

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

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

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

General Fund (in Thousands)

BBR page #	Title	2007-08 Savings	2008-09 Savings	Requested Legislative Action	Comments
None	Delay Payments to Fee-for-Service Institutional Providers		(454,000)	Special Session Trailer Bill Language (SSTBL)	Cash-flow only. One-time delay of August 2008 payments until September 2008.
None	Delay Medi-Cal Managed Care Plan Payment and Delta Dental Plan payment		(232,000)	None	Cash-flow only. One-time delay of August 2008 payments until September 2008.
None	Medi-Cal- Fee-for-Service Checkwrite	165,000		SSTBL, CY CS 4.44	One-time budget savings and ongoing cash deferral. Ongoing delay of mid-June provider checkwrite until July, starting June 2008.
276	Medi-Cal Local Assistance--Total BBR Savings	\$ 47,631	\$ 1,073,992	--	Total of Special Session Issues. Also reduces federal funds by \$47.8 million in 07-08 and by \$1.076 billion in 08-09.
278	Reduce Provider Payments by 10%	(33,434)	(602,400)	SSTBL	10% rate reduction to almost all Medi-Cal noninstitutional providers, including California Childrens Services and Family PACT (which receives an average 3:1 federal match).

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

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

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

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

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