

**AGENDA: PART II**  
**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1**  
**ON HEALTH AND HUMAN SERVICES**

**ASSEMBLYMEMBER GILBERT CEDILLO, CHAIR**

**WEDNESDAY, MARCH 24, 1999**  
**STATE CAPITOL, ROOM 444**  
**1:30 P.M.**

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<b>4170</b>	<b>Department of Aging</b>	<b>3</b>
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## CONSENT CALENDAR

### 0530 HEALTH AND HUMAN SERVICES

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The budget proposes total expenditures of \$2.3 million (\$1.3 million General Fund) and 22 positions for support of the Health and Human Services Agency.

### 4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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#### ISSUE 1: STATE TREATMENT NEEDS ASSESSMENT STUDY

The budget proposes an increase of \$527,000 in federal funds and one position to study the need and demand for substance abuse treatment services.

#### ISSUE 2: TREATMENT OUTCOMES / PERFORMANCE PILOT STUDIES ENHANCEMENT

The budget proposes an increase of \$500,000 in federal funds and two positions to pilot an Outcome Monitoring System and to enhance the existing Management Information System in order to measure performance and outcomes of substance abuse treatment services.

### 4200 DEPARTMENT OF COMMUNITY SERVICES & DEVELOPMENT

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#### ISSUE 3: LIHEAP ADMINISTRATIVE COST REDUCTION AND AUTOMATION

The budget proposes a reduction of \$2,420,000 and 20 positions to reflect efficiencies in administrative costs in the Low-Income Home Energy Assistance Program (LIHEAP) due to automation.

## 4170 DEPARTMENT OF AGING

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### ISSUE 4: PROGRAM EXPANSION

The Governor's budget includes an increase of \$8.9 million in local assistance for various programs in 1999-00. This would fund the full-year costs of program expansion, which began in 1998-99.

The department has been asked to report on the status of current year implementation.

#### BACKGROUND:

The California Department of Aging (CDA) administers the federal Older Americans Act and the State Older Californians Act. The CDA works with local Area Agencies on Aging (AAAs) to provide various services to the elderly and functionally impaired adults at the community level.

Last year, the Governor proposed to increase funding for various programs by \$12.2 million. However, the Governor proposed to allocate the funds so that each local area would establish a program that it did not currently have. This meant that the program sites would not necessarily be established based on those areas with the greatest need for these services. In order to address this concern and because the Governor's proposal would still not sufficiently meet the need for senior services, the Legislature provided another \$18 million above the Governor's proposed budget. Governor Wilson, however, vetoed \$15.5 million of the legislative augmentation and budget bill language requiring the department to report to the fiscal committees of the Legislature on the status of the procurement of new sites funded through the augmentation for 1998-99.

The following table summarizes the budget proposal for full-year program expansion in 1999-00:

<b>GOVERNOR'S BUDGET PROPOSAL</b>				
<b>FULL-YEAR EXPANSION OF DEPARTMENT OF AGING PROGRAMS</b>				
<b>Local Assistance</b>				
<b>(in thousands)</b>				
<b>Program</b>	<b>Description</b>	<b>1998-99</b>	<b>1999-00</b>	<b>Increase</b>
Alzheimer Day Care Resource Centers	Provides day care for persons with Alzheimer's disease	\$3,617	\$4,160	\$543
Adult Day Health Care	Provides health and social services to seniors and physically and mentally impaired adults at risk of institutionalization	833	1,167	334
Multi-Purpose Senior Services	Provides case management to elderly persons to enable them to remain in their homes	26,607	32,607	6,000
Linkages	Provides case management to seniors and adults with disabilities	5,016	5,480	464
Foster Grandparents	Pairs seniors with special needs children	784	1,205	421
Senior Companion	Seniors provide support to other elderly persons in their community	994	1,755	761
Respite Care	Provides support for caregivers	234	434	200
Brown Bag	Provides surplus food to low-income seniors	732	745	13
Administration	Local Area Agency on Aging Administration	1,027	1,237	210
<b>Total Increase</b>				<b>\$8,946</b>

**COMMENTS:**

Various advocate groups have indicated the need for additional funds again this year for several programs, some of which are listed above. Other programs include the Long-Term Care Ombudsman program, which investigates and resolves complaints made by and on behalf of residents in long term care facilities. Another program is the federal Home-Delivered Meals program, which delivers meals to seniors who are homebound by reason of illness, incapacitation, disability, or otherwise isolated.

**ISSUE 5: HEALTH INSURANCE COUNSELING AND ADVOCACY (HICAP)**

The budget proposes \$3,172,000 (\$854,000 State HICAP Fund, \$581,000 federal funds, and \$1,737,000 Insurance Fund) for local assistance for the HICAP in 1999-00.

**BACKGROUND:**

The HICAP provides one-on-one counseling and assistance on Medicare, Medicare supplement insurance, long-term care insurance, managed care, and related health care plans. The program also provides Medicare related legal representation and community education. The HICAP serves all Medicare beneficiaries, regardless of age and all seniors imminent of Medicare eligibility. There are currently 24 local HICAP agencies that serve the entire state.

Current law requires all Medicare supplement and long-term care insurance policies and outlines of coverage to provide referral to the HICAP for consumer information and assistance. Insurance agents selling long-term insurance must, at the time of initial solicitation, inform potential purchasers of the location of the HICAP office in their area.

The program was initially supported by the General Fund, but the fund source was shifted to the Insurance Fund in 1987-88 in order to alleviate fiscal constraints on the General Fund. Subsequent legislation created a new special fund to partially shift support from the Insurance Fund. Specifically, current statute now requires all health care service plans providing Medicare supplement services to Medicare beneficiaries to provide a fee. The fee must be at least seventy cents (\$.70) and not more than one dollar (\$1.00) per year for every individual Medicare HMO contract in force as of December 31 of the previous year. These fees are deposited into the State HICAP Fund to support the program. Current statute also provides authority for funding the HICAP at a ratio of \$2.00 from the Insurance Fund for every \$1.00 collected by the State HICAP Fund. The Department of Aging is responsible for administering, assessing, and collecting the fees.

**COMMENTS:**

Several concerns have been raised regarding the HICAP:

- Some senior advocate groups have indicated the need for additional funding. The department indicates that any General Fund augmentation might require related trailer bill language.
- The department has expressed difficulty in collecting the HMO fees in a timely manner since current statute does not include an enforcement provision for timely payments.

- Beginning July 1, 1999, the department plans to discontinue the existing toll-free HICAP number whereby callers are able to speak to HICAP counselors. Instead, the department plans to utilize its central toll-free number that would route calls to the local Area Agencies on Aging. There has been some concern regarding the transition and the potential impact to consumers.

## 4180 COMMISSION ON AGING

### ISSUE 6: FUNDING DECLINE

The budget proposes \$583,000 (\$280,000 federal funds, \$73,000 California Seniors Special Fund, and \$230,000 California Seniors' Fund) to support the Commission on Aging in 1999-00. This represents a 40 percent decrease in funding for the Commission compared to the level of funding in 1990-91.

### BACKGROUND:

The objectives of the Commission on Aging are to ensure that the interests of older persons in California are represented by advising the Governor, Legislature, California Department of Aging and agencies at all levels of government regarding the problems and needs of older persons.

The Commission sponsors and convenes the annual California Senior Legislature and provides staff and other administrative support to the Senior Legislature. The Senior Legislature is funded entirely by voluntary contributions made through tax check-off on the personal income tax forms, which are deposited into the California Seniors Fund.

The Commission also supports the Area Agency Advisory Councils for its advocacy efforts for senior citizens. The Area Agency Advisory Councils are funded entirely by the California Seniors Special Fund, which allows seniors who qualify for the senior tax credit to contribute part of it to the fund.

In 1992-93, state General Fund support for the Commission was eliminated due to the budget crisis. Also, contributions from the income tax provisions have declined in recent years. The following table shows the funding levels for the Commission since 1990-91.

<b>Commission on Aging</b>					
<b>Actual and Projected Expenditures</b>					
(Dollars in thousands)					
<b>Year</b>	<b>Commission</b>		<b>Senior</b>	<b>Advisory</b>	<b>Total</b>
	<b>(federal fund)</b>	<b>(General Fund)</b>	<b>Legislature</b>	<b>Councils</b>	
90-91	\$234	\$237	\$506	N/A	\$977
91-92	\$225	\$204	\$294	\$ 29	\$752
92-93	\$221	\$ 0	\$473	\$103	\$797
93-94	\$273	\$ 0	\$333	\$ 94	\$700
94-95	\$292	\$ 0	\$183	\$109	\$584
95-96	\$302	\$ 0	\$350	\$104	\$656
96-97	\$282	\$ 0	\$186	\$107	\$575
97-98	\$269	\$ 0	\$240	\$ 97	\$606
98-99	\$299	\$ 0	\$153	\$ 78	\$530
99-00	\$280	\$ 0	\$230	\$ 73	\$583

The Commission on Aging has taken various steps to reduce expenditures due to the funding decline. The Commission has reduced the frequency and length of their meetings and indicates that the Senior Legislature and Advisory Councils are unable to meet for the rest of the current year due to insufficient funds.

Last year, the Assembly Subcommittee No. 1 on Health and Human Services augmented the Commission's budget by \$300,000 from the General Fund as part of an initiative to expand various senior programs. However, Governor Wilson vetoed the funds from the budget bill.

<b>COMMENTS:</b>
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Some senior advocate groups have requested that the budget provide a similar augmentation this year. According to the department, providing a General Fund augmentation would require corresponding trailer bill language.



## 4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

### ISSUE 7: DRUG/MEDI-CAL TRIGGER

The budget proposes trailer bill language to make permanent the Drug/Medi-Cal Trigger. This trigger would eliminate outpatient drug free services as a benefit under the Medi-Cal program if the projected costs for the fiscal year for outpatient drug abuse services exceed \$45 million from the General Fund.

#### BACKGROUND:

The Drug/Medi-Cal (D/MC) Program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Through an interagency agreement with the Department of Health Services, the Department of Alcohol and Drug Programs administers, manages, and finances the D/MC through contracts with counties and/ or private providers. Services include outpatient drug free, outpatient methadone maintenance, certain day care habilitative, naltrexone, and residential services for pregnant and parenting women.

In 1994, as a result of a class action lawsuit, the state was required to implement specific court orders to ensure that (1) all eligible Medi-Cal beneficiaries receive treatment services that are equal in amount, duration, and scope, and (2) no persons eligible for Medi-Cal funding for methadone treatment services be put on a waiting list due to budgetary constraints.

In 1994-95, the state changed its method for distributing General Fund dollars to counties in order to meet the growing demand for D/MC services. Prior to the lawsuit, counties used the state General Fund allocation at their discretion and decided whether to allocate funds to the D/MC program. After the lawsuit, priority for General Fund dollars was given to the D/MC program.

The budget trailer language for 1995-96 included a trigger as a cost containment measure that required the elimination of the outpatient drug-free services as a benefit if expenditures for the D/MC program exceeded \$60 million from the General Fund. In addition, the department implemented other cost containment measures in the areas of eligibility, benefits, rates, and utilization. In 1996-97, the trigger amount was reduced to \$45 million and has remained at that level through subsequent budget trailer language.

Since the triggers were implemented, General Fund expenditures for the D/MC have remained well below the trigger amounts. The following table shows the level of General Fund expenditures for D/MC contracts since 1996-97.

**Drug/Medi-Cal Program  
General Fund Contract Expenditures**  
(Dollars in millions)

1996-97	\$28
1997-98	\$26.7
1998-99	\$34.8
1999-99	\$30 -\$35 (projected)

**COMMENTS:**

The cost containment measures in the D/MC program were implemented in response to anticipated high growth in the program and budget constraints. According to the department, these measures have been successful in managing the costs in the program. Last year, however, the Legislature decided not to make the D/MC trigger permanent. The subcommittee may want to consider again the option of extending the trigger for another year only, or to consider other options.

**ISSUE 8: PERINATAL TREATMENT PROGRAMS**

The budget proposes to continue \$3.1 million from the General Fund to backfill for the loss of federal funds for the California Perinatal Treatment Network programs. However, the full-year impact of the loss of federal funds in 1999-00 is estimated to be \$3.9 million.

The budget also proposes to continue \$3 million from the General Fund to establish new perinatal programs. The department, however, indicates that they have allocated the current year funds for one-time expenditures only.

**BACKGROUND:**

The California Perinatal Treatment Network consists of nine residential treatments programs for substance abusing pregnant and parenting women and their children. According to the Network agencies, the programs serve over 500 women and approximately 800 children annually in programs that range from six to twelve months. The programs provide a vast array of alcohol and drug treatment and support services, including mental health services, job training, parent education, case management, child care, and medical services.

These programs were originally established with grants from the Federal Center for Substance Abuse Treatment. However, federal funding for these programs has been expiring. Last year, the Budget Act included a General Fund augmentation of \$3.1 million to backfill for the loss in federal funds for five of these programs. This year, the full-year impact of the federal funding loss to these programs is \$3.9 million.

The Budget Act of 1998-99 also included an additional \$3 million from the General Fund to be allocated on a competitive basis for new perinatal treatment programs. The Legislature recognized the need for increased drug treatment capacity for perinatal programs and also wanted to address the impact of the new CalWORKs program on families.

The budget assumes that \$1.5 million of the \$6.1 million for perinatal programs will be used to meet the state's maintenance of effort requirement in the CalWORKs program.

**COMMENTS:**

- In order to be consistent with the intent to backfill for the loss in federal funding for these programs, the subcommittee may want to consider increasing the amount of funding from \$3.1 million to \$3.9 million for these programs. This would require amended budget bill language. There may also be a need to clarify the membership of the CA Perinatal Treatment Programs in the budget bill language. As a note, another \$4.2 million in federal funds is expected to expire for the other 4 programs in September 2000.

- Although the intent of the legislative augmentation last year of \$3 million was to expand new, ongoing perinatal programs, the department has planned to allocate the current year funds in a manner that is contrary to legislative intent.

**ISSUE 9: DRUG COURTS**

The budget proposes \$8 million from the General Fund to continue the Drug Court Partnership program, consistent with legislative intent. This includes \$200,000 and two positions for state administrative support.

**BACKGROUND:**

A Drug Court provides a pre-trial and/or post-adjudication linkage between motivated participants, a judge specializing in drug cases, and a rigorous regimen of guaranteed services. Services include individual needs assessment, frequent counseling sessions, random urinalyses, and rehabilitative and support services that address the underlying personal problems of the drug user and promote long-term re-entry into society. Eligible participants typically are nonviolent offenders with serious substance abuse problems, most frequently those who use crack, cocaine, heroin, or methamphetamines.

Under current law, certain criminal actions involving specified drug offenses may, upon a determination by the prosecutor, be referred to a deferred entry of judgment program. Upon successful completion of a drug court program, charges against a defendant may be dismissed.

Last year, the Drug Court Partnership Act was established to award grants on a competitive basis to counties that develop and implement drug court programs. Participants must be defendants who have entered a plea of guilty and are on active probation. Current law requires the DADP to design and implement the program with the concurrence of the Judicial Council. The purpose of the Act was to demonstrate the cost-effectiveness of the drug courts. The statute requires a final evaluation of the program by March 1, 2002.

These grants are subject to appropriation in the Budget Act. The Drug Court Partnership Act includes legislative intent language for \$8 million from the General Fund to be appropriated in the Budget Act in each fiscal year, from 1999-00 through 2001-2002 for the program. The enabling legislation also contained a General Fund appropriation of \$8 million for 1998-99. However, Governor Wilson vetoed \$4 million, leaving \$4 million in the current year.

Drug Courts have proven to be highly effective at reducing recidivism rates among offenders. Recidivism ranges from five to 28 percent among participants, and is only four percent among drug court graduates. A study revealed that in the month before sentencing, 50 percent more drug court defendants who participated in drug treatment had negative drug tests than those who were in other courts.

According to the department, the average cost for the treatment component of a drug court program range between \$900 and \$2,200 per participant, depending on the range of services provided. Estimated savings in the cost of incarceration vary greatly

depending on the program, but savings in jail beds alone are at least \$5,000 per participant.

There are approximately 76 Drug Courts in 34 counties. Most small counties do not have drug courts. Adequate treatment services are the essential ingredient of any Drug Court, but there are very few "treatment slots" available for Drug Court participants.

<b>COMMENTS:</b>
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According to the department, current year funds will not be awarded until May 1999.

**4700 DEPARTMENT OF COMMUNITY SERVICES AND EMPLOYMENT****ISSUE 10: NATURALIZATION ASSISTANCE**

The budget proposes to continue \$2 million from the General Fund for citizenship and naturalization services for legal permanent residents who are eligible for naturalization.

The department has been asked to provide an update on the allocation of funds in the current year.

**BACKGROUND:**

The Immigration and Naturalization Service (INS) is responsible for carrying out the duties associated with the naturalization process. A person seeking naturalization must: (1) submit the required INS application, (2) submit verification documents and a \$225 fee, (3) take a test on government and history, (4) interview with the INS, and (5) attend a swearing in ceremony to take an oath of citizenship.

Impediments to naturalization include lack of educational and other support functions to assist naturalization applicants, lack of access to INS and its functions, and lack of INS capacity to respond to the demand for naturalization. Last year, the Department of Social Services estimated that the naturalization process would take 18 months. However, according to INS data, the waiting period in the Los Angeles INS District is 26-28 months and the waiting period in the San Francisco INS District is 14-30 months.

The DCSD contracts with nonprofit organizations which assist individuals in naturalizing and which receive reimbursements for every application that is filed with the INS. In 1997-98, the Legislature appropriated \$5 million to the DCSD to assist individuals with the naturalization process. However, the Governor vetoed the funds. The Legislature made another attempt to secure funding for naturalization services by placing a \$3 million appropriation in the Budget Restoration Bill, (AB 1571, Ducheny), but the Governor vetoed the \$3 million.

The Budget Act of 1998-99 included \$2 million from the General Fund to provide naturalization assistance services. The Governor's budget proposes to continue this level of funding. However, the department proposes to allocate the funds differently in 1999-00.

The budget also includes continuation of \$12.5 million in Federal Literacy Funds through the Department of Education for naturalization assistance to community-based organizations, community colleges, and adult education programs.

**COMMENTS:**

There have been concerns raised regarding the need for increased naturalization assistance services. An INS report indicated that in April 1996, approximately 2.3 million legal permanent residents in California were eligible for naturalization. The report also showed that more than one-third of U.S. legal permanent residents lives in California. According to INS data, the current backlog in California of naturalization applications is over 600,000. However, the current backlog may be underestimated due to lack of updated information, especially in the Los Angeles INS District office.

Under federal welfare reform, many individuals lost their eligibility for certain programs due to their noncitizen status. In response, the state implemented the California Food Assistance Program, which provides state-only benefits for legal noncitizens. The state also implemented the Cash Assistance Program for Immigrants, which provides state-only SSI/SSP benefits to legal noncitizens that lost eligibility for the SSI/SSP program. To the extent that recipients for these state-only programs are able to naturalize, there would be state savings since the recipients would be eligible for the federal programs.