service employees. As such, the Administration is proposing to place an amendment to the State Constitution on the November 2004 ballot so all aspects of the Administration's proposal to contract out could be implemented in the budget year.

COMMENTS:

Legislative Analyst Office, please outline for the Subcommittee the constitutional issue and the prohibition on contracting out where displacement of civil service workers would occur.

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 6: REGIONAL CENTER VENDOR AUDITS – LAO ISSUE

BACKGROUND:

The Legislative Analyst Office has researched the vendor audits conducted by the Regional Centers and questions the level of audit recoveries. For the Fiscal Years of 2001-2002 and 2002-2003 the Regional Centers recovered a total of $1.119 million (see chart 1) in 2001-2002 and $2.046 million (see chart 2) in 2002-2003. The community-based program of the Regional Centers is approximately $2.7 billion. As shown in the charts, Regional Centers are required to conduct a certain number of audits. Regional Centers, however, conduct more vendor audits than required. The Legislative Analyst Office questions the level of audit recovery that is identified through these audits. For a program as large as the Regional Center Purchase of Services the LAO thinks there should be additional audit exceptions.

The Welfare and Institution Code, Section 4648.1 provides that the Department and regional centers may audit service providers and recover funds based on those audits. In addition, Title 17, Section 50606 identifies the types of audits regional centers will do, sets forth the process for issuing an audit report, and requires that all auditing work, to the extent practicable, comply with Generally Accepted Government Auditing Standards.

The number of audits conducted by Regional Center must meet or exceed 5% of the total separately vendored services by the Regional Center in the following categories: community care facilities, transportation, day programs, in-home respite agencies and respite facilities. Regional Centers must ensure that at least 20% of the audits conducted are cost verification audits, which would include cost statements and other cost verification, and 35% of the audits are billing audits.

The Legislative Analyst Office suggests the responsibility for vendor audits be shifted to the Department of Developmental Services from the Regional Centers. Shifting the responsibility from the Regional Centers to the state would allow more uniform oversight of vendors, consistency of auditing and yield from audits. As the Department of Developmental Services does not have the staff to take on the function of provider audits, the Legislative Analyst Office suggest transferring to the Department the $2.9 million of $4.4 million in Regional Center operations funding that supports the vendor audit at the Regional Centers.

The Legislative Analyst Office recommends that the Department of Developmental Services report back at a future budget hearings on whether it would be more cost effective for the Department to conduct the audits or to contract out for them. In addition, DDS should also report back on a timeline necessary for completing such a shift**.**

COMMENTS:

Legislative Analyst Office, please provide the Subcommittee with a summary your proposal and its fiscal implications

Department of Developmental Services, please provide the Subcommittee with your assessment of the Legislative Analyst Offices analysis. Can the vendor audit process be improved? How?

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 7: OPERATIONS UNALLOCATED REDUCTION

BACKGROUND:

The Administration's budget proposes to reduce the Regional Center Operations budget by $6.5 million for the 2004-2005 budget year. The total reductions to Regional Center Operations for the 2004-2005 fiscal year will be $49.457 million (see table below) if the $6.5 million reduction is adopted.

2004-05 Fiscal Year	
Reduction to the core-staffing formula	$ 29,544,000
service coordinator case load ratios	
supervisor to service coordinator ratios	
secretary support ratios	
Note: full-year Impact	
Proposed reduction to Administration portion of	$ 6,458,000
core-staffing formula	
Unallocated reduction carryforward	
from 1991-92 fiscal year	$ 10,559,000
Total Reduction 2004-05 fiscal year	$ 46,561,000

Source: Association of Regional Center Agencies

The expenditures for Regional Center operations are projected to be $420.1 million in the budget year. Personal services expenditures at Regional Centers are projected to be $379.6 million, see the table below from the Department of Developmental Services. Of that amount $263.4 million is for direct services. The projected expenditures for administration personal services are $52.6 million. Operating expenses are projected to $63.5 million and the proposed reduction is ten percent of that.

OPERATIONS
Breakout of Staffing
by Direct Services and Administration
BY 2004-05

	Total		Direct Services	Administration
CORE STAFFING				
Personal Services:				
Salaries	$260,639,000		$216,820,000	$43,819,000
Positions	7,512.71		5,694.14	1,818.57
Fringe Benefits	61,771,000		51,386,000	10,385,000
Salary Savings	-10,687,000		-7,706,000	-2,981,000
Subtotal Personal Services	$311,723,000		$260,500,000	$51,223,000
Early Start/ Part C Admin/Clinical Support	694,000		347,000	347,000
Enhancing FFP, Phase II	3,623,000		2,564,000	1,059,000
Total Personal Services	**$316,040,000**		**$263,411,000**	**$52,629,000**
Operating Expenses:				
Operating Expenses	$30,115,000		$22,832,000	$7,283,000
Rent	33,411,000		25,225,000	8,186,000
Total Operating Expenses	$63,526,000		$48,057,000	$15,469,000
SUBTOTAL CORE STAFFING	**$379,566,000**		**$311,468,000**	**$68,098,000**
Cost Containment	**-$6,458,000**		**$0**	**-$6,458,000**
Community Placement Plan	**$9,826,000**		**$9,138,000**	**$688,000**
Intake and Assessment	**-4,465,000**		**-4,015,000**	**-450,000**
SUBTOTAL	**$378,469,000**		**$316,591,000**	**$61,878,000**
Percent Relationship	*100.0%*		*83.7%*	*16.3%*
Unallocated Reduction a/	**-10,559,000**		**-8,833,000**	**-1,726,000**
TOTAL STAFFING	**$367,910,000**		**$307,758,000**	**$60,152,000**
FUNDING: **General Fund**	$233,126,000	63.4%	$195,011,000	$38,115,000
General Fund Match	*119,056,000*	*32.4%*	*99,591,000*	*19,465,000*
General Fund Other	*114,070,000*	*31.0%*	*95,420,000*	*18,650,000*
Reimbursements	$124,566,000	33.9%	$105,725,000	$18,841,000
Targeted Case Management	*101,989,000*	*27.7%*	*85,314,000*	*16,675,000*
Medicaid Administration	*9,327,000*	*2.5%*	*9,327,000*	

Medicaid Waiver Administration	*13,250,000*	*3.6%*	*11,084,000*	*2,166,000*
Federal Funds	$10,218,000	2.8%	$8,547,000	$1,671,000
Early Start	*10,218,000*	*2.8%*	*8,547,000*	*1,671,000*

a/ Distributed between Direct Services and Administration based on percent relationships in Staffing above.
Source: Department of Developmental Services

COMMENTS:

Department of Developmental Services, please explain the $6.5 million unallocated reduction proposal, including how it was developed.

Department of Developmental Services, please outline for the Subcommittee from where will the Regional Centers achieve the efficiencies. What will be the consequences to the various Regional Centers and their clients?

ITEM 4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 8: ADDITIONAL FEDERAL FUNDS

BACKGROUND:

During the last few years the state has been aggressively pursuing federal funds. From the 1999-2000 fiscal year through the 2003-04 fiscal year the Department has increased federal funds from $519 million to $882 million. The federal funds under the Home and Community Based Waiver (HCBW) increased from $270 million to $546 million. The funding increase from Department's waivers include, in addition to the HCBW, the Targeted Case Management Waiver, Title XX Social Services Block Grant Funds and the Early Start Program,

The growth in the funding has saved the state general fund through shifting Medi-Cal eligible clients to waiver services. In addition it has permitted the state to be flexible and assisted the state in complying with the Coffelt Settlement and the Olmstead Decision. In addition, the federal funds have been used to enhance quality assurance measures and service monitoring.

The Administration's proposed budget for 2004-2005 projects the following changes in federal funds:

- Delayed federal approval for adding respite voucher services to the HCBW, for a loss of about $5 million in funding. Implementation is expected as of October 2004.
- A decline of $13.2 million from waiver administrative activities as additional analysis is necessary to capture the needed data from Regional Centers.
- Obtained federal approval to lift the existing freeze on enrollment under the Waiver for South Center Los Angeles Regional Center. Billing for new eligible consumers will be retroactive to October 1, 2002.
- Obtained federal approval to obtain increased federal funds in 2003-04 as contained in the Budget Act of 2003 for (1) certain transportation activities, and (2) supported living arrangements.
- Pending the federal CMS approval, the budget assumes savings of $27 million due to increased federal funds by changing the methodology and re-calculating the Targeted Case Management (TCM) billing rates to more accurately capture federal reimbursements. However, the federal CMS has had the state's request for a significant period of time and has not yet provided the state with approval.

Additional federal funds can be realized. Additional federal funding will result the inclusion of South Central Los Angeles Regional Center (SCLARC) on the Home and Community-Based Waiver. Also, when the state receives federal CMS approval for the Targeted Case Management adjustment, the state may be able to receive retroactive funding on this adjustment. Finally, California may be able to receive additional federal funding for the Early Start Program and for certain residential care facilities—Intermediate Care Facilities for the Developmentally Disabled.

The Department of Health Services has been informed by the federal Centers for Medicare and Medicaid Services that California will be able to obtain retroactive approval to 1999-2000 for SCLARC. This retroactive availability of increased federal funds is not captured in the Governor's budget. As such, SCLARC billings for consumers eligible for the Waiver can be recognized for 1999-2000, 2000-01 and part of 2002-03. According to data the Senate obtained from the Department of Health Services, a total of $29.9 million in additional federal funds can be claimed can be used to offset General Fund.

COMMENTS:

Department of Developmental Services, please describe how the $29.9 million from claiming on a retroactive basis for the South Central Los Angeles Regional Center became available.

Department of Developmental Services, please comment on the possibility of the state receiving funds from the Targeted Case Management Program and the Early Start Program.

Legislative Analyst Office, please comment on the AO, Please provide comment regarding the likelihood of federal funds for ICF-DD facilities.

Department of Developmental Services, please comment on the possibility of the state securing additional funds.