



# **CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY**

## **Budget Facts**

*Governor's Proposed Budget for FY 2010-11*

**January 2010**

**GOVERNOR ARNOLD SCHWARZENEGGER**

**SECRETARY KIM BELSHÉ**



California Health & Human Services Agency

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## **HEALTH AND HUMAN SERVICES AGENCY OVERVIEW OF THE PROPOSED BUDGET FOR 2010-2011**

### *Background*

The California Health and Human Services Agency (CHHS) oversees twelve departments and one board that provide a range of health care services, social services, mental health services, alcohol and drug services, income assistance, and public health services to Californians from all walks of life. More than 32,000 people work for departments in CHHS at state headquarters in Sacramento, regional offices throughout the state, state institutions and residential facilities serving the mentally ill and people with developmental disabilities. CHHS receives significant funding from the state's General Fund as well as federal and special funds for a total budget of more than \$80 billion.

Major programs include no-cost and low-cost health care coverage for more than seven million Californians (Medi-Cal); income support for 1.2 million aged, blind or disabled Californians (SSI/SSP); income support for 1.3 million CalWORKs recipients; and low-cost public health insurance (Healthy Families) for more than 900,000 California children from working families. Other large programs administered by CHHS departments include food stamps, child welfare services, in-home supportive services, support for the developmentally disabled, foster care, mental health services, drug and alcohol treatment and vocational rehabilitation. CHHS directly serves millions of Californians, while touching the lives of all Californians through statewide efforts, such as public health protection and emergency preparedness and response.

### *The Fiscal Challenge*

California enters 2010 in extraordinary fiscal circumstances, with a significant structural budget deficit that continues to require major reductions in spending on health and human services programs, even as demand for many programs grows.

Thousands of employees in departments throughout the Health and Human Services Agency have been furloughed for almost a year, while still working to accomplish their vital work with fewer workdays per month.

Caseloads in some of the state's biggest health and human services programs have grown dramatically in recent years, as is common in economic downturns as more Californians turn to state programs for help.

- Next year, Medi-Cal is expected to serve 7.5 million recipients, an increase of more than 870,000 people, or 13 percent, in the last three years.
- CalWORKs cases have increased more than 14 percent in the last three years, with more than 71,000 new cases added to the state's main welfare program for families.
- The number of developmentally disabled individuals in California continues to climb as autism diagnoses increase, with a 45 percent increase in the caseload in the last decade.
- The In-home Supportive Services program has grown dramatically as well, with a 71 percent increase in the number of recipients in the last 10 years.

Efforts to achieve savings by reducing the scope of benefits in recent years has been successful in some areas to bring the California's level of assistance more in line with what other states provide, but unsuccessful in others. In recent years, federal and state courts have blocked more than \$1.4 billion in spending cuts in CHHS programs. In addition, federal spending requirements, unfunded federal mandates and constraints on program reductions are preventing the state from managing program costs in the most reasonable way possible, so that resources can be targeted at those most in need. While the federal government provided some relief through the American Recovery and Reinvestment Act (ARRA), it also prohibits states from making reasonable changes to eligibility standards in order to prioritize spending appropriately.

#### *Need for Federal Flexibility and Monies Owed*

California needs greater flexibility and support from the federal government to sustain the level of funding needed to support federally driven Medicaid and other health and social services programs. Specifically, the current formula that determines the federal share of Medi-Cal provides the lowest possible reimbursement to California and is discriminatory because of the state's unusual mix of high-wage earners and residents living in poverty.

California will request a total of \$6.9 billion in federal relief, including \$5 billion in funding for health and human services. California is also seeking rule changes related to inadequate reimbursement rates and unpaid federal debts.

#### *Need for Federal Health Reform to Not Make Problem Worse*

The Administration is supportive of the broad goals of federal health care reform, which are similar to the health reform proposal Governor Schwarzenegger advanced in 2007. At the same time, Administration is concerned that the proposals as written would result in an additional \$3 to \$4 billion in costs to California every year – a staggering expense for a program that is unaffordable today as structured and governed by federal rules. Congress must first address existing unfunded federal Medicaid mandates and program restrictions that impede the state's ability to effectively manage costs and target resources to those most in need. In the absence of such action, federal health care reform will further stress an already strained safety net and compromise the prospects of health reform.

#### *The Proposed Budget for 2010-11*

The 2010-11 Governor's Budget proposes to decrease General Fund spending in the California Health and Human Services Agency by \$4.0 billion, or 16.2 percent, from the revised current year budget. This significant year-over-year decrease results from budget solutions totaling \$9.5 billion, comprised of expenditure reductions (\$2.7 billion), additional federal funds (\$5.0 billion), and use of alternative funding sources (\$1.8 billion). These solutions are offset by expenditure increases of \$5.5 billion associated with caseload increases, expiration of one-time solutions in 2009-10, and other policy changes.

Without corrective action, the projected statewide budget gap was \$19.9 billion comprised of a current year shortfall of \$6.6 billion, a budget year shortfall of \$12.3 billion, and a reserve of \$1 billion. The Governor's Budget proposes to close this gap through a combination of expenditure

reductions (\$8.5 billion), additional federal funds (\$6.9 billion), use of alternative funding sources (\$3.9 billion), and fund shifts and other revenue (\$0.6 billion).

The proposed budget envisions two scenarios for achieving the budget solutions required in 2010-11. In both scenarios, California would be forced to reduce health and human services program significantly in order to manage program costs within existing state resources. The budget would make \$2.9 billion in reductions, scaling back the nature of benefits and eliminating services to hundreds of thousands of Californians in some programs, while utilizing alternative fund sources to pay for an additional \$1.8 billion in services.

*With Federal Flexibilities and Monies Owed*

This scenario assumes the federal government extends stimulus funds, pays California for past debts and provides federal flexibility, requiring no further reductions.

*Without Federal Flexibilities and Monies Owed*

If the federal government fails to provide California the relief it needs, the result will be that California will be required to make devastating cuts that do not require federal approval. The budget proposed for FY 2010-11 would trigger an additional \$3.5 billion in cuts, eliminating all state general fund support for vitally important programs including the IHSS program, most remaining optional Medi-Cal benefits and Medi-Cal beneficiaries, the CalWORKs program, and the Healthy Families program.

*Ongoing Progress on Reforming Existing Health and Human Services Programs*

While the short-term budget crisis will occupy significant ongoing attention in the coming months, CHHS continues to implement long-term reforms adopted in the amended budget last summer.

The California Department of Social Services is implementing a series of reforms to the In-Home Supportive Services program to address fraud as adopted in the 2009-10 Budget. The new rules require background checks, face-to-face enrollment by providers, fingerprinting, new penalties for fraud, increased program integrity activities and new resources and authority to investigate and share information among those who suspect fraud.

In 2009-10, the Department is laying the groundwork for significant reforms to the CalWORKs program adopted in the 2009-10 budget to encourage more work participation and support the transition to self-sufficiency. Those reforms, which will take effect on July 1, 2011, require more face-to-face visits for recipients not meeting work-participation requirements, impose increased sanctions for those who do not comply with state work-participation rules, permanently eliminate automatic grant increases and change the way in which the lifetime limit on aid for adults is applied.

In 2009-10, the Department of Health Care Services, in partnership with the federal government and stakeholders, was given broad authority under a demonstration project or waiver, to utilize managed care or other coordinated systems of care delivering services to vulnerable populations including seniors, people with disabilities, children with significant medical needs and individuals with behavioral health problems. By providing earlier and appropriate care, this program restructuring will keep Californians healthier and avoid unnecessary emergency room visits, achieving significant savings by 2012-13.

In addition, the 2009-10 Budget included a framework for transforming enrollment and eligibility for the Medi-Cal, CalWORKs, and Food Stamps programs from an inefficient, labor-intensive and decentralized system to a modern and online process, improving access while reducing administrative costs by 2012-13. The plan required by the Legislature will outline the costs and savings associated with the strategies detailed in the plan.

## **SUMMARY OF PROPOSED 2010-11 BUDGET CHANGES BY DEPARTMENT**



### **Department Of Aging**

The California Department of Aging (CDA) administers programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. CDA administers funds allocated through the federal Older Americans Act, the Older Californians Act, and the Medi-Cal program.

The proposed budget for 2010-11 includes \$176.4 million (\$12.3 million General Fund) for the Department, a net decrease of \$21.1 million General Fund from the 2009-10 enacted budget. This decrease includes the proposed transfer of \$20.097 million in General Fund Local Assistance funding from CDA back to the Department of Health Care Services (DHCS) for the Multipurpose Senior Services Program.



### **Alcohol and Drug Programs**

The Department of Alcohol and Drug Programs (ADP) leads the state's efforts to reduce alcoholism, drug addiction and problem gambling. ADP is responsible for administering funding to local governments; certifying, licensing, monitoring and auditing alcohol and other drug programs; and developing and implementing prevention programs and strategies.

The proposed budget for 2010-11 includes 592.4 million for ADP (\$178.8 million General Fund) a total decrease of 68.6 million (\$10.7 million General Fund) from the 2009-10 Budget.

The proposed budget also reflects the elimination of state funding for the Substance Abuse Offender Treatment Program (GF savings of \$18 million).



### **Department of Child Support Services**

The Department of Child Support Services (DCSS) ensures effective implementation of all functions necessary to establish, collect and distribute child support for the statewide child support program. Child support program services are delivered through 52 local child support agencies. The following services are available to the public: locating a parent; establishing paternity; establishing, modifying and enforcing a court order for child support and health insurance coverage.

The proposed budget for 2010-11 estimates that child support collections will be \$2.3 billion (\$181.1 million General Fund). The 2010-11 budget also reflects a restoration of California Child Support Automation System baseline funding of \$47.6 million (\$16.2 million General Fund), and \$12 million (\$6.8 million General Fund) for additional California Child Support Automation System needs.



## **Department of Community Services and Development**

The Department of Community Services and Development (CSD) primarily administers federal programs to assist low-income families to achieve and maintain self-sufficiency, reduce their home energy burden through utility assistance and weatherization, and reside in housing free from the dangers of lead hazards. CSD works with a network of more than 100 agencies throughout California that provide services and programs directly in the community.

The proposed budget for 2010-11 includes \$260 million (\$0 General Fund) for the CSD, a decrease of \$215 million from the revised 2009-10 budget. The decrease is due to the American Recovery and Reinvestment Act funds for the Community Services Block Grant and the federal Department of Energy Weatherization Assistance Program no longer being available.



## **Department of Developmental Services**

The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act for ensuring Californians with developmental disabilities receive the services and supports they need to lead more independent and productive lives and to make choices about their lives.

A “developmental disability” originates before the age of 18 and continues indefinitely. Developmental disabilities include mental retardation, cerebral palsy, epilepsy, autism, and related disabling conditions.

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families’ homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as Regional Centers. A small number of individuals live in five state-run residential facilities.

The number of consumers with developmental disabilities in the community served by Regional Centers is expected to grow by 7,480 in 2010-11 to 249,975. The number of consumers living in state-run residential facilities will drop in fiscal year 2010-11 by 212 consumers to 2,008.

The proposed budget for 2010-11 includes \$4.9 billion (\$2.6 billion General Fund) for DDS, a net increase of \$203.1 million above the 2009-10 enacted budget.



## **Emergency Medical Services Authority**

The Emergency Medical Services Authority (EMSA) coordinates emergency medical services statewide; develops guidelines for local emergency medical service (EMS) systems; regulates the education, training, and certification of EMS personnel; and coordinates the state’s medical response to any disaster by preparing, training, and deploying California’s mobile medical assets, which include mobile field hospitals, California Medical Assistance teams, and Ambulance Strike Teams. The proposed budget for 2010-11 includes \$24.2 million (\$9 million General Fund) for EMSA.



## **Department of Health Care Services**

The Department of Health Care Services (DHCS) works to preserve and improve the health status of all Californians and to ensure that eligible individuals and families receive comprehensive health care services through the appropriate and effective expenditure of public resources.

DHCS administers Medi-Cal (California's Medicaid program), a state/federal public health insurance program that serves low-income families, seniors, persons with disabilities, children in foster care, pregnant women and certain low-income adults. Medi-Cal serves an estimated 7.3 million people, growing to 7.5 million in fiscal year 2010-11, and is the largest General Fund expenditure in state government except for education.

In addition, DHCS administers the California Children's Services (CCS), Genetically Handicapped Persons (GHPP), and Child Health and Disability Prevention (CHDP) programs as well as other primary care and rural health programs.

The proposed 2010-11 budget contains \$40.6 billion (state operations and local assistance, total funds) for DHCS, including \$9.2 billion General Fund. The total budget reflects a decrease of \$8.4 billion, including a General Fund decrease of \$2 billion from the revised 2009-10 budget. (See page 14 for more detail).



## **Managed Risk Medical Insurance Board**

The Managed Risk Medical Insurance Board (MRMIB) was created in 1990 with a broad mandate to advise the Governor and the Legislature on strategies for reducing the number of uninsured persons in the state. MRMIB is comprised of volunteer members appointed by the Governor and the Legislature. MRMIB administers three health care programs – the Healthy Families Program (HFP), Access for Infants and Mothers (AIM) and the Major Risk Medical Insurance Program (MRMIP) as well as the County Health Initiative Matching Fund (CHIM) program.

The proposed budget for 2010-11 includes \$1.089 billion (\$128 million General Fund) for MRMIB, \$99.3 million General Fund below the 2009-10 enacted Budget level. AIM and MRMIP do not receive funding from the state General Fund.

The proposed budget for 2010-11 includes a \$99.3 million in General Fund reduction to the Healthy Families Program. This reduction would require the implementation of benefit changes, such as premium increases and the elimination of vision coverage, as well as a reduction in program eligibility from 250 percent to 200 percent of the federal poverty level, effective May 1, 2010. (See page 20 for more details).



## **Department of Mental Health**

The Department of Mental Health (DMH) ensures that a continuum of care exists throughout the state for children and adults who are mentally ill by providing oversight of community health programs and direct services through state mental hospitals.

The proposed budget for 2010-11 includes \$4.6 billion (\$1.5 billion General Fund) for DMH, a net decrease of \$39.0 million (-\$250.1 million General Fund) from the 2009-10 enacted budget.

The net change primarily reflects the American Reinvestment and Recovery Act changes to the Federal Medical Assistant Percentage, a technical decrease to reflect updated county resources plans, increased caseload for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Managed Care, and increased State Hospital funding. The budget also proposes shifting \$452.3 million in resources from the Mental Health Services Act (Prop. 63), assuming voter approval. (See page 21 for more detail).



## **Department of Public Health**

The California Department of Public Health (CDPH) works to keep Californians safe and healthy through the delivery of quality public health services. CDPH licenses health facilities throughout California, maintains safe drinking water, responds to natural disasters and other emergencies and protects Californians from communicable diseases, epidemics and contaminated food.

The proposed budget for 2010-11 includes \$3.3 billion (\$305 million General Fund) for CDPH, an increase of \$105 million General Fund from the 2009-10 Budget Act.

The proposed budget includes General Fund increases in local assistance for the AIDS Drug Assistance Program (ADAP) (see page 24 for more detail).



## **Department of Rehabilitation**

The Department of Rehabilitation (DOR) works in partnership with consumers and other stakeholders to provide services and advocacy resulting in employment, independent living and equality for individuals with disabilities.

The proposed budget for 2010-11 includes \$411 million (\$56.5 million General Fund) for DOR. This includes an increase in federal funds of \$7.5 million and a decrease of \$1.5 million in General Fund for a net increase of \$6 million above the revised 2009-10 budget.

The proposed budget also includes \$8.3 million in American Recovery and Reinvestment Act (ARRA) federal funds, a decrease of \$40.3 million from the \$48.6 million available for Fiscal Year 2009-10. ARRA funds are being used to make short-term program improvements that provide long-term benefits; increase employment outcomes for individuals with disabilities, especially those with the most significant disabilities; and to make an investment in the future to increase the capacity to generate employment outcomes and enable Californians with disabilities to live independently in their communities.



## **Department of Social Services**

The Department of Social Services (DSS) provides aid, service, and protection to children and adults in need of assistance. DSS programs are aimed at promoting the well-being of children, strengthening families, and helping adults and parents achieve their potential for economic self-sufficiency and independence.

The proposed budget for 2010-11 includes \$17.1 billion total funds (\$6.8 billion General Fund) for CDSS, a decrease of \$2.4 billion total funds (\$1.8 billion General Fund) from the enacted 2009-10 budget.

The proposed budget for 2010-11 includes reductions in the In-Home Supportive Services (IHSS) (see page 15 for more detail), California Work Opportunity and Responsibility to Kids (CalWORKs) program (see page 16 for more detail), and Child Welfare Services (see page 22 for more detail). It also includes elimination of certain programs such as the California Food Assistance Program (CFAP) and the Cash Assistance Program for Immigrants.

The DSS budget reflects \$350 million in General Fund reductions by redirecting California Children and Families Act (Prop. 10) funds to these activities. This redirection requires voter approval, which will be sought on the June 2010 ballot. In addition, the DSS budget is reduced by \$506 million General Fund to reflect the redirection of county savings from the various reductions.



## **Office of Statewide Health Planning and Development**

The Office of Statewide Health Planning and Development (OSHPD) promotes healthcare accessibility through leadership in analyzing California's health care infrastructure. It promotes a diverse and competent health care workforce, provides information about health care outcomes, ensures the safety of buildings used in providing health care, insures loans to encourage the development of health care facilities, and facilitates development of sustained capacity for communities to address local health care issues.

The proposed budget for 2010-11 includes \$102.2 million (\$75,000 General Fund) for OSHPD, a net increase of \$3.4 million above the revised 2009-10 budget (\$51,000 General Fund decrease). The \$102.2 million continues \$5 million general fund savings by funding the Song-Brown Program 100 percent from the California Health Data and Planning Fund rather than the General Fund for one additional year.



**PROPOSED CHHS BUDGET SOLUTIONS**

	General Fund Reductions	Federal Funds	Alternative Funding	Total Proposed Solutions	Further Reductions "Triggered" Absent Receipt of Federal Funds
Medi-Cal	\$1,075	\$4,010	\$276	\$5,361	\$532
Managed Risk Medical Insurance Board (Healthy Families)	96			96	126
Prop. 99-funding for health programs					115
Mental Health Services	0	87		87	
Developmental Services	200	196		396	-
Alcohol and Drug Treatment	18	11		29	-
In-Home Supportive Services	1,001	50		1,051	495
CalWORKs	146	538		684	1,044
Cash Aid to Aged, Blind and Disabled (SSI/SSP)	307			307	-
Food Assistance	60			60	
Child Welfare Services		121		121	36
Child Support Services		21		21	
Redirection of Mental Health Services Act (Prop 63) Funds*			452	452	847
Redirection of CA Children and Families Act (Prop 10 ) Funds*			550	550	
Redirection of County Savings from Reductions**			506	506	325
<b>Total</b>	<b>\$2,903</b>	<b>\$5,034</b>	<b>\$1,784</b>	<b>\$9,714</b>	<b>\$3,520</b>

\* These funds would be used to replace General Fund for various programs in the Department of Mental Health, Department of Health Care Services, Department of Developmental Services, and Department of Social Services. These changes would require voter approval, anticipated for the June 2010 ballot.

\*\* These funds reflect using county savings resulting from the other reductions in this table, primarily IHSS service reductions, to increase the county share of various Social Services programs. This results in a commensurate decrease in General Fund spending in these Social Services programs.

## MEDI-CAL

- Medi-Cal (California's version of Medicaid) is a state/federal public health insurance program serving low-income families, seniors, persons with disabilities, children in foster care, pregnant women, and certain low-income adults.
- Medi-Cal serves an estimated 7.3 million people, growing to 7.5 million in fiscal year 2010-11. Most recipients are from households with incomes below 100 percent of the federal poverty level (\$18,310 for a family of three). Medi-Cal is the largest General Fund expenditure in state government except for education.
- More than 400 hospitals and approx. 130,000 doctors, pharmacists, dentists and other providers participate to provide medically necessary services to Medi-Cal recipients.
- Medi-Cal covers basic medical care as well as specialized medical services such as prosthetics, physical therapy and hospice care, among other optional benefits. The budget for 2009-10 eliminated nine optional benefits on July 1, 2009, including adult dental care. Twenty-six optional benefits remain.

### **Changes Under the Proposed Budget for 2010-11**

- Cost Containment – While California operates one of the least costly Medicaid programs in the nation, costs continue to increase primarily as a result of increases in caseload and costs of services. The proposed 2010-11 budget will achieve savings by a combination of the following: limits on services and utilization controls; increased cost-sharing through copayment requirements, premiums or both; and other programmatic changes, similar to what other states have done to reduce costs (GF Savings: \$750 million)
- Full-Scope Medi-Cal for Certain Immigrants -- The budget would eliminate full-scope Medi-Cal for certain recent adult immigrants known as Newly Qualified Immigrants (legal immigrants who have been residing in the U.S. less than five years) (48,570 recipients) and immigrants Permanently Residing Under Color of Law (PRUCOL) (65,000 recipients). This proposal would not affect pregnant women, and Amnesty Immigrants who are not defined as eligible Qualified Immigrants under federal law. (GF Savings: \$118 million).
- Adult Day Health Care – The budget proposes the elimination of Adult Day Health Care as a Medi-Cal benefit. This affects approximately 45,000 Medi-Cal beneficiaries. (GF Savings: \$104 million)
- Defer Institutional Payments – The budget would defer one weekly payment for institutional providers (GF Savings: \$55 million)
- Family Planning Rates – The budget proposes rescinding a recent statutory family planning rate increase that was authorized in 2007. The rollback in rates would take effect March 1, 2010, but savings would not be realized until June 2010 because of provider and beneficiary notification requirements and timing associated with related cash payments in Medi-Cal. (GF Savings: \$28.7 million)
- Anti-Fraud Initiative – The budget would achieve savings of \$26.4 million resulting from aggressive efforts by Department of Health Care Services staff to target Medi-Cal fraud.

## **IN-HOME SUPPORTIVE SERVICES (IHSS)**

- IHSS provides in-home assistance to low-income adults who are over 65 years of age, blind or disabled, and to children who are blind or disabled. IHSS providers perform a range of household tasks and personal care services based on an individual's needs including bathing, dressing, cooking, feeding and supervising recipients according to their needs so that they may remain safely in their homes.
- IHSS currently serves approximately 460,000 recipients, with services provided by more than 370,000 providers. The program has grown significantly, with a 71 percent increase in the number of recipients in the last 10 years.
- Individuals eligible for IHSS have their need for services assessed by county social workers, using a standardized assessment protocol. Using that protocol, the worker authorizes a specific number of service hours per month based on functional scores of 1 to 5, with one being the lowest level of need and five the highest.
- The individual then hires a provider of his/her choosing, sets hours for the provider and acts as the provider's employer. Nearly 60 percent of IHSS service providers are family members of recipients, and 48 percent live in the same home as the recipient.
- Providers are paid an hourly wage ranging from \$8 to \$12.35, depending on the county.
- The Department of Social Services is in the process of implementing a range of efforts to address fraud that were adopted in the Budget Act of 2009. New applicants are being fingerprinted and undergoing background checks before providing in-home care, providers are enrolling in person and recipients have been mailed information about program integrity concerns. In addition, \$26.5 million (\$10 million General Fund) in new resources have been provided to local authorities to investigate fraud.

### Changes under the Proposed 2010-11 Budget

Savings in the IHSS program is achieved through wage reductions and limiting services to recipients with the highest needs. Both budget solutions assume that the state will prevail in pending litigation on similar but lesser reductions previously enacted.

- State support for IHSS wages would be reduced to the state minimum wage, \$8.00/hour plus up to \$.60 per hour for health benefits effective June 1, 2010. (GF Savings \$21.3 million in 2009-10 and \$271.8 million in 2010-11)
- The budget would provide IHSS services only to recipients with a functional index score of 4.00 or higher. This would eliminate services to 87 percent of IHSS recipients, or about 426,733 people, effective June 1, 2010. (GF Savings \$56.6 million in 2009-10 and \$650.8 million in 2010-11).

## **CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) and CHILD CARE**

- CalWORKs, California's version of the federal Temporary Assistance for Needy Families (TANF), program provides cash aid and services to families with children to help people meet basic needs such as housing and food until they become self-sufficient.
- CalWORKs currently serves approximately 1.34 million people (545,730 cases). The proposed budget for 2010-11 assumes that CalWORKs will serve 1.41 million people (576,400 cases) in fiscal year 2010-11.
  - Nearly half of CalWORKs cases receive full family grants. For a typical family of three, the maximum grant is \$694 per month.
  - Another third of CalWORKs cases receive less aid each month (typically \$561/month for a family with two children) because they are "child-only" cases, meaning that aid is provided for children in a family that includes a non-eligible adult (undocumented noncitizen, certain felons, children of disability benefits (SSI/SSP) recipients, and non-needy caretakers).
  - The remaining cases (about 18 percent) also receive less aid (typically \$561/month for a family of three), because the adult failed to participate in work activities or because they have been receiving assistance longer than five years. California is one of 11 states nationwide that continues to provide aid after 5 years.
- From 2008-09 through FY 2010-11, the CalWORKs rolls are projected to increase by more than 71,000, more than a 14 percent increase.
- Historically, CalWORKs has provided all recipients with education, employment training, child care, transportation, work expenses and counseling to help them become self-sufficient. In a cost-saving move, the Budget Act of 2009 reduced funding for these services and gave counties the latitude to focus employment training and supportive services such as child care and transportation on CalWORKs recipients meeting work requirements.
- In addition, a broad range of CalWORKs reforms were adopted that will take effect at the end of this two-year period to encourage self-sufficiency. Under the reforms, CalWORKs will require face-to-face visits for recipients not meeting work-participation requirements; increased sanctions such as grant reductions up to 50 percent for those who do not comply with work-participation rules; and, stricter rules related to time limits on aid.

### Changes in the Proposed Budget for 2010-11

- Reduce CalWORKs Grants – Under the proposed budget, CalWORKs grants would be reduced by 15.7 percent effective June 1, 2010. The maximum family grant would be reduced from \$694 per month to \$585 per month. (GF Savings: \$130 million, includes \$68.9 million GF in DSS budget) With the reduction, California's CalWORKs grant level would be reduced to the average grant amount of the ten states with the highest rent cost for low-income renters (which is \$585 per month, including California).

- Eliminate the Recent Noncitizens Entrants Program – The proposed budget would eliminate a state-only program providing the equivalent of CalWORKs benefits for individuals who are barred from CalWORKs due to their recent entry into the United States. California is one of 23 states that provides this benefit. This would eliminate this program for 24,000 recipients. This proposal will not eliminate eligibility for undocumented noncitizen victims of human trafficking, domestic violence, and other serious crimes (GF Savings \$22.5 million).
- Reduce Child Care Funding – The budget proposed for 2010-11 would reduce child care funding for subsidized child care administered jointly by the California Department of Social Services (through county welfare departments) and the California Department of Education. This would affect child care subsidies for the families of about 180,000 children (GF Savings \$254.9 million, \$54.8 million the DSS budget and the remaining \$200.1 million in the CDE budget).
  - Reduces funding for “stage 3” child care (for families who left CalWORKs more than 24 months ago) (GF Savings \$122.9 million from the CDE budget).
  - Reduce license-exempt child care reimbursement rate for child care from the 90<sup>th</sup> percentile to the 70<sup>th</sup> percentile (GF Savings \$117.2 million).
  - Reimbursement for subsidized child care would be reduced by lowering the reimbursement rate from the current 85<sup>th</sup> percentile to the 75<sup>th</sup> percentile, in accordance with federal guidelines. This would take effect June 1, 2010 (GF Savings \$14.7 million).
- The value of the three reductions above would total \$700 million if the federal government does not extend ARRA funding.
- Increase funding to counties for employment training to prepare for the implementation of reforms that take effect on July 1, 2011 to encourage self-sufficiency (GF increase \$46.7 million).

## **CASH AID TO THE AGED, BLIND AND DISABLED (SSI/SSP & CAPI)**

- Supplemental Security Income/State Supplementary Payment (SSI/SSP) is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, disabled individuals or couples.
- California is one of 23 states that supplement the federal SSI payment with a state SSP payment.
- The federal Social Security Administration (SSA) administers both SSI and SSP concurrently as one program in local SSA offices throughout California.
- The budget estimates that approximately 1.26 million children and adults will receive monthly SSI/SSP cash assistance in 2010-11. Of that, 880,093 (69 percent) are disabled, 363,145 (29 percent) are aged, and 18,960 (2 percent) are blind.
- Under the budget enacted for 2009-10, the monthly SSI/SSP payment standard for couples was reduced on Nov. 1, 2009 to the federal minimum, from a maximum of \$1,489 per month to a maximum of \$1,407 per month.
- The Cash Assistance Payment for Immigrants (CAPI) is a state-funded program that provides the equivalent of SSI/SSP for individuals to approximately 8,500 aged, blind and disabled legal non-citizens who are ineligible for SSI/SSP due solely to their immigration status. Only a few other states (Illinois, Maine, and New Hampshire) have a CAPI-like program.

### **Changes in the 2010-11 Proposed Budget**

- Grant Reduction for Individuals Receiving SSI/SSP – Under the proposed budget, the monthly SSI/SSP grants for individuals would be reduced to the federal minimum on June 1, 2010, from \$845 to \$830 per month, the minimum allowed under federal law. (No change is proposed to the SSI/SSP payment standard to couples.) (GF Savings: \$13.7 million in 2009-10 and \$177.8 million in 2010-11)
- Eliminate the Cash Assistance Program for Immigrants (CAPI) – The budget proposes to eliminate the CAPI program, ending benefits on June 1, 2010 for approximately 8,500 recipients (GF Savings \$8.1 million in 2009-10 and \$107.3 million in 2010-11)
- California Food Assistance Program
  - The budget proposes savings of \$56.2 million GF by eliminating the California Food Assistance Program.
  - The California Food Assistance Program provides food assistance benefits to legal non-citizens who are not eligible for the food stamps program solely due to their immigration status.
  - Approximately 37,000 recipients will lose eligibility.
  - This proposal would become effective 90 days from enactment of the budget (assumed June 1, 2010).

## **SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES**

- The Department of Developmental Services (DDS) is responsible under the Lanterman Developmental Disabilities Services Act for ensuring Californians with developmental disabilities receive the services and supports they need to lead more independent and productive lives and to make choices about their lives.
- A “developmental disability” originates before the age of 18 and continues indefinitely. Developmental disabilities include mental retardation, cerebral palsy, epilepsy, autism, and related disabling conditions.
- California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families’ homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as Regional Centers. A small number of individuals live in five state-run residential facilities.
- The number of consumers with developmental disabilities in the community served by Regional Centers is expected to grow by 7,480 in 2010-11 to 249,975. The number of consumers living in state-run residential facilities will drop in fiscal year 2010-11 by 212 consumers to 2,008.

### **Changes in the 2010-11 Budget**

The Governor’s Budget for 2010-11 includes \$4.9 billion (\$2.6 billion GF) for DDS, a net increase of \$203.1 million above the revised 2009-10 budget, including:

- In 2009, at the direction of the Governor and Legislature, the DDS implemented a stakeholder process to receive input on program changes to achieve \$334 million General Fund savings. DDS developed a list of 25 proposals to achieve program savings which were adopted and implemented. The proposed 2010-2011 budget assumes full year savings for these community proposals and reflects an increase in federal reimbursements associated with a state plan amendment (GF Savings \$114.1 million).
- The Budget Act of 2009 included a three per cent (3%) payment reduction for regional centers and service providers that is scheduled to expire in June 2010. The proposed budget for 2010-11 delays the expiration until July 2011 (GF Savings \$60.9 million).
- The proposed budget for 2010-11 also requires the DDS to continue working with the stakeholder budget advisory group to identify savings proposals (GF Savings \$25 million).

## HEALTHY FAMILIES PROGRAM

- The MRMIB administers the Healthy Families Program (HFP), the Access for Infants and Mothers (AIM) program and the Major Risk Medical Insurance Program (MRMIP) as well as the County Health Initiative Matching Fund program. The MRMIB Board members are appointed by the Governor and the Legislature.
- As of December 2009, the Healthy Families Program provided low cost health, dental and vision coverage to about 900,000 children up to age 19 in working families with incomes between 100 percent and 250 percent of the federal poverty level (approximately \$17,616 to \$44,004 for a family of three).
- The proposed budget for 2010-11 includes \$1.089 billion (\$128 million General Fund) for the Healthy Families Program, \$99.3 million in General Fund less than the 2009-10 enacted budget.

### **Changes in the 2010-11 Budget**

#### **Reduce Healthy Families Program Eligibility**

- A decrease of \$10.5 million in 2009-10 and \$63.9 million in 2010-11 by reducing program eligibility from 250 percent to 200 percent of the federal poverty level. This proposal would result in California's eligibility standards being equal to or more generous than 34 other states. It would take effect May 1, 2010, after appropriate provider and beneficiary notification. A conforming \$3.9 million decrease also results in the California Children's Services program for beneficiaries who were previously eligible under the Healthy Families program.
- On May 1, 2010, about 200,000 currently enrolled children would lose their Healthy Families Program coverage. An estimated 5,670 children each month after that (21 percent of new monthly enrollment) would be denied enrollment in the program because their family income is too high to qualify. An estimated 14,877 AIM-linked infants with family incomes greater than 200 and up to 300 percent of the federal poverty level would continue to be eligible for the Healthy Families Program for their first two years of life.

#### **Reduce Healthy Families Program Benefits and Increase Premiums—\$21.7 million in General Fund savings**

- An elimination of vision coverage. This change would result in the approximately 900,000 children enrolled in the Healthy Families Program no longer receiving vision coverage, including eye exams and glasses. Medically necessary vision-related services would continue to be covered.
- An increase in monthly premiums by \$14 per child (to \$30) for families with incomes from 151 percent to 200 percent of the federal poverty level. There will be a \$42 maximum increase per family with 3 or more children (to 90 dollars). The lowest-income families in the program (under 150 percent of poverty) would not have a premium increase.
- These proposals align California with other states. This would take effect July 1, 2010, after appropriate provider and beneficiary notification.

## **MENTAL HEALTH SERVICES**

- California provides mental health services in state-run mental hospitals and community mental health programs.
- General Fund resources are devoted primarily to state mental hospitals, which serve judicially committed individuals, including sexually violent predators (SVPs). The Department of Mental Health also oversees the Forensic Conditional Release Program (CONREP) which requires monitoring of individuals released by the courts to the community. Monitoring ensures individuals comply with all “court-ordered conditions of release.”
- California provides support for local mental health services through the EPSDT program, which aims to ameliorate diagnosed mental illnesses among low-income children up to age 21.
- California also supports local mental health services for low-income Californians through Medi-Cal managed care programs.
- In addition to General Fund support, Mental Health services receive significant funding under Prop. 63, the Mental Health Services Act (MHSA). The proposed budget estimates that MHSA revenues will be \$1 billion in 2010-11.

### **Changes in the 2010-11 Budget**

Overall, there is a net General Fund savings of \$250.7 million. This is achieved by the net effect of the \$554.9 million savings and a \$304.2 million increase for the various mental health services as described below.

General Fund savings of \$554.9 million in FY 2010-11 are achieved by:

- Community Mental Health Services (\$452.3 million savings) – reducing EPSDT Program (\$391.1 million) and Managed Care Program (\$61.2 million) substituted with Mental Health Services Act (Proposition 63) funding. This requires amending the non-supplantation and maintenance-of-effort provisions of Proposition 63 and requires voter approval on the June 2010 ballot.
- Enhanced Federal Medical Assistance Percentages (FMAP) (\$86.6 million savings) – reflects the effects of the change in FMAP associated with the America Reinvestment and Recovery Act (ARRA) Funding

The General Fund savings is offset by an increase of \$304.2 million comprised of:

- Caseload (\$144.0 million) – increasing caseload for EPSDT (\$106.9 million) and Managed Care (\$37.1 million).
- State Hospitals (\$152.4 million increase) – increasing standard population adjustment, full year position adjustment.
- Miscellaneous Baseline Adjustments (\$7.8 million increase) – increasing base rental and fees and insurance for State Hospitals (\$5.1 million).

## **CHILD WELFARE SERVICES**

- California provides general fund support for county-run child welfare programs, which respond to approximately 487,000 referrals for child mistreatment each year.
- Child welfare specialists investigate reports of possible abuse or neglect, provide prevention and early intervention services, address safety issues, and facilitate access to a broad range of services for families including food, health care, cash assistance and drug treatment.
- At any given time, approximately 70,000 children and youth are in foster care in California because they have been removed from their homes due to abuse, neglect or living in at-risk environments. Foster care includes placement with family members, foster family homes, foster family agencies, and group homes for those with behavioral or psychological challenges.
- The majority of foster care providers are family caregivers who receive grants that average of \$736 per child per month grant.
- Currently, approximately 9,500 California children are placed in Group Homes, 21,000 Foster Family Agency placements, 24,000 with family members and 15,500 in foster family homes.

### **Changes in the 2010-11 Proposed Budget**

#### **Caseload shift to federally-eligible foster care**

- The budget proposes to eliminate the state-only foster care program and shift all current and future foster care cases to the federal foster care program (\$86.9 million General Fund savings)
- Approximately 40,000 children are receiving federal funding in foster care; 17,000 are in the state-only program; and some receive funding through CalWORKs, the state's TANF program.
- Currently, in order to be eligible for federal funding in foster care, the child and his/her family must have qualified for Aid for Families with Dependent Children (AFDC) as the program existed in 1996 the month the child was removed from the home. The 1996 AFDC income standard has never been adjusted for inflation. As a result, each year fewer and fewer children in California are eligible for federal foster care support. In the proposed budget for 2010-11, eligibility for federal funding would be de-linked from the 1996 AFDC standards for family income and resources.
- This proposal would become effective upon enactment of federal law and regulation changes.

#### **Extension of American Reinvestment and Recovery Act (ARRA) Funding for Foster Care and Adoptions Assistance**

- The proposed budget for 2010-11 reduces general fund available for California's Foster Care and Adoptions Assistance programs due to enhanced federal participation for an additional 6 months (\$26.8 million General Fund savings).
- The extension would impact approximately 57,000 foster children and approximately 88,000 children in the Adoption Assistance Program.
- This proposal would become effective January 1, 2011.

## **HIV/AIDS PROGRAMS**

- California provides support to Californians living with and affected by HIV and AIDS through its Prevention and Testing programs, Care and Support services and Surveillance programs.
- Income-eligible adults in California who are living with HIV/AIDS receive access to life-sustaining medications through the ADAP, which provides timely drug treatments to increase the duration and quality of life for people with HIV/AIDS.
- ADAP currently serves approximately 37,146 Californians with a Federal Adjusted Gross Income of less than \$50,000, who lack prescription drug coverage, and are not eligible for Medi-Cal. A monthly co-payment is required of participants with gross incomes between \$41,600 (400 percent of the federal poverty level) and \$50,000 (500 percent of federal poverty level). The monthly co-payment is based on the cost of the client's drugs and annual state income tax liability.

### **Changes in the 2010-11 Budget**

The Governor's Budget for 2010-11 reflects a net increase in ADAP funding of \$48 million. This is the result of a \$97 million increase in General Fund (GF) related to increased caseload and increased cost of prescription drugs as well as an increase to backfill a projected shortfall in the ADAP Rebate Fund.

This General Fund augmentation is offset by a \$9.5 million General Fund reduction resulting from the elimination of ADAP services to county jails. In fiscal year 2008-09, thirty-six local jails participated in ADAP, servicing 1,862 clients.

## FEDERAL FLEXIBILITIES AND MONIES OWED

California no longer has the financial ability to operate its Medicaid and other federal programs in the manner that it has in the past. California's Medicaid budget is disadvantaged by two factors that do not affect most other states. California receives less federal funds that it should due to flaws in the how the federal Medicaid matching rate is calculated, and California has expanded its eligibility levels beyond federal minimums and what most other states have done. Without federal relief, California will be forced to make major program changes that will hurt the safety net in the state.

Governor Arnold Schwarzenegger's proposed budget for 2010-11 includes structural changes in the state and federal relationship to address federal constraints on California's ability to manage program costs effectively within available resources and to reimburse the state for monies owed by the federal government.

In recent years, federal and state courts have blocked more than \$1.4 billion in spending cuts in California Health and Human Services (CHHS) programs. In addition, federally-dictated spending requirements, unfunded mandates and program constraints are preventing the state from managing program costs in the most reasonable way possible, so that resources can be targeted at those most in need. While federal stimulus provided some financial relief, it also prohibits states from making reasonable changes to eligibility standards to enable states to manage program expenditures to available state resources.

The Governor's proposed budget for 2010-11 includes eight areas where federal action is needed to establish a fair and equitable financial relationship with the state. The Governor is committed to working with the State Legislature and Congressional delegation to advance these California priorities in the context of pending federal health care reform legislation, federal appropriations measures, and other congressional vehicles.

### **Essential Issues for California's Budget in 2010-11**

*(Can be Addressed in Health Care Reform Legislation or Other Vehicles)*

#### **Provide federal program flexibility**

California operates one of the least costly Medicaid programs in the nation. California's Medicaid program, known as Medi-Cal, has multiple mechanisms to control utilization of services, such as requiring authorization for the number of days a beneficiary can stay in the hospital and for filling more than six prescriptions per month. Given California's current economic condition and its effect on the state budget, the State requires maximum flexibility to set provider rates, establish limits on services and utilization controls; increase cost-sharing through co-payment requirements and/or premiums; and other programmatic changes, similar to what other states have done to reduce costs. These changes would save an estimated \$750 million in budget year 2010-11. In addition, states need relief from the American Reinvestment and Recovery Act (ARRA) requirements that prohibit states modifying eligibility policies, procedures or methodologies.

#### **Correct the formula that determines the federal funding ratio for California's Medi-Cal program**

The current formula that determines how much the federal government contributes to California's Medi-Cal program, the Federal Medicaid Assistance Percentage (FMAP), is fatally flawed because it relies on per capita income (PCI). As the U.S. Government Accountability Office (GAO) noted in a 2003 report requested by U.S. Senator Diane Feinstein, "GAO and others have testified before Congress that the current formula does not address wide

differences among states in their ability to fund their Medicaid programs and that the formula's reliance on PCI is the primary cause." As a result, a few extremely high wage-earners distort our per capita income, masking a significant number of Californians living in poverty. As a result, California receives the lowest possible federal share for Medi-Cal (50 percent). Other large states have much higher federal reimbursement rates: Florida receives 54.98 percent, Michigan 63.19 percent, Ohio 63.42 percent, Pennsylvania 54.81 percent, and Texas 58.73 percent. If California received a more equitable rate that matched the average of the ten largest states and reflected the national average of 57 percent, it would result in an additional \$1.8 billion annually.

### **Provide California with federal monies owed**

Federal funds must be part of the budget solution because the federal government is part of California's budget problem. A fair and equitable financial relationship must include the federal government reimbursing California for monies owed, including:

*Medicare Disability Determination Reimbursement to States:* Due to an error made and acknowledged by the Social Security Administration, the Medi-Cal program paid for individuals who should have been covered by Medicare for over 30 years. This was a nationwide error and California's repayment equals approximately \$700 million.

*Medicare Part D:* Since the inception of the Medicare Part D prescription drug program, California has been penalized by a flawed methodology that does not reflect its true costs and, as a result, California has paid more to the federal government than before the program's inception. A correction in this flawed formula would result in an additional savings of \$70 million annually.

*Enhanced FMAP for the Medicare "Clawback":* The federal government has determined that the enhanced Federal Medical Assistance Percentage (FMAP) rate provided by the American Reinvestment and Recovery Act (ARRA) does not apply to Medicare Part D state contributions. Thus, states must continue to calculate the amount of those payments using the pre-ARRA FMAP rates even though each state would have been able to claim the enhanced ARRA FMAP rate if the pharmacy coverage remained under its Medicaid program. This imposes unfair costs on states. For the recession adjustment period, the FMAP used in the calculation should be the enhanced FMAP provided for by the ARRA. Assuming the continuation of ARRA, the General Fund savings could approximate \$305 General Fund in State FY 2009-10 and FY 2010-11.

### **The American Reinvestment and Recovery Act (ARRA)**

Extending ARRA will allow for \$2.1 billion in general fund savings in health and human service programs, including:

- Medi-Cal extension of the Enhanced ARRA Federal Medical Assistance Percentage (FMAP) rate (\$1.2 billion)
- Individuals with Disabilities Education Act (IDEA) extension of IDEA Part C (\$32.9 million)
- Child Support Services Initiative extension (\$20.8 million)
- CalWORKs extension (\$538 million)
- IHSS extension of Enhanced ARRA FMAP (\$49.8 million)
- Foster Care and Adoption Assistance extension (\$26.8)

### **Expand Federal Eligibility for Foster Care**

Currently, in order to be eligible for federal funding in foster care, the child and his/her family must have qualified for Aid for Families with Dependent Children (AFDC) as the program existed in 1996 the month the child was removed from the home. The 1996 AFDC income standard has never been adjusted for inflation. California's family income has increased significantly since 1996 and this outdated standard arbitrarily excludes many children from receiving federal funding. A federal change would bring California's foster care program an additional \$86.9 million annually.

### **Additional Health Care Reform Components**

For health care reform to succeed, Congress must first and foremost give states the flexibility and owed monies – as outlined above - to meet current obligations within the revenues available to the state. In addition, pending federal health care proposals must incorporate additional reform components to ensure that states have the fiscal and programmatic capacity to implement the contemplated Medicaid expansion effectively and equitably.

### **Define “expansion population” as individuals over 54% FPL**

All states should be treated equally by fully funding all Medicaid adult populations above a certain eligibility level, such as 54% of the federal poverty level. This level represents the average of the 7 most populous states with income eligibility below California's 106% FPL level. This approach will ensure that states that have increased Medicaid coverage in past years are rewarded and not penalized for their previous expansion efforts. Total savings to California: Between \$800 million and \$1 billion in 2018-19.

### **Provide a higher federal matching rate for physician services**

With health care reform's expanded Medicaid program, funding in the form of an enhanced federal matching rate for all physician services is needed to provide sufficient access to care and avoid an unfunded mandate. If Congress were to provide 100% federal financial support for reimbursement for all physician services at 80 percent of Medicare, the total savings to California would be \$2 billion in 2018-19.

### **Provide higher federal matching rate for administrative changes**

Federal health reform will require significant administrative changes to ensure data and claiming systems are in place to effectively implement the various program reforms, especially between Medi-Cal and the new Health Insurance Exchange. Outreach and enrollment efforts will also need to be funded. If Congress were to provide 90-100% federal financial support for such administrative activities, the total savings to California would be \$400 million in 2011-12.

## TRIGGER REDUCTIONS - \$3.5 Billion GF Savings

### **Trigger Reductions will be Necessary if Federal Flexibilities and Monies Owed are not Received**

The Governor's proposed budget for 2010-11 anticipates receipt of flexibilities and \$6.9 billion in additional resources from the federal government. If these flexibilities and resources are not provided, California will have to make additional reductions and program eliminations to live within available resources, including \$3.5 billion funding for Health and Human Services programs.

- Elimination of CalWORKs (\$1.044 billion) – 1.39 million people would no longer have access to the cash aid and services, including employment services and child care, provided through this program.
- Mental Health Services Act (\$847 million) – The June ballot would include an initiative to use \$847 million in Mental Health Services Act funds to pay for Department of Mental Health state hospital costs, community mental health services costs, and the costs of prescription costs in Medi-Cal related to mental health care. Consequently, these funds would not be available to counties as originally envisioned by the Mental Health Services Act.
- Medi-Cal (\$532 million) – The remaining optional benefits would be eliminated, except for those that would result in a net cost (for instance pharmacy), and eligibility would be rolled back to the extent allowed under federal law.
  - The Optional Benefits that would be eliminated are Hearing Aids, Physical Therapy, Occupational Therapy, Orthotics, Independent Rehabilitation Facilities, Outpatient Heroin Detox, Medical Supplies, Prosthetics, and Durable Medical Equipment.
  - Medi-Cal eligibility standards would be reduced to federal minimums, resulting in approximately 575,000 people losing access to Medi-Cal services through rollbacks in the 1931(b) program, reductions in the Aged, Blind, and Disabled Program, elimination of the Medically Needy Program, elimination of the Medi-Cal expansion for former foster care children, and elimination of the Medically Indigent Adult Long-Term Care Program. In addition, the Child Health and Disability Prevention Gateway and accelerated enrollment through the Single-Point-of-Entry will be eliminated.
  - An additional 1.6 million people would lose access to family planning services through elimination of the Family Planning Access, Care, and Treatment Program and approximately 9,000 people would not be able to access breast and cervical cancer treatment due to elimination of the Breast and Cervical Cancer Treatment Program.
- Elimination of In-Home Supportive Services Program (\$495 million) – This program provides in-home assistance to low-income adults who are over 65 years of age, blind, or disabled, and to children who are blind or disabled. Elimination of this program would result in the remaining 63,239 recipients in the program no longer receiving IHSS services, with some needing institutional care.
- Elimination of the Healthy Families Program (\$126 million) – Elimination of this program for the remaining 700,000 children enrolled.

- Shift Proposition 99 Funds to Medi-Cal (\$115 million) – This would result in the elimination of Proposition 99 support for the following programs:
  - Access for Infants and Mothers (\$49.3 million) – This program provides low-cost health care coverage for pregnant women.
  - Major Risk Medical Insurance Program (\$32.3 million) – This program is a high-risk pool to offer health coverage to individuals with pre-existing health conditions who have trouble obtaining individual insurance coverage.
  - Breast Cancer Early Detection: Every Woman Counts (\$22.1 million) – This program provides breast and cervical cancer screening to low-income women. Cervical cancer screening is provided to women over the age of 25. Breast cancer screening is limited to women over the age of 50 who are already enrolled in the program.
  - Asthma Control (\$1.3 million) – This program coordinates approaches and partnerships to reduce preventable asthma morbidity and mortality.
  - Expanded Access to Primary Care Clinics (\$10 million) – This program provides expanded access to primary and preventive health care to medically underserved areas and populations.
- Elimination of the Transitional Housing for Foster Youth Plus Program (\$36 million) – This program provides up to 24 months of support for emancipated foster youth between the ages of 18 and 24 to transition from the child welfare system to self-sufficiency.
- Redirect County Savings (\$325 million) – The above reductions and eliminations would generate \$325 million in county savings as the counties have a share of cost in some of these programs, most notably IHSS. These savings would be re-directed to pay for a portion of the cost of Food Stamp Administration, resulting in a commensurate amount of General Fund savings.