

## California's Proposed May Revision for the 2010-2011 Budget: Senior-Related Program Proposals

On May 14, 2010, California Governor Arnold Schwarzenegger released the May Revision for the 2010-2011 proposed budget that reflects updated estimates for state spending and revenue. Included in the May Revision are significant cuts to health and human services programs that serve California's senior population.

<b>Understanding the Problem</b>	In January, the Governor estimated a General Fund (GF) shortfall of \$19.9 billion. In his May Revision, the updated figures project a GF shortfall of approximately \$19.1 billion for the two-year period ending June 30, 2011. This number reflects a \$17.9 billion two-year budget deficit and a \$1.2 billion reserve.
<b>The May Revision</b>	The Governor's May Revision for the 2010-2011 budget includes significant cuts to health and human services programs, and rescinds the previous "trigger" mechanism proposals that were part of the January proposed 2010-2011 budget.
<b>What's Next in the Budget Process</b>	The Governor's proposals require approval by the Senate and the Assembly. Currently, the Legislature is deliberating the Governor's proposed budget through a series of budget committee hearings. The budget committees have rejected some of the proposals outlined below, but these remain in the Governor's proposed budget. By law, the Legislature must approve (by two-thirds vote) the 2010-2011 budget by June 15 in time for the Governor to sign it by July 1.

### May Revision for the 2010-2011 Budget: Program Reductions Impacting Seniors

<b>In-Home Supportive Services (IHSS)</b>	<p>IHSS provides in-home personal care and domestic services to approximately 466,000 qualified individuals who are blind, aged, or who have disabilities. These services, delivered by more than 385,000 providers, include bowel and bladder care, bathing, grooming, paramedical services, housecleaning, meal preparation, laundry, grocery shopping, accompaniment to medical appointments, and protective supervision. Their goal is to allow recipients to stay in their homes and avoid institutionalization. IHSS is paid for through a mix of federal, state General Fund (GF) and county funds.</p> <ul style="list-style-type: none"> <li>• <b>\$750 Million Reduction:</b> The May Revision rescinds the January proposals for IHSS worker wage and eligibility reductions. Instead, it calls for \$637.1 million GF (2010-2011 budget) and \$750 million GF (2011-2012 and annually thereafter) in unspecified IHSS program reductions. The Administration is proposing to develop the cost containment measures in consultation with stakeholders, in time for legislative enactment by July 1, 2010. The \$637.1 million reduction proposal for 2010-2011 would leave \$790 million GF in the program, reducing the total funding for the program from \$5.6 billion to \$3.5 billion. This figure accounts for an additional loss of \$1.14 billion in federal funds and \$343 million in county funds. (GF Savings: \$637.1 million in 2010-2011; \$750 million annually thereafter starting in 2011-2012)</li> </ul>
<b>Adult Day Health Care (ADHC)</b>	<p>ADHC is a community-based day care program that provides health, therapeutic, and social services to persons at-risk of nursing home placement.</p> <ul style="list-style-type: none"> <li>• <b>Program Elimination:</b> The January budget proposed eliminating the ADHC program. It was not rescinded in the May Revision, so this proposal remains in the Governor's proposed budget. This proposal would impact approximately 45,000 Medi-Cal beneficiaries. (GF Savings: \$104 million)</li> </ul>
<b>Supplemental Security Income/State Supplementary Payment (SSI/SSP)</b>	<p>SSI/SSP is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, disabled individuals or couples.</p> <ul style="list-style-type: none"> <li>• <b>Payment Reduction for Individuals Receiving SSI/SSP</b> – The Governor's January budget called for reductions to monthly SSI/SSP grants for individuals (only) to the federal minimum from \$845 to \$830 per month. The May Revision delays implementation for the proposed grant reduction from June 1, 2010 to October 1, 2010. This proposal would impact approximately 923,575 individuals, approximately 304,780 of whom also receive IHSS. (GF Savings: \$132.8 million)</li> </ul>

<b>Cash Assistance Payment for Immigrants (CAPI)</b>	CAPI is a state-funded program that provides the equivalent of SSI/SSP for individuals to aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due to their immigration status. <ul style="list-style-type: none"> <li>• <b>Program Elimination:</b> The Governor’s January budget called for elimination of the CAPI program. The May Revision delays implementation of this proposal to October 1, 2010. This proposal would impact approximately 10,886 individuals. (GF Savings \$73.6 million)</li> </ul>
<b>Medi-Cal Cost Containment</b>	The Governor’s January budget called for \$750 million in Medi-Cal program reductions through cost-containment strategies. The May Revision outlines specific cost containment proposals: <ul style="list-style-type: none"> <li>• <b>Utilization Controls:</b> Eliminate certain over-the-counter drugs and nutritional supplements; limit prescriptions to six per month (except for life-saving drugs); limit physician or clinic visits to 10 per year; and establish annual benefit dollar caps for hearing aids, durable medical equipment, incontinence supplies, urological supplies and wound care supplies. (GF Savings: \$90.2 million)</li> <li>• <b>Increase Cost Sharing:</b> \$5 copayments on physician, clinic, dental, and pharmacy; \$50 copayment on emergency room visits; and \$100 per day copayment for hospital stays (\$200 maximum). (GF Savings: \$218.8 million)</li> <li>• <b>Other Program Changes:</b> Enroll seniors and persons with disabilities in managed care (for Medi-Cal only enrollees); reduce radiology payments to 80% of Medicare rates; freeze hospital rates at the current level, and discontinue payment for Medicare Part B premiums for beneficiaries whose income exceeds the Medi-Cal eligibility threshold by less than \$500 per month. (GF Savings: \$213.7 million)</li> </ul> (Total GF Savings for 2010-2011: \$523 million)
<b>May Revision: New Proposals Impacting Seniors</b>	
The Governor’s January Budget relied on receipt of additional federal funds totaling \$6.9 billion. Without receiving these funds, the January budget would have triggered permanent budget reductions, including elimination of IHSS, elimination of most Medi-Cal optional benefits, reduced Medi-Cal eligibility standards and others. The Governor’s May Revision rescinds these “trigger” cuts, and outlines other new proposals that include cuts and expenditures as follows.	
<b>County Mental Health Services</b>	The May Revision proposes to shift \$602 million of County Mental Health Realignment Funds to Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamp Program) and Child Welfare Services, shifting responsibility for these programs from the state to counties. This proposal would scale back mental health funding by approximately 60%. (GF Savings: \$602 million)
<b>Skilled Nursing Facilities Rate Increase</b>	Assembly Bill (AB) 1629 (Chapter 875, Statutes of 2004) enacted the Skilled Nursing Facility Quality Assurance Fee (QAF) Program and the Medi-Cal Long Term Care Reimbursement Act. AB 1629 modified the method and rate of reimbursement to facilities that provide long-term skilled nursing care to Medi-Cal beneficiaries. <ul style="list-style-type: none"> <li>• <b>Rate Increase to Skilled Nursing Facilities:</b> The May Revision proposes a 3.9% rate increase to specified “AB 1629” designated skilled nursing facilities. The Administration expects the cost for this proposal to be offset by an increase in the QAF generated by: 1) assessing fees on currently exempted multi-level retirement communities; 2) decreasing Department of Public Health licensing and certification fees; and 3) using more recent data to determine the QAF. (Cost: \$80 million)</li> <li>• <b>Additional State Staff:</b> The Governor’s May Revision also proposes increased oversight of skilled nursing facilities and staff to monitor changes to payment methodology, by adding 45.5 new positions to the Departments of Health Care Services and Public Health. (Cost: \$2 million)</li> </ul>
<b>Medi-Cal Optometry Services</b>	The May Revision restores Medi-Cal optometry services for adults that were eliminated in 2009, in order to comply with federal law. (GF Cost: \$1.3 million)

Sources:

- The Governor’s May Revision 2010-2011*, California Department of Finance, May 2010.  
*The 2010-11 Budget: Overview of the May Revision*, Legislative Analyst’s Office, May 2010.  
*May Revision Highlights*, Senate Committee on Budget and Fiscal Review, May 2010.  
*Fiscal Year 2010-2011 Budget Facts: May Revision 2010*, California Department of Social Services, May 2010.  
*Highlights of the Governor’s Proposed May Revision*, Assembly Committee on Budget, May 2010.



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