



COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA
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CWDA

January 14, 2008

To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

Pages: 4

RE: State Budget Update #2 – Proposed Funding for Related Services

In addition to the reductions proposed in Social Service programs, the Governor's budget includes planned reductions in numerous other human service areas affecting the low income families. Several of these were noted at the end of State Budget Update #1. Those are repeated here along with key items we have gleaned from the various documents prepared by the Administration.

Mental Health

- Reduce Rates for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT): A reduction of \$6.7 million General Fund in the current year, and \$46.3 million General Fund in the budget year. This includes elimination of a Cost of Living Allowance (COLA), a reduction of 5% SGF of the non-inpatient state maximum allowance (SMA) for non-inpatient services, and new requirements for prior authorization of day treatment services that exceed 6 months.
- Reduce County Medi-Cal Mental Health Managed Care Funding: A 10% reduction to county mental health plans for managing the Medi-Cal Specialty Mental Health Managed Care Program in both the current and budget years. This totals \$8.2 million General Fund in the current year and \$23.8 million General Fund in the budget year.
- Reduce Community Treatment Facility Rates: Elimination of the Community Treatment Facility (CTF) supplemental rate, for savings of \$1.2 million General Fund in the current year, and \$1.2 million in the budget year.
- Reduce Early Mental Health Initiative Funding: A 10% reduction to this program (which provides mental health assistance to school-aged children) only in the budget year, for a total reduction of \$1.6 million.
- Decrease Mental Health Services Act Funding (Proposition 63): Revenues to the Mental Health Services Fund are projected to decrease over previous estimates by \$177.2 million in the current year and \$105.2 million in the budget year, for total estimates of \$1.6 billion in 2007-08 and \$1.7 billion in 2008-09.

Aging Programs

- Decrease in Senior Community Employment – Proposed reductions include \$1.5 million from the Senior Community Employment program for a combination of 2007/08 and 2008/09.
- Decrease in Multipurpose Senior Service Programs – The Multi-purpose Senior Centers are slated for a reduction of \$2.5 million over the 2007/08 and 2008/09 fiscal years.

Alcohol and Drug Programs

- Reduce Drug Medi-Cal Provider Rates – The Governor's budget proposes to reduce Drug Medi-Cal rates paid to counties and private providers, resulting in a savings of \$2.5 million in 2007/08 plus \$16.1 million in 2008/09.
- Reduce the Proposition 36 Substance Abuse Offender Treatment Program – The Governor's proposed budget includes reductions of \$3.3 million in 2007/08 and \$10 million in 2008/09 to Proposition 36 funding, but does not propose changes to the sentencing law requirements under the proposition. The funding level for Proposition 36 in the 2007/08 budget was \$60 million. For the Substance Abuse Offender Treatment Program, commonly referred to as OTP, the Governor proposes a \$667,000 current year reduction and a \$2 million cut in 2008/09. OTP funding in 2007/08 was also \$60 million. In total, \$108 million would be available for Proposition 36 and OTP in 2008/09.
- Reduce Drug Court Funding – Proposed reductions include a 10 percent (\$3.1 million) reduction in Drug Court funding in 2008/09.
- Reduce California Methamphetamine Initiative – A 10 percent reduction (\$1 million) is proposed for the California Methamphetamine Initiative in 2008/09.
- Reduce Offender Treatment Funding – The Governor's proposed budget also reduces funding to counties for Offender Treatment Programs by 10 percent (\$2 million of a \$20 million program).

Developmentally Disabled

- Continue Regional Center Cost Containment – Savings of \$348.3 million (\$235.1 General Fund) are proposed in Regional Center funding by extending cost containment measures begun in 2003, which include rate freezes on targeted program categories.
- Expand Family Cost Sharing – The Administration proposes to expand the Family Cost Participation Program by assessing a share of costs for certain services and for high income families resulting in \$0.8 million General Fund savings in 2008/09.

Child Support

- No Change in Local Child Support Funding – The 2008-09 budget includes the same level of funding for local programs as it did in the current year (\$196.9 million). The budget also continues to provide \$20 million in federal funds to be matched by \$10 million in voluntary county funding for the support of local child support agency staff and program services.

- Continue Support for Statewide Automation – Full continued funding for the statewide California Child Support Automation System (CCSAS) is proposed.
- Increased Child Support Pass-Through – The budget is proposing to take advantage of a recent federal law change to establish federal participation at 50 percent for the current \$50 disregard provided to CalWORKs families. This will result in additional General Fund revenues of \$3.9 million for the period from October 1, 2008 to January 1, 2009. Additionally, the budget proposed to increase the amount of child support passed through to CalWORKs families from \$50 to \$100 per month effective January 1, 2009. Because of the federal match, this proposal is revenue neutral.

Health Care

- Provider Rate Reductions – The budget proposes a 10 percent reduction to most Medi-Cal provider rates in both fee-for-service and managed care, and a 5 percent reduction in Healthy Families rates. The Medi-Cal rate decrease also applies to the California Children's Services (CCS) program and the Child Health and Disability Prevention Program (CHDP). Medi-Cal services that are exempt from the reductions include acute hospital inpatient services, hospice, Federally Qualified Health Centers and rural health clinics, and payments to long-term care facilities. In Medi-Cal, these reductions would save \$66.8 million total funds (\$33.4 million GF) in the current year and \$1.2 billion (\$602.4 million GF) in the budget year. The Healthy Families reductions would save \$40.7 million total funds (\$22.4 million GF) in the budget year.
- Cuts to Other County-Run Programs – Funding for case management in the CCS program is slated to be cut 10 percent or \$9 million (\$3.6 million GF). In addition, a 10 percent cut is proposed for county CHDP programs providing Early and Periodic Screening, Diagnosis and Treatment (EPSDT) case management services such as care coordination; approval, enrollment and oversight of providers; and outreach and education (\$3 million total, \$1 million GF).
- Discontinuance of Optional Benefits – The budget proposes to discontinue a number of optional benefits for adults, including chiropractic, acupuncture, incontinence creams and washes, dental, audiology, optometry, podiatry, psychology, and speech therapy. These changes are estimated to save \$20 million (\$10 million GF) in the current year and \$268 million (\$134 million GF) in the budget year.
- Discontinue Part B Premiums for Some Dual Eligibles – The budget would discontinue Medicare Part B premium payments for dual eligibles who do not meet their share of cost. Those that do meet the share of cost would continue to have their Part B premiums paid by the state. This proposal saves \$8.4 million (\$4.2 million GF) in the current year and \$100.2 million (\$50.1 million GF) in the budget year.
- Increase Healthy Families Premiums and Co-payments – The budget would increase premiums for families over 150% of the Federal Poverty Limit by \$3 per child per month and increase co-payments for these same families from \$5 to \$7.50 per office visit for non-preventative services. Together, these two changes would cost low-income families \$14.5 million annually.

- Reduce AIDS Program Funding – An \$11 million reduction in AIDS programs is proposed. Savings are achieved by eliminating several classes of drugs from the AIDS Drug Assistance Program and by reducing funding for AIDS education, prevention, studies, drug assistance, testing and counseling.
- Reduce Family Health Programs – A \$5.4 million reduction in family health programs is proposed but cutting funding to case management support for at-risk youth, domestic violence prevention activities, and public education activities.
- Continued Decline in Proposition 99 Tobacco Tax Revenue –The Administration estimates that Proposition 99 revenues will decline by approximately \$9 million (3 percent) in 2008/09.