

'05-06 Governor's Proposed Budget ITUP Draft Summary and Comments

Health and Human Services General Fund Budget \$31.2 billion

Health and Human Services All Funds Budget \$69.8 billion

- MediCal \$34 billion
- MRMIB \$1 billion
- Mental health \$2.7 billion
- Developmental Services (DDS) funding \$3.7 billion
- In Home Support Services (IHSS) \$3.1 billion

Health and Human Services General Fund Proposed Budget Reductions \$1.4 billion

Health Programs and the Uninsured

California Rx

- Price discounts for uninsured Californians with incomes up to 300% of FPL (\$27,936 for an individual and \$56,568 for a family)
- Average price discount of 20%
- General Fund cost \$4 million to process applications and for staff to negotiate discounts

Managed care expansion for 816,000 Seniors, Disabled and Family Members

- Families and children must enroll in managed care in 13 new counties: El Dorado, Placer, Imperial, Madera, Merced, Kings, Marin, Mendocino, San Benito, San Luis Obispo, Sonoma, Ventura and Lake
 - Marin, Mendocino, San Benito, San Luis Obispo, Sonoma, Ventura and Lake would become part of existing COHS (County Organized Health Systems)
 - El Dorado, Placer, Imperial, would join existing adjacent GMCs (Geographic Managed Care)
 - Madera, Merced, Kings and Fresno would form a new Central Valley GMC
- Seniors and disabled must enroll in managed care in all 28 counties with managed care plans
- Long term care pilot in three counties, integrating long term and acute care and encouraging/allowing use of in home services: Contra Costa, Orange and San Diego counties
- Savings in '08-09 of \$177 million (\$89 million General Fund); however state spending developing managed care and switching from fee for service to managed care in the three years prior to '08-09 exceeds anticipated savings in '08-09

Renewal of selective contracting waiver and reform of DSH (Disproportionate Share Hospitals) and SB 1255 programs

- State's five year waiver for selective contracting is up for renewal at the end of June
- Federal government wants state(s) to abandon Intergovernmental Transfers (IGTs), and California proposes to switch to Certified Public Expenditures (CPEs) made by county and UC hospitals to fund DSH and SB 1255 for all safety net hospitals

- California wants MediCal managed care inpatient days to count for purposes of computing hospitals' DSH allocations and payments

Maximize federal funding for Prenatal Care under MediCal and AIM

- \$242 million in new FFP (Federal Financial Participation), replacing Prop 99 and General Fund support

Reductions in MediCal benefits

- \$1000 annual cap on adult dental services
- Savings: \$50 million (\$25 million General Fund)

Beneficiary cost sharing

- \$4 per child and \$10 per adult per month with a family maximum of \$27 per month
- Applies to 460,000 children and adults in families with incomes over the federal poverty level
- Applies to 90,000 seniors and the disabled with incomes over the SSI/SSP level
- Savings: '06-07 \$11 million (\$5.5 million General Fund)

Health Programs, Children

Streamline eligibility processing for children

- Eligibility for children's MediCal applications sent to state Healthy Families program will be determined at Single Point of Entry by the state and state vendor rather than returned to the county for processing
- Issue is lower cost of state worker and state vendor processing at state level versus cost of county worker processing at county level
- Savings: \$1.2 million in '05-06 and \$16 million ongoing

Restoration of application assistance fees for Certified Application Assistors

- General Fund cost \$5.9 million
- Projected impact: 15,000 more children enrolled in Healthy Families in 05-06 and 30,000 children thereafter

Revise and simplify MediCal/Healthy Families application

- No details

MediCal/Healthy Families Bridge Performance Standards

- Ensures counties refer children to Healthy Families when they lose MediCal eligibility
- Project impacts: 10,000 new kids enrolled in '05-06 and 27,000 thereafter
- General Fund cost of \$2.1 million to establish and monitor Bridge Performance Standards

Healthy Families Buy-in Option Available for local Healthy Kids Initiatives

- State First 5 Commission funds the state's administrative costs
- Allows counties or regions developing Healthy Kids programs for uninsured children to contract with the state Healthy families program for coverage and administration

Children's Medical Services (CCS, CHDP and GHPP)

- General fund increase of \$11.6 million, total fund increase of \$22.7 million

Social Services Programs

CalWorks Program Incentives to Increase Work Participation

- Pay for Performance Incentives for Counties
- Stronger work requirements
- Savings \$34 million

Eliminate CalWorks Annual COLA (Cost of Living Adjustment), Reduce CalWorks Grants and Reduce Earned Income Disregard

- Savings of \$451.8 million
- Impacts: grant reductions and loss of automatic eligibility for MediCal

Eliminate (suspend?) SSI/SSP annual COLA

- '05-06 savings of \$259 million and \$518 million thereafter
- Impacts: grant reductions and loss of automatic eligibility for MediCal

Reductions in state match for wage and benefits of IHSS workers

- Reduces state participation in costs of IHSS workers to the state minimum wage (\$6.75 an hour) and reduces state participation in wage and benefit increases negotiated by the counties during '04-05. Counties have option to re-invest local savings generated by state waiver to secure FFP for care-giver relatives
- '05-06 savings of \$195 million

Developmental Services

Cost efficiencies in the Developmental Services (DDS) program

- E.g. use of least costly vendor appropriate to individual's needs, use of group rather than individual services if appropriate
- Savings of \$4 million in '05-06 and up to \$25 million thereafter

Increased FFP in DDS

- \$78.5 million (targeted case management and home and community based waivers)

Sources: California Health and Human Services Agency, 2005-06 Budget Proposal Summary and California Health and Human Services Agency, MediCal Redesign (January 2005)