Assembly Budget Subcommittee No. 1 on Health and Human Services Assemblymember Patty Berg, Chair January 23, 2008 State Capitol, Room 4202

Overview of Governor's Budget-Balancing Reduction (BBR) Proposals Department of Health Care Services, Hearing I

(BBR's available on DOF website at http://www.dof.ca.gov/budget/historical/2008-09/documents/BBR_0809.pdf)

BBR page #	Title	2007-08 Savings	2008-09 Savings	Requested Legislative Action	Comments
1 5		U		Special	
				Session	
	Delay Payments to Fee-			Trailer Bill	Cash-flow only. One-time delay
	for-Service Institutional			Language	of August 2008 payments until
None	Providers			(SSTBL)	September 2008.
	Delay Medi-Cal		(232,000)		
	Managed Care Plan				Cash-flow only. One-time delay
N	Payment and Delta				of August 2008 payments until
None	Dental Plan payment	405.000		None	September 2008. One-time budget savings and
		165,000			ongoing cash deferral.
None	Medi-Cal- Fee-for- Service Checkwrite			SSTBL, CY CS 4.44	Ongoing delay of mid-June provider checkwrite until July, starting June 2008.
		\$ 47,631	\$ 1,073,992		T () () () ()
	Medi-Cal Local				Total of Special Session Issues. Also reduces federal
	AssistanceTotal BBR				funds by \$47.8 million in 07-08
276	Savings				and by \$1.076 billion in 08-09.
		(33,434)	(602,400)		
					10% rate reduction to almost all Medi-Cal noninstitutional
					providers, including California
					Childrens Services and Family
070	Reduce Provider				PACT (which receives an
278	Payments by 10%			SSTBL	average 3:1 federal match).

General Fund (in Thousands)

				Requested	
BBR		2007-08	2008-09	Legislative	
page #	Title	Savings	Savings	Action	Comments
		(0)	(7,750)		Shifts federal waiver funding
					from the Designated Public
					Hospitals (DPHs) and the South Los Angeles Medical
					Services Preservation Fund
					(SLAMSPF) to back out
	Increasing the				General Fund support for four
	Federalizing of the State				programs. Related actions in
	funded Programs				Family Health bring the total shift to \$34.4 million in 08-09
	through the Safety Net				and \$54.2 million on a fully
280	Care Pool by 10%			SSTBL	annualized basis.
		(0)	(30,000)		BBR identifes potential greater
	Reduce Non-Contract				impact on rural areas, in which there are few contracting
282	Hospitals by 10%			SSTBL	hospitals.
		(0)	(56,752)		
					Exempts Level B Nursing
					Facilities and Intermediate Care Facilities for the
					Developmentally Disabled on
	.				the basis that they contribute to
004	Reduce Long Term				their rates through payment of
284	Care Rates by 10%	(0)	(24,000)	SSTBL	a Quality Assurance Fee.
	Reduce Demonstration	(0)	(24,000)		The BBR notes that these
	DSH Private Hospitals				hospitals may approach the
	and Non-Designated				California Medical Assistance
286	Public Hospitals by 10%			SSTBL	Commission for rate increases to backfill their reductions.
200		(0)	(400)		
	Reduce Benefits to the	(-)	(-)		Eliminates service for adults
	Federal Minimum -				not in nursing facitlies. Savings
288	Chiropractors			SSTBL	is net of 25% offset for shift to physician services.
200		(390)	(4,700)	SOTEL	Entirely eliminates these
		(000)	(:,: •••)		prescribed incontinence
					supplies as a benefit. BBR
	Reduce Benefits to the				notes that beneficiaries may purchase commercially
	Federal Minimum -				available products with their
290	Creams and Washes			SSTBL	own funds.
	Reduce Benefits to the	(28)	(2,850)		Eliminates service for adults
	Federal Minimum -				not in nursing facitlies. No impact on other services
292				SSTBL	
292	Acupuncture			SSTBL	forseen in the BBR.

				Requested	
BBR		2007-08	2008-09	Legislative	
page #	Title	Savings	Savings	Action	Comments
		(9,579)	(114,950)		
					Eliminates all federally optional dental services for adults
					about 3 million persons. 20%
					of current adult dental costs
					have been retained for
					federally-required services
					(DHCS should identify these). The BBR also indicates offsets
	Reduce Benefits to the				for increased emergency room
	Federal Minimum - Adult				visits and medical and hospital
20/	Dental			SSTBL	costs, but does not specify the amounts.
204		(0)	(2,000)		Eliminates service for adults
					not in nursing facitlies. Savings
	Reduce Benefits to the				have been reduced by 50% due to increased costs for
	Federal Minimum -				nursing homes. Reduced
	Audiology and Speech				spending on hearing aids also
296	Therapy	(2)	((SSTBL	assumed.
		(0)	(1,030)		Eliminates service for adults
					not in nursing facitlies,
					including low-vision services
					for visually impaired and legally blind. Savings have been offset
					to some extent for shift to
					opthomological services and to
	Reduce Benefits to the				emergency rooms and
	Federal Minimum -				community clinics. BBR cites additional impact in rural areas
298	Optometrists			SSTBL	served by few opthamologists.
		(0)	(6,150)		Eliminates eyeglasses and
					contact lens for adults not in nursing facitlies. Currently all
					50 states provide optician
	Reduce Benefits to the				services, according to the
	Federal Minimum -				BBR. Eyeglasses are currently produced by Prison Industry
300	Opticians/ Optical Labs			SSTBL	Authority (PIA).
		(0)	(1,690)		
	Reduce Benefits to the				Eliminates service for adults
	Federal Minimum -				not in nursing facitlies. Savings are offset by 40% for shift to
302	Podiatry			SSTBL	physican and other services.

				Requested	
BBR		2007-08	2008-09	Legislative	
page #	Title	Savings	Savings	Action	Comments
		(0)	(250)		
					Eliminates service for adults not in nursing facitlies. Current
					benefit limited to 2 visits per
					month unless provided by
					county mental health services.
					Savings are offset by 50% for shift to psychiatric and other
	Daduas Dansfils to the				services. BBR proposals for
	Reduce Benefits to the				the Department of Mental
304	Federal Minimum - Psychology			SSTBL	Health may also affect Medi- Cal beneficiaries.
304	т зуспоюду	(4,200)	(50,100)		Assumes that dual-eligible
					beneficiaries will pick up the
					monthly cost of \$96.40. The
					program receives no direct federal match. However, the
					BBR does not assume any
	Stop Paying Part B				increased state cost due to
	Premiums for Unmet				loss of Medicare payment for Part B services to individuals
	Share-of-Cost				who drop Part B and then meet
306	Beneficiaries		(====)	SSTBL	their share of the cost.
			(525)		Assumes renogtiation of
					existing contract. Federal
					match is 3:1. the Management
					Information System/Decision Support System (MIS/DSS)
	Fiscal Intermediary (FI)				has been built with a large
	and Contracts Oversight				investment of state and federal
	Division, Reduce				funds and provides critical analysis and predictive
	MIS/DSS Contract by			08-09	modeling for Medi-Cal policies,
316	25%.			Budget	programs and initiatives.
			(2,100)		Loss of 5:1 federal match
					shown in BBR. Will extend
					period of noncompliance with
					federal requirement to convert
					to national billing codes and will delay or eliminate many
	FI Systems Group			08-09	other backlogged projects,
324	Reduction			Budget	according to the BBR.

BBR		2007-08	2008-09	Requested	
page #	Title	Savings	2008-09 Savings	Legislative Action	Comments
page #	FI CHANGE ORDER	ouvings	(425)	Addon	Comments
	REDUCTION FOR		()		Loss of 3:1 federal match.
	ELECTRONIC DATA				Assumes that there will be less need for change orders. If not,
	SYSTEMS (EDS)			08-09	then extra costs will be
326	CONTRACT			Budget	incurred.
	FI Transition to	(0)	(1,000)		Paper versions of provider
	electronic media				manuals will be eliminated and copies of provider bulletins
	transfer (EMT) in Print,				reduced. Providers will shift to
	Postage, & Parcel Cost			08-09	relying on the Medi-Cal web
328	Reimbursement		(700)	Budget	site.
	FI Reduction to Dental FI Surveillance and		(700)		
	Utilization Review			08-09	Consistent with elimination of
330	Subsystem			Budget	Adult Dental Optional Benefit. Loss of 3:1 federal match.
000	Oubbystern		(100)	Dudget	
	FI, Elimination of Vector		· · · ·		Loss of 5:1 federal match.
	Messages on				Eliminates recorded
	Telephone Service				informational messages on provider call-ins. BBR identifies
	Center Provider Phone			08-09	potential increased costs due
332	Lines		((()))	Budget	to more live calls and errors.
			(443)		BBR cites potential automation
					improvements to absorb the
	FI, 10% cut to California				cut, but also potential for loss
	Discount Prescription				of 5-10% of members and
	Drug Program Fl			08-09	providers due to limited phone access. Program uses state-
334	Contractor			Budget	only funding.
		\$-	\$ 41,839		Total of Openial Openiar
	Family Health Local				Total of Special Session Issues. Also reduces federal
338	Assistance				funds by \$42.0 million in 08-09.
		(0)	(10,989)		
					Consistent with BBR rate cut in Medi-Cal. Applies to non-
					contract hospitals and all other
	CCS Reduce Provider				CCS providers except certain
340	Payments by 10%.			SSTBL	long-term care facilities.

BBR page #	Title	2007-08 Savings (0)	2008-09 Savings	Requested Legislative Action	Comments
342	Genetically Handicapped Persons Program (GHPP) Reduce Provider Payments by 10%	(0)	(4,200)	SSTBL	Consistent with BBR rate cut in Medi-Cal. Applies to non- contract hospitals and all other GHPP providers except certain long-term care facilities. Funding is state-only.
344	Increasing the Federalizing of the State- funded CCS and GHPP Programs through the Safety Net Care Pool by 10%	(0)	(26,650)	SSTBL	Shifts federal waiver funding from the Designated Public Hospitals (DPHs) and the South Los Angeles Medical Services Preservation Fund (SLAMSPF) to back out General Fund support for four programs. Related Medi-Cal actions bring the total shift to \$34.4 million in 08-09 and \$54.2 million fully annualized.
348	Rural Health Services Delivery10% cut to Expanded Access to Primary Care (EAPC) Program grants and reimbursements	(0)	\$ 3,545	SSTBL	State-only funding. BBR identifies loss of funding for more than 150,000 encounters, including medical and dental care, public health nursing, and health education.