

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California’s vulnerable and at-risk residents.

The Budget includes total funding of \$105.1 billion (\$26.7 billion General Fund and \$78.4 billion other funds) for all programs overseen by this Agency.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California’s Medicaid program, is administered by the Department of Health Care Services (DHCS). Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, foster care children, and pregnant women.

ADOPTED SOLUTIONS:

- *Coordinated Care Initiative*—The Budget includes a Coordinated Care Initiative to integrate care for individuals who are enrolled in both Medi-Cal and Medicare. The Budget assumes that Medicare savings from this integration will be shared equally with the federal government. It also assumes decreased utilization of more expensive services, including nursing home stays and hospitalization. The Budget includes a payment deferral to accelerate the savings in 2012-13. This results in

approximately \$611.5 million in General Fund savings in 2012-13 and \$880.9 million when fully implemented.

- *Hospital Payment Changes*—The Budget includes a reduction in supplemental payments to private hospitals resulting in General Fund savings of \$150 million in 2012-13 and \$75 million in 2013-14. Direct grants and supplemental payments to designated public hospitals will also be reduced in 2013-14 for additional General Fund savings of \$41.5 million. Finally, the Budget assumes a delay in the transition to a new diagnosis-related group-based payment methodology for hospitals by six months and General Fund savings of \$75 million in 2013-14.
- *Unexpended Federal Waiver Funds*—The Budget assumes the state and designated public hospitals will use prior year waiver funds to access additional federal funding. The federal funds will be split equally between the state and designated public hospitals for General Fund savings of \$100 million in 2012-13 and \$9 million in 2013-14.
- *Non-Designated Public Hospital Payment Changes*—The Budget aligns the non-designated public hospital Medi-Cal funding with designated public hospitals funding methodology resulting in approximately \$94.5 million in ongoing General Fund savings. The Budget also authorizes additional funding to non-designated public hospitals to offset hospitals' uncompensated care costs—approximately \$85 million in 2012-13 and \$110 million in 2013-14.
- *Nursing Homes*—The Budget freezes nursing home rates during 2012-13 rather than providing a rate increase of up to 2.4 percent as authorized in prior law. The Budget also assumes a payment deferral to skilled nursing facilities in 2012-13 and ongoing. This results in \$87.8 million in General Fund savings in 2012-13.
- *Unpaid Stabilization Funding*—The Budget includes a one-time redirection of private and nondesignated public hospital stabilization funding to the General Fund for savings of \$42.9 million.
- *Proposition 10 Funding*—The Budget assumes that the First 5 California Children and Families Commission will provide \$40 million for programs serving children ages birth through five to achieve General Fund savings in 2012-13.
- *Preventable Hospital Admissions*—The Budget eliminates funding for services related to potentially preventable hospital admissions for Medi-Cal managed care as required by federal health care reform. This results in approximately \$30 million in General Fund savings in 2012-13.

- *Managed Health Care Expansion*—The Budget authorizes the expansion of Medi-Cal managed care health plan services to Medi-Cal beneficiaries living in 28 rural California counties who currently receive Medi-Cal services on a fee-for-service basis. This results in General Fund savings of \$2.7 million in 2012-13 and \$9 million in 2013-14.
- *Laboratory Services Rate Reduction*—The Budget reduces rates for laboratory services by 10 percent until the DHCS develops a new payment rate methodology that is comparable to the rates received from other payers for these services. This results in approximately \$7.7 million in General Fund savings in 2012-13.

OTHER CHANGE:

- *Implementing Copayments*—A decrease of \$20.2 million General Fund in 2012-13 from the implementation of copayments of \$15 for non-emergency, emergency room visits and \$1 and \$3 copayments for certain pharmacy services.

MANAGED RISK MEDICAL INSURANCE BOARD

The Managed Risk Medical Insurance Board administers five programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to certain persons who do not have health insurance. The five programs include the Access for Infants and Mothers Program, the Healthy Families Program, the County Health Initiative Matching Fund Program, the Major Risk Medical Insurance Program, and the Pre-Existing Conditions Insurance Plan Program. Only the Healthy Families Program is funded from the General Fund.

ADOPTED SOLUTION:

- *Healthy Families*—The Budget eliminates the Healthy Families Program, transferring beneficiaries to Medi-Cal over a 12-month period beginning in January 2013 for General Fund savings of \$13.1 million in 2012-13, \$58.4 million in 2013-14, and \$72.9 million ongoing. In addition to achieving General Fund savings, this transition benefits children, families, health plans, and providers, by: (1) simplifying eligibility and coverage for children and families; (2) improving coverage through retroactive benefits, increased access to vaccines, and expanded mental health coverage; and (3) eliminating premiums for lower income beneficiaries.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services administers programs that provide services and assistance payments to needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

ADOPTED SOLUTIONS:

- *CalWORKs Refocus*—The Budget restores the program’s focus on work. Specifically, it: (1) creates a prospective 24-month time limit on cash assistance and employment services for adults, and provides an additional 24 months to adults who meet federal work requirements; (2) provides counties some flexibility by allowing up to 20 percent of the adults to extend their time beyond 24 months to complete their educational goals or find a job; and (3) provides two years for clients to transition to the new program and be prepared with the skills necessary to find employment as the economy recovers. These changes result in General Fund savings of \$469.1 million in 2012-13.
- *Across the Board Reduction in IHSS Hours*—The Budget includes a decrease of \$52.2 million General Fund in 2012-13 from a 3.6-percent across the board decrease in authorized hours effective August 1, 2012. Similar to the 3.6-percent across the board reduction that sunsets under current law on July 1, 2012, recipients may direct the manner in which the reduction of authorized hours is applied to their previously authorized services.

DEPARTMENT OF CHILD SUPPORT SERVICES

The Department of Child Support Services is designated as the single state agency responsible for administering the statewide child support program.

ADOPTED SOLUTIONS:

- *Reduce Funding for Local Child Support Agencies*—The Budget includes a one-time decrease of \$14.7 million (\$5 million General Fund) in 2012-13 to reflect reduced funding for Local Child Support Agencies.
- *Suspend County Share of Collections*—The Budget suspends the county share of child support collections in 2012-13 for one-time General Fund savings of \$31.9 million.

- *Reduce California Child Support Automation System Funding*—The Budget includes a decrease of \$5.5 million General Fund in 2011-12 and \$1 million General Fund in 2012-13 associated with the California Child Support Automation System (CCSAS). For 2011-12, the savings will result from an early reversion of remaining CCSAS reappropriation dollars. Beginning in 2012-13, the CCSAS project maintenance and operations budget will be reduced by \$2.9 million (\$1 million General Fund).

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions.

ADOPTED SOLUTION:

- *Public Health Laboratory Training Program*—A decrease of \$2.2 million to eliminate the Public Health Laboratory Training Program. This program provided local assistance grants to subsidize training, support, outreach and education, and provided funding for doctoral candidate stipends and post doctoral fellowships for individuals training for public health laboratory directorships. Fifteen individuals participated in this program.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) serves approximately 250,000 individuals with developmental disabilities in the community and 1,760 individuals in state-operated facilities. The Budget includes \$4.7 billion (\$2.7 billion General Fund) for support of the department and community services. Services are provided through the developmental centers and one community facility and the regional center system.

ADOPTED SOLUTION:

- *Proposition 10 Funding*—The Budget assumes that the First 5 California Children and Families Commission will provide \$40 million for programs serving children ages birth through five. This funding will support the DDS Early Start Program and provide services to children from birth up to age three, decreasing General Fund costs by \$40 million.

OTHER CHANGE:

- *Developmental Services Systemwide Reductions*—The Budget reflects \$200 million in 2012-13 savings. Savings will be achieved by increasing eligibility for federal funding, increasing insurance billing for certain autism-related services, redesigning options for consumers who have been hard to serve in the community, and a 1.25-percent provider payment reduction.