

2011-2012 Budget: What's in Store for Children and Youth with Special Health Care Needs?

In January, Governor Brown released a draft 18-month budget to resolve California's \$25.4 billion deficit. The proposed budget includes many severe cuts to Health and Human Services and children's programs:

- \$12.497 billion in spending reductions with \$1.5 billion reduction to CalWORKs and \$1.709 billion in cuts to Medi-Cal
- \$12.027 billion in additional revenues (seeking voter approval for 5-year extension of existing temporary tax increases)
- \$1.885 billion in borrowing from special funds and other one-time measures

Proposed Budget Items	How Will It Affect Children and Families?
<p>MEDI-CAL ↓\$1.709 Billion</p> <p><i>All proposed Medi-Cal reductions have been rejected by Legislature or courts in recent years and proposed 10% rate reduction is pending in US Supreme Court. Many proposals would require federal approval.</i></p> <ul style="list-style-type: none"> • Limit services and utilization • Impose copayments for adults and children (applies to children in California Children's Services) • Reduce payments to physicians and providers • Eliminate over-the-counter medications and nutritional supplements • Eliminate Adult Day Health Care Services 	<ul style="list-style-type: none"> • Impose copayments of \$5 for physician and pharmacy visits, \$50 for ER visits; \$100/day with \$200 maximum for hospital stays; applies to adults and children without exemption for preventive care or CCS services • No cap on copays: for a child with three chronic conditions (cerebral palsy, epilepsy and asthma), annual copays would be approximately \$1600 • Reduce payments to physicians, pharmacies, clinics and other providers by 10%, potentially reducing Medi-Cal provider network • Eliminate over-the-counter medications and supplements (adults only) • Limit doctor visits to 10x/year and prescriptions to 6/month (exception for "life-saving medication") and establish caps on medical supplies and durable medical equipment (adults only) • Eliminate Adult Day Health Care Services, affecting 27,000 California seniors and persons with disabilities
<p>DEVELOPMENTAL SERVICES/REGIONAL CENTERS ↓\$750 Million (+ severe cuts from last few years)</p> <ul style="list-style-type: none"> • Extension of 4.25% reduction in payments to Regional Centers and service providers • Diversion of \$50 million in tobacco tax revenues imposed by Proposition 10 to support services to 	<ul style="list-style-type: none"> • Regional Centers coordinate community-based services for over 240,000 infants, children and adults with developmental disabilities • Continuing loss of developmental providers, with accompanying loss of access for children • Cuts basic operations (intake/assessment, caseload

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<p>consumers from birth to age 5</p> <ul style="list-style-type: none"> • Reduce Regional Center funding by approximately \$600 million through “statewide service standards” for services, eligibility, rates and parental/consumer responsibilities 	<p>ratios, etc.)</p> <ul style="list-style-type: none"> • Unclear how “statewide service standards” will be developed and how they will result in reduction of \$600 million
<p>IN HOME SUPPORT SERVICES (IHSS) ↓\$486.2 Million</p> <ul style="list-style-type: none"> • Reduce hours of service by 8.4% for <u>all</u> recipients, resulting in overall 12% reduction for <u>all</u> recipients (including the 3.6% reduction in 2010-11). • Eliminate “domestic and related services” for over 300,000 recipients • Eliminate services for those without a doctor’s “written certification,” for 43,000 recipients • Eliminate requirement that counties establish IHSS advisory committees 	<ul style="list-style-type: none"> • IHSS serves over 460,000 children and adults with disabilities (including developmental), mental health needs, the blind, people with traumatic brain and other injuries, people with Alzheimer’s and MS and other disorders • Cut comes on top of 3.6% reduction in hours in 2010-11 budget agreement. Some may qualify for “supplemental hours” if at risk of out-of-home placement • Would eliminate housework, shopping and meal preparation services for some recipients, including children under the age of 18 • Will eliminate IHSS completely for recipients who don’t meet medical certification criteria
<p>SSI/SSP GRANTS ↓\$177.9 Million</p> <ul style="list-style-type: none"> • Reduction in grants for disabled individuals from \$845 to \$830 per month (minimum allowed by federal law) 	<ul style="list-style-type: none"> • SSI/SSP grants provide cash assistance to help low-income seniors and people with disabilities meet basic living expenses
<p>HEALTHY FAMILIES ↓\$135.7 Million</p> <ul style="list-style-type: none"> • Increase maximum premiums from \$48 to \$90 per month for families with incomes 150-199% of Federal Poverty Level and from \$72 to \$126 per month on families with incomes 200-250% of FPL • Increase Healthy Families copayments for ER visits from \$15 to \$50 and impose a \$100 per day copayment with \$200 maximum for hospital stays • Annual out of pocket \$250 copayment cap for family expenses for children in healthy families • Eliminate Healthy Families vision benefit 	<ul style="list-style-type: none"> • Potentially would affect 565,000 children, but this increase may not be allowed by federal health reform law. • Increased co-pays could reduce services use by families or serve as unofficial provider rate reduction • It is up to families to track the copays and inform the program that they have reached their cap. • All children enrolled will be affected by loss of vision benefit and premium increases; premiums already were increased in 2009 • Loss of vision benefit was rejected by Legislature in 2010

Proposed Budget Items

How Will It Affect Children and Families?

ADDITIONAL BUDGET ITEMS

CALWORKS PROGRAM ↓\$1.5 Billion

- **Limits families to 48 months of assistance** (from 60 months), causing 115,000 families and 230,000 children to lose eligibility
 - **Cut CalWORKs grants by 13%**
 - **Continue reduction in funding that counties use to provide employment services and child care** (\$376.9 million in 2011-12)
- CalWORKs provides modest cash assistance and job-related services for struggling low-income families with children
 - More than 3 out of 4 CalWORKs recipients are children
 - Approximately 115,000 families with 234,000 children would lose benefits, a 21% reduction
 - Maximum monthly grant for a family of 3 in high-cost counties would drop from \$694 to \$604

CHILD CARE & DEVELOPMENT ↓\$750 Million

- **Eliminate child care assistance for 11 & 12 year-olds**
 - **Reduce income eligibility limit** for child care assistance from 75% of state median income to 60%
 - **Across-the-board reduction to child care subsidies**
- Exception: those in State Preschool Program
 - Reduce the limit for a family of three from \$3,769 per month to \$3,015 per month
 - Implementation and magnitude unclear

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EXTENSION OF TEMPORARY TAX INCREASES ↑\$11.168 Billion

- **Extension of increase in personal income tax rate** (generating \$1.187 billion in 2010-11 and \$2.077 billion in 2011-12)
 - **Extend 1 % increase in state sales and use tax** (generating \$4.549 billion in 2011-12)
 - **Reduce tax credit for dependents** (generating \$725 million in 2010-11 and \$1.248 billion in 2011-12)
 - **Extend 0.5% increase in Vehicle License Fee rate** (generating \$1.382 billion in 2011-12)
- All subject to voter approval
 - Would maintain funding for K-12 education, would eliminate need to cut further in MediCal and other pending cuts.

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ADDITIONAL TAX PROPOSALS ↑\$2.695 Billion

- **Limit the ability of corporations to determine what profits are taxed** (\$468 million, 2010-11 & \$942 million, 2011-12)
 - **Eliminate tax breaks linked to enterprise zones** (\$343 million, 2010-11 and \$582 million, 2011-12)
 - **Creation of Amnesty Program** for taxpayers that took advantage of abusive tax shelters (\$270 million, 2010-11 & \$50 million, 2011-12)
 - **Requiring financial institutions to match records to Franchise Tax Board's delinquent taxpayer lists** (\$10 million, 2011-12)
- Currently unclear how this will affect families with children and youth

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Proposed Budget Items | **How Will It Affect Children and Families?**

million, 2010-11 & \$30 million, 2011-12)

PROPOSITION 10 (FIRST 5) ↓\$1 Billion

- **Divert tobacco tax revenue generated by Proposition 10 to pay for Medi-Cal services for children up to age 5**
- **Would take \$1 billion on a one-time basis from Prop 10 state and county reserves in 2011-12 to offset General Fund shortfalls and divert 50 percent of annual Prop 10 revenues each year between 2012-13 and 2014-15, roughly \$200 million per year**

- Subject to voter approval, this would redirect Proposition 10/First 5 funds currently covering developmental services to Medi-Cal. Voters rejected a proposition last year to redirect First 5 funds.
- Unclear whether the redirected revenue would come from the state First 5 commission or county commissions or both; could affect local programs for young children that are funded via First 5.

PROPOSITION 63 (Mental Health Services Act or MHSA) ↓\$861.2 Million

- **Divert MHSA revenues in 2011-12 to fund:** Early and Periodic Screening, Diagnosis, and Treatment Program (EPSTD), Mental Health Managed Care (MHMC) and AB 3632 (state-mandated mental health services for special education students)

- Voters rejected a proposition in May 2009 to redirect MHSA funds that currently fund county mental health services.
- Proposition 63 imposed a 1 percent tax on the portion of individuals' taxable incomes that exceeds \$1 million to provide dedicated funding for mental health services and cannot be used to supplant existing funds for mental health services.

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PROPOSED REALIGNMENT

REALIGNMENT

- **Proposal to shift responsibility for a number of programs to local governments (primarily counties) beginning in 2011-12, including:**
Mental Health Services, Early and Periodic Screening, Diagnosis and Treatment Program (EPSTD), Mental Health Managed Care, AB 3632 state-mandated mental health services for special education students and existing community mental health services.
- **Counties would assume responsibility for \$5.9 Billion in program costs in 2011-12, rising to \$7.3 Billion in 2014-15.**

- Realignment would be funded with revenues from the five-year extension of the temporary Vehicle License Fee (VLF) and sales tax increases, which would require voter approval. The Administration does not identify a funding source after the initial five-year period.
- Would require 2/3 vote of the Legislature.
- As counties take over the cost of these programs, less funding may be available at the local level for community-based services currently funded by local governments.
- Both IHSS (In-Home Supportive Services) and CCS (California Children's Services) have been mentioned for inclusion during the 2014-15 Phase.

PROPOSED REINSTATEMENT OF CUTS

- **Governor Brown proposes to restore the \$256 million in state funding for CalWORKs Stage 3 child care that Governor Schwarzenegger vetoed.**
- Stage 3 serves working families who have successfully transitioned off CalWORKs cash assistance

* Awaiting confirmation that any or all of the above measures will appear on the June 2011 Ballot.

THANK YOU TO OUR TRUSTED SOURCES/COLLABORATORS:

- **Laurie Soman**, Lucile Packard Children's Hospital
- **Erin Aaberg Givans**, Children Specialty Care Coalition
- **Jean Ross** and California Budget Project's "Governor's Proposed Budget Balances Spending Reductions with Additional Revenues, Includes Deep Cuts to Health and Human Services" and "Key Facts About the CalWORKs Program" (www.cbp.org)
- **Health Access** "Governor's Proposed Budget to Include Harmful Cuts to Health Care" (www.health-access.org)
- **Marty Omoto**, California Disability Community Action Network (www.cdcan.us)