# AGENDA SUBCOMMITTEE NO. 1 On HEALTH AND HUMAN SERVICES

### ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR

### Tuesday, January 25, 2011 State Capitol, Room 4202 1:00 p.m.

EVERY EFFORT WILL BE MADE TO ACCOMMODATE ALL MEMBERS OF THE PUBLIC WHO WISH TO PROVIDE PUBLIC TESTIMONY. HOWEVER, DUE TO THE UNUSUALLY SHORT TIME-FRAME AND THE BREADTH OF HEALTH AND HUMAN SERVICES ISSUES BEING CONSIDERED, THE CHAIR WILL ANNOUNCE AT THE ONSET OF EACH HEARING HOW MUCH TIME, AND WHERE IN THE AGENDA, PUBLIC TESTIMONY WILL BE ALLOWED. WRITTEN TESTIMONY IS STRONGLY ENCOURAGED AS THE SUBCOMMITTEE CANNOT GUARANTEE THERE WILL BE ENOUGH TIME FOR EVERYONE TO SPEAK.

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#### **DISCUSSION ITEMS**

### 4170 CALIFORNIA DEPARTMENT OF AGING

#### **BUDGET OVERVIEW**

The California Department of Aging's (CDA's) mission is to promote the independence and well-being of older adults, adults with disabilities, and families through:

- Access to information and services to improve the quality of their lives;
- Opportunities for community involvement;
- Support to family members providing care; and
- Collaboration with other state and local agencies.

As the designated State Unit on Aging, CDA administers Older Americans Act programs that provide a wide variety of community-based supportive services as well as congregate and home-delivered meals. It also administers the Health Insurance Counseling and Advocacy Program. The Department also contracts directly with agencies that operate the Multipurpose Senior Services Program, and certifies Adult Day Health Care centers for the Medi-Cal program.

Fund Sources	2009-10	2010-11	2011-12
General Fund	\$32,217	\$32,818	\$15,132
State HICAP Fund	2,426	2,468	2,474
Federal Trust Fund	164,237	158,830	152,483
Special Deposit Fund	2,418	507	1,188
Reimbursements	8,258	8,582	8,801
Mental Health Services Fund	115	236	259
Skilled Nursing Facility Quality and Accountability Fund	-	1,900	1,900
Total Funds	\$209,671	\$205,341	\$182,237

# ISSUE 1: MULTIPURPOSE SENIOR SERVICES PROGRAM ELIMINATION PROPOSAL

The administration proposes to eliminate funding for the Multipurpose Senior Service Program (MSSP) for a General Fund savings of \$19.9 million in 2011-12. The administration does not account for increased costs elsewhere on health programs as a result of this elimination.

The Multipurpose Senior Services Program (MSSP) provides both social and health care case management services for frail elderly clients who wish to remain in their own homes and communities. The Program's goal is to use available community services and resources to prevent or delay institutionalization of these frail clients. The services must be provided at a cost lower than that of a skilled nursing facility.

The MSSP exists under a Medicaid (Medi-Cal in California) Home- and Community Based Services (HCBS) waiver approved by the federal Centers for Medicare and Medicaid Services (CMS). The current waiver extends from July 1, 2009 through June 30, 2014. The California Department of Aging (CDA) administers the MSSP under an interagency agreement (IA) with the Department of Health Care Services (DHCS). The CDA's MSSP Branch oversees the programmatic, fiscal and service components of local MSSP site operations.

**Benefits.** A team of health and social service professionals provide each client with a complete health and psychosocial assessment to determine needed services. The team then works with the client, their physician, family, and others to develop an individualized care plan. Services include, but are not limited to: case management; adult day social care; housing assistance; in-home chore and personal care services; respite services; transportation services; protective services; meal services; and special communication assistance.

**Eligibility.** Eligibility extends to those currently eligible for Medi-Cal under a qualifying primary Medi-Cal aid code, age 65 or other, and certified or certifiable for placement in a nursing facility.

#### **PANELISTS**

- CDA Please be prepared to address the following in your testimony:
  - Please describe the proposal and the expected impact on those currently receiving services in MSSP.
  - Why did the administration not consider and factor in the expected impact on nursing home costs to the state?
  - o How would implementation of this elimination proposal work in 2011-12?
- Department of Finance
- Legislative Analyst's Office
- Public Comment

# ISSUE 2: BCP #1 – INCREASED FEDERAL FUNDING AUTHORITY FOR THE SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM (SCSEP)

The CDA is requesting \$497,452 in additional on-going federal expenditure authority due to an increase in the baseline level of grant funding for the SCSEP. These funds will be used to provide additional employment training slots for SCSEP participants in the 15 Area Agencies on Aging (AAA) with SCSEP contracts.

CDA's FY 2010-11 SCSEP grant award from the federal Department of Labor (DOL) is \$10,242,758 and is effective July 1, 2010. This represents an increase of the aforementioned \$497,452 over the FY 2009-10 SCSEP grant award of \$9,745,306. Since the funding increase takes effect in FY 2010-11, a current year authority adjustment will be requested through the Section 28 process. The BCP seeks to adjust the CDA's ongoing baseline authority to match the new funding level. The marginal increase in funding will be used for local assistance to serve an additional 45 SCSEP participants. This increase brings the number of participant training slots to 1,056.

The DOL Employment Training Administration is the federal agency responsible for administering the SCSEP. CDA administers the SCSEP as the designated State Unit on Aging. The enabling legislation is Title V of the Older Americans Act (OAA). This program provides subsidized part-time community service training positions to low-income individuals age 55 and older with poor employment prospects. The DOL's 2010 SCSEP regular grant included an increase in funds totaling \$497,452. These funds will serve unemployed low-income older individuals through subsidized job placement and training in SCSEP. The Program delivers a variety of supportive services to participants including personal and job-related counseling, job training, and job referral.

#### **PANELISTS**

- CDA Please briefly describe the BCP.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

#### ISSUE 3: BCP #2 – NEW FREEDOM TRANSPORTATION GRANT REQUEST

CDA has been awarded a \$400,000 federal New Freedom Mobility Management grant from the California Department of Transportation (Caltrans). CDA will request initial reimbursement authority of \$100,000 through the Section 28.5 process for FY 2010-11. CDA also proposes to hire for the grant period a limited-term Staff Services Manager I to implement the grant activities including coordination, training, and oversight. This BCP requests reimbursement authority of \$200,000 for FY 2011-12 and \$100,000 for FY 2012-13 for the remainder of the grant period. CDA and Caltrans will create an interagency agreement to spend the grant funds via reimbursement authority at CDA.

CDA states that this grant will enable CDA and its network of 33 local AAAs to develop and implement a statewide strategy to fill the critical need of older adults and adults with disabilities for accessible transportation services and systems that enable them to remain in their communities in the least restrictive setting possible. Currently, older adults and adults with disabilities frequently do not have access to transportation that enabled them to access services and participate fully in work and community life. Consequently, older adults and adults with disabilities often are at unnecessary risk of costly health and institutional interventions arising from their inability to meet their basic living needs. CDA's strategy will involve establishing local mobility management and coordination programs to increase older adults' and adults with disabilities' access to essential transportation services.

- CDA Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

#### ISSUE 4: BCP #3 – FEDERAL FUNDING AUTHORITY FOR THE MIPPA II GRANT

The CDA requests additional one-time federal funding authority of \$1.079 million for local assistance and \$17,000 for state operations for FY 2010-11 and \$1.087 million for local assistance and \$9,000 for state operations for FY 2011-12 to utilize the funding awarded for the Medicare Improvements for Patients and Providers Act for Beneficiary Outreach and Assistance Program (MIPPA) grant as amended by the Patient Protection and Affordable Care Act of 2010. CDA states that there is no requirement of a General Fund match for this program.

The goal of the MIPPA II grant is to expand Medicare beneficiary enrollment in the Prescription Drug Benefit Low Income Subsidy Program (LIS) and the Medicare Savings Program (MSP), to support rural outreach and enrollment efforts for Medicare and to provide education about Medicare preventive services. California's performance goal for this second MIPPA grant is 10,834 applications, which CDA estimates will generate \$400 million in prescription drug cost savings to Medicare beneficiaries throughout the state.

MIPPA provides funds for beneficiary outreach and assistance to three entities within states to improve coordination and enrollment of beneficiaries eligible for the LIS and MSP. In California, the entities involved are the Area Agencies on Aging, the Health Insurance Counseling and Advocacy Program, and the Aging and Disability Resource Centers.

- CDA Please provide a brief description of the BCP and expected outcomes in 2011-12.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

# ISSUE 5: BCP #4 - FUNDING FOR THE LONG-TERM CARE OMBUDSMAN PROGRAM

CDA requests to shift its appropriation from the Federal Citations Penalties Account Special Deposit Fund (FHFCPA) to a combination of funding from the State Citations Penalties Account (SHFCPA) and the Skilled Nursing Facility Quality and Accountability Fund (QAF) to provide a stable state funding source for the Long-Term Care Ombudsman Program (LTCOP).

This proposal requests to eliminate CDA's \$1.488 million appropriation from the FHFCPA (declining revenue has made the fund insolvent), appropriate \$1.188 million from the SHFCPA, and consistent with legislative intent, make permanent the one-time \$1.9 million appropriation from the QAF. These actions will result in the LTCOP receiving the same level of overall funding as was available in FY 2010-11 and provide a stable state funding source for the state mandated program requirements.

In addition, the CDA requests an amendment to Health and Safety Code Section 1417.2 to specifically include funding the Long-Term Care Ombudsman Program as an allowable appropriation and use of the SHFCPA.

In FY 2009-10 AB 392 (Feuer and Jones, Chapter 102, Statutes of 2009) appropriated an additional one-time allocation of \$1.6 million from the FHFCPA to CDA for use in funding local LTCOPs. This was added to the existing base of \$1.564 million from the FHFCPA and partially offset the previous General Fund reductions. Due to an unforeseen drop in revenue in the FHFCPA, the CDA entered into an Interagency Agreement with the Department of Public Health (DPH) to use General Fund to backfill a deficiency in the fund in order to maintain local services.

For FY 2010-11, CDA and DPH submitted concurrent Finance Letter proposals to continue to backfill the deficiency in the FHFCPA with General Fund while a more stable funding solution was being pursued. SB 853 (Committee on Budget and Fiscal Review, Chapter 717, Statutes of 2010) added Section 14126.022 to the Welfare and Institutions Code, which provided a one-time \$1.9 million appropriation for the LTCOP for FY 2010-11 from the Department of Health Care Services (DHCS) QAF. This backfilled one-time, \$1.6 million from AB 392, which has ended. This combination of state funding enabled the LTCOPs to receive the same level of funding as in FY 2009-10.

The following chart, provided by CDA displays the funding history for LTCOP and the request for 2011-12.

LOCAL ASSISTANCE	2009-10	2010-11	2011-12
Federal Citations Penalties Account Funding	844	462	-
AB 392 (Statutes of 2009) Federal Citations Penalties			
Account	1,600	ı	ı
General Fund (Department of Public Health (DPH)			
Interagency Agreement)	598	ı	-
General Fund (DPH & CDA Finance Letters)	-	680	-
State Citations Penalties Account*	-	-	1,142
Quality & Accountability Fee**	-	1,900	1,900
Total for Local Assistance	3,042	3,042	3,042

<sup>\*</sup>State Citations Penalty Account funding is requested via CDA 2011/12 BCP #4.

- CDA Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the fund conditions of the fund sources that are proposed to contribute to the LTCOP, and whether this is a onetime or ongoing change in funding sources.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

<sup>\*\*</sup>One-time 2010/11 Quality and Accountability funding authority was provided via SB 853 (Statutes of 2010); On-going funding is requested via CDA 2011/12 BCP #4.

### **4265 DEPARTMENT OF PUBLIC HEALTH**

#### **BUDGET OVERVIEW**

The mission of the CDPH is dedicated to optimizing the health and well-being of all Californians. The CDPH achieves its mission through the following core activities:

- Promoting healthy lifestyles for individuals and families in their communities and workplaces;
- Preventing disease, disability, and premature death, and reducing or eliminating health disparities;
- Protecting the public from unhealthy and unsafe environments;
- Providing or ensuring access to quality, population-based health services;
- · Preparing for and responding to public health emergencies; and
- Producing and disseminating data to inform and evaluate public health status, strategies, and programs.

#### **Proposed Budget**

The Governor's proposed 2011-12 budget provides \$3.535 billion for CDPH programs and services, an increase of 3.69% over the 2010-11 Budget Act. The increase in funding reflects changes in estimated expenditures to local assistance General Fund for the AIDS Drug Assistance Program and Federal Trust Fund for new Federal Affordable Care Act (health care reform) and supplemental ARRA Grants.

Fund Source	2010-11 Enacted Budget	2010-11 Revised Budget	2011-12 Proposed Budget	% Change from 2010-11 Enacted Budget
General Fund	\$273,605,000	\$204,779,000	\$314,906,000	15.10%
Federal Funds	\$1,781,622,000	\$1,905,873,000	\$1,936,985,000	8.72%
Special Funds & Reimbursements	\$1,353,378,000	\$1,243,823,000	\$1,282,655,000	-5.23%
Total Funds	\$3,408,605,000	\$3,354,475,000	\$3,534,546,000	3.69%

#### **ISSUE 1: ADAP ESTIMATE**

ADAP provides HIV/AIDS drugs for individuals who could not otherwise afford them (up to \$50,000 annual income). Drugs on the ADAP formulary slow the progression of HIV disease, prevent and treat opportunistic infections, and treat the side effects of antiretroviral therapy.

The following are the significant proposed changes and other issues affecting the estimate for the AIDS Drug Assistance Program (ADAP) in the current year and Governor's proposed 2011-12 budget:

- Cost sharing proposal (discussed below) for General Fund Savings of \$16.8 million:
- Projected increases in prescription drug costs;
- Projected increase in client caseload; and
- Underestimate of cost due to weaknesses in last year's estimate methodology that have since been addressed by the Office of AIDS

Reflecting these factors, the revised FY 2010-011 budget includes a General Fund increase of \$22.1 million. However, the 2010-11 budget also includes an unanticipated savings of \$76.3 million General Fund from a one-time increase in federal resources available through the Safety Net Care Pool via certified public expenditures. Hence, the current year budget has a net General Fund savings of \$54.2 million. There may be General Fund savings in 2011-12 from CPEs used for Safety Net Care Pool funding, as in the current year, however this has not yet been finalized.

In the budget year (2011-12), the proposed budget includes a General Fund appropriation of \$163.857 million, a \$92.417 million increase over the revised 2010-11 budget in response to the issues identified in the bullets above. The proposed ADAP Local Assistance budget is as follows on the next page:

ADAP Local Assistance Budget						
Funding Source	2009-10 Actual	2010-11 Estimate	2011-12 Proposed			
General Fund	\$70,849,000	\$71,440,000	\$163,857,000			
Federal Fund	\$92,927,000	\$102,715,000	\$97,632,000			
Special Fund	\$250,246,000	\$228,103,000	\$257,007,000			
Reimbursement	\$0	\$76,277,000				
TOTAL, ALL FUNDS	\$414,022,000	\$478,535,000	\$518,496,000			

### Pre-existing Condition Insurance Program:

It is anticipated that some of the ADAP clients will qualify for, and choose to join, the new Pre-existing Condition Insurance Program created by federal health care reform and being operated by the Managed Risk Medical Insurance Board. At this time, it is not known how many will fall into this category and therefore projected savings in ADAP cannot be estimated.

#### **ISSUE 2: ADAP COST SHARING PROPOSAL**

**Governor's proposal**. The Governor is proposing to increase cost sharing for ADAP clients, for projected General Fund Savings of \$16.8 million. This Administration estimates this savings solely from revenue generated, and not as a result of the cost sharing serving as a deterrent to participation in the program. However, this savings estimate does not take into account new administrative costs associated with implementation of this new policy.

**Background**. Currently, clients with income between 401 percent FPL (\$43,430 for a single adult) and \$50,000 have a share of cost. The amount each client with an annual income between 401% of FPL and \$50,000 must pay is established annually at the time of enrollment/recertification. The current cost sharing formula is based on twice the client's individual income tax liability, minus any health insurance premiums paid by the individual. The final amount due can vary greatly depending on the client's tax deductions, write-off's, etc. that are used to reach their final income tax liability (based on their tax return). That amount is then split into 12 equal monthly payments, which are collected at the pharmacy at the time the client picks up his/her meds. The payment is then credited and the amount the pharmacy bills the ADAP Pharmacy Benefits Manager is adjusted to account for this credit. If the client does not pick up medications in any given month or no longer uses ADAP during the year, those corresponding payments are never collected.

The budget proposes to increase client share of cost in the program to the maximum allowable under federal law (Ryan White Program). Cost sharing would be as follows:

Income Level	Share of Cost
Up to 100% FPL (54.6% of clients)	None
101-200% FPL	Up to 5% of gross income
201-300% FPL	Up to 7% of gross income
Over 300% FPL	Up to 10% of gross income

<b>CURRENT AND</b>	PROPOSED	ANNUAL	SOC FOR
ADAP	ONLY AND I	MEDI-CAL	_

INCOME	FPL	CURRENT ANNUAL SOC	CURRENT MONTHLY SOC	PROPOSED SOC %	PROPOSED ANNUAL SOC	PROPOSED MONTHLY SOC
\$30,000	201-300%	\$0	\$0	7%	\$2,100	\$175
\$40,000	301-400%	\$0	\$0	10%	\$4,000	\$333
\$50,000	>401%	\$4,126	\$344	10%	\$5,000	\$417

### CURRENT AND PROPOSED ANNUAL SOC FOR PRIVATE INSURANCE AND MEDICARE PART D

INCOME	FPL	CURRENT ANNUAL SOC	CURRENT MONTHLY SOC	PROPOSED SOC %	PROPOSED ANNUAL SOC	PROPOSED MONTHLY SOC
\$30,000	201-300%	\$0	\$0	6%	\$1,800	\$150
\$40,000	301-400%	\$0	\$0	6%	\$2,400	\$200
\$50,000	>401%	\$4,126	\$344	6%	\$3,000	\$250

The proposal also indicates that cost sharing for clients with private insurance would be lowered. Clients with private insurance generate significant funding for the program as ADAP is permitted to collect full rebate on their prescriptions even though the program is only paying a co-pay for their drugs.

The Administration states that although the proposal is still being fleshed out, they imagine that this would be operationalized similarly to the existing share of cost policy. They also state that additional details, potentially including trailer bill language, are forthcoming.

#### Advocates' Alternative Proposal

HIV/AIDS advocates argue that the share of cost being proposed is too high for these income levels, both in terms of financial burden for this population as well as related to federal Ryan White cost sharing limits. Many ADAP clients are required to pay a share of cost for other health programs, and the cumulative fiscal impact of this may be significant for them.

Advocates have proposed the following alternative to the Administration's proposal in order to achieve savings in the program without increasing client's share of cost. The State's CARE/HIPP program pays the premiums for private insurance, when the premiums are cost-prohibitive for an individual. It is cost-effective for the state to pay the premiums, thereby keeping people insured, as compared to paying the full amount for the AIDS drugs that are required when an individual lacks any insurance. The HIPP program eligibility requires an individual to have a disability and advocates are suggesting that the State could save money by expanding HIPP eligibility criteria in order to allow more ADAP clients into it. They propose the following program changes:

- Elimination of the disability criteria;
- Increase the amount of time someone is allowed to use the program;
- Increase or eliminate monthly premium limits:

- Increase the income/asset limits;
- Allow premium payment support to purchase policies available under the new federal risk pool ("PCIP"); and
- Centralize application and enrollment procedures.

The Administration and Budget Committee staff just received this proposal within the past few days and are currently reviewing and analyzing its feasibility.

# STAFF COMMENTS & QUESTIONS

- 1. What would the new administrative costs be of implementing the Governor's cost-sharing proposal?
- 2. How would cost sharing be limited for people with insurance? Is this equitable, given that these individuals already have greater resources than those without private insurance?
- 3. Are you working with advocates to analyze and consider alternatives such as the one mentioned above?
- 4. Have you, or are you willing, to consider and develop another cost-sharing proposal that is less than the one proposed? If the cost sharing were reduced by 50 percent, would the revenue/savings also be approximately cut in half?

# ISSUE 3: PUBLIC HEALTH EMERGENCY SURGE CAPACITY PROPOSED REDUCTION

In 2006-07, the state purchased a large supply of respirators, ventilators, and antivirals to be used in case of a natural disaster, act of terror or other public health emergency. In 2007-08, \$8.5 million was re-appropriated for DPH specifically to store and maintain that stockpile. That re-appropriation expires in FY 10-11. The Governor proposes to not provide the DPH with new General Fund of \$4.1 million that they would need to continue storing and maintaining the stockpile.

# STAFF COMMENTS & QUESTIONS

- 1. How much will this diminish the state's ability to respond and save lives in a public health emergency?
- 2. What alternatives and other resources does the state have to be able to respond to medical needs in a large-scale disaster?
- 3. Is this no longer needed?
- 4. Can the state use federal emergency preparedness grant funds to replace General Fund for this?

### ISSUE 4: BUDGET CHANGE PROPOSALS

Department of Public Health							
Budget Change Proposals							
Positions Requested	Cost	Fund Source	Description				
None	\$443,000 in 2011-12 & ongoing	Lead Related Construction Fund No General Fund	This will give CDPH the authority to use LRC funds to fund the LRC Program. LRC funds are revenue from fees charged to individuals seeking certification for work in lead-related construction fields. Historically, the LRC program was funded with General Fund, and with a loan from the Occupational Lead Poisoning Prevention Program in 2010-11. LRC Fee revenue was intended to fund this program.				
2.0 limited term positions (11 months & 22 months)	\$1.8 million for August 2010 to April 2013	Federal funds (ARRA grant) <b>No General Fund</b>	To give CDPH expenditure authority for a federal American Recovery and Reinvestment Act (ARRA) grant to collect Behavioral Risk Factor Surveillance System baseline and follow-up data from specified communities.				
Funding for 25% of existing full time Public Health Medical Officer and 2.3 new limited term positions	\$3.4 million for September 2010 to August 2014	Federal funds (Centers for Disease Control grant) No General Fund	To give CDPH expenditure authority for a federal CDC grant to support the state's California Lupus Surveillance Program (CLSP). The CLSP will contract with UCSF and will purchase data from Kaiser Permanente.				
None	\$240,173 for September 2010 to September 2012	Federal Affordable Care Act (CDC) grant No General Fund	To give CDPH expenditure authority for this ACA/CDC non-competitive grant to implement initiatives to reduce tobacco use among target populations including individuals affected by mental illness, substance abuse, and very low-income. Specifically, funds must be used to promote: use of quitlines, cessation services, and policies to counter and curtail tobacco marketing.				
None	\$1.2 million for October 2010 to September 2013	Federal CDC grant No General Fund	To give CDPH expenditure authority for a CDC grant to reduce sodium intake through public health strategies. CDPH will work with Shasta County to reduce obesity and sodium consumption through advancement of policies that create healthier food environments.				
4-year extension of 16.5 existing limited-term positions	\$2.1 million for June 2011 to June 2015	Safe Drinking Water Fund (Prop 84 of 2006) No General Fund	To give CDPH expenditure authority to continue the existing 16.5 engineering, scientific, and administrative positions that implement the Proposition 84 program that provides grants to small public water systems to prevent groundwater contamination, infrastructure improvements, and emergencies.				

3-year extension of 7.0 existing limited-term positions	\$1.1 million for June 2011 to June 2014	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (Prop 50 of 2002) No General Fund	To give CDPH expenditure authority to continue the existing 7.0 positions that implement the Proposition 50 program that provides grants to public water systems for projects related to water security, reliance on the Colorado River, source water protection, and water quality monitoring.
2-year renewal of 5 existing limited-term positions and 3-year renewal of 3.5 existing limited-term positions	\$1.1 million	Federal ARRA one- time grant for the Safe Drinking Water State Revolving Fund <b>No General Fund</b>	To give CDPH expenditure authority to continue positions to implement this one-time ARRA grant to the state's Drinking Water Program which: provides ongoing surveillance and inspection of public water systems, issues operational permits to the water systems, ensures water quality monitoring is conducted, and takes enforcement actions when violations occur. California received \$159 million for this purpose.
Renew 94.8 positions for an additional 2-year limited term and add 4.5 new limited term positions	\$12.3 million for 2011-12 and 2012-13	Federal public health emergency preparedness grants No General Fund	To give CDPH expenditure authority to continue existing, and increase the number of, limited-term positions to continue implementing the Public Health Emergency Preparedness Cooperative Agreement and the Hospital Preparedness Program, both of which support ongoing workload to prepare for and manage public health emergencies. This funding began in the wake of September 11, 2001. According to CDPH, if the Legislature does not reauthorize these positions, California will lose these federal funds.
15.0 new 5- year limited term positions	\$2 million annually for 2011-2015	Federal health care reform grant (from the CDC) No General Fund	To give CDPH expenditure authority and positions for a federal grant to assess and improve capacity of California's state and local public health departments to use performance management and system redevelopment tools to improve public health policy development.
20.0 new permanent positions	\$2.3 million in 2011-12 and ongoing	Federal Women, Infants and Children (WIC) funds No General Fund	To give CDPH expenditure authority and positions to implement federal changes to the WIC program, primarily an expansion to the Breastfeeding Peer Counseling Program which received a 6-fold increase in funding. These positions also will respond to the increased activities association with the growth in vendors and the increased complexity of new federal regulations for payments and foods.
36.0 new 5- year limited- term positions	\$14.3 million (\$4.1 in state operations, \$10.2 million in local assistance)	Federal health care reform (HRSA) grant <b>No General Fund</b>	To give CDPH expenditure authority and positions to implement this Maternal, Infant and Early Childhood Home Visiting Program grant. These positions will administer a complex home visiting program for low-income or at-risk pregnant women and their infants throughout the state, and provide program management and evaluation.

2.0 new 3- year limited- term positions	\$2 million	Federal health care reform grant No General Fund	To give CDPH expenditure authority and positions to implement this grant to link an evidence-based Positive Youth Development case management intervention to school-based child care services for pregnant and parenting teens. This will enhance the capacity of the CDPH Adolescent Family Life Program and the California Department of Education's California School Age Families Education (Cal-SAFE) Program.
5.0 new 5- year limited term positions	\$6.6 million	Federal health care reform grant No General Fund	To give CDPH expenditure authority and positions to implement the Personal Responsibility Education Program to educate adolescents on abstinence and contraception to prevent pregnancy and sexually transmitted infections, and provide adulthood preparation education.
None	\$1 million	Special funds from DHCS Skilled Nursing Facility Quality & Accountability Special Fund <b>No General Fund</b>	To give CDPH reimbursement authority to contract with California's Medicare Quality Improvement Organization, as approved in the 2010 Budget Trailer Bill. This will enable CDPH to implement the SNF Quality and Accountability System that accompanied the reauthorization of AB 1629 in last year's trailer bill. CDPH will analyze facility data to assess quality of care in SNFs, and to thereby determine which facilities qualify to receive quality and accountability payments.
None	Repayment to General Fund of \$600,000	Federal Health Facilities Citation Penalties Account No General Fund	To give CDPH authority to repay the General Fund for costs incurred in 2009-10 when the cash reserve in the <i>Federal</i> Health Facilities Citation Penalties Account was insufficient to fund the Long-Term Care Ombudsman Program in the Department of Aging, thereby justifying a General Fund loan. The CDPH anticipates repayment over a 3-year period assuming sufficient cash reserves exist in the fund. The CDPH is also proposing funding the Ombudsman Program for 2011-12 with funds from the <i>State</i> Health Facilities Citation Penalties Account (\$1.2 million) in combination with funds from the skilled nursing facility quality assurance fee revenue (\$1.9 million), per last year's Budget trailer bill.
None	\$67,000	Special Funds from the Genetic Disease Testing Fund No General Fund	To give CDPH expenditure authority to implement AB 2300 (Statutes of 2010) which gave the CDPH authority to issue temporary genetic counselor licenses to individuals who have met the educational requirements and are waiting to take the national certification exam.

### 0530 HEALTH AND HUMAN SERVICES AGENCY

# ISSUE 1: BCP #1 – HEALTH INFORMATION EXCHANGE – E-HEALTH PRIVACY AND SECURITY POLICY DEVELOPMENT AND IMPLEMENTATION

California has been awarded a four-year \$38.7 million federal Health and Human Services (HHS) grant, funded under the Health Information Technology for Economic and Clinical Health Act (HITECH Act), which is part of the American Recovery and Reinvestment Act of 2009 (ARRA). This Act authorized HHS to enter into cooperative agreements with states in order to fund efforts to achieve widespread and sustainable health information exchange (HIE) within and among states through sharing of certified Electronic Health Records (EHR).

The four-year grant period is February 8, 2010 through February 7, 2014. The federal grant funds are being used to contract for a Governance Entity that will implement a statewide collaborative process for expanding capacity for electronic health information exchange to support 3.0 limited-term positions through the end of the grant period (two Associate Governmental Program Analyst, one Staff Counsel III) and to fund 3.0 existing positions currently working on the project through this federal grant rather than through state reimbursements (a Staff Services Manager I, a Staff Services Manager II, and a Senior Staff Counsel III). The extension of these three limited-term positions using the federal grant is the subject of this BCP.

The administration states that these positions will allow CalOHI to secure resources to support its own standard setting process and still meet its statutory mission to lead and coordinate HIPAA implementation for all state entities.

The state intends to successfully develop the following HIE services: electronic prescribing and refill requests, including prescription fill status/medication fill history, electronic laboratory ordering and results delivery, clinical summary exchange for care coordination and patient engagement, electronic public health reporting (i.e. immunizations, notifiable laboratory results), electronic eligibility and claims submission, and public and population health and quality reporting. The expected outcomes of this project are that a critical mass of health care providers will participate in HIE facilitated by the state and will achieve meaningful use of EHRs as contemplated under the ARRA.

- HHS Representative Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
  - Were the three positions that are the subject the BCP set to expire before 2011-12? Are the three positions currently filled?
- Department of Finance
- Legislative Analyst's Office
- Public Comment

#### ISSUE 2: BCP #2 – HEALTH INFORMATION EXCHANGE PROGRAM SUPPORT

The Office of Health Information Integrity within the Health and Human Services Agency is proposing to establish a two-year limited term Staff Service Analyst/Associate Governmental Program Analyst position to support the Deputy Secretary's operational activities coordinating and leading California electronic health information technology and exchange program.

The Deputy Secretary for Health Information Technology (HIT) is California's designated HIT leader. The Deputy Secretary also serves as the chief advisor to the Governor and Secretary on issues pertaining to health information exchange. As the state's HIT leader, the Deputy Secretary is operationally responsible for the overall coordination with a large number of related for external federal and state initiatives impacting HIE such as California Cooperative Agreement for Health Information Exchange, Regional Extension Center grants, Medi-Cal HIT Incentive Program, Cal ERX, California Telehealth Network and HIT Workforce Development grant programs. Additionally, the Deputy Secretary coordinates strategic planning efforts with state departments that will be affected and impacted by the health information programs.

Support for the Deputy Secretary's work was previously achieved through a redirection of resources from the California Office of Health Information Integrity (CalOHII). However, due to its own program demands, CalOHII cannot continue to provide the support needed for the activities and efforts of the Deputy Secretary as the state's HIT leader. Therefore, the administration is requesting this position to serve as an Executive Assistant and Analyst for the Deputy Secretary of HIT. The position will be funded by ARRA grant funds already included in CalOHII's budget authority.

- HHS Representative Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
  - O Please provide more detail on the source of the funds and from what balance are these latent funds derived? How many more of the ARRA funds are not committed and available for uses that might include a General Fund offset?
- Department of Finance
- Legislative Analyst's Office
- Public Comment

# ISSUE 3: BCP #3 – AGING AND DISABILITY RESOURCE CONNECTION FEDERAL GRANT SUPPORT

The Agency requests the extension of one limited-term Staff Services Manager II (SSM II) position to continue support and administration of two new federal grants focused on strengthening Aging and Disability Resource Connection (ADRC) services in California. The position will be supported by the following two federal grants:

- Grant #1: ADRC Evidence-Based Care Transitions. This 24-month federal grant award will expand the current ADRC hospital care transition programs to diverse and underserved communities at four ADRCs. The goal of the program is to reduce hospital readmission rates and to secure funding from partner hospitals for continuation of transition coach positions. Federal funds will support local ADRC care transitions coach staff, program evaluation, and CHHS program oversight staff over a two-year period. FY 2011-12 = \$202,000 and FY 2012-13 = \$15,000. (Total = \$217,000)
- **Grant #2:** ADRC Options Counseling and Assistance Program. This 24-month federal grant award will be used to develop, pilot test, and evaluate a comprehensive set of Long-Term Options Counseling Standards with four local partner organizations and to establish uniform ADRC criteria and a designation process to enable continued ADRC expansion. Federal funds will support local partner participation, program evaluation, and Agency program staff. FY 2011-12 = \$402,000 and FY 2012-13 = \$66,000. (Total = \$468,000)

The California Community Choices Project, funded under a previous five-year grant from September 2006 to September 2011, funds the SSM II position at 100% FTE until September 30, 2011. From October 1, 2011 through September 30, 2012, the SSM II position will be funded under the new federal grant awards. The administration states that the requested 1.0 staff position is necessary to support and monitor project activities and contractors, and to meet federal grant reporting requirements. The SSM II reports to the Assistant Secretary for Long-Term Care, who reports to the Agency Undersecretary and Secretary.

- HHS Representative Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

### 4140 OFFICE OF STATEWIDE HEALTH PLANNING & DEVELOPMENT

#### **BUDGET OVERVIEW**

The Office of Statewide Health Planning and Development (OSHPD) develops policies, plans and programs to meet current and future health needs of the people of California by ensuring the ongoing safety of healthcare facilities, evaluating the ability of healthcare facilities to provide continued operation and necessary health services in the event of a disaster, and improving the overall delivery and accessibility of healthcare in the state.

Fund	Actual	Estimated	Proposed
Source	2009-10	2010-11	2011-12
General Fund	\$64,000	\$85,000	\$5,096,000
Hospital Building Fund	\$47,582,000	\$52,107,000	\$55,264,000
California Health Data	\$24,523,000	\$27,808,000	\$23,940,000
and Planning Fund	<b>#4.000.000</b>	ФО 440 000	#0.000.000
Registered Nurse Education Fund	\$1,989,000	\$2,112,000	\$2,220,000
Health Facility Construction Loan Insurance Fund	\$7,840,000	\$4,673,000	\$4,761,000
Health Professions Education Fund	\$1,366,000	\$1,070,000	\$1,060,000
Federal Trust Fund	\$1,662,000	\$5,573,000	\$1,418,000
Reimbursements	\$407,000	\$2,009,000	\$1,114,000
Mental Health Practitioner Education Fund	\$469,000	\$517,000	\$551,000
Vocational Nurse Education Fund	\$139,000	\$222,000	\$232,000
Mental Health Services Fund	\$3,373,000	\$6,379,000	\$6,395,000
Medically Underserved Account for Physicians, Health Professions Education Fund	\$1,578,000	\$2,860,000	\$2,300,000
TOTALS, ALL FUNDS	\$90,992,000	\$105,415,000	\$104,351,000

#### **ISSUE 1: LOAN REPAYMENT DEFERRALS**

OSHPD is requesting approval to delay repayments of two loans to the General Fund: \$20 million from the Hospital Building Fund and \$12 million from the California Health Data and Planning Fund (CHDPF). These loans were approved in the Budget Act of 2008. The Budget Act required the Hospital Building Fund loan to be repaid by June 30, 2011, and specified no repayment date for the CHDPF loan. The proposed 2011-12 budget defers both loans by one month, in order to delay the repayment into the next fiscal year. The Hospital Building Fund's projected fund balance at the end of 2011-12 is \$133 million. The CHDPF's projected fund balance at the end of 2011-12 is \$13 million.

**Staff Recommendation**: Approve the deferral of repayment of these two loans to the General Fund by one month.

#### **ISSUE 2: SONG-BROWN FUNDING**

**Governor's proposal**. The 2011-12 Governor's Budget proposes to fund 50% of the Song-Brown base program (\$2.1 million) and 100% of the Song-Brown Registered Nurse Program (\$2.9 million) from the General Fund. The remaining 50% of the Song-Brown base program is proposed to be funded from the California Health Data and Planning Fund (CHDPF).

**Background**. The Song-Brown Program's goal is to increase the number of family practice physicians, primary care physician assistants, family nurse practitioners, and registered nurses in areas of the state that are medically underserved (e.g., rural and low-income communities). Song-Brown funding goes to support professional health educational programs, such as family practice residency programs, that provide appropriate training opportunities to their students. Providers with Song-Brown training and education deliver primary care services through the University of California's teaching hospitals, 61 percent of county facilities, and a number of community health centers. Approximately 60 percent of family practice physicians and registered nurses trained in Song-Brown funded programs choose to serve in underserved communities.

# STAFF COMMENTS & QUESTIONS

The CHDPF has a proposed fund balance of \$8.4 million at the beginning of the 2011-12 fiscal year. The CHDPF can support the \$5 million General Fund Song-Brown budget for 2011-12 without affecting current CHDPF activities, including BCPs currently in the 2011-12 Governor's Budget.

Below are projected revenues, expenditures and fund balances for the CHDPF assuming the Song-Brown program is funded 100% from the CHDPF in 2011-12:

Dollars in	2010-11	2011-12	2012-13*
Thousands			
Beginning Balance	\$8,675	\$8,391	\$7,660
Revenues	27,797	28,563	28,563
Expenditures	28,081	29,294	23,793
Fund Balance	\$8,391	\$7,660	\$12,430

\*2012-13 expenditures adjusted for one-time costs reflected in 2011-12 BCPs.

Does the Administration have concerns that replacing General Funds with Special Funds will negatively impact the use of CPEs related to the 1115 Waiver?

**Staff Recommendation:** Deny the Governor's proposal to fund the Song-Brown program with \$5 million in General Funds and approve of funding \$5 million in Special Funds from the CHDPF for this program.

#### **ISSUE 3: BUDGET CHANGE PROPOSALS**

	OSHPD Budget Change Proposals				
Positions Requested	Cost	Fund Source	Description		
3.8 new 2-year limited-term positions	\$256,000 in 2011-12 & \$224,000 in 2012-13. \$58,000 in 2011-12 and 2012-13 in FF.	California Health Data and Planning Fund (assessment on hospitals and skilled nursing facilities) & federal funds No General Fund	To address increased workload in healthcare workforce development as a result of the federal Patient Protection and Affordable Care Act (ACA/federal health care reform). These new federal dollars are designed to support expanded healthcare access in Health Professional Shortage Areas, Medically Underserved Areas, and Medically Underserved Populations.		
2.0 new 2-year limited-term positions in 2011-12 and a permanent 0.5 position in 2012-13	\$322,000 in 2011-12 & \$834,000 in 2012-13 and \$185,000 ongoing	California Health Data and Planning Fund, Registered & Vocational Nurse Education Funds, Mental Health Practitioner Education Fund, & Medically Underserved Account for Physicians  No General Fund	To create the California Responsive Electronic Application for California's Healthcare (CalREACH) electronic application and monitoring system, to centralize eligibility for many programs and create an on-line application system. CalREACH will be operated by the Health Profession Education Foundation, within OSHPD, which administers 13 scholarship and loan repayment programs to students who provide direct patient care in California's medically underserved areas. The 2012-13 costs are primarily for a vendor contract to manage the CalREACH Program.		

1.0 new permanent position	\$454,000 in 2011-12 & \$77,000 ongoing	California Health Data and Planning Fund  No General Fund	To develop and administer costs associated with the third year of the Healthcare Workforce Clearinghouse Program, a central repository of healthcare workforce and education data. The positions are needed to meet increased data and reporting requests resulting from the ACA.
2.0 new 2-year limited-term positions	\$337,000 in 2011-12 & \$321,000 in 2012-13	No General Fund	To implement SB 608 (Statutes of 2010) to review general acute care hospital requests for an extension to the seismic safety deadlines due to local planning approval delays. The following hospitals have been identified as qualifying for this extension:  • Tehachapi Hospital, Tehachapi  • Marin General Hospital, Greenbrae  • St. Jude Medical Center, Fullerton  • Stanford Hospital, Palo Alto  • Sutter Medical Center of Santa Rosa – Chanate, Santa Rosa  • Methodist Hospital of Southern California, Arcadia  • California Pacific Medical Center – California West, San Francisco  • St. Luke's Hospital, San Francisco

### 4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

#### **BUDGET OVERVIEW**

The mission of the Department of Community Services and Development (CSD) is to administer and enhance energy assistance and community services programs that result in an improved quality of life for the poor.

The objective of the Energy Programs is to 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 households to offset the costs of heating and/or cooling dwellings, payments for weather-related or energy-related emergencies, and free weatherization services to improve the energy efficiency of homes. This program includes 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 Federal Department of Energy Weatherization Assistance Program provides weatherization related services, while safeguarding the health and safety of the household.

The Lead Hazard Control Program provides for the abatement of lead paint in low-income privately owned housing with young children

The Community Services Block Grant Program is designed to provide a range of services to assist low-income people in attaining the skills, knowledge, and motivation necessary to achieve self-sufficiency. The program also provides low-income people with immediate life necessities such as food, shelter, and health care. In addition, services are provided to local communities for the revitalization of low-income communities, the reduction of poverty, and to help provider agencies to build capacity and develop linkages to other service providers.

Fund Sources	2009-10	2010-11	2011-12
Federal Trust Fund	\$460,794	\$406,921	\$259,752
Reimbursements	-	50	-
Total Funds	\$460,794	\$406,971	\$259,752

#### ISSUE 1: BUDGET BILL LANGUAGE ON USE OF UNSPENT FUNDS

CSD has proposed budget bill language (BBL) allowing it to spend unexpended federal funds in the absence of review by the Legislature. In the interest of modest, appropriate oversight, the Legislative Analyst's Office (LAO) was asked to provide a recommendation on notification language to include as part of the BBL. The LAO suggested the following:

4700-001-0890 (Provision 2) — Any unexpended federal funds from Item 4700-001-0890, Budget Act of 2010 (Ch. 712, Stats. 2010), shall be in augmentation of Item 4700-001-0890 of this act and not subject to the provisions of Section 28.00 The Department of Finance shall provide written notification of the augmentation to the Joint Legislative Budget Committee within 10 days from the date of the Department of Finance approval of the augmentation. The notification shall include: (a) the amount of the augmentation, (b) an identification of the purposes for which the funds will be used, and (c) an explanation of the reason the funds were not spent in 2010-11.

This language would also apply to Provision 3 of Item 4700-101-0890.

- CSD Please briefly describe the proposed BBL.
- Department of Finance
- Legislative Analyst's Office Please briefly present on the notification language suggestion.
- Public Comment

### 5160 DEPARTMENT OF REHABILITATION

#### **BUDGET OVERVIEW**

The California Department of Rehabilitation works in partnership with consumers and other stakeholders to provide services and advocacy resulting in employment, independent living and equality for individuals with disabilities.

Vocational Rehabilitation Services. The Vocational Rehabilitation Services Program delivers vocational rehabilitation services to persons with disabilities through vocational rehabilitation professionals in district and branch offices located throughout the state. In addition, the Department has cooperative agreements with state and local agencies (education, mental health, and welfare) to provide unique and collaborative services to consumers. The Department operates under a federal Order of Selection process, which gives priority to persons with the most significant disabilities. The Department also provides comprehensive training and supervision to enable persons who are blind or visually impaired to support themselves in the operation of vending stands, snack bars, and cafeterias. Prevocational services are provided by the Orientation Center for the Blind to newly blind adults to prepare them for basic rehabilitation services.

Persons with disabilities who are eligible for the Department's vocational rehabilitation services may be provided a full range of services, including vocational assessment, assistive technology, vocational and educational training, job placement and independent living skills training to maximize their ability to live and work independently within their communities. The Department's Community Resources Development Section works with public and private organizations to develop and improve community-based vocational rehabilitation services for the Department's consumers. The Department sets standards, certifies Community Rehabilitation Programs and establishes fees for services provided to its consumers.

**Independent Living Services.** The Department funds, administers and supports 29 non-profit independent living centers in communities located throughout California. Each independent living center provides services necessary to assist consumers to live independently and be productive in their communities. Core services consist of information and referral, peer counseling, benefits advocacy, independent living skills development, housing assistance, personal assistance services, and personal and systems change advocacy.

The Department also administers and supports the Traumatic Brain Injury (TBI) Program. Seven service providers throughout California provide a coordinated post-acute care service model for persons with TBI, including supported living, community reintegration, and vocational supportive services, in coordination with consumers and their families.

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The Department also serves blind and deaf-blind persons through counselor-teacher services, purchase of reader services, and community-based projects to serve the elderly blind.

Fund Sources	2009-10	2010-11	2011-12
General Fund	\$52,737	\$54,068	\$55,083
Traumatic Brain Injury Fund	-	1,199	1,176
Vending Stand Fund	616	3,361	3,361
Federal Trust Fund	326,911	342,236	348,408
Reimbursements	5,490	7,900	7,900
Mental Health Services Fund	103	220	216
Total Funds	\$385,857	\$408,984	\$416,144

#### ISSUE 1: BCP #1 - ELECTRONIC RECORDS SYSTEM (ERS)

This BCP requests an increase of \$1.3 million in Federal Fund authority in FY 2011-12 to fund the fifth and final year activities of the ERS project, to replace the Field Computer System (FCS), which include implementation and project close out. The ERS will replace the DOR Field Computer System and improve the accessibility, effectiveness, and efficiency of the VR Services Program for Californians with disabilities. For 2010-11, the DOR received approval and appropriation to continue the system development, integration, data conversion, and testing and implementation activities for the new ERS. This BCP represents a continuation of that same project. Identified staffing needs will be covered by existing DOR staff and no positions or personal funds are requested.

The DOR states in its BCP that the FCS current inefficiencies with an ERS product that interfaces with assistive technologies, is based on IT industry standards, and provides the flexibility needed to ensure that the DOR can respond to changing business requirements. The DOR plans to purchase a maintenance contract with the ERS vendor to allow the system to be installed with the most recent updates in the solution and technical platforms. This will ensure the DOR does not fall into the same situation it faces today with antiquated technology that cannot be modified to support its needs.

The administration states that the ERS project will be funded with one-time use federal carryover funds that were created by unspent federal funds in prior years' budgets. The federal funds were unspent in the years when General Fund reductions occurred leaving unmatched federal dollars that are available for one-time projects. These federal funds have been identified in the State Plan under the Innovation and Expansion project requirement to fund the ERS project and cannot be used for other purposes. There are sufficient carryover funds available to support this project and no state funds are being requested.

- DOR Please be prepared to address the following in your testimony:
  - A brief description of the BCP and whether the BCP is consistent with the expectations of the project or represent an unforeseen change in the project.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

# ISSUE 2: BCP #2 – DOR/DEPARTMENT OF MENTAL HEALTH (DMH) PARTNERSHIP

This BCP requests a permanent augmentation of \$216,000 Mental Health Services (MHS) Fund and 1.0 permanent position. DOR states that this will maintain both the DOR/DMH interagency agreement as well as leverage an additional \$798,000 in Federal Vocational Rehabilitation (VR) funding for VR programs that have grown 103% since the Mental Health Services Act (MHSA) was enacted. DMH supports the proposal.

The Mental Health Planning Council, an independent oversight entity that provides public input and policy guidance to the DMH, has recommended that mental health cooperative programs be established in every California County as an effective use of leveraged funds. If not for the DOR's ability to leverage federal funds, only MHS funds would be available, this minimizing services that could be available to those who serve and support persons with severe psychiatric disabilities in obtaining employment opportunities and the necessary independent living skills.

DCSS states that if the BCP is not approved, the DOR cannot draw down the \$798,000 in federal funds which would otherwise be lost due to the lack of state matching funds and may result in an additional Maintenance of Effort penalty in 2012. The proposal allows for permanent benefit to the State through the funding of the Interagency Agreement, which leverages federal funds for DOR staff and training for local cooperative programs that provide VR services to consumers of the DOR.

- DOR Please be prepared to address the following in your testimony:
  - A brief description of the BCP, the state operations and any position authority effect, and any General Fund cost or pressure potential of the proposal.
  - A description of the training that the larger portion of the appropriation will be dedicated to and how use of the dollars will be evaluated.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

### 5175 DEPARTMENT OF CHILD SUPPORT SERVICES

#### **BUDGET OVERVIEW**

The mission of the California Child Support Program 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. The statewide Child Support Program operates on the vision that children can rely on their parents for the financial and medical support they need to be healthy and successful. The Child Support Program is committed to ensuring that California's children are given every opportunity to obtain this support in a fair and consistent manner throughout the state. The Child Support Program is committed to providing the highest quality services and collection activities in the most efficient and effective manner.

The Department of Child Support Services 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 and benefits, operating expenses and equipment, and electronic data processing maintenance and operation costs. 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.

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. The SDU provides services to collect child support payments from non-custodial parents and to disburse these payments to custodial parties.

Fund Sources	2009-10	2010-11	2011-12
General Fund	\$287,833	\$335,180	\$328,298
Federal Trust Fund	519,686	616,522	502,979
Reimbursements	90	156	123
Child Support Collections Recovery Fund	200,413	146,984	206,873
Total Funds	\$1,008,022	\$1,098,842	\$1,038,273

# ISSUE 1: PROPOSAL ON GENERAL FUND OFFSET FROM LOCAL CHILD SUPPORT AGENCIES

The administration proposes to suspend the county share of child support collections in 2011-12, withholding \$24.4 million from local child support agencies, allowing the entire non-federal portion of child support collections to benefit the General Fund. The Governor states that this would not reduce the revenue stabilization funding of \$18.7 million (\$6.4 million General Fund) that counties currently receive.

The following chart displays how this redistribution is proposed for 2011-12.

#### **Child Support Program Collections**

	2009-10 Actuals	2010-11 Nov. Estimate	2011-12 Nov. Estimate
Non-Assistance Collections (Payments to Families)	\$1,726,464	\$1,703,856	\$1,678,789
Assistance Collections (Payments to Governments)	503,100	513,493	523,103
Total Child Support Collections	\$2,229,564	\$2,217,349	\$2,201,892
State Share of Assistance Collections	\$211,797	\$215,216	\$243,559
Federal Share of Assistance Collections	208,997	212,370	216,267
County Share of Assistance Collections	23,574	23,955	0
Other Collections	58,732	61,952	63,277
Total Assistance Collections	\$503,100	\$513,493	\$523,103

- DCSS Please be prepared to address the following in your testimony:
  - A description of the proposal, whether it is a one-time or ongoing change, and an analysis of the expected impact on LCSAs.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

# ISSUE 2: BCP #1 – CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM (CCSAS)

This BCP requests resources for the continued management and operation of the CCSAS. The BCP requests a reduction of \$19.3 million (\$6.6 million GF) in Fiscal Year (FY) 2011-12, including a reduction of contract services funding to support 11.0 permanent positions for Help Desk Support.

The requested FY 2011-12 budget decrease includes 1) expiration of the Business Partner (BP) contract; 2) a shift of the help desk services from contract to state staff; 3) increases in State project hardware/software costs to support refresh needs; 4) full-year funding for Child Support Enforcement (CSE) maintenance and operations (M&O) services; 5) expiration of the one-time application hosting and migration services contract; 6) adjustments of various consultant contract; 7) increases to the department's wide area network (WAN) costs to reflect actual needs; and 8) increases in the Local Technical Support for replacement of outdated equipment.

DCSS states that approval of the funding reduction and the establishment of the new positions would properly align DCSS' budget with the related CCSAS project documents, reduce state General Fund, allow current staff to focus on existing high priority workloads, allow state staff to take over help desk services currently performed by vendors, and continue supporting county and state users of the CSE system.

- DCSS Please be prepared to address the following in your testimony:
  - A brief description of the BCP and whether the BCP is consistent with the expectations of the project or represent an unforeseen change in the project.
- Department of Finance
- Legislative Analyst's Office
- Public Comment

#### **ISSUE 3: REALIGNMENT PHASE II PROPOSAL**

The administration has proposed the realignment of child support programs to the counties in Phase Two. Details beyond concept have not yet been provided to the Legislature. The Subcommittee is interested in a brief discussion on the questions, implications, and complexities of this proposal.

- DCSS Please be prepared to address the following in your testimony:
  - o How is realignment envisioned for child support and under what timeline?
  - What are the associated risks and benefits of a realignment of these services?
  - What role would the state play under realignment here? How would the maintenance, operation, and changes to CCSAS be affected?
  - o What are the implications of realignment for federal compliance?
  - What has been the feedback of the LCSAs and other child support stakeholders on this conceptual proposal thus far?
- Department of Finance
- Legislative Analyst's Office
- Public Comment

### 2400 DEPARTMENT OF MANAGED HEALTH CARE

#### **BUDGET OVERVIEW**

The mission of the Department of Managed Health Care is to help California consumers resolve problems with their Health Maintenance Organizations (HMOs) and to ensure a better, more solvent and stable managed health care system through:

- Administration and enforcement of California's HMO patient rights laws;
- Operating the 24-hour-a-day Help Center; and
- Licensing and overseeing all HMOs in the state.

Fund Source	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
Federal Trust Fund	-	\$1,000,000	-
Managed Care Fund	\$37,720,000	\$46,418,000	\$51,202
Reimbursements	\$310,000	\$1,145,000	\$1,179,000
TOTAL, ALL FUNDS	\$38,030,000	\$48,563,000	\$52,381,000

#### **ISSUE 1: BUDGET CHANGE PROPOSALS**

Department of Managed Health Care Budget Change Proposals				
Positions Requested	Cost	Fund Source	Description	
2.0 new permanent positions	\$1,024,000 in 2011-12 & \$908,000 ongoing	Increase in fees on managed care plans No General Fund	To address new increased workload related to health plan rate increase review per the Patient Protection and Affordable Care Act and SB 1163 (Statutes of 2010).	
13.0 new 2-year positions	\$1,776,000 in 2011-12 & \$1,672,000 in 2012-13	Increase in fees on managed care plans No General Fund	To address new increased workload attributable to federal health care reform, including positions in: Health Plan Oversight, the Help Center, and the Office of Legal Services.	

### 4120 EMERGENCY MEDICAL SERVICES AUTHORITY

#### **BUDGET OVERVIEW**

The EMSA is comprised of the following three divisions:

#### **Disaster Medical Services Division**

The Disaster Medical Services Division coordinates California's medical response to disasters. It is the responsibility of this division to carry out the EMS Authority's mandate to provide medical resources to local governments in support of their disaster response, and coordinate with the Governor's Office of Emergency Services, Office of Homeland Security, California National Guard, California Department of Public Health, and other local, state, and federal agencies, private sector hospitals, ambulance companies and medical supply vendors to improve disaster preparedness and response.

#### **EMS Personnel Division**

The EMS Personnel Division oversees licensure and enforcement functions for California's paramedics, personnel standards for pre-hospital emergency medical care personnel, trial studies involving pre-hospital emergency medical care personnel, first aid and CPR training programs for child day care providers and school bus drivers.

#### **EMS Systems Division**

The EMS Systems Division oversees EMS system development and implementation by the local EMS agencies, trauma care and other specialty care system planning and development, EMS for Children program, California's Poison Control System, emergency medical dispatcher standards, EMS Data and Quality Improvement Programs, and EMS communication systems.

Fund	Actual	Estimated	Proposed
Source	2009-10	2010-11	2011-12
General Fund	\$8,421,000	\$8,406,000	\$6,760,000
Emergency Medical Services Training Program Approval Fund	\$395,000	\$361,000	\$380,000
Emergency Medical Services Personnel Fund	\$1,402,000	\$1,479,000	\$1,598,000
Federal Trust Fund	\$1,883,000	\$,2449,000	\$2,518,000
Reimbursements	\$11,224,000	\$14,465,000	\$14,725,000
Emergency Medical Technician Certification Fund	_	\$1,390,000	\$1,448,000
TOTALS, ALL FUNDS	\$23,325,000	\$28,550,000	\$27,429,000

#### **ISSUE 1: MOBILE FIELD HOSPITALS PROPOSED REDUCTION**

**Governor's proposal**. The Governor proposes to eliminate \$1.7 million in annual General Fund support for mobile field hospitals (MFH).

**Background**. EMSA maintains three MFHs in the state, located in the central valley, coastal region and in Southern California. The MFHs consist of approximately 30,000 square feet of tents, hundreds of beds, and sufficient medical supplies to respond to a major disaster in the state, such as a major earthquake in a densely populated area. According to EMSA, to respond effectively to any major disaster it is likely that all three MFHs would be deployed. The 2006 Budget Act allocated \$18 million in one-time funds for the purchase of the MFHs and \$1.7 million in on-going General Fund funding for the staffing, maintenance, storage, and purchase of pharmaceutical drugs, annual training exercises, and required medical equipment for the MFHs.

EMSA states that an integral part of the operational readiness, response and successful deployment of each MFH is a pharmaceutical drug cache, for which the original budgeted amount was \$23,000. Two years ago, EMSA estimated the true cost of the cache to be \$471,000, and therefore has requested the difference of \$448,000 for the past two years. EMSA states that the original estimate of \$23,000 was simply a very inaccurate under-estimate. Recognizing that the value of the MFHs is quite limited in the absence of sufficient pharmaceutical supplies, the Governor put forth requests in 2009 and 2010 to augment the MFH budget by \$448,000 General Fund. The Legislature did not approve of these requests. This year, the Governor is proposing instead to eliminate the \$1.7 million in on-going support for the MFHs.

# STAFF COMMENTS & QUESTIONS

- 1. Will the mobile field hospitals be functional at all with the elimination of this ongoing support?
- 2. Is it the Administration's view that they are no longer needed or valuable, or simply that the state cannot afford their upkeep?
- 3. If the elimination of this funding renders the MFHs ineffective, will the state still be incurring on-going expenses related to them, such as for storage?

### **ISSUE 2: BUDGET CHANGE PROPOSAL**

Emergency Medical Services Authority Budget Change Proposal			
Positions Requested	Cost	Fund Source	Description
2-year extension of 2.0 existing positions	\$231,000	Federal hospital preparedness grant	Continue implementation of California's Emergency System for Advanced Registration of Volunteer Health Professionals (ESAR-VHP) – a national system to provide volunteer health professionals necessary to meet patient care needs during a major disaster.