

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees 13 departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California's vulnerable and at-risk residents.

The Budget includes total funding of \$113.5 billion (\$28.1 billion General Fund and \$85.4 billion other funds) for all programs overseen by this Agency.

AGENCY REORGANIZATION

The Budget transfers all substance use disorder programs from the Department of Alcohol and Drug Programs (DADP) to the Department of Health Care Services (DHCS) to better coordinate the licensing, certification, and program management of substance use disorders services statewide. Among other benefits, this reorganization maintains programmatic expertise, enhances oversight, and promotes opportunities for health care delivery improvement. DADP's Office of Problem Gambling is transferred to the Department of Public Health. The Budget also transfers mental health licensing and quality improvement functions from the Department of Social Services to DHCS to further consolidate and streamline licensing and certification functions for these programs within a single department.

MENTAL HEALTH CAPACITY

The Budget includes \$206.2 million (\$142.5 million one-time General Fund) to strengthen local capacity to stabilize and treat individuals with mental illness.

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- The California Health Facilities Financing Authority will provide grants to local entities based on criteria developed in concert with stakeholders that would add 25 Mobile Crisis Support Teams, at least 2,000 beds in Crisis Residential Treatment Programs, and additional Crisis Stabilization Units over the next two years. These resources will provide a comprehensive continuum of services to address short-term crisis, acute needs, and the longer-term ongoing treatment and rehabilitation opportunities of adults with mental health disorders.
- The Mental Health Oversight and Accountability Commission will provide grants to local entities to add at least 600 triage personnel over the next two years. These personnel will enable several thousand high-need individuals to access medical, specialty mental health care, substance use disorder treatment, social, educational and other services. The Commission will implement an allocation process based upon requests for application of need and description of deployment of personnel to assist individuals in gaining access to needed services.

DEPARTMENT OF HEALTH CARE SERVICES

The Department of Health Care Services (DHCS) preserves and improves the health status of Californians. To fulfill its mission, DHCS finances and administers a number of individual health care service delivery programs, including Medi-Cal, California Children’s Services, Primary and Rural Health, Family Planning, Access, Care, and Treatment, Every Woman Counts, and Drug Medi-Cal programs. DHCS also oversees county-operated community mental health programs.

Medi-Cal, California’s Medicaid program, is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, children in foster care, and pregnant women.

Significant Adjustments:

- *Medi-Cal Benefits*—The Budget includes new funding for several Medi-Cal optional benefits:
 - *Adult Dental*—The Budget includes \$33.8 million (\$16.9 million General Fund) to provide preventative adult dental benefits beginning May 1, 2014. Annual costs are estimated to be \$211.3 million (\$85.6 million General Fund).

- *Enteral Nutrition*—The Budget funds the Medi-Cal enteral nutrition feeding benefit beginning May 1, 2014. Annual costs are estimated to be \$28.6 million (\$14.3 million General Fund).
- *Seven Physician Visit Cap*—The Budget repeals the seven visit cap per Medi-Cal enrollee per year as this proposal did not receive federal approval.
- *Managed Care Organization Tax*—The Budget includes a tax on Medi-Cal managed care plans for 2012-13 through 2015-16. Medi-Cal managed care plans are assessed the tax and proceeds are matched with federal funds to provide supplemental payments to plans. Remaining proceeds are used for the provision of health services to children and seniors and persons with disabilities in the Medi-Cal program. In 2012-13, the tax rate will be equal to the gross premiums tax. In 2013-14 through 2015-16, the tax rate will equal the state sales tax rate. This proposal generates General Fund savings of \$166.4 million in 2012-13 in the Managed Risk Medical Insurance Board budget and \$340.3 million in the DHCS budget in 2013-14.
- *Coordinated Care Initiative (CCI)*—Persons eligible for both Medicare and Medi-Cal (dual eligibles) will receive medical, behavioral health, long-term services and supports, and home and community-based services through a single health plan. The CCI will also enroll all dual eligibles in managed care plans for their Medi-Cal benefits. Dual eligibles will enroll in the CCI in specified counties participating in the demonstration. The Budget includes the following significant changes:
 - The size and scope of the demonstration has been revised as agreed to in a Memorandum of Understanding with the federal government. The Budget reflects the population participating in the demonstration and accounts for a cap on the number of beneficiaries from Los Angeles County.
 - The Budget changes the scheduled phasing for beneficiaries enrolling in the CCI. Beneficiaries in the eight participating counties will enroll in the demonstration no sooner than January 2014. Los Angeles County will phase-in beneficiaries over 12 months, subject to further discussions with the federal government. San Mateo County will enroll all beneficiaries in January 2014. Orange, San Diego, San Bernardino, Riverside, Alameda, and Santa Clara counties will phase-in beneficiaries over 12 months.
 - The Budget projects revised General Fund savings for CCI of \$119.6 million in 2013-14. This amount includes the net benefit of moving to a higher tax rate

on Medi-Cal managed care plans. The Budget also enacts statutory changes to reflect the changes in the implementation schedule and to authorize the integration of Medi-Cal long-term services and supports as a managed care benefit even in the event Medicare benefits are not incorporated.

- The Budget includes \$518,000 (\$259,000 General Fund) and 4 positions in the Department of Social Services to staff the Statewide Authority, which is responsible for collective bargaining with unions representing individual providers in counties that have transitioned to the CCI. The Administration expects to convene the Statewide Authority before the first county completes its transition into managed care.

MANAGED RISK MEDICAL INSURANCE BOARD

The Managed Risk Medical Insurance Board currently administers programs that provide health coverage through commercial health plans, local initiatives, and county organized health systems to eligible individuals who do not have health insurance.

Significant Adjustments:

- *Managed Risk Medical Insurance Program*—The Governor’s Budget assumed this program would phase-out with the implementation of the federal Affordable Care Act. The Budget defers the elimination of this and other state-only programs affected by the Affordable Care Act.
- *Transfer Infants to the Department of Health Care Services*—The Access for Infants and Mothers (AIM) Program provides comprehensive health care to pregnant women and infants. The Budget transitions to DHCS infants born to mothers enrolled in the AIM Program whose income is between 250 and 300 percent of the federal poverty level.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services administers programs that provide services and assistance payments to needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

Significant Adjustments:

- *CalWORKs Grant Increase*—The Budget increases CalWORKs grant levels by 5 percent beginning March 1, 2014. This increase will be funded with 1991 Realignment revenue growth funds. The Budget provides a methodology, based on enacted revenue and caseload estimates, to determine future CalWORKs grant increases. This grant increase is expected to cost approximately \$51 million in 2013-14 with annual costs of about \$150 million.
- *CalWORKs Reform*—The CalWORKs reform measures enacted as part of the 2012 Budget established a prospective 24-month time limit on cash assistance and employment services for adults. The Budget includes necessary resources to implement these reforms.
 - *Employment Services*—An increase of \$142.8 million General Fund in 2013-14 to improve employment services. Counties will enhance and expand their array of employment services and job development activities for program participants, and intensify case management efforts for individuals not currently participating in activities that will eventually lead to self-sufficiency.
 - *Early Engagement*—Partial year funding of \$47.7 million General Fund in 2013-14 to implement additional proven appraisal protocols, promote family stabilization and barrier removal, and provide enhanced subsidized employment opportunities. The Budget establishes a standardized assessment tool and process for new welfare-to-work participants. Barriers to employment such as mental health, substance abuse, domestic violence, and housing issues will be identified early on and addressed so clients can successfully pursue employment. Counties with mature subsidized employment programs can expand those efforts as resources become available. Counties new to such programs will receive technical assistance.
- *Vehicle Asset Test*—The Budget raises the vehicle asset limit to an equity value of \$9,500 and annually adjusts that value for inflation. These changes are estimated to be cost neutral to the state. Increased annual grant costs of approximately \$2.5 million are anticipated to be fully offset by county administrative savings.
- *IHSS Settlement*—In March 2013, the Administration reached an agreement with plaintiffs with respect to the *Oster* and *Dominguez* class-action lawsuits. Chapter 4, Statutes of 2013 (SB 67), repealed IHSS provider wage and service reductions enacted in prior years, including the 20-percent across-the-board reduction. SB 67

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instituted an 8-percent across-the-board reduction effective July 1, 2013, decreasing to 7-percent after 12 months. The Budget reflects savings of \$176.4 million General Fund in 2013-14.

- *Child Welfare Services–New System Project*—The Budget includes \$9.8 million (\$4.4 million General Fund) for planning activities at the outset of the Child Welfare Services–New System Project to support eight positions at the Office of Systems Integration and nine positions at the Department of Social Services.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services serves approximately 256,000 individuals with developmental disabilities in the community and 1,569 individuals in state-operated facilities.

Significant Adjustments:

- *Sunset Operations and Provider Payment Reduction*—The Budget includes an increase of \$47.2 million (\$32.2 million General Fund) in 2013-14 to reflect the sunset of the 1.25-percent regional center operations and provider payment reduction.
- *Annual Family Program Fee*—The Budget permanently continues the Annual Family Program Fee, scheduled to sunset June 30, 2013, which assesses a fee of \$150 or \$200 per family. The fee is based on family size and additional criteria and assessed to families whose adjusted gross family income is at, or above, 400 percent of the federal poverty level. This fee offsets General Fund costs by \$3.9 million.
- *Sonoma Program Improvement Plan*—The Budget includes an increase of \$344,000 (\$241,000 General Fund) in 2012-13 and \$2.5 million (\$1.7 million General Fund) in 2013-14 to reflect anticipated costs related to the Sonoma Developmental Center Program Improvement Plan requirement to contract with Independent Consultative Review Experts to develop an action plan to bring the facility into compliance with federal requirements. The Budget also assumes increases of \$7.4 million in 2012-13 and \$15.7 million in 2013-14 to backfill the loss of federal funding resulting from the withdrawal of four residential units at Sonoma from the Medicaid Provider Agreement. Withdrawing these units ensures continued federal funding for Sonoma’s remaining six Intermediate Care units.
- *Federal Sequester Backfills*—The Budget includes an increase of \$5.7 million General Fund in 2012-13 and \$11.9 million General Fund in 2013-14 to backfill the

sequester reduction to the Social Services Block Grant (Title XX), which is used to partially fund regional center purchase of services. The Budget also includes an increase of \$613,000 General Fund in 2013-14 to backfill the sequester reduction to the Early Start IDEA Part C grant for regional center purchase of services.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed and voluntary patients.

Significant Adjustments:

- *Stockton Activation*—The Budget includes an increase of \$100.9 million General Fund to activate 514 beds at the California Health Care Facility (CHCF). This includes \$67.5 million General Fund for additional staff to complete the activation of CHCF and \$33.4 million General Fund for the full-year costs of positions approved in the Budget Act of 2012.
- *Establish Additional Intermediate Care and Acute Units*—The Budget contains \$22.1 million (\$16 million General Fund) and 173 positions (primarily Level-of-Care staff) to establish four new units and convert one existing unit at three state hospitals. This funding will increase the number of beds by 155 and better accommodate patient population for Lanterman-Petris-Short, Incompetent to Stand Trial, Mentally Disordered Offender, and Sexually Violent Predator commitments.
- *Bed Migration at Psychiatric Inpatient Hospital Programs co-located with the California Department of Corrections and Rehabilitation (CDCR)*—The Budget includes a reduction of \$22.6 million General Fund and 164.2 positions to reflect half-year savings resulting from the transition of beds from DSH-Salinas and DSH-Vacaville to the California Health Care Facility in Stockton (DSH-Stockton). This adjustment is consistent with the approved Mental Health Bed Plan which includes the Psychiatric Programs co-located with CDCR facilities. Activation of DSH-Stockton results in the transition of 450 inpatient beds from DSH-Salinas and DSH-Vacaville.

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