



CWDA

June 11, 2008

To: Honorable Members, Budget Conference Committee

From: Frank J. Mecca
Executive Director

Re: **Medi-Cal County Eligibility Operations (Page 214, Issue TBL and Page 215, Issue 320/321) – Adopt Senate Funding and Trailer Bill Language**

The County Welfare Directors Association of California (CWDA) urges your support of the Senate funding level and trailer bill language for the Medi-Cal County Eligibility Operations issues on pages 314 and 315 of the Conference Committee agenda.

County human services departments conduct initial and ongoing Medi-Cal eligibility for about 4 million Californians. The state projects 130,000 new cases will come into the program in the budget year. The county Medi-Cal operations budget consists of “base” funding for services to existing recipients, “caseload growth” funds for the new cases, and an annual cost adjustment based on the California Necessities Index (CNI).

The Governor’s budget proposes to cut the base funding by 3.67 percent, eliminate the caseload growth funding and eliminate the annual CNI-based cost adjustment. This is a 10 percent total cut, or \$152.5 million (\$76.2 million General Fund), to county eligibility operations. The cut is equivalent to 1,145 eligibility workers who would have provided services to 484,000 recipients.

These cuts would negatively impact Medi-Cal applicants and recipients, delaying application processing and making it more difficult to contact eligibility workers. The cuts also renege on a deal negotiated between counties, the Administration and the Legislature in 2003, when performance standards and associated penalties were enacted in exchange for the reinstatement of annual CNI-based cost adjustments and full funding for county operations.

Legislative Action

The Senate rejected the caseload growth and base cuts, recognizing that the counties must be funded for the 4 million cases they are being asked to handle. The Senate did act to suspend the CNI-based increase, a cut of \$64.6 million (\$32.3 million General Fund), and also adopted placeholder trailer bill language to suspend county performance penalties when eligibility operations are not fully funded. The Assembly adopted both the caseload growth and CNI cuts, a total of \$105.9 million (\$52.9 million General Fund).

We urge adoption of the Senate funding level. Simply put, counties must be funded for the state- and federally-required activities associated with the new cases that come into the program each year. Eliminating this funding would be unprecedented and would require our existing staff to absorb the eligibility activities for 130,000 new cases, delaying access to medical care and severely reducing services to existing cases.

Further, the Senate's trailer bill language honors the deal negotiated in 2003, which predicated the enactment of performance standards on full funding for county operations. The Senate language keeps the performance standards in place, ensuring that counties will continue to be monitored, and simply suspends the potential for fiscal penalties when county eligibility operations are not fully funded.

Adopt Senate Action

For all of these reasons, we urge adoption the Senate funding and the associated trailer bill language, which appropriately suspends performance-related penalties when funding is cut for county eligibility operations while preserving the overall performance standard structure to ensure counties continue to focus their resources on key outcome measures.

cc: Diane Van Maren, Consultant, Senate Budget and Fiscal Review
Dan Rabovsky, Consultant, Assembly Budget Committee
Diane Cummins, Office of the Honorable Don Perata
David Panush, Office of the Honorable Don Perata
Sumi Sousa, Speaker's Office of Policy
Anissa Nachman, Consultant, Senate Republican Fiscal Office
Lisa Mangat, Consultant, Assembly Republican Fiscal Office
Jennifer Kent, Office of Governor Arnold Schwarzenegger
Pete Cervinka, Health and Human Services Agency
Leslie McGorman, Health and Human Services Agency
Sandra Shewry, Department of Health Care Services
Katie Trueworthy, Department of Health Care Services
Mike Wilkening, Department of Finance
Shawn Martin, Legislative Analyst's Office
Kelly Brooks, California State Association of Counties
County Caucus