

**AGENDA**  
**SUBCOMMITTEE No. 1**  
**ON HEALTH AND HUMAN SERVICES**

**ASSEMBLYMEMBER DAVE JONES, CHAIR**

**WEDNESDAY, MARCH 24, 2010**  
**STATE CAPITOL, ROOM 4202**  
**1:30 P.M.**

***Toll on Californians***  
***Of Adopted and Proposed Health and Human Services Cuts***

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ITEM	DESCRIPTION	PAGE
<b>ITEMS TO BE HEARD</b>		
	<b>PURPOSE OF THE HEARING AND GENERAL FORMAT</b>	<b>3</b>
<b>PART ONE</b>	<b>TABLES ON ADOPTED REDUCTIONS, PROPOSED REDUCTIONS, AND PROPOSED TRIGGER ELIMINATIONS</b>	
	• 5180 Department of Social Services	4
	• 4260 Department of Health Care Services	7
	• 4200 Department of Alcohol and Drug Programs	9
	• 4280 Managed Risk Medical Insurance Board	10
	• 4300 Department of Developmental Services	11
	• 4170 California Department of Aging	13
	• 4265 Department of Public Health	14
	• 4440 Department of Mental Health	16

**DETAIL, IMPACT CONSIDERATIONS, AND QUESTIONS ON  
ADOPTED REDUCTIONS, PROPOSED REDUCTIONS, AND  
PROPOSED TRIGGER ELIMINATIONS**

- 5180 Department of Social Services 17
- 4260 Department of Health Care Services 38
- 4200 Department of Alcohol and Drug Programs 49
- 4280 Managed Risk Medical Insurance Board 52
- 4300 Department of Developmental Services 58
- 4170 California Department of Aging 64
- 4265 Department of Public Health 66
- 4440 Department of Mental Health 72

**PART TWO SCENARIOS TO ILLUSTRATE CUMULATIVE IMPACT 74**

## Purpose of the Hearing and General Format

This hearing will emphasize the magnitude and depth of effects on Californians of the Governor's proposed reductions for 2010-11 in the health and human services area, as well as a review of the major reductions adopted in the 2009-10 enacted budget. The question for all administration representatives in the hearing for each adopted and proposed reduction is, ***"What impact has this cut or will this cut have on Californians and on how many Californians?"***

**In Part One** of the hearing, the Subcommittee requests that each department be prepared to come forward, in the order listed in the agenda, and address the impacts resulting from the adopted changes in 2009-10 and to speak to the anticipated effects of the Governor's 2010-11 proposals on communities, families, and individuals. The Legislative Analyst's Office (LAO) will be asked to comment briefly on each of these adopted/proposed reductions with additional considerations, comments, and questions for the Legislature to consider.

**In Part Two** (captured on the last page of the agenda), the administration is being asked to address the cumulative impact on families and individuals of the reductions and how multiple program changes affect disadvantaged and low-income families and individuals in our State. This will be done using scenarios, with LAO and selected responders providing feedback.

**DEPARTMENT OF SOCIAL SERVICES  
ADOPTED REDUCTIONS**

2009-10 Adopted Reductions	Lives Impacted	Comments
<b>CalWORKs</b>		
CalWORKs 4% Grant Reduction	1,492,500	All CalWORKs recipients impacted, does not include adults associated with child-only cases.
Elimination of CalWORKs COLA	1,492,500	All CalWORKs recipients impacted, does not include adults associated with child-only cases. All individuals duplicated in impact of 4 percent reduction.
CalWORKs Single Allocation Reduction and Short-Term Reforms	33,800	According to DSS, the Budget assumes that 33,800 individuals (adults and children) in 12,200 families will lose child care services as a result of the single allocation reduction. Individuals duplicated in impact of 4 percent reduction.
CalWORKs Long-Term Reforms	1,212,400	Preliminary estimate assumed that 294,500 individuals would be impacted by the 48 month time limit; 67,000 additional individuals (not impacted by the 48 month time limit) will be impacted by the Graduated Sanction Policy; 1,212,400 individuals would be impacted by the Self Sufficiency Review (includes all those impacted by Time Limits/Sanctions) – all individuals are duplicated in impact of 4 percent reduction.
<b>In Home Supportive Services</b>		
IHSS Service Reductions (Limit IHSS services to recipients with FI score 2.00 and limit D&R to recipients with FI rank of 4 and above)	N/A	Reduction was not implemented due to the court injunction. Expected impact includes elimination of domestic services for those with FI ranks below 4.0 (90,000) and elimination of all services for FI score below 2.0 (40,000).
IHSS State Participation in Wages	N/A	Reduction was not implemented due to the court injunction. If implemented, could impact unknown portion of the 385,000 providers.
IHSS Public Authority Reduction	Unknown	Counties have indicated they may start to reduce staff as a result of the reduction.
<b>SSI/SSP</b>		
SSI/SSP Suspension of Jan 09 Federal COLA	1,163,200	Approximately 383,860 received IHSS.
SSI/SSP Couples and Individual Grant Reduction	1,163,200	Approximately 383,860 received IHSS. Recipients duplicated in impact of SSI/SSP Suspension of Federal COLA.
<b>Child Welfare Services</b>		
Child Welfare Services veto	247	247 social workers may be eliminated. DSS unable to quantify the impact to children because counties have flexibility in applying the reduction.
10% Reduction in Foster Care Rates	18,000	Due to the Alliance lawsuit the reduction applies to FFAs only. Group Homes and SED placements will not be impacted.
<b>Total Impacted by Prior Reductions</b>	<b>2,673,947</b>	

**DEPARTMENT OF SOCIAL SERVICES, CONTINUED  
PROPOSED REDUCTIONS**

2010-11 Proposed Reductions	Lives Impacted	Comments
<b>CalWORKs</b>		
CalWORKs 15.7% Grant Reduction	1,451,200	All CalWORKs Recipients Impacted (excluding those discontinued as a result of the 4 percent reduction), does not include adults associated with child-only cases.
Elimination of CalWORKs Recent Noncitizen Entrants Program	24,000	Duplicated in persons impacted by 15.7 percent reduction.
Reduction in Child Care RMR	202,000	Reflects all children receiving Stage One, Two, Three and AP child care services. All of the Stage One Children (63,678)* and some of the Stage Two Children (number unknown) are duplicated in the impact of the 15.7 percent grant reduction. (Reflects reduced caseload for Stage 3 due to unallocated reduction). The number of child care providers impacted is unknown.
<b>In Home Supportive Services</b>		
87% Service Elimination in IHSS (Limit IHSS Services to Recipients with FI Score of 4.00 and Above)	426,733 Recipients; 348,424* providers; 1,838 county staff	Of the 426,733 recipients who would be eliminated, 366,990 would also have their SSI/SSP grants reduced to the SSP MOE Floor. Of the 63,239 IHSS recipients who would remain in the program, 54,385 would also have their SSI/SSP grants reduced to the SSP MOE Floor. Providers duplicated in impact of Reduce State Participation to Min. Wage.
State Participation in Wage Reduction	381,071	IHSS providers would have their wages/benefits reduced, but no recipients or providers would be eliminated from the program. Counties would have the option to backfill the reduced wages with matched federal participation, up to the maximum allowable amount.
<b>SSI/SSP</b>		
SSI/SSP Individual Grant Reduction to MOE	923,575	Approximately 304,780 will receive IHSS. These dual clients are duplicated in the Limit IHSS services to Recipients with FI Score of 4.00 and above.
<b>Legal Immigrant Programs</b>		
Elimination of CAPI	10,886	Recipients who are eliminated may seek services from General Assistance or seek assistance from their sponsor.
Elimination of CFAP	37,000	Approximately 6,700 are Public Assistance Food Stamp cases and are duplicated in persons impacted by Elimination of CalWORKs Recent Noncitizen Entrants program.
<b>Total Impacted by Proposed Reductions</b>	<b>3,059,145</b>	

**DEPARTMENT OF SOCIAL SERVICES, CONTINUED  
TRIGGER ELIMINATIONS**

<b>2010-11 Trigger Eliminations</b>	<b>Lives Impacted</b>	<b>Comments</b>
Elimination of CalWORKs	1,451,200 CalWORKs recipients; 14,000 county staff and 170 state staff.	All CalWORKs Recipients Impacted (excluding those discontinued as a result of the 4 percent reduction), does not include adults associated with child-only cases.
Elimination of IHSS	565,074 Providers 489,972 recipients 2,330 county and state staff	All IHSS recipients and providers would be eliminated, 2,250 Social Workers and 80 State Staff would be eliminated.
Elimination of THP+	2,054	276 county staff coordinate the THP+ program, these staff also provide ILP services to foster youth. Unknown how the elimination of THP+ would impact their workload.
<b>Total Impacted Individuals</b>	<b>2,524,800</b>	

**DEPARTMENT OF HEALTH CARE SERVICES  
ADOPTED REDUCTIONS**

2009-10 Adopted Reductions	Lives Impacted	Comments
<b>Medi-Cal</b>		
Elimination of optional benefits	More than 932,114	DHCS can only provide number of users in fee-for-service and not managed care, which would be a much higher number. Benefits and number of users included: dental (932,114), acupuncture (32,906), audiology (28,061), speech therapy (1593), chiropractic (12,439), optometry (731,906), podiatry (85,129), psychology (4970), and incontinence creams and washes (65,591).
Restrictions to Adult Day Health Care	Never implemented	Included: 3-day cap on services, heightened medical acuity eligibility standard, and on-site treatment authorization requests. The 3-day cap and medical acuity have been enjoined by the court.
Reduction to public and private hospitals	Not quantifiable	
Cut to counties for eligibility processing	Not quantifiable	
Expanded fees and suspended COLA to LTC facilities	Not quantifiable	
<b>Community Clinics</b>		
Reductions to clinic programs: Rural Health Services, Expanded Access to Primary Care (EAPC), Seasonal Migratory Worker Clinics	<b>170,000</b>	This number comes from a statewide survey of clinics done by CPCA. Impacts include clinic closures, reduced hours, reduced staff, and elimination of services.
<b>Total Count</b>	<b>1,102,114</b>	

## DEPARTMENT OF HEALTH CARE SERVICES, CONTINUED

### PROPOSED REDUCTIONS

2010-11 Proposed Reductions	Lives Impacted	Comments
<b>Medi-Cal</b>		
Cost containment measures	Not quantifiable	
Eliminate full-scope benefits for legal immigrants	65,600	
Eliminate Adult Day Health Care	58,492	Includes: 37,000 consumers, 7,600 jobs, and 13,892 relatives who must quit jobs.
Reduces reimbursement rate for family planning services		
<b>Total Count</b>	<b>124,092</b>	

### TRIGGER ELIMINATIONS

2010-11 Trigger Eliminations	Lives Impacted	Comments
Eliminate Medi-Cal eligibility categories	304,538	This number reflects calculations done by the Western Center on Law & Poverty
Eliminate Medi-Cal family planning (FPACT) program and Breast and Cervical Cancer Treatment Program	1,609,269	
Eliminate Medi-Cal Adult Optional Benefits	More than 222,993	DHCS can only provide the number of users in fee-for-service and not managed care, which would be a much larger number. Benefits and number of users include: Hearing Aids (17,396), Physical Therapy (6,025), Occupational Therapy (332), Orthotists (1,252), Independent Rehab Facilities (430), Outpatient Heroin Detox (947), Medical Supplies, Prosthetist (11,486), Durable Medical Equipment (222,993).
Eliminate All Prop 99 funds from EAPC program		\$10 million remains for uncompensated care provided by 580 clinics.
<b>Total Count</b>	<b>2,136,800</b>	



## DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

### ADOPTED REDUCTIONS

2009-10 Adopted Reductions	Lives Impacted	Comments
Ten Percent Rate Reduction in Drug Medi-Cal	270,598	Reflects current recipient caseload, potentially all of whom were impacted as a result of contraction of services by providers or closures.
Elimination of SACPA (Prop. 36)	49,700	Reflects historical number of offenders (48,000) who have been referred to treatment under SACPA annually.  Also reflects lost jobs as a result of the cut (in the range of 1,700), including state staff, county staff, treatment counselors, and contracted treatment providers.
<b>Total Impacted by Prior Reductions</b>	<b>320,298</b>	<b>Number is additive and does not account for overlap.</b>

### PROPOSED REDUCTIONS

2010-11 Proposed Reductions	Lives Impacted	Comments
Elimination of Remaining OTP Funds	10,514	Reflects the number of offenders projected to be served in OTP in 2009-10.
<b>Total Impacted by Proposed Reductions</b>	<b>10,514</b>	

## MANAGED RISK MEDICAL INSURANCE BOARD

### ADOPTED REDUCTIONS

2009-10 Adopted Reductions	Lives Impacted	Comments
<b>Healthy Families</b>		
Reduction to Program	Backfilled and therefore no impact	Cut nearly half of the General Fund dollars without making any statutory policy changes.
Elimination of Certified Application Assistors	Not quantifiable	
<b>Managed Risk Medical Insurance Program (MRMIP)</b>		
Prop 99 shift to backfill GF in Medi-Cal.		MRMIB states no impact to caseload.
<b>Access for Infants and Mothers (AIM)</b>		
Prop 99 shift to backfill GF in Medi-Cal.		MRMIB states no impact to caseload.
<b>Total Count</b>		

### PROPOSED REDUCTIONS

2010-11 Proposed Reductions	Lives Impacted	Comments
<b>Healthy Families</b>		
Reduce eligibility from 250 to 200% FPL	216,469	Estimated 200-250% caseload for June 30, 2011.
Eliminate vision benefit	1,041,100	Estimated full caseload for June 30, 2011, without an eligibility reduction.
Increase monthly premiums	377,580	
<b>Total Count</b>	<b>1,041,100</b>	

**DEPARTMENT OF DEVELOPMENTAL SERVICES  
ADOPTED REDUCTIONS**

2009-10 Adopted Reductions	Lives Impacted	Comments
<b>3% Cut to Regional Center (RC) Purchase of Services (POS) and Operations</b>	246,295	This number is arrived at by considering consumers, RC employees and providers. This includes the 198,295 RC population receiving POS, an estimated 6,800 RC employees and 45,000 providers.
<b>Change in RC General Standards</b> – including prohibiting the purchase of "experimental treatments"	105	This reduction impacted specifically those consumers diagnosed with autism. Roughly anywhere between 46,000 to 50,000 are diagnosed with autism. However, according to the department only 105 lost services due to the change in general standards.
<b>Transportation reform</b>	700	The impact of this reduction required switching transportation providers to the least costly, in many cases to a family member. According to the department, this is the number of lives impacted.
<b>Early Start Program Changes</b>	654	The elimination of eligibility for Early Start services impacted 32,745 infants and toddlers under age 3, who lost all services. However, the creation of a Prevention Program, with limited services, was able to provide services to 32,091 of these infants and toddlers.
<b>Cut in respite hours</b>	696	The department has not quantified the impact of this reduction. However, according to their reports, as of November 30, 2009 there have been 1,741 hearings related to the TBL and 40% of those were related to respite hour cuts. Therefore, this is a premature minimum number of lives impacted by this reduction. Providers have not been accounted for in this estimate.
<b>Temporary suspension of services</b> – including Day Programs and Non-Medical Therapies	28,000	The department recognizes this number and notes that this reduction impacted those who were not already accessing these services.
<b>Total Count</b>	<b>~276,450</b>	<b>These numbers are approximate estimates and overlap has not been accounted for.</b>

**DEPARTMENT OF DEVELOPMENTAL SERVICES, CONTINUED  
PROPOSED REDUCTIONS**

<b>2010-11 Proposed Reductions</b>	<b>Lives Impacted</b>	<b>Comments</b>
<b>3% Cut to Regional Center (RC) Purchase of Services and Operations</b>	251,652	Again, RC consumers, employees and providers are affected. Therefore, this number estimates the same effect as in 2009-10, plus an increase of 5,330 consumers in 2010-11. (Note: the estimated RC population in 2010-11 is 249,975.)
<b>Program reforms: \$25 million</b>	UNKNOWN	This general fund savings target will be developed through the Budget Advisory Workgroup and could affect any number of estimated 2010-11 consumers. However, staff is unable to estimate the number of lives without knowing the program changes.
<b>Total Count</b>		<b>Staff is unable to estimate the number of lives impacted at this point in time.</b>

**CALIFORNIA DEPARTMENT OF AGING  
ADOPTED REDUCTIONS**

<b>2009-10 Adopted Reductions</b>	<b>Lives Impacted</b>	<b>Comments</b>
Elimination of Brown Bag Program	35,190	Reflects the number of persons previously served in 2008-09.
Elimination of Senior Community Services Employment Program	420	Reflects the difference in the number of persons served in 2008-09 than in 2007-08 with the reduction. The program still exists, albeit at a reduced level, in some of the AAAs.
Elimination of Senior Companion Program	2,757	Reflects the number of persons served by program volunteers in 2008-09.
Elimination of Alzheimer's Day Care Resource Center	2,930	Reflects the number of persons served by the program in 2008-09.
Elimination of Linkages Program	5,500	Reflects the number of persons served by the program in 2008-09.
Elimination of Respite	732	Reflects the number of families served by the program in 2008-09.
<b>Total Impacted by Prior Reductions</b>	<b>47,529</b>	<b>Number is additive and does not account for overlap.</b>

**DEPARTMENT OF PUBLIC HEALTH  
ADOPTED REDUCTIONS**

2009-10 Adopted Reductions	Lives Impacted	Comments
<b>Maternal, Child, Adolescent Health (MCAH)</b>		
Black Infant Health		
Adolescent Family Life		
County MCH Grants		
<b>Office of AIDS</b>		
Education and Prevention	400,000	
HIV Counseling and Testing	125,000	
Early Intervention	10,700	
Therapeutic Monitoring	20,000	
Housing	86,000	
Home and Community Based Care	1,300	
<b>Domestic Violence Shelters</b>		
All General Funds Eliminated		Backfilled with a one-time special fund loan and program moved to CalEMA.
<b>County Emergency Services</b>		
Prop 99 Funding Eliminated		These funds were shifted to backfill General Fund in Medi-Cal
<b>Alzheimer's Research Centers</b>		
Funding Reduced By Half	42,000	This funding had been used for community training.
<b>Dental Disease Prevention Program</b>		
Elimination of Funding (GF)	285,000	
<b>Every Woman Counts (EWC)</b>		
Prop 99 Reduction		Prop 99 shift to backfill GF in Medi-Cal
<b>Asthma Public Health Initiative (CAPI)</b>		
Prop 99 Reduction	300,000	Prop 99 shift to backfill GF in Medi-Cal
<b>Total Count</b>	<b>1,027,000</b>	

## DEPARTMENT OF PUBLIC HEALTH, CONTINUED

### PROPOSED REDUCTIONS

2010-11 Proposed Reductions	Lives Impacted	Comments
<b>Every Woman Counts (EWC)</b>		
Enrollment Freeze for half of the Current Year and the minimum age eligibility for breast cancer screens has been raised from 40 to 50	100,000	The Administration has not proposed a direct cut to this program, however a reduction would occur reflecting decreasing tobacco tax revenue available for this purpose.
<b>Prostate Cancer Treatment Program</b>		
Enrollment Cap	90	The Administration has not proposed a direct cut to this program, however current funding no longer meets program demand and costs resulting in the program capping enrollment.
<b>Total Count</b>	<b>100,090</b>	

### TRIGGER ELIMINATIONS

Trigger Eliminations	Lives Impacted	Comments
Eliminate all Prop 99 funds from Every Woman Counts Program	198,000	DPH states that expected demand for the program for 2010-11 is 260,000 and that the program could serve 62,000 after this reduction.
Eliminate all Prop 99 funds from Asthma Public Health Initiative	365,000	DPH states that the remaining three counties reach this number of people.
<b>Total Count</b>	<b>563,000</b>	

**DEPARTMENT OF MENTAL HEALTH**

**ADOPTED REDUCTIONS**

<b>2009-10 Adopted Reductions</b>	<b>Lives Impacted</b>	<b>Comments</b>
<b>Mental Health Managed Care</b>		
Eliminated state support for mental health services other than those that are federally funded.	Not quantifiable	Shifted costs to counties which have had to shift funding from other program to cover loss of funds here. Impact would be to recipients of other county programs that have lost funding as well as potentially to Mental Health Managed Care clients who experience longer waiting times and other reductions to quality of services.
<b>Caregiver Resource Centers</b>		
Reduction to program		
<b>Total Count</b>		<b>Staff is unable to estimate the number of lives impacted at this point in time.</b>

**PROPOSED REDUCTIONS**

<b>2010-11 Proposed Reductions</b>	<b>Lives Impacted</b>	<b>Comments</b>
<b>EPSDT</b>		
Shift funds from Prop 63 to backfill General Fund.	Not quantifiable	EPSDT is a federally required program and is fully funded. No reduction in services. Impact would be on consumers of Prop 63 programs.
<b>Mental Health Managed Care</b>		
Shift funds from Prop 63 to backfill General Fund.	Not quantifiable	Mental Health Managed Care is a federally required program and is fully funded. No reduction in services. Impact would be on consumers of Prop 63 programs.
<b>Mental Health Services Act (Prop 63)</b>		
Shift \$452 million to DMH to backfill General Fund for above two programs.	Not quantifiable	DMH states no there may be an impact on Prop 63 funded community programs for 2010-11, and there may be an impact in subsequent years depending upon how the reductions are taken after consulting with the counties.
<b>Total Count</b>		<b>Staff is unable to estimate the number of lives impacted at this point in time.</b>

**TRIGGER ELIMINATIONS**

<b>2010-11 Trigger Eliminations</b>	<b>Lives Impacted</b>	<b>Comments</b>
Shifts an additional \$847 million of Prop 63 funds to to fund mental health services in the following priority order: community mental health services, mental health services for Medi-Cal recipients, and State hospital services.		DMH states there may be an impact on Prop 63 funded community programs for 2010-11, and will dramatically impact and potentially suspend the program in 2011-12.
<b>Total Count</b>		<b>Staff is unable to estimate the number of lives impacted at this point in time.</b>



## PART ONE

### Department of Social Services

ADOPTED - CALWORKS 4% GRANT REDUCTION AND PERMANENT ELIMINATION OF COLA (2009-10)

LIVES IMPACTED: 1,492,500

#### *Adopted Reduction*

The 2009-10 Budget included the following:

- **Grant Reduction to 1989 Levels for CalWORKs Families.** Monthly grants were reduced by 4 percent from \$723 for a family of three in a high-cost county to \$694, yielding General Fund (GF) savings of \$146.9 million. This grant, added to food stamps of \$495 in value, brings a family's resources to 77% of the federal poverty guideline.
- **Permanent Elimination of the Annual July 1 COLA.** The budget suspended the July 2009 Cost of Living Adjustment (COLA), resulting in savings of \$79.1 million GF. Moreover, the budget deal included permanent statutory elimination of the annual, automatic COLA. Though suspended for the past several years, the COLA was an issue for year-to-year discussion, and as a result of this statutory change, it can only be applied if specified by future statute.

#### *Expected Impact and Issues for Consideration*

- **Some working families lost aid entirely.** Whenever grants are reduced, the income eligibility for the program alters and thousands of families lose aid entirely. As a result of the 4 percent reduction effective July 1, 2009, 16,113 families, including 31,259 children, lost access to any minimal grant they were receiving that was augmenting their wages earned as a result of employment.
- **Grants not adjusted for inflation.** Grants are currently at 1989-90 levels in real dollars, with seldom use of a COLA and recent grant reductions. The grants were \$694 in real dollars in 1989-90.

#### *Questions*

- How does the CalWORKs grant at its current level compare to where it would be had it been adjusted for the cost of living in California over the past twenty years?
- What was the rationale for the administration seeking to eliminate the automatic COLA in statute?

**ADOPTED - CALWORKS SINGLE ALLOCATION REDUCTION AND SHORT-TERM REFORMS  
(2009-10)****LIVES IMPACTED: 33,800*****Adopted Reduction***

- **Unprecedented Reduction in County Block Grant Funds.** The funding for counties to administer the program and provide services, called the "single allocation," which totals about \$1 billion, was cut dramatically by \$420 million in 2009-10 and with an agreement to cut \$375 million in 2010-11, summing to a two-year overall reduction of \$795 million. The 2009-10 cut reduced welfare-to-work services by \$162 million and child care services by \$215 million.
- **Exemptions for Families with Young Children.** To help counties prioritize resources given this reduction in funding, budget legislation exempts families with a child under age two, or with two or more children under the age of six, from work participation requirements.

***Expected Impact and Issues for Consideration***

- **Caseloads Increasing by 10 percent.** Caseloads in the CalWORKs program have been increasing since 2007-08, when the economic recession hit and unemployment began to rise to record levels. Unemployment in California holds currently at 12.5% statewide. CalWORKs caseloads are continuing to rise by 10.6 percent in 2009-10 and are expected to continue to increase in 2010-11 by 8.4 percent. Counties are reporting high numbers of increases.
- **Federal Stimulus Funds and Exemptions Mitigating Impact of Service Reductions.** General Fund support for CalWORKs in 2009-10 remained essentially flat at about \$2 billion. This is due to the budget plan including about \$700 million in budget reductions and because of an increase in federal Temporary Assistance to Needy Families (TANF) Emergency Contingency Funds (ECF) provided pursuant to ARRA.
- **Likely impact to be seen in fourth quarter (April-June 2010).** Counties report increases in the new exemptions and good cause exemptions, along with substantial decreases in child care caseload. The effects of the cut will likely worsen over time in the current year as resources are further depleted.

***Questions***

- How has the Subsidized Employment Initiative mitigated the number of job placements lost as a result of the Single Allocation reduction?
- What is the interaction between the cuts taken and grant payments in the program?

**ADOPTED - CALWORKS LONG-TERM REFORMS (ADOPTED IN 2009-10 BUDGET)****LIVES IMPACTED: 1,212,400*****Adopted Reduction***

**Major Statutory Changes to CalWORKs Program Adopted in 2009-10.** Major punitive policy changes were adopted in the CalWORKs program, to go into effect July 1, 2011. These include:

- **Self-Sufficiency Reviews** for families, with the effect of a 50 percent grant reduction if the family does not attend these.
- A **Graduated Sanction Policy** that reduces a family's grant by 25 percent and then 50 percent if they do not comply with state work requirements or otherwise cure their sanction.
- Additionally, a **New Mandatory "Sit Out" Period** of one year, with the adult portion removed from the grant, is required after 48 months on aid, while maintaining the 60-month lifetime maximum for aid allowed under CalWORKs.

***Expected Impact and Issues for Consideration***

- **County Employment Services Ramp-Up Complicated by Single Allocation Reduction.** The new requirements to go into effect July 1, 2011, immediately after the two-year depletion of county funds for CalWORKs services, creating implementation challenges.
- **Caseloads Still Rising, As Unemployment Remains High.** The ability for families with barriers to work to reach sustainable employment and meet work participation requirements will be weakened by lack of employment services and continuing unemployment, in some counties the highest its been in recent history. Common barriers to employment include lack of child care, lack of transportation, lack of high school diploma, limited English proficiency, learning disabilities, substance abuse, and mental health conditions. Studies have demonstrated that one of these barriers alone can make sustainable employment difficult. CalWORKs recipients often have two, three, or four of these.
- **Potential Grant Reductions Create Instability for Families with Children.** The grant reductions foreseen in the long-term reforms potentially reduce grants to levels of \$100 or \$200 per month to sustain a family of three. The effects on families and possible homelessness are worthy of consideration.

***Questions***

- What theoretical changes to a family's grant could occur under the long-term reforms sought by the administration?

**ADOPTED - IHSS SERVICE REDUCTIONS (2009-10)****LIVES IMPACTED: N/A*****Adopted Reduction***

The Governor proposed in 2009 to eliminate IHSS services for all but the most impaired recipients (resulting in a reduction of nearly 90 percent of the IHSS caseload), for total General Fund savings of roughly \$700 million. Instead, the Legislature adopted, effective September 2009, several changes to services and eligibility that were initially estimated to result in General Fund savings of about \$73 million in 2009–10.

- **Reduction in Domestic and Related Care Services.** The first reduction targets domestic and related care services to the most impaired IHSS recipients, limiting these services to consumers with FI Ranks in this service category above 4.0. An estimated 85,000 would have been affected by this reduction.
- **Elimination of All Services for Consumers with FI Scores Under 2.0.** This second reduction eliminates all IHSS services for those who are considered least impaired. An estimated 39,000 elderly and/or disabled persons would have lost all services.

For both of these reductions, the Legislature adopted exceptions for certain recipients who meet specified criteria, but authorized the Governor to waive these exemptions under specified conditions if they put federal IHSS funding at risk. Ultimately, the Governor cited these conditions in vetoing an additional \$28.9 million from the final budget package. In total, the savings from these proposals are estimated to be about \$102 million in 2009–10.

The courts have halted both of these cuts for now.

***Expected Impact and Issues for Consideration***

The issues for consideration in impact for these service reductions are similar to those included in this agenda under the Governor's proposals to significantly reduce the IHSS caseload and in his trigger proposal to completely eliminate IHSS services. Please see those ensuing portions of the agenda.

***Questions***

- What is the current status of litigation in these areas?
- Has the administration contemplated changes to the FI Rank and Score calculations to assess need? What is the history and origin of this? Has it been revisited?

**ADOPTED - IHSS REDUCTION IN STATE PARTICIPATION IN WAGES (2009-10)****LIVES IMPACTED: N/A*****Adopted Reduction***

- **Wage Reduction Adopted in February 2009 Trigger Budget Agreement.** In the February, 2009 budget package, the state reduced by \$2 the level at which it will participate in paying in-home supportive services worker wages (from \$12.10/hour to \$10.10/hour). The courts have halted this cut for now.
- **Context of Other Changes Pertaining to IHSS Providers.** It is worth noting that large-scale program changes were adopted as part of the 2009-10 budget agreement, including a requirement for recipients to be fingerprinted, a new, multi-layered and complicated provider enrollment process, including background checks, to be paid for out of the provider's pocket, completion of a provider orientation, unannounced home visits for targeted cases, targeted mailings, and fingerprint requirements for both providers and recipients on bi-monthly timesheets.

***Expected Impact and Issues for Consideration***

- **Impact on Provider Livelihood and Consumer Care.** The reduction in wages has substantial impact on providers who may not be able to earn a living wage given the current cost of living, particularly in high-cost counties, given housing prices, and the costs of transportation in rural areas. Providers who might be employed by IHSS currently may choose to terminate their employment and choose another job that brings in higher earnings, causing major disruption for individual consumers in the program.
- **Many Families Have No Care-Giving Reserves.** The UCLA Center for Health Policy Research states in a recent report that, "For the two-thirds of paid caregivers who are family members, the income often makes it possible to forego other paid employment so that they can serve as caregivers. Research shows that health benefits are also an important reason that some family members take and keep IHSS jobs over others. "

The larger reduction in state participation in wages, down to minimum wage of \$8.60/hour, has been reintroduced by the administration and is discussed in an ensuing IHSS section in this agenda.

***Questions***

- What is the current status of litigation in this area?

**ADOPTED - IHSS PUBLIC AUTHORITY REDUCTION (2009-10)****LIVES IMPACTED: UNKNOWN*****Adopted Reduction***

- **Description of Public Authority Role.** The IHSS public authorities essentially represent the county in provider wage negotiations. Besides collective bargaining, the primary responsibilities of public authorities include (1) establishing a registry of IHSS providers who have met various qualification requirements, (2) investigating the background of potential providers, (3) establishing a system to refer IHSS providers to recipients, and (4) providing training for providers and recipients.
- **Reductions Sustained in 2009-10.** In 2009–10, the Governor proposed \$23.3 million General Fund for support of the public authorities. The Legislature reduced General Fund support for public authority administration by \$4.7 million. The Governor subsequently vetoed an additional \$8.6 million, for a total reduction of about \$13.3 million.

***Expected Impact and Issues for Consideration***

- **More Provider Requirements, Fewer Assisting Resources.** While the 2009-10 budget agreement included manifold new, substantial requirements for current IHSS providers, numbering 385,000, as well as new providers, this reduction was taken in one of the areas of system supports for the program.

***Questions***

- What function do Public Authorities play in the reform policies pursued by the administration and adopted as part of the 2009-10 budget?
- What has been the reaction of the Public Authorities to the reduction?

**ADOPTED - SSI/SSP SUSPENSION OF JANUARY 2009 COLA, GRANT REDUCTION, AND PERMANENT ELIMINATION OF COLA (2009-10)****LIVES IMPACTED: 1,163,200*****Adopted Reductions***

- **Federal COLA Rescinded May 2009.** In the February, 2009 special session, a 2009 federal cost-of-living adjustment was rescinded effective May 1, 2009, and grants were reduced 2.3 percent (\$20 for individuals and \$35 for couples) effective July 1, 2009.
- **October 1, 2010 Additional Reduction.** This decrease meant that grants were further reduced, effective October 1, 2009, by \$5 (0.6 percent) for individuals and \$82 (5.5 percent) for couples. Couples' maximum grants of \$1,407 per month are now at the MOE floor (around 116 percent of FPL). The SSI portion of grants will not receive a 2010 federal COLA. An estimated 2 percent of the federal COLA will, however, take effect January, 2011. The state must pass those funds through to recipients.
- **State SSP COLA Eliminated.** As a result of the budget agreement last year, the state SSP COLA was eliminated permanently, and can only be enacted by a future change in statute.

Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants are provided to aged, blind, and disabled recipients as a means of basic support for living expenses. In 2009, there were roughly 956,000 SSI/SSP households in California, representing about 1.25 million recipients. General Fund appropriated for SSI/SSP 2009-10 is \$1.26 billion and total program funding is \$5.5 billion.

***Expected Impact and Issues for Consideration***

- **Decline in Purchasing Power.** Due to the suspension of numerous COLAs throughout the years, the purchasing power of SSI/SSP has declined compared to what it would have been had it been adjusted per inflation.
- **Reductive Effect for CAPI.** Grants for individuals in the Cash Assistance Program for Immigrants (CAPI) declined alongside the SSI/SSP reductions. CAPI payments are equivalent to SSI/SSP payments, less \$10 per month for individuals and \$20 per month for couples.

***Questions***

- How does the SSI/SSP grant at its current level compare to where it would be had it been adjusted for the cost of living in California over the past twenty years?

**GOVERNOR'S VETO - \$80 MILLION FROM CHILD WELFARE SERVICES (2009-10)****LIVES IMPACTED: 247*****Adopted Reduction***

California's state-supervised, county-administered Child Welfare Services (CWS) program provides services to abused and neglected children, children in foster care, and their families. The CWS program provides (1) immediate social worker response to allegations of child abuse and neglect; (2) ongoing services to children and their families who have been identified as victims, or potential victims, of abuse and neglect; and (3) services to children in foster care who have been temporarily or permanently removed from their family because of abuse or neglect.

The Governor's August 2009 veto reduced CWS funding to counties by \$80 million (10 percent) from the General Fund. The Legislature had rejected this cut proposal in the budget that it adopted and sent to the Governor.

***Expected Impact and Issues for Consideration***

- **Diminished State Protections for Children.** Counties report that the Governor's veto dramatically reduced services across dozens of child welfare programs. Counties say that funding for nearly 400 child welfare workers has been lost. Accompanying this are increasing social worker caseloads, minimal staffing for child abuse hotlines, less resources to investigate allegations of child abuse, and less assistance to families to safely prevent the removal of children, work with families to safely reunite children, and otherwise find them permanent, safe, and healthy homes.
- **Severe Cuts to Children "Aging Out" of Foster Care.** As a result of the reduction, stipends were eliminated for youth who have "aged out" of the foster care system. The stipends were used to assist youth to attain self-sufficiency by helping to defray some of the costs of college attendance and assisting them with obtaining housing and employment.

***Questions***

- What is the state doing to track the impact and effects of the reduction?
- What are the consequences of the reductions on our state's performance against federal Child and Family Services Review standards?



**ADOPTED - TEN PERCENT REDUCTION IN FOSTER CARE RATES****LIVES IMPACTED: 18,000*****Adopted Reduction***

The 2009-10 budget included a 10 percent reduction in the rates paid to group homes, foster family agencies, and other programs for which rates are tied to these, for care and services provided to foster children. This resulted in estimated General Fund savings of \$26.6 million.

***Expected Impact and Issues for Consideration***

- **Group Home Reduction Halted by Courts.** The reduction to group home rates underwent litigation and was stopped by the courts. This eroded the expected savings in the program.
- **Foster Care Rates Depressed for Many Years.** Foster care rates did not receive an increase for many years until the 2008-09 budget agreement.

***Question***

- What has been the impact of the reduction in real dollars for those care categories for which the rate was in fact reduced in 2009-10?

**PROPOSED - CALWORKS SPECIAL SESSION REDUCTIONS (2010-11)****LIVES IMPACTED: 1,451,200*****Governor's Proposals***

- **Additional Grant Reduction of 15.7 Percent.** The Governor proposes to further reduce grants by an additional \$109 per month, or 15.7 percent, bringing the grant for basic living costs to \$585 per month for a family of three. If the federal TANF Emergency Contingency Fund (ECF) under federal stimulus is extended through 2010-11, this proposal will save \$129.9 million GF and forego \$506.5 million in federal funds.
- **Elimination of CalWORKs Recent Noncitizen Entrants (RNE) Program.** The Governor proposed to eliminate the RNE Program, affecting 24,000 individuals who depend on the program for basic assistance. Since the program was created in 1997 in response to federal welfare reform, it has not been threatened by an administration until now. If the aforementioned ECF is extended, this proposal will result in \$22.5 million GF savings and a loss of \$36.3 million in federal funds.
- **Reduction in Child Care Regional Market Rate.** The Governor's budget proposes to reduce, effective July 1, 2010, the level at which the state reimburses child care providers. As a result, licensed providers would be reimbursed at no more than the 75th percentile of the 2005 Regional Market Rate (RMR), instead of the current ceiling of the 85th percentile. License-exempt providers would be reimbursed at up to 70 percent of the newly established RMR ceiling, instead of the current of 90 percent. Savings in 2010-11 would be \$3 million for licensed providers of Stage 1 care (45 percent of caregivers) and \$52 million for license-exempt providers (55 percent of caregivers).

***Expected Impact and Issues for Consideration***

- **Seeks Unprecedented Reduction in Grant Amount.** CalWORKs provides temporary cash assistance, education, training, and employment programs to families who are unable to meet basic needs (shelter, food, clothing) on their own. This proposal would impact all 558,664 families (1.4 million individuals).
- **Working Families Losing Aid.** Due to this level of grant reduction, 8,400 families with 16,296 children would lose all CalWORKs assistance.
- **Impact on Work Participation.** DSS estimates that this proposal will result in a .9 percent loss of our 2010 WPR (growing to a 2.7 percent annual loss). Our 2007 WPR was 22.3 percent (compared with the required 32.3 percent).

- **Impact of Elimination of RNE.** Approximately 24,000 individuals would lose cash assistance and education, training, and employment services. Some may apply for and receive a lower amount of assistance from county-funded General Assistance (GA), which is only available for three months out of the year for an individual.

### **Questions**

- If grants are reduced by 15.7 percent, please explain how they relate to current costs of living in California? Please explain this for a high-cost county and a low-cost county.
- What trends in homelessness is the administration seeing? What effect might this grant cut have on that continuing trend?
- What might be the foreseeable impacts of this grant cut on child welfare demands and foster care? What research is the administration relying upon? What has it heard from advocates?
- What impact does the grant reduction have on a family's ability to achieve sustainable work? What modeling has the administration conducted to lead to its findings?

**PROPOSED - 87% SERVICE ELIMINATION IN IHSS (2010-11)*****Governor's Proposal***

- **Proposal.** The Governor's budget proposes to eliminate, effective June 1, 2010, all services for recipients with a functional index (FI) score of less than 4. This cut would eliminate eligibility for 426,733 individuals (87 percent of the caseload).
- **General Fund Savings.** GF savings vary by whether the federal government extends enhanced ARRA Federal Medical Assistance Percentage (FMAP) rates (61.6 versus 50 percent) past December 31, 2010. During ARRA, program costs are shared 62/25/13 at Federal/State/County levels. If ARRA is extended, proposed 2010-11 GF savings are \$651 million. The state would forego about \$2.4 billion federal funds. If ARRA is not extended, GF savings would increase to \$1.1 billion, while federal funds foregone would be approximately \$1.7 billion.

***Expected Impact and Issues for Consideration***

- **Legality of Proposal Unclear.** The administration is relying on a favorable court decision or increased federal flexibility to allow implementation of this proposal. According to the LAO, this proposal would likely lead to offsetting costs that more than outweigh potential savings.
- **Large Effects on Cognitively Impaired.** The UCLA Center for Health Policy Research in a February 2010 report estimated that the vast majority of those with FI scores under 4.0 are severely disabled and suffer from cognitive impairments that make daily survival without assistance extremely difficult.
- **Extremely Limited Nursing Home Capacity.** UCLA also estimates that nursing homes and residential care facilities can absorb less than 10 percent of those who face losing their community-based benefits due to these cuts.

***Questions***

- How many IHSS consumers does the administration project would enter a nursing home if this cut is made in IHSS? What is the basis for that projection?
- How many in the caseload with an FI score below 4.0 suffer from cognitive impairments that would make them nursing home eligible in their current condition?
- What options exist for IHSS consumers and how are these affected by the administration's proposed cuts in other areas and programs?

**PROPOSED - IHSS REDUCTION IN STATE PARTICIPATION IN WAGES (2010-11)*****Adopted Reduction***

- **Repeated Proposal to Reduce State Participation in Wages.** The Governor's budget again proposes, effective June 1, 2010, to reduce the state's participation in IHSS wages from the current ceiling of \$12.10 per hour to a ceiling of the minimum wage of \$8.00 per hour, plus \$.60 in benefits costs. There are approximately 385,000 IHSS service providers providing services to 460,000 program recipients. IHSS providers organize and collectively bargain for wages and benefits on a county-by-county basis.
- **Status of Wages in Counties.** As of October 1, 2009, IHSS wages were above \$8.60/hour in 45 California counties. In 24 counties, the wages were at or above \$10.10/hour. To the extent that counties continue to pay wages above \$8.60, they would have to backfill decreased state funds.

***Expected Impact and Issues for Consideration***

- **Legality of Proposal Unclear.** Again, the Administration is relying on a favorable court decision or increased federal flexibility to allow implementation of this proposal. Budget bill provisions from February 2009 reduced the state's contribution to participation in wages up to \$9.50 per hour plus \$.60 for benefits (for a total of \$10.10), effective July 1, 2009. However, a federal district court issued a preliminary injunction against this reduction. The Administration is appealing in the 9th Circuit.
- **Counties Ability to Backfill Questionable.** Counties' ability to make up the difference between a current wage level and that which would be required if the state reduced participation in wages is unknown. County resources being strained as they are across program areas, with furloughs, layoffs, and program downsizing, may not be able to bridge this difference.

***Questions***

- What is the administrations assessment of county response to the proposed reduction?

**PROPOSED - SSI/SSP FURTHER REDUCTION IN INDIVIDUAL GRANTS TO MOE (2010-11)*****Governor's Proposal***

The Governor's budget proposes to reduce, effective June 1, 2010, SSI/SSP grants to individual recipients. The proposed SSP grant would be set at the federally required MOE level of the 1983 payment standard. Savings include those resulting from grant reductions in the Cash Assistance Program for Immigrants and California Veterans Cash Benefit, as these grant levels tie to those for SSI/SSP.

***Expected Impact and Issues for Consideration***

- **Below Poverty Level Grants for Aged, Blind, and Disabled Individuals.** Maximum grants for around one million aged, blind or disabled individual SSI/SSP recipients would be reduced from \$845 to \$830 monthly (92 percent of Federal Poverty Level (FPL)).
- **Loss of Benefits for Thousands as a Result.** 8,776 recipients would become ineligible, some of whom may seek services from DDS.
- **MOE Considerations.** The federal MOE limits reductions states can make to SSP benefit levels without penalty. If a state reduced SSP benefits below the MOE, it would lose federal Medi-Cal funding.

***Questions***

- How does the SSI/SSP grant for individuals at its current level compare to where it would be had it been adjusted for the cost of living in California over the past twenty years? How does this look after the proposed reduction?
- What are the expectations for how SSI/SSP individuals will grapple with a reduced grant?
- What is the general health status for SSI/SSP recipients?

**PROPOSED - ELIMINATION OF CAPI AND CFAP (2010-11)****LIVES IMPACTED: 10,886 IN CAPI AND 37,000 IN CFAP*****Governor's Proposal***

The Governor's budget proposes to eliminate the California Food Assistance Program (CFAP) and Cash Assistance Program for Immigrants (CAPI), effective June 1, 2010.

CFAP and CAPI are state-funded programs that provide benefits to legal immigrants who do not qualify for federal food stamps and SSI/SSP funding, respectively. California created CFAP and CAPI in 1997 and 1998 after federal law began excluding these individuals. Since that time, federal law has changed to re-include some, but not all, individuals originally covered under the state programs (e.g., non-citizens with disabilities for CFAP).

***Expected Impact and Issues for Consideration***

- **CAPI Impact.** CAPI benefits are the equivalent of SSI/SSP program benefits, less \$10 per individual and \$20 per couple. The average monthly number of CAPI recipients in 2009-10 is 9,029. Some CAPI recipients may become eligible for GA.
- **CFAP Impact.** CFAP provides food benefits to legal non-citizens over 18 and under 65 years of age. DSS estimates the average monthly number of 2009-10 recipients as 32,278 (12,617 households). The average monthly benefit is \$112 per person.

***Questions*****CAPI**

- The majority of CAPI participants live independently and depend totally on their CAPI benefits. How many of these individuals would become homeless and unable to make ends meet if CAPI is eliminated?
- How many sponsored CAPI participants would be able to meet their basic needs if CAPI is eliminated?
- If CAPI is eliminated and these individuals transition to GR, how will they survive on the GR/GA grant which is (approximately) one fourth of the CAPI payment and offered for only three months out of the year?
- Some of the CAPI participants reside in Non-Medical Out-of-Home Care facilities. If CAPI is eliminated, how will these individuals continue to live without this type of care?

**CFAP**

- There has been an increase of 30% in the number of CFAP households, statewide, from July 2008 - December 2009 (4,751 CFAP households to 6,168 CFAP households). Are there other programs in place where these households are expected to go so they can eat?
- There has been an increase of 51% of federal Food Stamp households with a CFAP member from July 2008 - December 2009 (10,392 CFAP/federal households to 15,682 CFAP/federal households). Are there other programs in place where these households are expected to go so they can eat?
- How will cutting nutrition benefits to these needy households struggling to make ends meet assist them to eat and still pay for shelter and their other subsistence needs?



**PROPOSED - ELIMINATION OF CALWORKS (2010-11 TRIGGER)****LIVES IMPACTED: 1,465,370*****Governor's Proposal***

The Governor proposes to completely eliminate the CalWORKs program, effective 90 days notice from the Director of Finance that sufficient federal funds were not received. If this proposal took effect in 2010-11, the Administration estimates that the state would save \$1.2 billion GF (growing to \$2.3 billion GF annually) and forego \$3 billion federal funds (growing to \$3.8 billion TANF funds annually after the expiration of federal stimulus funds described below).

***Expected Impact and Issues for Consideration***

- **Dramatic Shift in Social Policy for California.** California has had a welfare program in some form since the enactment of the Aid to Dependent Children program in 1911. Today, CalWORKs provides not only temporary cash assistance, but also education, training, child care, and employment programs to families who are unable to meet basic needs (i.e. shelter, food, clothing) on their own.
- **Significant Rise in Deep Poverty Expected.** This proposal would eliminate benefits to all of the 500,000 to 600,000 families (including more than 1 million children) who receive assistance from the program. Counties and advocates project that the elimination of CalWORKs could result in dramatic increases in unemployment, poverty and homelessness among recipient families, as well as costs in other state and local services (e.g. the child welfare, foster care, and education systems). Again, the Governor's budget forecasted an unemployment rate of 12 percent during 2010. According to the U.S. Census Bureau, California had an overall poverty rate of 13.3 percent of the state's population in 2008. The poverty rate was already even higher, at 18.5 percent, for children under 18 years of age.
- **Demands on Small General Assistance Benefit to Balloon.** If the trigger proposal takes effect and the CalWORKs program is eliminated, former CalWORKs recipients may become eligible to apply for county-funded General Assistance (GA) programs for indigent families. As an example, the maximum GA grant in Los Angeles County (called General Relief) for a family of 3 is \$450 per month. In some counties, GA offers lower-value vouchers and no cash assistance. The County Welfare Directors Association (CWDA) estimates the potential overall costs to counties if all former CalWORKs recipients could become eligible for GA as \$1.9 billion.

- **Negative Economic Ripple Effects of Lost Human Services Spending.** It is well-established that the lowest-income individuals and families spend a higher percentage of their income locally and immediately than do individuals with more disposable income. In addition to these effects on recipient families and their economic activities, as well as local governments, below are examples of others who would be directly impacted by elimination of CalWORKs:
  - Employers who might otherwise avert layoffs or expand their workforce via up to 15,000 ECF-supported subsidized employment slots.
  - Tens of thousands of local child care providers who provide child care to children whose care is subsidized by the CalWORKs program; and
  - An estimated 14,000 county and 170 state employees who work within the state's CalWORKs program.
- **TANF Spending Supports Other Non-CalWORKs Parts of the State Budget.** Elimination of CalWORKs would also need to account for \$590.5 million GF to annually backfill funding for non-welfare programs that otherwise are sustained through TANF funding.

### **Questions**

- How many families does the administration project would become homeless if the CalWORKs program were eliminated?
- What would be the consequences of a massive increase in family homelessness for children's health and education performance?
- How will families terminated from CalWORKs meet their basic needs throughout the year given that in many counties GA benefits are provided for only a few months in any annual period?
- Have any other states contemplated complete elimination of their safety net for families with children?
- How many jobs would be directly eliminated if the CalWORKs program were eliminated, including counties and service providers?
- How much does CalWORKs contribute to economic growth and employment in local communities?
- How much federal revenue would the State relinquish if the CalWORKs program were eliminated and the State abandoned the TANF block grant? How much of this federal revenue would have to be back-filled with State general fund dollars outside the CalWORKs program?

**PROPOSED - ELIMINATION OF THE IHSS PROGRAM (2010-11 TRIGGER)****LIVES IMPACTED: 1,057,376*****Governor's Proposal***

- **Trigger Proposal and Foregone Federal Funds.** The Governor's trigger proposals include the complete elimination of the IHSS program, effective 90 days after notice from the Director of Finance that sufficient federal funds were not authorized. According to the Administration, if this trigger proposal took effect for nine months of 2010-11, the state would save \$1.2 billion GF and forego \$1.8 billion federal funds. The foregone federal funds are predicated on extension through the state's fiscal year of the enhanced Federal Medical Assistance Percentage (FMAP) rate for federal financial participation available for IHSS under ARRA. After expiration of the enhanced FMAP, the Administration estimates \$1.8 billion GF savings and \$2 billion foregone federal funds annually.
- **Program History.** The IHSS program has its roots in a 50-year-old cash grants program for individuals who are blind, aged, or who have disabilities and a 30-year-old "homemaker" program that offered domestic help to recipients. Today, the IHSS program provides in-home personal care services to roughly 460,000 qualified individuals who are blind, aged (over 65), or who have disabilities. These individuals usually have income at or below the SSI/SSP grant level (\$845 per month for an individual as of October 2009) and assets, except their homes or cars, worth less than \$2,000. County social workers determine eligibility for the program after conducting in-home assessments.

***Expected Impact and Issues for Consideration***

- **Dramatic Departure from Home and Community-Based Services Policy in California.** To reduce costs and offer seniors a better quality of life, the state expanded home care and community-based programs like IHSS in the 1980's. The institutionalization rate subsequently dropped to 2.7 percent.
- **Olmstead Decision Raise Important Legal Questions.** The U.S. Supreme Court in *Olmstead v. L.C.* found that the Americans with Disabilities Act of 1990 requires states to provide community rather than institutional placement when the community placement can be reasonably accommodated. The elimination of the program would leave California with only the most expensive care option of nursing homes – offered to a larger population of disabled seniors than existed 30 years ago and at a higher cost to the state and taxpayers.
- **No Budget Accounting for Certain Cost Shifts, Projecting Medi-Cal Deficiencies in Budget Year.** The Administration has not accounted for any potential cost shifts from serving IHSS recipients who would no longer receive in-

home supports in Skilled Nursing Facilities (SNFs). According to the LAO, however, if at least 32 percent of non-developmentally-disabled IHSS recipients would enter a SNF in the absence of IHSS (which the LAO states is “very possible”), the proposed elimination of IHSS would result in GF costs, rather than savings. The LAO also estimates that the GF cost shift for replacing IHSS services with other services for recipients with developmental disabilities is significantly greater than the Administration’s estimate and would likely be higher than \$300 million.

- **IHSS Costs and Nursing Home Costs.** IHSS services can include tasks like meal preparation, feeding, bathing, paramedical care, and domestic services. On average, the state spends roughly \$12,000 per year for IHSS services (although may also spend other funds for some services that a nursing home resident would not utilize). These services frequently assist program recipients to avoid or delay more expensive and less desirable institutionalizations. According to the LAO, the state spends an average of about \$55,000 per year for each nursing home resident who uses Medi-Cal (based on 2006-07 figures).
- **Job Loss for IHSS Provider and Rise in Unemployment.** Approximately 385,000 IHSS care providers would lose their IHSS employment. Many of these providers already live in low-income households. The Governor’s budget forecasted the state’s 2010 unemployment rate to be 12 percent. According to the LAO, job losses of this magnitude could increase that unemployment rate by more than 1 percent. The LAO also estimates that about 60 percent of affected workers (or 231,000) may qualify for unemployment insurance benefits and 2,000 to 3,000 county and 80 state staff positions could also be eliminated.

### **Questions**

- How many vacant nursing home beds are there in California? How many of these are “Medi-Cal” beds? What percentage of IHSS consumers is equal to this number of nursing home beds?
- How many IHSS consumers does the administration project would enter a nursing home if IHSS were eliminated? What is the basis for that projection?
- What does Medi-Cal pay a nursing home per month for a Medi-Cal patient? How does this amount compare to what it would cost the State to provide care through the IHSS program?
- What will happen to IHSS consumers who need a nursing home, if there are no beds available? Will they go to an acute care hospital?
- How do you respond to the LAO’s analysis that state cost shifts for serving individuals with developmental disabilities will be significantly higher (\$300 million versus the \$55 million the administration estimated)?

**PROPOSED – ELIMINATION OF THP+ (2010-11 TRIGGER)****LIVES IMPACTED: 2,054*****Governor's Proposal***

The Governor's trigger proposals also include the elimination in 2010-11 of all \$35.9 million for the THP+ housing and supportive services program. The THP+ program is currently funded with 100 percent GF. The proposed elimination of funding would take effect immediately upon notice from the Director of Finance that sufficient federal funds were not authorized.

THP+ provides up to two years of transitional housing and supportive services to help former foster youth achieve self-sufficiency. There are approximately 1,400 young adults and 168 of their children living in THP+ placements in 52 California counties. Participants receive support toward their county-approved self-sufficiency (e.g., employment or education-related) goals and may live alone or with roommates.

***Expected Impact and Issues for Consideration***

- **Negative Outcomes for Foster Youth Emancipated Without Support.** It is well-documented that foster youth who emancipate from care without continued support at the age of 18 experience higher rates of arrest, incarceration, pregnancy, homelessness, unemployment and a lack of educational achievement (i.e., receipt of a high school diploma) than their peers. In a 2008 survey by the John Burton Foundation, the interviewed THP+ participants experienced a 19 percent gain in employment and a 13 percent increase in hourly wages, in addition to advances in education, health, and housing stability.
- **Immediate Homelessness for Many Anticipated.** Advocates state that many of the 1,400 youth and 168 children currently living in THP+ settings would face immediate homelessness with program elimination. In the longer term, this elimination could increase critical challenges faced by former foster youth and result in increased state costs (e.g., public assistance and corrections costs).

***Questions***

- When and how would you anticipate that THP+ would be ramped down in the event of the trigger being pulled? When and how would THP+ providers and participants receive notice of the program's elimination?
- If this trigger proposal took effect, what would you anticipate would be the impacts on the former foster youth currently living in THP+ settings? On foster youth who emancipate from care in the future? On THP+ providers and staff?
- What would you anticipate to be the effects on other state services and costs (e.g. public assistance, corrections)?

## Department of Health Care Services

ADOPTED - ELIMINATION OF OPTIONAL BENEFITS (2009-10)

LIVES IMPACTED: 932,114

### *Governor's Proposal*

The 2009 Budget Act eliminated several *adult* "optional benefits" from the Medi-Cal program for projected General Fund savings of \$93.9 million and the loss of \$150.5 million in federal funds.

### *Expected Impact and Issues for Consideration*

As with most, if not all, of the reductions to be discussed in this agenda and hearing, only a limited amount of information is available on the impacts of having eliminated these benefits from the Medi-Cal program. The California Dental Association and California Medical Association report that they have anecdotal information from emergency rooms that ER visits for emergency dental procedures has increased, but they have no hard data as of yet. The California Primary Care Association explains that the overall cumulative loss of funding to clinics, as a result of several budget cuts last year, including this one, has resulted in clinic closures and substantial reductions to hours and services, and thereby an overall reduction in access to care for this population. The following are the optional benefits that were eliminated, followed by the number of users in 2006-07. These numbers represent fee-for-service users and do not include the millions of Medi-Cal beneficiaries in managed care, for whom it is not possible for the state to count:

Dental (932,114), acupuncture (32,906), audiology (28,061), speech therapy (1,593), chiropractic (12,439), optometry (731,906), podiatry (85,129), psychology (4,970), and incontinence creams and washes (65,591).

### *Questions*

1. Have Medi-Cal beneficiaries been able to access these services outside of Medi-Cal since elimination of them as Medi-Cal benefits?
2. If yes, where?
3. Has the Administration done an up-to-date cost-benefit analysis of eliminating dental coverage that incorporates the increased costs of ER visits?
4. Has the Administration assessed whether eliminating these benefits has led to diminished health outcomes and higher costs in general as a result of beneficiaries seeking and needing a higher level of care as a result of losing these benefits? Examples include: A beneficiary might need psychiatric care due to the absence of psychology services or might require ophthalmologic care due to the absence of access to optometry.

**ADOPTED - RESTRICTIONS TO ADULT DAY HEALTH CARE (2009-10)****LIVES IMPACTED: 0*****Governor's Proposal***

In 2009, the Legislature rejected the Governor's proposal to eliminate Adult Day Health Care (ADHC) and instead the 2009 Budget Act included various cost-saving restrictions to ADHC, including revised medical acuity eligibility criteria, a three day cap on services, and on-site Treatment Authorization Requests, for projected General Fund savings of \$14.1 million and the loss of \$22.5 million in federal funds.

***Expected Impact and Issues for Consideration***

The purpose of ADHC is to give some people with significant medical needs an alternative to institutionalization in long-term care facilities. By remaining with family or in some other type of community setting, a person can have a significantly higher quality of life and the cost of their care is substantially less. Nevertheless, California's ADHC program has been a source of concern and frustration for both state and federal government agencies; DHCS has produced payment error studies that identify a high degree of fraud and abuse in the program and the federal CMS (the agency that regulates Medicaid nationally) has demanded a higher level of accountability to ensure that Medicaid is paying only for medical services.

The major changes to the program that were adopted in last year's budget have been enjoined by the court which found them to be in violation of either the Olmstead Act or the Americans With Disabilities Act (ADA), or both. Had the state been able to implement the 3-day cap and higher medical acuity eligibility criteria, a significant percentage of current ADHC consumers would have been denied access to ADHC and would have experience one or more of the following:

- Increased institutionalizations in nursing homes, at significantly higher cost to the state;
- Increased individuals remaining at home with family, requiring a family member to quit a job to become a full-time care-taker;
- Worsening health conditions leading to increased ER visits and increased health care costs in general; and
- Increased homelessness or various other undesirable, harmful outcomes.

***Questions***

1. Please explain and describe the court cases that have enjoined the changes adopted in last year's budget and the basis for the court finding them to be in violation of current law.
2. Do these court cases suggest that further restrictions to, or elimination of, ADHC also would be violations of current federal law and therefore prohibited by the court, assuming the state were sued again?

**ADOPTED - REDUCTIONS TO HOSPITALS AND LONG-TERM CARE (2009-10)****LIVES IMPACTED: ?*****Governor's Proposal***

The 2009 Budget Act includes several different reductions to health care institutions such as hospitals and nursing homes that care for Medi-Cal beneficiaries, the uninsured, and of course the insured for General Fund savings of approximately \$165.3 million and the loss of \$207.6 million in federal funds.

***Expected Impact and Issues for Consideration***

These reductions are being discussed together here in light of the difficulty in tallying the human impact of reductions to large health care institutions. Some might argue that at least some of these institutions can afford, or absorb, the reductions. Others would assert that these reductions contribute to rising health care costs and generally add strain to an already-strained health care safety net.

The state budget cuts to public hospital systems have happened at the same time that their local budgets have been reduced. According to the California Association of Public Hospitals and Health Systems (CAPHHS), this cumulative financial pressure has resulted in hospitals eliminating or reducing programs and services, such as the elimination of a transplant program or the closure of primary care and dental clinics. CAPHHS states that, thus far in FY 2009-10, public hospital systems are facing over \$725 million in budget deficits.

***Questions***

1. What have been the impacts on hospitals and nursing homes of last year's budget reductions?
2. Has there been a direct impact on patients? On providers? On quality of care?
3. Have these reductions in any way reduced access to care?



**ADOPTED - REDUCTIONS TO COMMUNITY CLINIC PROGRAMS (2009-10)****LIVES IMPACTED: 170,000*****Governor's Proposal***

The 2009 Budget Act includes reductions to several programs that support community health clinics including: Rural Health Services, Expanded Access to Primary Care (EAPC), American Indian Health Program, and Seasonal Migratory Worker Clinics, for projected General Fund savings of \$39 million.

***Expected Impact and Issues for Consideration***

Clinics experienced a substantial loss of funds due to the cumulative impact of several budget reductions, including: elimination of optional benefits, reductions to the clinic-support programs listed above, and reductions to the Office of AIDS programs. CPCA conducted a statewide survey of clinics and found the following impacts as a direct result of last year's budget reductions:

- Four clinics have closed;
- 170,000 patients have lost some degree of access to care;
- 500,000 encounters will not be provided;
- Layoffs of hundreds of providers and staff;

CPCA also states that clinics have experienced a 50 percent increase in the number of uninsured patients seeking care as a result of the economy.

***Questions***

1. What percentage of Medi-Cal beneficiaries utilize clinics as their primary source of care?
2. How do Medi-Cal beneficiaries access services if they cannot access them through clinics?
3. What is the impact on a beneficiary's health if services are unavailable or delayed?

**PROPOSED - COST CONTAINMENT MEASURES (2010-11)****LIVES IMPACTED: ?*****Governor's Proposal***

The Governor's proposed 2010-11 budget includes a request for authority to make numerous changes to the Medi-Cal program including increased cost-sharing for beneficiaries, utilization controls, and rate flexibility, for projected General Fund savings of \$750 million and the loss of \$1.6 billion in federal funds.

***Expected Impact and Issues for Consideration***

The Governor included this proposal in his proposed 2010-11 budget released in January with very limited detail on what the cost-containment measures would be. The proposed trailer bill language would give the Administration wide authority to develop policy changes to the program and subsequently inform the Legislature after the fact. DHCS has provided a few examples of the kinds of things that might be included, such as a monthly limit on prescription drugs, a limit on the number of covered days in a hospital, and the first-ever mandatory premiums and/or co-payments for Medi-Cal beneficiaries. Arguably, the impact could be to all Medi-Cal beneficiaries.

***Questions***

1. Please describe this proposal in as much detail as possible.
2. Please explain the existing "voluntary" co-payments in Medi-Cal.
3. Is there data that indicates what percentage of the Medi-Cal population has the ability to pay co-payments and monthly premiums?
4. How might federal health care reform affect his proposal?

**PROPOSED - ELIMINATION OF BENEFITS FOR LEGAL IMMIGRANTS (2010-11)****LIVES IMPACTED: 65,600*****Governor's Proposal***

The Governor's 2010-11 budget proposes to eliminate full-scope benefits for legal immigrants who have been here less than five years and for individuals identified as "PRUCOL," for projected General Fund savings of \$118 million and the increase of \$44.6 million in federal funds.

***Expected Impact and Issues for Consideration***

This proposal would add another 65,500 people to the ranks of the uninsured. As compared to the insured, uninsured individuals:

- Are sicker;
- Lack access to preventive health care, thereby diminishing their own health as well as the public health;
- Are more likely to seek care through an emergency room, which is costly and less appropriate care; and
- Have more school and work absences.

***Questions***

1. Does the Administration's cost/savings analysis on this proposal account for increased costs to the state in emergency care and increased costs to the local health care safety net in uncompensated care?
2. What does the Administration know about the general health of this population?
3. How might federal health care reform affect his proposal?

**PROPOSED - ELIMINATION OF ADULT DAY HEALTH CARE (2010-11)****LIVES IMPACTED: 58,492*****Governor's Proposal***

As he did last year, the Governor proposes to eliminate Adult Day Health Care as a Medi-Cal benefit for projected General Fund savings of \$134.7 million and the loss of \$216 million in federal funds.

***Expected Impact and Issues for Consideration***

As stated under the ADHC reduction in 2009, if ADHC services are eliminated, some percentage of current consumers would experience the following:

- Increased institutionalizations in nursing homes, at significantly higher cost to the state;
- Increased individuals remaining at home with family, requiring a family member to quit a job to become a full-time care-taker;
- Worsening health conditions leading to increased ER visits and increased health care costs in general;
- Increased homelessness or various other undesirable, harmful outcomes;
- Loss of thousands of jobs; and
- Thousands of relatives having to either quit jobs or institutionalize their relatives.

***Questions***

1. Please describe what will happen to the 37,000 ADHC consumers if this benefit is eliminated from Medi-Cal.
2. What percentage of ADHC consumers could be institutionalized without completely eroding all of the savings projected as a result of elimination?
3. While ADHC consumers who are Regional Center clients would continue to be eligible for these services, in actuality, how would the Regional Center system ensure continued access to these services?
4. Do this year's court cases suggest that elimination of ADHC would likely violate federal law and therefore not be possible?

**PROPOSED - REDUCE REIMBURSEMENT FOR FAMILY PLANNING (2010-11)****LIVES IMPACTED: ?*****Governor's Proposal***

The Governor proposes to rollback reimbursement rates for family planning services in Medi-Cal to 2007 levels for projected General Fund savings of \$15 million and the loss of \$73.4 million in federal funds.

***Expected Impact and Issues for Consideration***

The family planning rates were increased in 2007 after seeing no increase in over 20 years. Substantial data exists to support the long-term cost savings that result from family planning services. These services qualify for a 9 to 1 federal funding match. CPCA states that over the past year, clinics have experienced a 50 percent increase in demand for services. Prior to the rate increase, Planned Parenthood reported turning away 10,000 people per month statewide due to insufficient funding.

***Questions***

1. Where do people seek and receive family planning services when they cannot access them through clinics?
2. How do family planning services affect the lives of teenagers?

**PROPOSED - ELIMINATE ELIGIBILITY CATEGORIES (2010-11 TRIGGER)****LIVES IMPACTED: 1,913,807*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor proposes to rollback the 1931(b) expansion, reduce the aged, blind and disabled FPL eligibility, and eliminate the following Medi-Cal eligibility categories: Medically Needy Program; CHDP Gateway Pre-enrollment eligibility; Accelerated Enrollment at Single-Point-of-Entry; Expansion for Former Foster Care Children; Medically Indigent Adult Long Term Care Program; FPACT; and the Breast and Cervical Cancer Treatment Program, for projected General Fund savings of \$489.3 million and the loss of \$523.5 million in federal funds.

***Expected Impact and Issues for Consideration***

This proposal would add another 300,000 people to the ranks of the uninsured. An additional 1.6 million would lose access to family planning services and cancer treatments. As stated earlier in this agenda, as compared to the insured, uninsured individuals:

- Are sicker;
- Lack access to preventive health care, thereby diminishing their own health as well as the public health;
- Are more likely to seek care through an emergency room, which is costly and less appropriate care; and
- Have more school and work absences.

***Questions***

1. Where will these 300,000 people access medical care?
2. What will happen to people currently enrolled in, and people who would be enrolled in the future, in the Breast and Cervical Cancer Treatment Program if this program is eliminated?
3. Please explain what impact federal health care reform will have on Medi-Cal and specifically on this proposal.

**PROPOSED - ELIMINATION OF OPTIONAL BENEFITS (2010-11 TRIGGER)****LIVES IMPACTED: 222,993*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor's proposed budget eliminates several *adult* "optional benefits" from the Medi-Cal program for projected General Fund savings of \$52.2 million and the loss of \$65.8 million in federal funds.

***Expected Impact and Issues for Consideration***

"Optional benefits" under Medicaid are benefits that the federal government does not mandate states to offer within their Medicaid programs. Many people would argue that many "optional benefits" should not be optional and should be mandated benefits under any comprehensive health coverage plan, whether public or private. The following are the optional benefits proposed for elimination, followed by the number of users in 2006-07. These numbers represent fee-for-service users and do not include the millions of Medi-Cal beneficiaries in managed care, for whom it is not possible for the state to count:

Hearing Aids (17,396), Physical Therapy (6,025), Occupational Therapy (332), Orthotists (1,252), Independent Rehab Facilities (430), Outpatient Heroin Detox (947), Medical Supplies, Prosthetists (11,486), and Durable Medical Equipment (222,993).

***Questions***

1. Please provide examples of conditions that would qualify Medi-Cal beneficiaries for the "optional benefits" that the Governor has proposed to eliminate.
2. Please provide some specific examples of durable medical equipment.
3. How will Medi-Cal beneficiaries access these services and products if they are no longer a Medi-Cal covered benefit?
4. Please describe how federal health care reform will impact this proposal.

**PROPOSED - ELIMINATION OF PROP 99 FUNDING FROM EAPC (2010-11 TRIGGER)****LIVES IMPACTED: ?*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor proposes to eliminate all remaining \$10 million in Proposition 99 funding in the Early Access to Primary Care (EAPC) Program that supports community clinics. This would result in \$10 in General Fund savings by backfilling General Fund dollars in Medi-Cal.

***Expected Impact and Issues for Consideration***

This funding supports 580 clinics, thereby providing approximately \$17,241 to each clinic. Though a relatively small amount of funding, this would be an additional reduction compounding the substantial loss of funding to clinics last year.

***Questions***

1. What will be the impact on clinics, and clinic patients, of additional reductions in this year's budget?
2. In addition to the clinics that have closed this past year, are there additional clinics that are considering closing or are very close to being forced to close?
3. When a clinic closes, where do the patients access care?



## Department of Alcohol and Drug Programs

ADOPTED – TEN PERCENT REDUCTION IN DRUG MEDI-CAL RATES (2009-10)

LIVES IMPACTED: 270,598

### *Adopted Reduction*

The Department of Alcohol and Drug Programs (ADP) directs and coordinates the state's efforts to prevent or minimize the effects of alcohol-related problems, narcotic addiction, and drug abuse. Services include prevention, early intervention, detoxification, and recovery. ADP administers funding to local governments and licenses, certifies, and audits alcohol and other drug programs.

ADP administers the Drug Medi-Cal Program, which provides substance abuse treatment services for beneficiaries of the Medi-Cal Program. It has also allocated other funds to local governments and contract providers, including funds provided under the Substance Abuse and Crime Prevention Act, the 2000 initiative also known as Proposition 36.

The budget also included an across-the-board 10 percent reduction in the rates paid to Drug Medi-Cal providers that is estimated to achieve \$8.8 million in GF savings. The spending plan also includes adjustments due to increased FMAP under ARRA.

### *Expected Impact and Issues for Consideration*

- **Contraction of Service Network and Provider Closures.** Providers have noted closure of sites and service reductions due to the ten percent reduction. They additionally note the diminishing county resources for treatment, which creates greater pressures and demand for private providers and their services.
- **Fewer Treatment Slots to Fend Burgeoning Addiction Trends.** Providers note new trends in oxycontin and opiate addictions among youth and in high-income neighborhoods. The availability of these drugs and movement into lower-income communities is creating a greater demand seen in Drug Medi-Cal.

### *Questions*

- What increases in caseload are being seen in Drug Medi-Cal? What effect has the reduction had on the provider pool?

**ADOPTED – ELIMINATION OF ALL SACPA (PROP. 36) GENERAL FUND (2009-10)****LIVES IMPACTED: 49,700*****Adopted Reduction***

The 2009-10 eliminated \$90 million in GF support from the Substance Abuse and Crime Prevention Act (also known as Proposition 36), while maintaining \$18 million in General Fund support for the Offender Treatment Program, which also serves Proposition 36 offenders. These spending reductions were intended to be partially offset with \$45 million in one-time federal Byrne Memorial Justice Assistance Grant funds for the Offender Treatment Program.

***Expected Impact and Issues for Consideration***

- **Program Defunding Represented Sharp Departure in Addiction Treatment Policy.** Eliminating all state funding for Prop. 36 halted a program that had provided treatment to over 30,000 people each year. Almost 300,000 people entered community-based treatment through Prop. 36, half of whom never received treatment services before. About one-third of participants complete treatment and probation and about half stay for at least 90 days, considered to be the minimum threshold for beneficial treatment.
- **Cost Savings Acknowledged for Prop. 36 Services.** UCLA found in several annual studies that for every \$1 invested in the program, the state saved between \$2-4. The diversion of drug offenders out of overcrowded prison systems into treatment has also been widely lauded.

***Questions***

- What treatment services are available in the absence of Prop. 36?
- What is the expected increase in state costs, e.g. for incarceration, in the absence of Prop. 36 funding?
- How are courts reacting to the reductions?

**PROPOSED – ELIMINATION OF ALL REMAINING GENERAL FUND IN OTP****LIVES IMPACTED: 10,514*****Proposed Reduction***

The Governor proposes to reduce the Offender Treatment Program (OTP) by \$18 million General Fund in 2010-11, removing all remaining GF for drug treatment programs for nonviolent, low-level drug offenders.

The OTP serves the same population as Prop. 36 and its main distinction is the use of more overt law enforcement mediums such as flash incarceration.

***Expected Impact and Issues for Consideration***

- **Program Defunding Represented Sharp Departure in Addiction Treatment Policy.** Akin to the elimination of all state funding for Prop. 36, there is significant outcry over removing all state support for these treatment services. Almost 300,000 people entered community-based treatment through Prop. 36, half of whom never received treatment services before. About one-third of participants complete treatment and probation and about half stay for at least 90 days, considered to be the minimum threshold for beneficial treatment.
- **Cost Savings Acknowledged for Prop. 36 Services.** UCLA found in several annual studies that for every \$1 invested in the program, the state saved between \$2-4. The diversion of drug offenders out of overcrowded prison systems into treatment has also been widely lauded.

***Questions***

- What are the key differences in how Prop. 36 operated in the past and how OTP is operating today?
- What waiting lists is OTP experiencing that might be indicative of the level of "need" in the community for treatment services?
- What will happen to treatment options without Prop. 36 and without OTP? What is available for a nonviolent, low-level drug offender?

## Managed Risk Medical Insurance Board

### ADOPTED - REDUCTION TO HEALTHY FAMILIES (2009-10)

LIVES IMPACTED: 0

#### *Governor's Proposal*

The 2009 Budget Act includes a General Fund reduction to the Healthy Families Program of \$174 million, nearly half of the prior year's General Fund appropriation. Subsequent to passage and signing of the Budget Act, First 5 California made an \$81 million contribution to the program to cover the costs of children in the 0-5 age range, and the Legislature passed and the Governor signed AB 1422 which extended and expanded a tax on Medi-Cal managed care companies. With these two actions, the Healthy Families Program was fully funded in 2009-10.

#### *Expected Impact and Issues for Consideration*

As a result of the funding solutions described above, there was no direct impact on the Healthy Families program or its beneficiaries from last year's General Fund reduction. However, AB 1422 includes a sunset of December 31<sup>st</sup>, 2010, though the Governor has proposed an extension as part of his current budget package. It is anticipated that First 5 California is likely to continue to provide financial support to cover the costs of 0-5 year olds in the program, however this also remains an uncertainty.

### ADOPTED - ELIMINATION OF CERTIFIED APPLICATION ASSISTORS (2009-10)

LIVES IMPACTED: ?

#### *Governor's Proposal*

The 2009 Budget Act eliminated funding for Certified Application Assistors who help parents enroll their children in Healthy Families, for projected General Fund savings of \$4.6 million and the loss of \$7.3 million in federal funds.

#### *Expected Impact and Issues for Consideration*

As with almost any state program, the Healthy Families Program application and enrollment process can be challenging, confusing, and intimidating. Certified Application Assistors make this process more manageable for families, thereby ultimately increasing enrollment of eligible children.

#### *Questions*

1. How many CAAs were there before last year's budget action and are there any remaining?

2. What has been the impact on caseload of eliminating CAAs?
3. Does MRMIB believe that, when sufficient resources are available, CAAs are a worthwhile part of the program?

**ADOPTED - PROP 99 REDUCTION TO MRMIP (2009-10)****LIVES IMPACTED: 0*****Governor's Proposal***

The 2009 Budget Act shifted \$6.6 million in Proposition 99 funds from the Managed Risk Medical Insurance Program (MRMIP) to backfill an equal amount of General Fund dollars in Medi-Cal.

***Expected Impact and Issues for Consideration***

MRMIP is the state's coverage program for individuals who do not have access to employer-based or other group coverage, and who cannot obtain coverage on the individual market typically because of a pre-existing condition and are often considered "high risk." MRMIB states that this fund shift had no impact on caseload in the program.

***Questions***

1. Does the MRMIP program maintain a waiting list and if so, how many people are currently on it?
2. How could this fund shift have not affect caseload, the waiting list, or the program overall?
3. How will federal health care reform affect this population?

**ADOPTED - PROP 99 REDUCTION TO AIM (2009-10)****LIVES IMPACTED: 0*****Governor's Proposal***

The 2009 Budget Act shifted \$4.9 million in Proposition 99 funds from the Access for Infants and Mothers (AIM) Program to backfill an equal amount of General Fund dollars in Medi-Cal.

***Expected Impact and Issues for Consideration***

The AIM program provides prenatal care to pregnant women up to 300 percent FPL who are uninsured. Once their babies are born, the women no longer receive services

but their babies are enrolled in Healthy Families until their second birthday, at which time their eligibility is based on the standard Healthy Families eligibility criteria (up to a maximum of 250 percent FPL). MRMIB states that this fund shift had no impact on the AIM caseload.

### **Questions**

1. How many women does AIM serve and has the program ever maintained a waiting list?
2. How could this fund shift have had no impact on caseload or the program overall?
3. How will federal health care reform affect this population?

### **PROPOSED - HEALTHY FAMILIES ELIGIBILITY REDUCTION (2010-11)**

**LIVES IMPACTED: 216,469**

### ***Governor's Proposal***

As the Governor proposed last year, which the Legislature rejected, the Governor's 2010-11 budget proposes to reduce eligibility in the Healthy Families Program from 250 percent to 200 percent FPL, for projected General Fund savings of \$63.9 million and the loss of \$188.5 million in federal funds.

### ***Expected Impact and Issues for Consideration***

Reducing eligibility from 250 to 200 percent FPL would result in the disenrollment of approximately 216,470 children enrolled in the program. This would include approximately 5,000 children who also are enrolled in the California Children's Services (CCS) program which provides specialty care through coordinated care and access to specialists for children with chronic or otherwise significant health care needs.

### **Questions**

1. Please provide some examples of CCS-eligible conditions and the types of care these children need and receive through the CCS program.
2. How will CCS children access the specialty medical care that they need if they are no longer enrolled in Healthy Families and CCS?
3. Where will healthy kids who are disenrolled from Healthy Families access basic, preventive care, such as school-required immunizations, once no longer in Healthy Families?

4. How many families in Healthy Families have access to private insurance but choose to enroll their children in Healthy Families instead?
5. Please explain how federal health care reform will affect the Healthy Families Program and specifically this proposal.

**PROPOSED - ELIMINATION OF HEALTHY FAMILIES VISION BENEFIT (2010-11)****LIVES IMPACTED: 1,041,100*****Governor's Proposal***

The Governor's proposed 2010-11 budget eliminates vision coverage as a Healthy Families benefit.

***Expected Impact and Issues for Consideration***

This proposal is to eliminate access to vision screenings and eye glasses. This would not eliminate access to ophthalmology care. Children need to be able to see in order to succeed in school. All children benefit from vision screenings and potentially require glasses, and therefore the impact of this reduction would be to all children enrolled in the program.

***Questions***

Where else could these children access affordable optometry services and glasses if this benefit is eliminated?

**PROPOSED - INCREASE HEALTHY FAMILIES PREMIUMS (2010-11)****LIVES IMPACTED: 377,580*****Governor's Proposal***

The Governor's proposed budget would increase monthly premiums for families between 150 and 200 percent FPL. It would not increase premiums for families below 150 percent FPL, nor for families above 200 percent because it assumes reducing overall program eligibility to 200 percent. As a result of both increasing premiums and eliminating the vision benefit, the Administration projects General Fund savings of \$21.7 million and the loss of \$44.1 million in federal funds. MRMIB has coupled these two proposals together for purposes of projecting savings in order to protect confidential rate information associated with its vision benefit contracts.

Monthly premiums for families from 151 percent to 200 percent of poverty would be increased by \$14 per child (to \$30 for one child; \$60 for two; and a family maximum of \$90 for three or more).

***Expected Impact and Issues for Consideration***

Premiums and co-payments were increased as of November 1, 2009, except for families under 150 percent. Families at 150 to 200 percent had premiums increased by \$4 per child (to \$16 for one; \$32 for two; and a family maximum of \$48 for three or more). Premiums and co-payments were also increased for families from 201 percent to 250 percent as of November 1, 2009.

Historically, increases in premiums and co-pays have been proposed and utilized to decrease enrollment in the program. However, presumably due to the economy, the most recent premium increases have not resulted in caseload reductions.

***Questions***

Would you anticipate that this premium increase would result in a decrease in caseload or new enrollments?

**PROPOSED - ELIMINATION OF HEALTHY FAMILIES PROGRAM (2010-11 TRIGGER)****LIVES IMPACTED: 1,041,100*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor proposes full elimination of the Healthy Families Program, for projected General Fund savings of \$211.5 million and the loss of \$824.8 million in federal funds.

***Expected Impact and Issues for Consideration***

MRMIB projects enrollment in the Healthy Families program to be 1,041,100 by June 30, 2011. Therefore, this proposal would add over one million children to the ranks of the uninsured.

***Questions***

1. Please provide an overview of caseload trends from the past few years, including the last couple of months.
2. What is known about health outcomes for uninsured as compared to insured children?
3. What is known about academic outcomes for uninsured as compared to insured children?
4. What is known about impacts on parents of having their children insured as compared to uninsured?
5. Please explain how federal health care reform will affect this proposal.



**PROPOSED - ELIMINATION OF ALL PROP 99 FUNDS FROM MRMIP (2010-11 TRIGGER)**  
**LIVES IMPACTED: 10,200*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor proposes to shift all remaining \$32.3 million in Proposition 99 funds in MRMIP to backfill an equal amount of General Fund in Medi-Cal.

***Expected Impact and Issues for Consideration***

As described earlier in the agenda, MRMIP provides coverage for people who have established medical conditions and who cannot obtain insurance on their own. This proposal would increase the number of uninsured Californians.

***Questions***

1. Please describe the basics of the MRMIP budget – i.e., how much funding overall? Sources of funds? How much Proposition 99 funding and what percentage of the total funding is it?
2. What would happen to this program if all Proposition 99 funding is eliminated? What would be the impact on caseload and on the waiting list?

**PROPOSED - ELIMINATION OF ALL PROP 99 FUNDS FROM AIM (2010-11 TRIGGER)**  
**LIVES IMPACTED: 11,276*****Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor proposes to shift all remaining \$49.3 million in Proposition 99 funds in AIM to backfill General Fund in Medi-Cal, for \$49.3 million in General Fund savings.

***Expected Impact and Issues for Consideration***

This program protects the health of low-income pregnant women and their infants, as supported by research that shows that prenatal care improves birth outcomes.

***Questions***

1. Please describe the basics of the AIM budget – i.e., how much funding overall? Sources of funds? How much Proposition 99 funding and what percentage of the total funding is it?
2. What would happen to this program if all Proposition 99 funding is eliminated? What would be the impact on caseload?
3. What are the cost savings to the state from providing prenatal care to uninsured women?

## Department of Developmental Services

ADOPTED - 3% CUT TO REGIONAL CENTERS (RC'S) PURCHASE OF SERVICES AND OPERATIONS  
LIVES IMPACTED: 246, 295

### *Governor's Proposal*

This proposal implemented a 3% cut to Regional Center (RC) operations and purchase of services (POS) budgets, until June 30, 2010. It saved the state \$62 million General Fund (GF) and resulted in a reduction of \$56.1 million in federal reimbursements.

### *Expected Impact and Issues for Consideration*

Indirectly and directly, consumers, RC employees and providers are impacted by this proposal. Therefore, for the purpose of accounting for an impact to lives, DDS consumers who received POS, RC employees and providers are included in the rough estimate of 246,295 lives impacted by this proposal.

The 3% purchase of services has specifically impacted providers, many who were already feeling the long-standing rate freezes. Although there is no uniform way in which the cuts have impacted providers, many providers have had to reduce staff hours, reduce employee benefits, forgo hiring or replacing critical positions, enact mandatory furlough days, increases caseloads (affecting quality of case management), close existing facilities, abstain from expanding services and decrease independent living services (ILS).

Advocates argue consumers in RC who receive POS are affected. This reduction decreases POS, which results in the consolidation of programs and therefore limits choices to consumers. Although it is difficult to identify the impact of a reduction in RC operations, when you have 21 independent regional centers, the impact to providers affects consumers. They may receive services, but are they at the same level of care/quality?

### *Questions*

How are consumers affected by this proposal?

Has the department completed an analysis of the impact to regional centers? Providers?

How many providers have closed their doors since the inception of this proposal?

Is forgoing \$56.1 million in federal reimbursements a good trade-off?

**ADOPTED - CHANGE IN REGIONAL CENTER STANDARDS****LIVES IMPACTED: 105*****Governor's Proposal***

Adopted in the Governor's 2009-10 budget, as agreed on by the DDS Budget Advisory Group, was a change in general standards, saving the state \$45.9 million (GF). This proposal established: (1) regional centers shall not purchase experimental treatments, therapeutic services or devices that have not been clinically/scientifically proven to be effective or safe; (2) RC's will use generic services when available; (3) Medical and dental will not be purchased by RC's without proof of denial from the insurance provider; (4) RC will purchase services from the least costly provider; and (5) RC's will provide individual consumers a statement of services summary each year.

***Expected Impact and Issues for Consideration***

One in seven developmentally disabled consumers is diagnosed with autism. Prohibiting the purchase of treatments that have not been clinically or scientifically proven to be effective has disproportionately affected this population. Regional centers lack a universal definition of "experimental treatment" and this has impacted treatment such as the DIR model (developmental, individual difference, relationship-based). Indirectly, this reduction also impacts school resources and county general assistance programs.

***Questions***

Has the department established a clear model for what is considered 'experimental treatment'? If so, how was it communicated to regional centers and how is it implemented in each of the independent regional centers?

Have there been problems (lawsuits) with implementing this model?

**ADOPTED - TRANSPORTATION REFORM****LIVES IMPACTED: 700*****Governor's Proposal***

This transportation reform proposal mandated RC's to pursue lower cost transportation services, to reach an intended savings of \$16.9 million (GF). Consumers who can use public transportation are required to do so and if feasible, families are required to provide transportation for children.

***Expected Impact and Issues for Consideration***

Consumers are impacted by requiring minors to get their transportation needs from family members, thereby impacting family schedules, income and vehicles. In some cases, families drive over 50 miles to get a minor to the provider. Additional considerations include provider unemployment, job loss for family member responsible for providing transportation, use of county hospital resources (exasperated by missed provider visits).

**ADOPTED - EARLY START PROGRAM CHANGES****LIVES IMPACTED: 654*****Governor's Proposal***

This proposal included the elimination of eligibility for "at risk" infants and toddlers age 24 months or greater who are 'developmentally delayed' or have a risk of a developmental delay. This proposal saved the state \$15.5 million (GF) and eliminated services to 32,745 infants and toddlers.

However, in the same budget, the creation of a Prevention Program was adopted. The Prevention Program services are restricted to case management, and information and referral to other agencies. These services were made available to 32,091 of the population no longer eligible under the Early Start Program and saved the state \$19.5 million (GF).

***Expected Impact and Issues for Consideration***

The proposal impacted families who are federally approved to receive child care, diapers, dentistry, access to an interpreter and translator, genetic counseling, music therapy, and respite hours. Without access to services such as child care and respite, jobs, unemployment and poverty are an issue for some families. Others may pursue county general assistance or child welfare programs to receive services such as dentistry or respite.

***Questions***

What happens to the 654 infants and toddlers no longer eligible? Why were they not eligible?

What agencies do the infants and toddlers get referred to in the Prevention Program?

**ADOPTED - CUT IN RESPITE HOURS****LIVES IMPACTED: 696*****Governor's Proposal***

A reduction in respite hours was adopted to save the state \$4.8 million (GF). The proposal limited out of home respite to a maximum of 21 days per year and in-home respite to a maximum of 90 hours per quarter (30 hours per month). This proposal will be lifted upon certification of the Individual Choice Budget.

***Expected Impact and Issues for Consideration***

An estimate of the lives impacted by the proposal is not possible at this point in time. However, it is important to note that 40% of the departments hearings are related to respite hours, not every consumer knows how or has requested a hearing for an exemption. Therefore, 696 is the minimum number of lives affected.

Impacts of this proposal include increased reliance on IHSS and general assistance programs. Consumers have lost mobility, self-sufficiency and for some families the ability to care for a consumer at home rather than at a developmental center. The cost to the state of caring for a consumer in the community is less expensive than institutionalizing a consumer in a developmental center.

Additionally, due to the speed at which the Legislature passed the Budget Trailer Bills in 2009, the arbitrary cap on respite hours has actually results in an unintended cut of 15%. This has reduced services and the ability for providers to stay open. Providers have not been accounted for in this estimate.

***Questions***

Has the department completed an analysis of the impact to consumers?

Do consumers have the ability to request an exemption? If so, what is the ratio of those approved to those denied by the department?

Was the intended savings reached?

**ADOPTED - TEMPORARY SUSPENSION OF SERVICES****LIVES IMPACTED: 28,000*****Governor's Proposal***

The 2009-10 Governors budget also adopted a temporary suspension of services, pending the adoption of the Individual Choice Model. This proposal saved the state \$27.4 million (GF) and suspended access to social/recreation activities, camping services, educational services to minors and non-medical therapies; such as art, music or dance.

***Expected Impact and Issues for Consideration***

The proposal affects new consumers and those who did not receive the services before this reduction. The social and behavioral development of a client is aided by these programs and will be impacted by this proposal. A loss of further development, independence, self-reliance and pride is lost for the consumer.

***Questions***

What is the importance of social/recreation activities to DD consumers?

When will the Individual Choice Model be certified by the DDS?

**PROPOSED - 3% CUT TO REGIONAL CENTERS (RC'S) PURCHASE OF SERVICES AND OPERATIONS****LIVES IMPACTED: 251,652*****Governor's Proposal***

Included in the Governors 2010-11 budget is the proposal to extend the 3% cut to RC's until June 30, 2011. This proposal was adopted by the Legislature in the 8<sup>th</sup> extraordinary session. It saved the state \$60.9 million (GF) and resulted in a reduction of \$54.8 million in federal reimbursements.

***Expected Impact and Issues for Consideration***

As in 2009-10, a 3% cut to the RC budget directly and indirectly impacts consumers, RC employees and providers. Therefore, for the purposes of estimating an impact to lives, DDS consumers who received POS, RC employees and providers are included in the rough estimate of 251,652 lives impacted by this proposal.

The long-term continuation of last year's budget solutions has, and will continue to adversely impact this community. Impacting providers and consumers alike by reduced staff hours, reductions in employee benefits, inability to hire or replace critical positions, mandatory furlough days, increases in caseloads (affecting quality of case management), closure of existing facilities, inability to expand services and a decrease in ILS services. The reduction ultimately impacts a consumers access to programs and arguably quality of service.

**PROPOSED - PROGRAM REFORMS TO TOTAL \$25 MILLION**

**LIVES IMPACTED: UNKNOWN**

### ***Governor's Proposal***

The Governor mandated the Department of Developmental Services to reach a \$25 million (GF) savings in additional program reforms. This proposal will be developed by the Department and the Budget Advisory Workgroup, and presented to the Legislature in the coming months.

### ***Expected Impact and Issues for Consideration***

The cuts will be made to programs and will inherently affect consumers, whether directly or indirectly. However, without knowing the proposed changes to programs, an estimate is impossible.

### ***Question***

When will the DDS present the Legislature with its plan to implement the \$25 million reduction?

## California Department of Aging

### ADOPTED – ELIMINATION OF ALL GENERAL FUND FOR MOST COMMUNITY-BASED SERVICES PROGRAMS

LIVES IMPACTED: **47,529**

#### *Adopted Reductions*

As outlined below by program, the 2009-10 budget reduced or eliminated, as of October 1, 2009, GF spending for several CBSPs. Through his veto actions, the Governor then eliminated all of the remaining GF resources for these programs, as well as state and local administration funds, as of that same date (also shown below).

#### *Impact of 2009-10 Community Based Services Program Reductions*

\* Note that these numbers reflected nine months of funding reductions because of anticipated time for programs to ramp-down.

Program	Original 09-10 GF Allocation	Legislative Action	Governor Veto	Total 09/10 GF Reduction*	Total 10/11 Funding
Alzheimer's Day Care Resource Center	3,787,000	-1,200,000	-1,640,000	-2,840,000	0
Brown Bag	541,000	0	-405,000	-405,000	0
Linkages	7,935,000	-2,421,000	-3,958,000	-6,379,000	0
Respite	317,000	-238,000	0	-238,000	0
Senior Companion	317,000	-238,000	0	-238,000	0
Local Admin. for these CBSPs	935,000	-117,000	-157,000	-274,000	0
State Admin. for these CBSPs	211,000	0	-106,000	-106,000	0

#### *Impact and Issues for Consideration*

**Linkages:** Prior to the elimination of its funding, Linkages was expected to serve as a case management program for approximately 5,500 elderly and younger adults who had functional impairments and were at-risk of institutionalization. In May, 2008, the program waiting list included approximately 2,100 people.



**Alzheimer's Day Care Resource Centers (ADCRC):** Prior to the elimination of this funding, 57 ADCRCs received infrastructure support so that Adult Day Care and Day Health Care Centers could serve 3,200 individuals with dementia.

**Brown Bag Program:** Prior to the elimination of its funding, the Brown Bag program relied on the assistance of 3,900 volunteers and 600 sites to provide free surplus and donated fruits, vegetables, and other foods to 27,000 low-income seniors. The program's \$541,000 local assistance budget was supplemented by \$13 million in local matching funds.

**Respite Purchase of Services (POS):** Prior to the elimination of its funding, the Respite POS program provided temporary relief to caregivers of frail elderly or impaired adults who were at risk of institutionalization.

**Local Actions:** Local Area Agencies on Aging (AAAs), which administered these programs in the past, have flexibility to continue these or similar programs if they can use federal Older Americans Act and/or other funds. For the Linkages program, AAAs may also be eligible to continue receiving a limited amount of funding from local handicap parking fines. AAAs electing to continue programs similar to these CBSPs using non-state funds are not required to meet state standards for the programs. According to a CDA survey conducted in November 2009:

- 25 AAAs planned to continue some form of ADCRC programs and eight discontinued the program.
- 17 AAAs continued Brown Bag programs and seven discontinued them.
- 17 continued Linkages programs and 16 discontinued them.
- Seven continued Respite programs and 21 discontinued them.
- Three continued Senior Companion programs and 12 discontinued them.

### **Questions**

- Please describe how the Department has implemented the Governor's vetoes within these programs and how local agencies have responded to date.
- What, if any, continuing oversight does the Department have over these programs to the extent that they are still operated locally?
- What data does the Department have on how the programs' former beneficiaries are faring today? Do you know how many clients were referred to other state programs that may provide similar services? How many may have entered institutional care in part because of the loss of these services?

## Department of Public Health

### ADOPTED - REDUCTIONS TO MATERNAL, CHILD, ADOLESCENT HEALTH (2009-10)

LIVES IMPACTED: ?

#### *Governor's Proposal*

The 2009 Budget Act eliminates all General Fund dollars from the Maternal, Child, and Adolescent Health (MCAH) programs, including the Black Infant Health Program, Adolescent Family Life, and County MCH grants, for General Fund savings of \$20.3 million.

#### *Question*

Please describe the impact of these reductions.

### ADOPTED - REDUCTIONS TO OFFICE OF AIDS (2009-10)

LIVES IMPACTED: 400,000

#### *Governor's Proposal*

The 2009 Budget Act eliminated all General Fund dollars from all Office of AIDS programs, except the AIDS Drug Assistance Program (ADAP) and Epidemiologic Studies and Surveillance, for projected General Fund savings of \$87.1 million.

#### *Expected Impact and Issues for Consideration*

In large urban counties, these reductions have forced a redirection of federal funds from other local programs in order to cover the services that were cut.

#### *Question*

Please describe the impact of these reductions.

### ADOPTED - REDUCTION TO DOMESTIC VIOLENCE SHELTERS (2009-10)

LIVES IMPACTED: ?

#### *Governor's Proposal*

The 2009 Budget Act eliminated all General Fund dollars for domestic violence shelters for General Fund savings of \$20.4 million. Subsequent to passage of the Budget Act, SB 13 was passed and signed into law which re-established \$16.3 million in shelter funding with a one-time special fund loan and moved the program from DPH to CalEMA.

***Expected Impact and Issues for Consideration***

The Governor's proposed budget for 2010-11 does not restore this funding which historically has served as the shelters' base funding.

***Questions***

1. What was the impact of this 20 percent reduction?
2. How many shelters will close should this funding not be restored this year?
3. What would be the impact on the shelters of eliminating all of this funding?

**ADOPTED - ELIMINATION OF FUNDING FOR CALIFORNIA HEALTH CARE FOR INDIGENTS (2009-10)**

**LIVES IMPACTED: ?**

***Governor's Proposal***

The 2009 Budget Act eliminated all \$22.3 million in remaining Proposition 99 funding for county emergency services for indigents to backfill General Fund in Medi-Cal, for General Fund savings of \$22.3.

***Question***

What has been the impact of this reduction?

**ADOPTED - REDUCTION TO ALZHEIMER'S RESEARCH CENTERS (2009-10)**

**LIVES IMPACTED: 42,000**

***Governor's Proposal***

The 2009 Budget Act reduced funding for the Alzheimer's Research Centers by 50 percent, for General Fund savings of \$3.1 million.

***Expected Impact and Issues for Consideration***

According to DPH, this reduction was absorbed by eliminating community training that had been provided to 42,000 people.

***Questions***

1. Please describe what the Alzheimer's Research Centers do.
2. Please describe the community training that was eliminated?

**ADOPTED - ELIMINATION OF DENTAL DISEASE PREVENTION PROGRAM (2009-10)****LIVES IMPACTED: 285,000*****Governor's Proposal***

The 2009 Budget Act eliminated the Dental Disease Prevention Program (DDPP) for General Fund savings of \$2.9 million.

***Expected Impact and Issues for Consideration***

The DDPP provided oral health education to thousands of low-income children, as well as very basic on-site dental care. For some children, this was the only time when a dental professional looked in their mouths. For a small number, significant dental problems were identified and an effort was made to obtain and ensure on-going dental care for these children.

***Questions***

1. As a result of this program being eliminated, has there been an increase in demand for dental services through clinics, emergency rooms, or elsewhere?
2. Have low-income schools provided any information on the impact of the elimination of this program?

**ADOPTED - REDUCTION TO BREAST CANCER EARLY DETECTION (EVERY WOMAN COUNTS) PROGRAM (2009-10)****LIVES IMPACTED: ?*****Governor's Proposal***

The 2009 Budget Act shifted \$4.5 million of Proposition 99 funds from the Every Woman Counts Program (EWC) to backfill General Fund in Medi-Cal for \$4.5 million in General Fund savings.

***Expected Impact and Issues for Consideration***

The EWC provides funding for breast and cervical cancer screenings and diagnostic services for uninsured and under-insured women, up to 200 percent FPL. The EWC is not an entitlement program, but had been treated as one for as long as there were sufficient resources to do so. The program receives no General Fund and is primarily supported with tobacco tax revenue. Due to declining tobacco tax revenues, combined with increasing demand for the program, the program began running short of funds last year. DPH requested legislative authorization to spend unspent funds from prior years in order to address the deficiency, which was provided through the 2009 health trailer

bill. DPH also indicated that either increased funding or increased restrictions on the program would need to be provided in order to not overspend the program's budget.

### ***Question***

How much did this fund shift contribute to the program's overall budget deficiency?

**ADOPTED - REDUCTION TO CALIFORNIA ASTHMA PUBLIC HEALTH INITIATIVE (2009-10)**  
**LIVES IMPACTED: 300,000**

### ***Governor's Proposal***

The 2009 Budget Act shifted \$438,000 of Proposition 99 funds from the California Asthma Public Health Initiative (CAPHI) to backfill General Fund in Medi-Cal for General Fund savings of \$438,000.

### ***Expected Impact and Issues for Consideration***

The CAPHI used to provide local assistance to ten community health centers serving a combined population of approximately 9,000 children with asthma in underserved communities. All ten of these contracts were cancelled as a result of this fund shift. The program also administers a local assistance program with central valley health departments designed to reach as many people with asthma, of all ages, as possible. Until this past year, the program worked with five counties (Fresno, Stanislaus, Kern, Tulare, and Madera), however this budget cut resulted in Tulare and Madera pulling out of the program. The three remaining counties reach an estimated 365,000 people.

The program also conducts four clinical collaboratives to promote improved pediatric asthma care. DPH states that these collaboratives have directly impacted over 25,000 children resulting in significant clinical care improvements, reduced morbidity, decreased emergency visits and hospitalizations. Finally, CAPHI provides statewide asthma clinical expertise to health care providers and individuals affected by asthma.

### ***Questions***

1. What were all of the impacts on this program of this fund shift?
2. Please describe the basics of the APHI budget – i.e., how much funding overall? Sources of funds? How much Proposition 99 funding and what percentage of the total funding is it?

**PROPOSED - BREAST CANCER EARLY DETECTION (EVERY WOMAN COUNTS): POLICY CHANGES & ELIMINATION OF PROP 99 FUNDS (2010-11 TRIGGER)****LIVES IMPACTED: 100,000*****Governor's Proposal***

While not a traditional proposed reduction, prior to release of the Governor's proposed 2010-11 budget in January, the Administration implemented significant new restrictions on EWC including a 6-month enrollment freeze and an increase in the minimum age eligibility for breast cancer screens from 40 to 50. Additionally, pending receipt of sufficient federal funds, the Governor has proposed elimination of all \$22 million in remaining Proposition 99 funds from EWC in order to backfill General Fund in Medi-Cal, for General Fund savings of \$22 million.

***Expected Impact and Issues for Consideration***

DPH projects that these two program restrictions will result in 100,000 fewer women being screened through the program in the current year than otherwise would have been. DPH also states that approximately 1 percent of the women screened ultimately are diagnosed with cancer. Therefore, approximately 1,000 women with breast cancer are not being screened, thereby delaying their diagnosis and treatment, and increasing their mortality rate.

DPH estimates that if all Prop 99 funds were taken out of EWC, the program would have sufficient resources to serve 62,000 women, as compared to the current demand of 350,000.

**PROPOSED - ENROLLMENT CAP IN PROSTATE CANCER TREATMENT PROGRAM (2010-11)****LIVES IMPACTED: 90*****Governor's Proposal***

While not a traditional proposed reduction, the Prostate Cancer Treatment Program has run short of funds in the last month, in light of increasing treatment costs and increasing demand for the program, and therefore has instituted an enrollment cap and waiting list.

***Expected Impact and Issues for Consideration***

In order to be eligible for this program, men must be at least 18 years old, under 200 percent FPL, have already been diagnosed with prostate cancer, and have no other means to pay for treatment. The average age for men in the program is 59, as compared to the average age of men with prostate cancer nationally being 70. According to UCLA, the contractor that runs the program, the program has run out of funds as a result of increasing demand combined with increased treatment costs. UCLA projects a total of approximately 80 men to be put on a waiting list in the current

year, and approximately 90 in the budget year, assuming the program receives the same amount of funding as this year.

### **Questions**

1. What will be the impact on the health of the men who are being put onto the waiting list, thereby delaying their treatment?
2. Has the Administration explored opportunities to increase funding for this program?

### **PROPOSED - ELIMINATION OF PROP 99 FUNDS FROM ASTHMA PUBLIC HEALTH INITIATIVE (2010-11 TRIGGER)**

**LIVES IMPACTED: ?**

### ***Governor's Proposal***

Pending receipt of sufficient federal funds, the Governor has proposed shifting all \$1.2 million in remaining Proposition 99 funds in the APHI to backfill General Fund dollars in Medi-Cal, for General Fund savings of \$1.2 million.

### ***Question***

What will happen to this program if all Proposition 99 funding is eliminated?

## Department of Mental Health

### ADOPTED - REDUCTION TO MENTAL HEALTH MANAGED CARE (2009-10)

LIVES IMPACTED: ?

#### *Governor's Proposal*

The 2009 Budget Act includes a reduction of \$64 million to Mental Health Managed Care, for projected General Fund savings of \$64 million and the loss of \$102.6 million in federal funds.

#### *Expected Impact and Issues for Consideration*

This reduction shifted the cost burden of these services to counties which may have had to shift funds from other local programs in order to meet this new financial obligation.

#### *Questions*

1. From where have counties obtained the necessary funding in order to provide these services?
2. What local programs have been reduced or eliminated as a result of this reduction?

### ADOPTED - REDUCTION TO CAREGIVER RESOURCE CENTERS (2009-10)

LIVES IMPACTED: ?

#### *Governor's Proposal*

The 2009 Budget Act included a reduction of \$7.6 million to the Caregiver Resource Centers, out of total funding of \$10.5 million, for General Fund savings of \$7.6 million.

#### *Expected Impact and Issues for Consideration*

The Caregiver Resource Centers provide services and support to individuals who are caring for an adult family member at home who has a cognitive impairment.

#### *Questions*

1. What has been the impact on Caregiver Resource Centers as a result of this reduction?



**PROPOSED - SHIFT OF PROP 63 FUNDS TO DEPARTMENT OF MENTAL HEALTH (2010-11 TRIGGER)****LIVES IMPACTED: ?*****Governor's Proposal***

The Governor's proposed 2010-11 budget includes two separate proposals, one of which is triggered by the receipt of insufficient federal funds, to shift Proposition 63 funds to two Department of Mental Health programs (DMH): 1) Early and Periodic Screening, Diagnosis, and Treatment (EPSDT); and 2) Mental Health Managed Care. The Proposition 63 funds would backfill General Fund dollars in these two programs, resulting in \$452 million in General Fund savings, and potentially an additional \$847 million in General Fund savings, pending receipt of sufficient federal funds.

***Expected Impact and Issues for Consideration***

The Governor's budget proposes no reductions to EPSDT or Mental Health Managed Care and fully funds these programs.

DMH explains that with either proposal, it would be incumbent upon the counties to then decide how to deal with the loss of Proposition 63 funds. With the first proposal, DMH believes that counties would not necessarily have to reduce community Prop 63-funded programs and services. Mental health advocates and stakeholders strongly disagree.

***Questions***

1. Please describe the types of programs and services that counties now offer as a result of Proposition 63 and how these programs differ from EPSDT and Mental Health Managed Care.
2. Please explain how shifting \$452 million in Prop 63 funding to DMH programs could not result in reductions to community Prop 63-funded programs and services.

**PART TWO**  
**Scenarios to Illustrate Cumulative Impact**  
**of Adopted Reductions in 2009-10 and Proposed Reductions and**  
**Eliminations in Governor's Budget for 2010-11**

**1. Low-Income Family Served by CalWORKs and Medi-Cal. Mary has two children and is on CalWORKs. One child is a disabled adolescent receiving SSI benefits and IHSS services and the second child is under two. The family receives Medi-Cal services.**

Departments and programs to present on possible cumulative impact on the adult and children in these programs:

- DHCS – Medi-Cal
- DSS – CalWORKs, Child Welfare Services, Foster Care, Proposition 10, THP+
- DMH – EPSDT

***Responders:***

- **Frank Mecca** (Executive Director, County Welfare Directors Association)
- **Mike Herald** (Legislative Advocate, Western Center on Law and Poverty)

**2. Senior, Disabled Recipient. Ed is 70 years old and receives SSI/SSP and IHSS services. His wife, Linda, is 65 years old and receives ADHC services. Both once received services through their AAA.**

Departments and programs to present on cumulative impact on this recipient:

- DHCS – Medi-Cal, ADHC
- DSS – SSI/SSP, IHSS
- CDA – MSSP, Linkages, Brown Bag, Senior Companion, Foster Grandparent

***Responders:***

- **Elizabeth Landsberg** (Legislative Advocate, Western Center on Law and Poverty)
- **Diane Kalijian** (Director, Area Agency on Aging; Adult and Aging Services Director, Sonoma County Human Services Department)

**3. Dually Diagnosed Mental Health and DDS Consumer. Veronica is a dually diagnosed consumer receiving services by both the DDS and DMH.**

Departments and programs to present on cumulative impact on this consumer:

- DDS – Regional Centers
- DSS – IHSS
- DMH & MHSOAC – Proposition 63

***Responders:***

- **Pat Ryan** (Executive Director, California Mental Health Directors Association)
- **Evelyn Abouhassan** (Sr. Legislative Advocate, Disability Rights California)