

Health Highlights (Low Lights) of the Governor's May, 2008 Revise

The May Revise projects a budget deficit of \$17 billion on top of the \$7 billion in program cuts already approved by the Legislature in February.

Revenues are down from the January 2008 Proposed Budget by \$2.7 billion in Personal Income Taxes for the 2008-09, \$1.8 billion in sales taxes, \$0.9 billion in corporate taxes and \$0.25 in insurance taxes. This helped increase the budget deficit to \$17 billion.

The Governor is proposing \$11.7 billion in revenue solutions, including a modernization of the state lottery, projected to raise \$5 billion, \$2 billion from a change in accrual accounting and \$3.3 billion in the sale of economic recovery bonds.

The Health and Human Services Agency would be cut an additional \$2 billion over and above the January cuts (total \$38 billion in General Fund) spending. Medi-Cal would be cut by an additional \$0.8 billion (5% cut) and Social Services by \$0.9 billion (9% cut). MRMIB would be cut by \$43 million (8% cut).

Medi-Cal eligibility would be cut for parents in working families from 100% of FPL to 61% of FPL. Savings initially are \$31 million, growing to \$343 million in 2011-12. Benefits for legal immigrants (in the county less than 5 years) and PRUCOL (Permanently Residing Under Color of Law) would be reduced to emergency only services for a savings of \$87 million. Eligibility for emergency only benefits for undocumented parents and children would be terminated on a monthly basis for a savings of \$42 million; they can re-apply if an emergency arises; pregnancy only coverage is exempt.

Managed care rates will be increased by \$170 million and SNFs¹ (Skilled Nursing Facilities) rates by \$22 million.

Healthy Families will have the same cuts in dental benefits, increased family premiums and copays as previously proposed in the Governor's Proposed January Budget for a projected savings of \$37.3 million. A growth in enrollment of 50,000 children from 880,000 to 935,000 over the course of the 2008-09 year is projected. It is assumed that the increased premiums for families with incomes over 150% of FPL would reduce the projected enrollment increase by 2%. The budget assumes that the increased copays would reduce utilization of health, but not dental or vision services and that MRMIB would reduce plan rates by 1.25% on top of the 5% proposed cut in health plan rates from the January budget.

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Sources: www.ebudget.ca.gov and phone briefings of 5/14/07; see also www.chhs.ca.gov

¹ They part pay for their rates with fees.