

THE 2002 - 2003 STATE BUDGET

HEALTH SERVICES

DEPARTMENT OF HEALTH SERVICES

The Department of Health Services (DHS) is responsible for protecting the health of the public at large through various programs aimed at disease control, food safety and environmental safety, as well as providing publicly-subsidized health insurance (through the Medi-Cal program) to individuals who are unable to afford private health insurance.

Medi-Cal Program

Major Provisions

The major provisions for the Medi-Cal budget include:

- **County Administration.** Imposes a six percent reduction in County Administration, \$29 million General Fund, \$58 million total funds.
- **Quarterly Status Reports.** Rejects the re-imposition of the Quarterly Status Reports, continuing a cost \$155 million General Fund, \$310 million total funds.
- **Medi-Cal Drug Program.** Saves \$181.4 million General Fund, \$362.8 total funds, in the Medi-Cal Program through increased drug rebates, resolving disputes over rebates, therapeutic category reviews, duration of therapy and frequency of billing audits.
- **Disproportionate Share Hospitals.** Increases the Administration Fee for the DSH Program by \$55.2 million up to \$85 million.
- **1931(b) Eligibility Category.** Rejects denial of eligibility for low-income two-parent families that have moved off public cash assistance, \$92.1 million General Fund, \$184.2 million total funds.
- **Hospital Outpatient Services.** Increases General Fund expenditures by \$11.4 million General Fund, \$22.8 million total funds, for hospital outpatient rate increase of 3.3 percent, the first of three 3.3 percent increases required by the Orthopaedic Hospital lawsuit.
- **Optional Eligibility Categories.** Rejects the proposed elimination of adult dental services, medical supplies, acupuncture, podiatry, chiropractic, occupational therapy, psychology and independent rehabilitation centers, \$263 million General

Fund, \$526 million total funds.

- **Medi-Cal Case Management.** Adopts the proposed expansion of the program and assumed an earlier implementation date, \$9 million General Fund, \$18 million total funds.
- **Express Lane Eligibility.** Eliminates funding for Express Lane Eligibility, \$25.8 million General Fund, \$51.6 million total funds. Program would implement the mandates of AB 59 and SB 493 that permit parents to request Medi-Cal coverage through the National School Lunch Program.
- **Medi-Cal to Healthy Families Bridge.** Eliminates funding of \$7.666 million General Fund, \$22.05 million total funds, for the two month bridge for adults and one month bridge extension for children moving from Medi-Cal to Healthy Families.
- **Nursing Home Staffing Ratios.** Reduces funding by \$520,000 General Fund, \$1 million total funds, through elimination of seven 7 of 49 positions to implement the staffing mandates and development of a reimbursement methodology required by AB 1075.
- **Medi-Cal Fraud.** Projects increased fraud savings of \$200 million, \$100 million General Fund, through current and new staffing, 40 positions costing \$1 million General Fund, \$2 million total funds.
- **San Diego Children's Hospital.** Provides \$150 thousand General Fund, \$300 thousand total funds, for a supplemental rate for the pediatric care long-term care unit.
- **Program for All-Inclusive Care (PACE).** Adopts PACE expansion and achieves savings of \$1.1 million General Fund, \$2.2 million total funds.
- **Long-term Care.** Provides rate increase required State Plan methodology, \$9.1 million General Fund, \$18.2 million total funds.
- **Santa Barbara Health Authority.** Increases rates for the Health Authority by \$4.5 million General Fund, \$9 million total funds.
- **Adult Dental.** Restricts adults in the Medi-Cal program to one cleaning per year and one initial exam, \$3.9 million General Fund, \$7.8 million total funds. Children continue to receive two exams and cleanings per year.
- **Application Tracking.** Eliminates funding for Application Tracking in the Medi-Cal and Healthy Families Programs, \$4 million General Fund, \$8 million total funds.

PUBLIC HEALTH

■ Major Provisions

The major provisions for the Public Health budget include:

- **Childhood Lead Poisoning Prevention Program.** Funds \$7.2 million through special funds to implement a programmatic restructuring.
- **Child Health and Disability Prevention Program.** Funds the CHDP program \$42 million in addition to the CHDP Gateway, \$3.9 million, for enrolling qualifying children into the Healthy Families and Medi-Cal. Eliminates funding the CHDP periodicity schedule, \$2 million.
- **California Children's Services/Genetically Handicapped Persons Programs.** Funds projected growth rates in both programs, \$10.5 million General Fund.
- **Genetically Handicapped Persons Program.** Collects rebates on blood factor products and effects efficiencies in the program, \$6.5 million in savings.
- **HIV/AIDS Program.** Funds caseload and increased cost, \$190.5 million, General Fund.
- **Richmond Public Health Laboratory.** The budget provides an increase of \$5.5 million, \$4.0 million General Fund, for the newly completed Richmond Public Health Laboratory
- **Cancer Research.** Provides \$12.5 million for gender specific cancer research.
- **Youth Anti-Tobacco Program.** Eliminates the program for \$35 million in savings.
- **Birth Defects Monitoring.** Provides \$962,000 to backfill the Administration's proposed elimination.
- **County Medical Services Program (CMSP).** Charges the CMSP Board \$3.5 million for the administrative services provided by the Department of Health Services.

MANAGED RISK MEDICAL INSURANCE BOARD

The Managed Risk Medical Insurance Board (MRMIB) contracts to provide health insurance coverage to populations that have traditionally had a difficult time obtaining private insurance due to pre-existing conditions, or the high cost of insurance. The MRMIB also administers the Healthy Families Program.

■ Major Provisions

The major provisions for the Managed Risk Medical Insurance Board budget include:

- **Parental Expansion.** Postpones Healthy Families Parental Expansion until July 2003.
- **Rural Health Demonstration Projects.** Provides \$4.6 million (\$1 million General Fund and \$683 thousand Tobacco Settlement Fund) for the Rural Health Demonstration Projects to develop and enhance existing health care delivery networks for special populations and to address geographic barriers to access.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) is responsible under the Lanterman Act for ensuring that persons with developmental disabilities receive the services and support they need to help lead more independent and productive lives, and allow them to make choices and decisions about their own lives.

■ Major Provisions

The major provisions for the Department of Developmental Services budget include:

- **Purchase of Services.** Reduces Regional Center funding for purchases of services budget by an unallocated reduction of \$52 million General Fund.
- **Intake and Assessment.** Extends the time frame for intake and assessment in the Regional Centers from 60 days to 120 days, saving \$4.5 million.
- **Purchase of Services Funds.** Limits for one year the use of Purchase of Service funds for new start-up programs to those that address health or safety issues, \$ 6 million.
- **Developmental Center Certification.** Provides \$16.75 million General Fund to backfill federal funds due to the lack of federal certification of the Secure Treatment Program units at Porterville Developmental Center and the Canyon Springs Facility.

- **Autism.** Provides \$17.2 million General Fund for the increased purchase of services costs at the Regional Centers for the increase in the number of consumers diagnosed with autism.
- **Community Placement Plan.** Provides \$20.5 million General Fund, a total of \$50.2 million General Fund, for community placement planning process that better identifies individual's needs when moving from the Developmental Centers to the community.
- **Federal Reimbursement.** Replaces \$91.5 million of General Fund with Federal Funds received under the aegis of the Home and Community Based Waiver.

DEPARTMENT OF MENTAL HEALTH

The Department of Mental Health is responsible for the delivery of mental health treatment services through a state-county partnership as well as the involuntary treatment of the mentally disabled. The DMH operates four state hospitals for the mentally disabled and acute psychiatric units at the California Medical facility in Vacaville.

■ Major Provisions

The major provisions for the Department of Mental Health budget include:

- **Adult Systems of Care.** The 2002-03 Budget eliminates this categorical program. The funding was used to provide mental health services to adults. Counties are able to use Realignment funding to continue this program, which creates offsetting savings predominately at the local level.
- **Children's Systems of Care (CSDC).** The budget reduces this program by \$13.8 million General Fund. The program provides services to the most seriously mentally ill children. The Governor is directing the Department of Mental Health to restructure the CSOC to provide better accountability and to document cost savings.
- **State Mandated Mental Health Programs.** The Budget defers \$65 million General Fund in payments to counties for mandated services. The two largest mandates are the Services to Handicapped Students (\$48 million), which provides services to students whose mental illness interferes with learning, and Seriously Emotionally Disturbed Pupils (\$12 million), provides services to mentally disturbed children.
- **Integrated Services for Homeless Adults.** The budget reduces this program by \$10 million General Fund. The program provides services to mentally ill homeless adults to prevent incarceration, illness, and homelessness.
- **Early and Periodic Screening, Diagnosis and Treatment Program (EPSDTP).** The budget maintains funding at the 2001-02 budget level. The Governor intends to proceed administratively to implement the May Revision proposal to require counties to provide a 10 percent match to any new growth in the cost of the EPSDT program.

- **Therapeutic Behavioral Services.** The budget includes a \$8.167 million General Fund increase for compliance in the Emily vs. Bonta lawsuit which requires the Department and County Mental Health Plans to provide Therapeutic Behavioral Services as a Medi-Cal benefit.
- **Supportive Housing.** The budget eliminates the Supportive Housing Initiative Act, for a savings of \$21 million General Fund. None of 31 currently funded or newly awarded projects will be affected by the funding reduction.
- **Special Education Pupils Program.** The budget defers advance payments for the Special Education Pupils Program for a one time saving of \$12.3 million General Fund.
- **General Fund Adjustments.** The proposed budget would reduce the Department's support funding by \$3.276 million General Fund and 18 positions in the budget year.
- **Dual Diagnosis Projects.** The budget reduces \$1.5 million General Fund in Dual Diagnosis Projects, which treat those who have both mental illness and alcohol or drug problems.
- **Community Treatment Facility.** The budget projects an increase of \$1.2 million to continue the payment of a supplemental rate for Community Treatment Facility beds until an appropriate rate structure for the facilities can be developed.
- **State Hospitals.** The budget reduces expenditures by \$14.8 million General Fund and increases reimbursements by \$2.5 million for care in the state's mental hospitals. The state hospital population is expected to decrease by two percent below the Governor's initial projections. The reduction results in a decrease of 163.2 personnel years.
- **Atascadero State Hospital.** The budget would increase expenditures from the Public Building Construction Fund by \$13.7 million within the secure perimeter of Atascadero State Hospital for additional patient treatment space.
- **Metropolitan State Hospital.** The budget would increase expenditures from the Public Building Construction Fund by \$7.1 million for a new 27,000 square foot school building at Metropolitan State Hospital to meet state standards for the Youth Treatment Program.