Health and Human Services

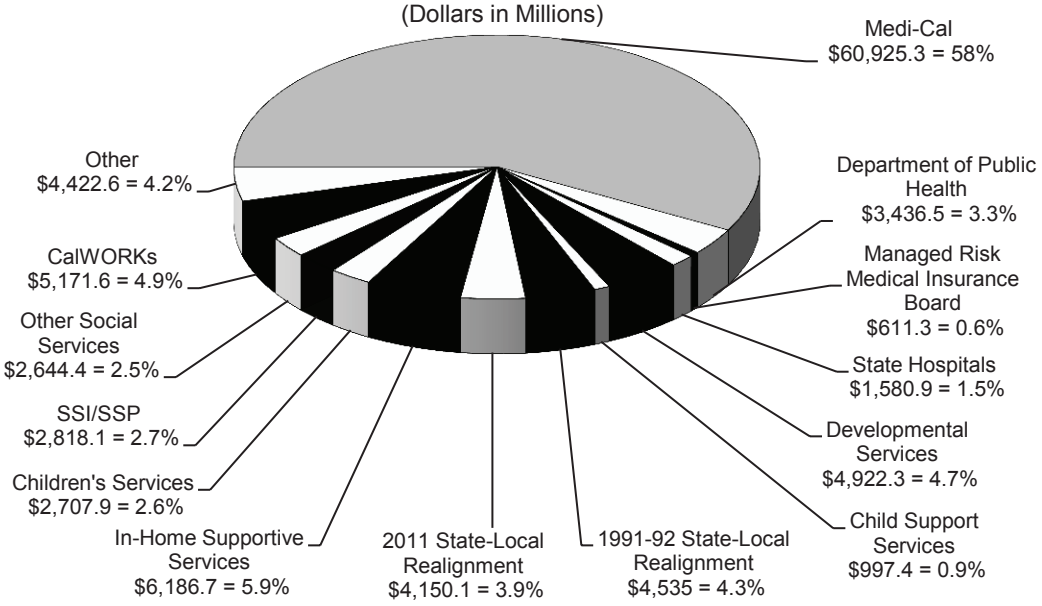
The Health and Human Services Agency oversees departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California's vulnerable and at-risk residents. The Budget includes $105.1 billion ($28.4 billion General Fund and $76.7 billion other funds) for these programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

Information on California's implementation of the Affordable Care Act is included in the Health Care Reform Chapter.

Agency Reorganization

The Budget transfers all substance use disorder programs from the Department of Alcohol and Drug Programs (DADP) to the Department of Health Care Services (DHCS) to better coordinate the licensing, certification, and program management of substance use disorders services statewide. Among other benefits, this reorganization maintains programmatic expertise, enhances oversight, and promotes opportunities for health care delivery improvement. DADP's Office of Problem Gambling will be transferred to the Department of Public Health. The Budget also transfers mental health licensing and quality improvement functions from the Department of Social Services to DHCS to further consolidate and streamline licensing and certification functions for these programs within a single department.

Figure HHS-01
Health and Human Services Proposed 2013-14 Funding[/1]
All Funds
(Dollars in Millions)



[/1] Totals $105,110.1 million for support, local assistance, and capital outlay. This figure includes reimbursements of $9,898.4 million and excludes $5.6 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.

Department of Health Care Services

Medi-Cal, California's Medicaid program, is administered by 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, children in foster care, and pregnant women. The federal government mandates basic services including physician services, family nurse practitioner services, nursing facility services, hospital inpatient and outpatient services, laboratory and radiology services, family planning, and early and periodic screening, diagnosis, and treatment services for children. In addition to these mandatory services, the state provides optional benefits such as outpatient drugs, home and community-based services, and medical equipment. DHCS also operates the California Children's Services program, the Primary and Rural Health program, and oversees county operated community mental health programs.

Since 2006-07, total Medi-Cal benefit costs grew 10.6 percent annually (approximately $3.8 billion per year) to $55.9 billion in 2012-13 because of a combination of health care

Figure HHS-02
Major Health and Human Services Program Caseloads

	2012-13 Revised	2013-14 Estimate	Change
Medi-Cal enrollees	8,195,000	8,678,300	483,300
Healthy Families Program [a]	200,464	4,002	-196,462
California Children's Services (CCS) [b]	35,801	19,643	-16,158
CalWORKs	563,505	572,133	8,628
Non cash-assistance CalFresh households	1,603,911	1,829,310	225,399
SSI/SSP (support for aged, blind, and disabled)	1,291,022	1,308,026	17,004
Child Welfare Services [c]	138,590	136,973	-1,617
Foster Care	43,522	40,030	-3,492
Adoption Assistance	85,580	86,494	914
In-Home Supportive Services	422,945	418,890	-4,055
Services for persons with developmental disabilities			
Regional Centers	256,872	266,100	9,228
Developmental Centers [d]	1,552	1,304	-248
State Hospitals			
Mental health patients [e]	6,521	6,560	39
Alcohol and Drug Programs [f]	247,987	257,678	9,691
Vocational Rehabilitation	28,318	28,318	0

[a] Current year represents the year-end population. Budget year represents the remaining average monthly caseload not included in Medi-Cal.

[b] Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

[c] Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas on a monthly basis. Due to transfers between each service area, cases may be reflected in more than one services area.

[d] Represents average in-center population.

[e] Represents the year-end population. Includes population at Vacaville and Salinas Valley Psychiatric Programs, and the California Health Care Facility - Stockton.

[f] Represents Drug Medi-Cal Clients.

cost inflation, rate increases, and caseload growth. Medi-Cal General Fund spending is projected to increase 3.9 percent from $15 billion General Fund in 2012-13 to $15.6 billion General Fund in 2013-14 because of enacted and proposed program changes. Absent these changes, costs would grow by 8.3 percent to $16.3 billion General Fund. Growth in Medi-Cal General Fund expenditures has been reduced through cost shifting to other funding sources, including the Gross Premium Tax (first authorized in 2009-10), Hospital Quality Assurance Fee (first authorized in 2011-12), and Medicaid waivers that allow claiming of federal funds for state-only health care costs.

The Budget assumes caseload will increase approximately 5.9 percent from 2012-13 to 2013-14 (from 8.2 million to 8.7 million), largely because of the shift of children from Healthy Families to Medi-Cal. Caseload would increase by 1.2 percent absent

the shift. Base caseload growth is slightly higher than the 1-percent growth rate of the total California population over the same period. The Medi-Cal caseload represents approximately 21.7 percent of the state's total population. The implementation of federal health care reform will further increase Medi-Cal program caseload.

The Federal Medical Assistance Percentage (FMAP) determines the level of federal financial support for the Medi-Cal program. With the exception of temporary increases, California has had a federal medical assistance percentage of 50 percent (the minimum percentage authorized under federal law) since the inception of the Medicaid program in 1965. California's percentage is lower than the national average and is lower than those of neighboring states. Oregon, Nevada, and Arizona currently have percentages of 62 percent, 60 percent, and 66 percent, respectively. The state's percentage is also substantially lower than Mississippi's 73 percent federal medical assistance percentage, currently the highest in the country.

The Medi-Cal program cost per case is lower than the national average. California's cost per case of $4,539 in 2012-13 is substantially lower than other low FMAP states, such as Massachusetts ($7,579) and New York ($8,960), according to data from federal fiscal year 2009.

California is relatively generous in its eligibility rules compared with other states. Parents are typically eligible for full scope benefits at 100 percent of the federal poverty level (FPL) which is 15th highest in the nation, 185 percent of FPL for pregnant women which is 8th highest in the nation, and 100 percent of FPL for non-working disabled beneficiaries, which is 7th highest in the nation.

Significant program developments have affected both costs and caseload in recent years including:

- Expansion of Medi-Cal Managed Care into counties formerly operating under the fee-for-service model, including the expansion of managed care into rural counties.
- Shifting Children from Healthy Families to Medi-Cal. Approximately 860,000 children began transitioning to the Medi-Cal program January 1, 2013. The state will continue to utilize the Children's Health Insurance Program federal match of 65 percent for the Healthy Families caseload within the Medi-Cal program.
- Expansion of Medi-Cal Managed Care to seniors and persons with disabilities formerly covered under the fee-for-service model. Approximately 380,000 beneficiaries have transitioned.

- Provider rate reductions enacted through Chapter 3, Statutes of 2011 (AB 97). These reductions will result in General Fund savings of $488.4 million in 2013-14.
- The Coordinated Care Initiative (CCI) was authorized by Chapter 33, Statutes of 2012 (SB 1008) and Chapter 45, Statutes of 2012 (SB 1036). CCI will better coordinate the care of 560,000 Medi-Cal and Medicare dual eligible beneficiaries from fee-for-service to managed care beginning in 2013-14. Please see below for additional information on the CCI.

Significant Adjustments:

- Hospital Quality Assurance Fee Extension—A savings of $310 million General Fund in 2013-14 as a result of extending the hospital fee, which will sunset on December 31, 2013. The fee provides funds for supplemental payments to hospitals and also provides some funding to offset the costs of health care coverage for children.
- Gross Premiums Tax—The Budget proposes to reauthorize the Gross Premiums Tax on Medi-Cal managed care plans permanently. Continuing the tax will generate General Fund savings of $85.9 million in 2012-13 (included in the Managed Risk Medical Insurance Board budget) and $217.3 million in 2013-14.
- Managed Care Efficiencies—A decrease of $135 million General Fund in 2013-14 as a result of implementing additional efficiencies in managed care. DHCS is looking for new ways to improve the quality and efficiency of the health care delivery system and develop payment systems that promote quality, not quantity, of care and improve health outcomes.
- Annual Open Enrollment—A decrease of $1 million General Fund in 2013-14 and ongoing as a result of having beneficiaries select their Medi-Cal health plan each year and receive care through that health plan for the entire year. This open enrollment process will align Medi-Cal with the industry best practice of other third-party health benefit payers.
- Coordinated Care Initiative—Under the CCI, persons eligible for both Medicare and Medi-Cal (dual eligibles) will receive medical, behavioral health, long-term supports and services, and home and community-based services coordinated through a single health plan. The CCI will also enroll all dual eligibles in managed care plans for their Medi-Cal benefits. Dual eligibles will enroll in the CCI in specified counties participating in the demonstration.

The following changes have occurred to the structure of the CCI since enactment of the 2012 Budget Act:

- The Budget has been revised to reflect the size and scope of the demonstration as enacted. The Budget reflects the population participating in the demonstration and accounts for individuals excluded from the program by statute including beneficiaries enrolled in the Developmentally Disabled waiver, beneficiaries enrolled in a Kaiser Plan, and beneficiaries with other health coverage.
- The Budget changes the scheduled phasing for beneficiaries enrolling in the CCI. Beneficiaries in participating counties will enroll for their Medi-Cal benefits beginning in September 2013. Los Angeles County will phase-in beneficiaries over 18 months. San Mateo County will enroll all beneficiaries at once. Orange, San Diego, San Bernardino, Riverside, Alameda, and Santa Clara counties will phase-in over 12 months. The 2012 Budget Act assumed beneficiaries in all counties would phase into the CCI over a 12-month period beginning in March 2013.
- The Budget projects revised General Fund savings for the CCI of $170.7 million in 2013-14. Savings are projected to grow to $523.3 million General Fund annually. DHCS is working to reach agreement with the federal government on a shared savings methodology to achieve the budgeted savings. Statutory changes will be needed to reflect the aforementioned changes and the agreement with the federal government.

Managed Risk Medical Insurance Board

The Managed Risk Medical Insurance Board (MRMIB) currently administers five programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to eligible individuals who do not have health insurance. Two of those programs will continue to be administered by MRMIB: the Access for Infants and Mothers Program, which provides comprehensive health care to pregnant women, and the County Health Initiative Matching Fund Program, which provides comprehensive health benefits through county-sponsored insurance programs.

Of the three remaining programs, the Healthy Families Program (HFP), which provides comprehensive health benefits to children, began transitioning beneficiaries to Medi-Cal on January 1, 2013. The Managed Risk Medical Insurance Program and the Pre-Existing Condition Insurance Program, health coverage programs for individuals with pre-existing

conditions, will phase-out with the implementation of the federal Affordable Care Act in 2014.

The Budget includes $611.3 million ($21.7 million General Fund) for MRMIB, a decrease of $143.9 million General Fund from the Budget Act of 2012. This significant decrease is primarily due to the transition of HFP beneficiaries to Medi-Cal.

Department of Public Health

The Department of Public Health (DPH) is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions. Funding for 2012-13 is $3.5 billion ($130.6 million General Fund), and proposed funding for 2013-14 is $3.4 billion ($114.5 million General Fund).

Significant Adjustments:

- Zero-Base Budget Review—Executive Order B-13-11 directs the Department of Finance to modify the state budget process to increase efficiency and focus on accomplishing program goals. Pursuant to this Executive Order, DPH has begun the process of implementing zero-base budgeting for its contracting activities, the Baby BIG program, and the Women, Infants and Children program. Initial findings from these efforts will be provided in the spring of 2013. This represents the first phase of implementing zero-base budgeting throughout the Department.
- AIDS Drug Assistance Program (ADAP)—The ADAP provides uninsured and under-insured people living with HIV and AIDS access to medication. Californians over 18 years of age whose income does not exceed $50,000 annually are eligible for the program. In January 2012, the program began screening and transitioning eligible ADAP clients to county Low-Income Health Programs (LIHPs). Caseload is projected to decrease by 8 percent and expenditures by $61.9 million compared to fiscal year 2011-12 primarily due to the transition of clients to county LIHPs. The program reflects a net decrease of $12.7 million in 2013-14 ($16.9 million General Fund decrease and $4.2 million other fund increase) to reflect updated caseload estimates.

Department of Developmental Services

The Department of Developmental Services (DDS) provides consumers with developmental disabilities a variety of services and supports that allow them to live and work independently, or in supported environments. Recent changes in the delivery of services and eligibility for additional federal funds have reduced the growth in regional center General Fund costs. These costs had been increasing significantly as consumers moved from developmental centers into the community, utilization of services increased, and more consumers were diagnosed with autism spectrum disorders.

California is the only state providing developmental services as an entitlement. DDS serves approximately 260,000 individuals with developmental disabilities in the community and 1,550 individuals in state-operated facilities. The Budget includes $4.9 billion ($2.8 billion General Fund) for support of the Department. Services are provided through developmental centers, one community facility, and the regional center system.

In December 2012, federal decertification and state license revocation actions were initiated for the Intermediate Care Facility (ICF) at the Sonoma Developmental Center (SDC), which provides services for approximately 290 individuals. The Nursing Facility and General Acute Care services at SDC were not impacted by these actions. DDS has filed appeals and will work with DPH and the federal Centers for Medicare and Medicaid Services to quickly resolve licensing issues and minimize any loss of federal funds. The ICF will continue to operate during the appeal process. No adjustment for the potential loss of federal funding has been included in the Budget pending the outcome of the appeal.

Significant Adjustments:

- Regional Center Caseload Adjustment—An increase of $36.1 million (a decrease of $3 million General Fund) in 2012-13 and an increase of $177.5 million ($89.2 million General Fund) in 2013-14 to reflect increases in caseload and utilization of services.
- Sunset Operations and Provider Payment Reduction—An increase of $46.7 million ($32 million General Fund) in 2013-14 to reflect the sunset of the 1.25-percent regional center operations and provider payment reduction.
- Proposition 10 Funding—An increase of $40 million General Fund to backfill the one-time support provided by the First 5 California Children and Families Commission for programs serving children birth through five in the 2012 Budget Act.

- Annual Family Program Fee—The Budget permanently continues the Annual Family Program Fee, scheduled to sunset June 30, 2013, which assesses a fee of $150 or $200 per family. The fee is based on family size and additional criteria and assessed to families whose adjusted gross family income is at, or above, 400 percent of the federal poverty level. This fee offsets developmental services General Fund costs by $7.2 million.

Department of State Hospitals

The Department of State Hospitals (DSH) was established in July 2012 to administer the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed and voluntary patients. DSH continues to evaluate operations to improve treatment, safety and security of staff and patients, and fiscal accountability and transparency. The Budget includes $1.6 billion ($1.5 billion General Fund) in 2013-14 for support of DSH. The patient population is projected to reach a total of 6,560 in 2013-14.

Significant Adjustments:

- Stockton Activation and Bed Migration—An increase of $100.9 million General Fund in 2013-14 to activate 514 beds at the California Health Care Facility (CHCF). This includes $67.5 million General Fund for additional staff to complete the activation of CHCF and $33.4 million General Fund for the full year costs of positions approved in the Budget Act of 2012. The Budget does not include an adjustment for the transfer of inmate-patients from existing Psychiatric Programs at Salinas Valley State Prison and the California Medical Facility at Vacaville to the CHCF. DSH will continue to evaluate inmate-patients for transfer to the CHCF and develop a transition plan to reduce the number of DSH-operated beds at Salinas and Vacaville.
- Safety and Security—Upon the successful implementation of the personal duress alarm system (PDAS) upgrade at Napa State Hospital in November 2012, the PDAS project schedule was updated for Metropolitan and Patton State Hospitals. The revised schedule resulted in a reduction of $5.6 million General Fund in 2013-14. The Budget maintains funding to continue the PDAS upgrade at Atascadero and Coalinga State Hospitals.
- Emerging Population Trends—The Budget includes $20.1 million Reimbursements for the estimated increase in civil commitments. No adjustment is included in the

Budget for pending commitments. DSH maintains wait lists of patients awaiting admission to its five hospitals and two psychiatric programs. Since June 30, 2012, the DSH has seen a steady increase in its wait list numbers for Incompetent to Stand Trial and Mentally Disordered Offender commitments. DSH will continue to monitor the pending commitments and, if necessary, develop options to address these wait lists.

Department of Social Services

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

The Budget includes $19.5 billion ($7.6 billion General Fund) for DSS, an increase of $577.4 million General Fund from the revised 2012-13 budget, and an increase of $623.9 million General Fund from the Budget Act of 2012.

State funds for Foster Care, the Adoption Assistance Program, Child Welfare Services, Child Abuse Prevention, and Agency Adoptions were realigned to counties as part of 2011 Realignment. Funding for those programs can be found in the 2011 Realignment Estimate display in Item 5196 in the Governor's Budget.

The Budget includes $1 million ($482,000 General Fund) and 9 positions in 2013-14 for DSS to support and oversee the Child Welfare System-New System project through the procurement phase. This approach is consistent with the Child Welfare Services Automation Study released in April 2012.

California Work Opportunity and Responsibility to Kids

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total CalWORKs expenditures of $7.1 billion (state, local, and federal funds) are proposed for 2013-14, including TANF Block Grant and maintenance-of-effort countable expenditures. The amount budgeted includes $5.4 billion for CalWORKs

program expenditures and $1.7 billion in other programs. Other programs primarily include expenditures for Cal Grants, Department of Education child care, Child Welfare Services, Foster Care, DDS programs, the Statewide Automated Welfare System, California Community Colleges child care and education services, and the Department of Child Support Services.

Average monthly CalWORKs caseload is estimated to be 572,000 families in 2013-14, a 0.7-percent increase over the 2012 Budget Act projection.

Background

In 1994-95, California's welfare caseload reached its highest point with 921,000 families receiving aid. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally reformed the nation's welfare system and created a block grant program with work requirements and lifetime time limits. Consistent with this federal welfare reform law, CalWORKs contains time limits on the receipt of aid and linked eligibility for aided adults to work participation requirements. California is also one of only nine states that included a safety net program to provide monthly assistance payments to children whose parents are not eligible for aid. In 2005, federal welfare reform was modified to further restrict countable work activities and to require states to have 50 percent of the program's caseload meeting federal work participation levels.

In the early years of CalWORKs, the program was successful in getting many of the most readily employable parents to enter the labor market, with caseload reaching an all-time low of 460,000 in cases in 2006-07. Since then, and coinciding with the severe economic downturn, the program experienced significant growth, increasing to nearly 586,000 cases in 2010-11. Over this same period, budgetary constraints required expenditure reductions. Major reductions to the program in recent years have consisted of the following:

- Funding for work support services—From 2009-10 through 2011-12, annual funding for welfare-to-work and child care services was reduced by over $375 million. To allow counties to absorb this substantial reduction, additional exemptions from work participation requirements were authorized for families with very young children.
- Time limits—Since the program's inception, work-eligible adults were generally limited to 60 months of eligibility for cash assistance. Effective July 2011, eligibility for adult recipients is limited to 48 months.

- Monthly grant levels—Maximum Aid Payment (MAP) levels were reduced by 4 percent in July 2009, followed by an additional 8 percent reduction in July 2011. For a family of three living in a high-cost county, this equates to an $85 per month reduction in cash assistance from 2008 MAP levels. Current grant levels are only slightly above 1987-88 levels. Compared to other states, California's grant levels are eighth highest in the nation and second highest among the ten largest states.
- Income disregard—Beginning in July 2011, the amount of monthly earnings disregarded for purposes of determining a family's grant level was reduced from disregarding the first $225 of income and 50 percent of the remainder to $112 and 50 percent.

During unprecedented levels of unemployment and resulting caseload growth, resources for CalWORKs families were reduced and the work focus of the program was substantially eroded. Additionally, the TANF program modifications enacted by Congress in 2005 exposed the state to potentially significant fiscal penalties due to the low work participation levels. Continuing the program under the existing structure severely undermined the program's primary goal—helping families achieve self-sufficiency.

Redesigning CalWORKs

To refocus CalWORKs on the primary goal of moving families to self-sufficiency, major programmatic changes were enacted in 2012. Chapter 47, Statutes of 2012 (SB 1041) restores the program's focus on work through the following changes:

- Creates a prospective 24-month time limit on cash assistance and employment services for adults. After two years, adults must meet federal work participation requirements to remain eligible for cash aid for up to 24 additional months.
- 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.
- Provides up to two years for clients to transition to the new program and be provided the skills necessary to find employment as the economy continues to recover.
- Restores the earned income disregard to the pre-July 2011 level effective October 1, 2013, which increases the incentive to find and maintain employment by allowing families to keep more of their income without a reduction in their monthly grant.

Because SB 1041 requires significant changes to CalWORKs, stakeholder involvement and input are critical components for ensuring the redesigned program leads to

better outcomes for families. As such, DSS convened a stakeholder workgroup shortly after SB 1041 was signed into law to develop protocols for implementation. The workgroup includes representatives of advocacy groups, counties, the Legislature, and the Administration.

Significant Adjustment:

- CalWORKs Employment Services—An increase of $142.8 million General Fund in 2013-14 to support the CalWORKs refocusing measures enacted by SB 1041. The additional resources are necessary to maximize successful outcomes under the new program structure. Counties will need to enhance and expand their array of employment services and job development activities for program participants, and intensify case management efforts for individuals not currently participating in activities that will eventually lead to self-sufficiency.

Other highlights:

- Child Care—CalWORKs subsidized child care is provided in three stages. County welfare departments administer CalWORKs Stage One child care while the Department of Education administers Stages Two and Three. The three-stage structure was created to ensure recipients of aid are able to participate in work activities, and continue to participate as they transition off cash aid. Additionally, the Department of Education administers all other subsidized child care programs to support low-income families so they may remain gainfully employed. The current subsidized child care system is fragmented by design. The various programs operate under different rules and administrative structures that suggest potential efficiencies can be gained through a closer of examination of the current system. DSS will convene a stakeholder group to assess the current child care structure and opportunities for streamlining and other improvements.

Supplemental Security Income/State Supplementary Payment

The federal Supplemental Security Income (SSI) program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with a State Supplementary Payment (SSP) grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration (SSA) administers the SSI/SSP program, making eligibility determinations, grant computations, and issuing combined monthly checks to recipients. The state-only Cash Assistance Program for

Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due solely to their immigration status.

Effective January 2012, maximum SSI/SSP grant levels are $854 per month for individuals and $1,444 per month for couples. SSA applies an annual cost-of-living adjustment to the SSI portion of the grant equivalent to the year-over-year increase in the Consumer Price Index (CPI). The current projected CPI growth factors are 1.7 percent for 2013 and 1.1 percent for 2014. Maximum SSI/SSP monthly grant levels would increase by $20 and $30 for individuals and couples, respectively. CAPI benefits are equivalent to SSI/SSP benefits, less $10 per month for individuals and $20 per month for couples.

The Budget includes $2.8 billion General Fund for the SSI/SSP program in 2013-14. This represents a 1.9-percent increase from the revised 2012-13 budget. The caseload in this program is estimated to be 1.3 million recipients in 2013-14, a 1.3-percent increase over the 2012-13 projected level. The SSI/SSP caseload consists of 27 percent aged, 2 percent blind, and 71 percent disabled persons.

In-Home Supportive Services

The In-Home Supportive Services (IHSS) program provides domestic services such as housework, transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to assist individuals to remain safely in their homes and prevent institutionalization.

The Budget includes $1.8 billion General Fund for the IHSS program in 2013-14, a 4.9-percent increase over the revised 2012-13 budget and 6.5-percent increase from the 2012 Budget Act. Average monthly caseload in this program is estimated to be 419,000 recipients in 2013-14, a 1-percent decrease from the 2012-13 projected level.

Significant Adjustments:

- An increase of $92.1 million associated with more restrictive federal requirements to draw down enhanced federal matching funds for the IHSS program under the federal Community First Choice Option. Beginning July 2013, only recipients who meet the standards for nursing home level of care will be eligible for the enhanced federal match.
- An increase of $59.1 million to reflect restoration of the 3.6-percent across-the-board reduction to recipient hours, which is scheduled to sunset on June 30, 2013.

- An increase of $47.1 million related to the recently enacted county maintenance-of-effort (MOE) requirement. Effective July 1, 2012, counties' share of the non-federal portion of IHSS costs is based on actual expenditures by counties in fiscal year 2011-12. The counties' MOE requirement will increase by 3.5 percent annually, beginning in 2014-15, except for years in which 1991-92 realignment revenues decrease from the immediate prior year.
- A decrease of $30.2 million associated with the health care certification requirement enacted in 2011-12.
- A decrease of $113.2 million to reflect implementation of the 20-percent across-the-board reduction to recipient hours on November 1, 2013. A court injunction prevented the state from implementing this reduction, which was originally required to become effective in January 2012. The Budget assumes successful resolution and implementation in 2013-14. The savings amount identified reflects fully restoring hours for severely impaired recipients, who would otherwise be placed in nursing homes.

The IHSS program is also a key component of the Coordinated Care Initiative (CCI). Beginning in September of 2013, certain Medi-Cal beneficiaries residing in a county authorized to participate in the CCI demonstration will begin transitioning from the traditional fee-for-service model to a managed care model for receiving health care services, including IHSS recipients. Under CCI, the fundamental structure of the IHSS program will remain as it is today, with eligibility determination, assessment of hours, and program administration conducted by county social workers and administrative staff. For additional information on CCI, refer to the Department of Health Care Services section.

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