



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 0530-001-9745, Support, California Health and Human Services Agency, Office of Systems Integration

Case Management, Information, and Payrolling System (Issue 302)—It is requested that Item 0530-001-9745 (California Health and Human Services Automation Fund) be decreased by \$1,579,000 to align Office of Systems Integration spending authority with the revised Case Management, Information, and Payrolling System project schedule as reflected in the most recent Special Project Report. These adjustments are consistent with the anticipated transition of the project from the design, development, and implementation phase to the maintenance and operations phase. The requested adjustment consists of a decrease of \$2,163,000 partially offset by an increase of \$584,000 to support 4 positions (including a one-year extension of 1 limited-term position scheduled to expire June 30, 2013) and 0.5 existing position.

See Item 5180-111-0001, Issue 308, for related adjustments to the Department of Social Services local assistance budget.

California Healthcare Eligibility, Enrollment and Retention System (Issue 444)—It is requested that Item 0530-001-9745 be increased by \$3,794,000 to provide project management services for the design, development, implementation, and operation and maintenance for the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) project. The increase reflects changes in state/program partner personnel costs, negotiated service center costs, and expanded system costs for CalHEERS.

The effect of my requested action is reflected on the attachment.

MAY 14 2013

-2-

If you have any questions or need additional information regarding this matter, please call Teresa Calvert, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Bill Monning, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Holly Mitchell, Chair, Assembly Budget Subcommittee No. 1
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, California Health and Human Services Agency
Ms. Ginni Bella, Assistant Secretary, California Health and Human Services Agency
Ms. Debbie Rose, Director, Office of Systems Integration
Ms. Alicia Bugarin, Chief Financial Officer, Office of Systems Integration
Ms. Monica Flowers, Budget Bureau Chief, Department of Social Services



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Honorable Mark Leno, Chair
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Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items and Reimbursements, Support and Local Assistance, Office of Statewide Health Planning and Development

California Endowment Grant (Issues 303 and 305)—It is requested that the Health Professions Education Fund (Health and Safety Code section 128355) be increased by \$14 million and that Item 4140-001-0121 be amended to reflect this change. It is also requested that Item 4140-101-0001 be amended by increasing reimbursements by \$7 million. The Office of Statewide Health Planning and Development received notification in March 2013 of a \$52 million grant award from the California Endowment. Of the total award, \$31 million will fund health profession scholarships and loan repayments. The remaining \$21 million will provide funding to health professional training institutions. The grant award will be disbursed over a three-year period beginning in fiscal year 2013-14.

Mental Health Workforce, Education, and Training (Issues 304 and 306)—It is requested that Item 4140-001-3085 be increased by \$330,000 and that Item 4140-001-0121 be amended to reflect this change. It is also requested that Item 4140-101-3085 be increased by \$7,509,000 and that Item 4140-101-0001 be amended to reflect this change. This increased funding will support Mental Health Workforce, education, and training programs, including various scholarship and loan repayment programs for health professionals in mental health fields committed to working for underserved populations, which is consistent with the requirements of the Mental Health Services Act of 2004.

The effect of my requested action is reflected on the attachment.

MAY 14 2013

If you have any questions or need additional information regarding this matter, please call John Silva, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Kiyomi Burchill, Assistant Secretary, Health and Human Services Agency
Ms. Karen Miskanis, Deputy Director, Administrative Services Division, Office of Statewide Health Planning and Development
Ms. Pattye Nelson, Budget Manager, Office of Statewide Health Planning and Development
Mr. James Cortes, Budget Officer, Office of Statewide Health Planning and Development



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 4150-001-0933 and Reimbursements, Support,
Department of Managed Health Care**

Medi-Cal Managed Care Rural Expansion Supplemental (Issue 501)—It is requested that Item 4150-001-0933 and reimbursements each be increased by \$149,000 to address workload associated with the Department of Managed Health Care's (DMHC) oversight of Medi-Cal managed care expansion into 26 rural counties. This funding will support 0.8 position (two-year limited-term) and consulting contracts that will enable the DMHC to perform medical surveys on three additional health plans. This request will augment the original proposal included in the Governor's Budget, which assumed two health plans would participate in the expansion. Subsequently, the DMHC learned the Department of Health Care Services plans to contract with three additional health plans for a total of five.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Yang Lee, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Ms. Katie Johnson, Assistant Secretary, Health and Human Services Agency
Ms. Debbie McKinney, Deputy Director, Department of Managed Health Care



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 4170-101-0001 and 4170-101-0890, Local Assistance,
Department of Aging**

Health Insurance Counseling Program (Issue 500)—It is requested that Item 4170-101-0890 be increased by \$660,000 and that Item 4170-101-0001 be amended to reflect this change. The federal Centers for Medicare and Medicaid Services will award a one-time \$1 million grant to the Department of Aging to provide training for Health Insurance Counseling Program staff and one-on-one dual-eligibility health insurance counseling. The adjustments reflect the estimated fiscal year 2013-14 grant expenditures. The remaining funding will be expended in 2014-15.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Silva, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Ms. Kiyomi Burchill, Assistant Secretary, Health and Human Services Agency
Ms. Lora Connolly, Director, Department of Aging
Ms. Diane Paulsen, Acting Deputy Director, Department of Aging



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support and Local Assistance, Department of Health Care Services—Medi-Cal and Family Health

State Operations

Implementation of Federal Health Care Reform (Issue 010)—It is requested that Item 4260-001-0001 be increased by \$893,000 and Item 4260-001-0890 be increased by \$1,429,000 to continue implementation of and maintain compliance with requirements under the Affordable Care Act (ACA). The funding will continue to support 21 existing limited-term positions.

Breast and Cervical Cancer Treatment Program (Issue 006)—It is requested that Item 4260-001-0001 be increased by \$185,000 and Item 4260-001-0890 be increased by \$184,000 to address workload associated with eligibility determinations for the Breast and Cervical Cancer Treatment Program. This funding will support 6 limited-term positions, scheduled to expire on December 31, 2013, for an additional year.

Federal Authority for DHCS Mental Health Services: Technical Adjustment (Issues 008 and 108)—It is requested that Item 4260-001-0890 be decreased by \$515,000 and that Item 4260-001-0001 be amended to reflect this change, and Item 4260-115-0890 be increased by \$2,004,000 to align fund authority in the Governor's Budget with the actual amount of grant funding received from the federal Substance Abuse and Mental Health Services Administration (SAMHSA) for mental health programs. This is a technical adjustment. The current authority in the Governor's Budget is inconsistent with actual grant funding levels.

Garrett Lee Smith Memorial Act Supplemental Grant (Issue 009)—It is requested that Item 4260-001-0890 be increased by \$928,000 and that Item 4260-001-0001 be amended to reflect this change. Additional federal authority is required to accept a three-year grant from the federal SAMHSA for the Lesbian, Gay, Bisexual, Transgender, and Questioning (LGBTQ) Youth Suicide Prevention Project. The grant provides \$479,000 in fiscal year 2012-13, \$449,000 in 2013-14, and \$450,000 in 2014-15 for prevention, educational, and training resources in high schools to prevent suicide among LGBTQ youth. Due to startup delays, the 2012-13 funds were unspent. However, the SAMHSA has approved the rollover of these funds to 2013-14 for a combined total of \$928,000.

Local Assistance

The average monthly caseload for 2013-14 is projected to be 9,410,867, which represents an increase of 738,867 beneficiaries from the estimate of 8,672,000 reflected in the Governor's Budget. Total Medi-Cal expenditures for 2012-13 are projected to be \$54,994,056,000 (\$14,928,757,000 General Fund), which is a decrease of \$5,052,309,000 from the Governor's Budget. While total expenditures have decreased, the General Fund portion of total expenditures has increased by \$31,665,000 from the Governor's Budget.

Current Year Operating Shortfall—In addition to these changes, the Medi-Cal program expects to exhaust available resources prior to the close of the current fiscal year. The DHCS will seek a supplemental appropriation to fund the cost increases resulting from various erosions to prior savings proposals due to decisions made by the federal government and the courts. Until supplemental funding is provided, the DHCS will utilize the loan authorized by Government Code section 16531.1 to make payments to various Medi-Cal providers. The current shortfall is estimated to be approximately \$482.9 million.

May 2013 Medi-Cal Estimate (Issue 200)—It is requested that the adjustments noted below be made to the following items to reflect a variety of caseload and cost changes not highlighted in the other Medi-Cal issues included in this letter:

- Item 4260-101-0001 be increased by \$579,114,000 and reimbursements be decreased by \$907,993,000
- Item 4260-101-0236 be decreased by \$30,000
- Item 4260-101-0890 be increased by \$4,353,324,000
- Item 4260-101-3168 be increased by \$1,419,000
- Item 4260-101-3213 be increased by \$436,646,000
- Item 4260-104-0001 be increased by \$3,531,000
- Item 4260-105-0001 be decreased by \$29,140,000
- Item 4260-106-0890 be decreased by \$8,202,000
- Item 4260-107-0890 be decreased by \$164,000
- Item 4260-113-0001 be increased by \$28,086,000
- Item 4260-113-0890 be increased by \$41,275,000
- Item 4260-117-0001 be increased by \$2,317,000
- Item 4260-117-0890 be increased by \$4,709,000

Transferring the Remaining Access for Infants and Mothers (AIM)-Linked Infants to DHCS (Issue 216)—It is requested that Item 4260-113-0001 be increased by \$11,675,000 and Item 4260-113-0890 be increased by \$21,681,000. This adjustment reflects the transition of AIM-linked infants from 250 percent to 300 percent of the federal poverty level (FPL) from the Managed Risk Medical Insurance Board (MRMIB) to the DHCS. Children born to women in the AIM program, whose income is up to 300 percent of the FPL, are eligible for health, dental, and vision services for the first two years. AIM-linked infants whose mothers have incomes up to 250 percent of the FPL are scheduled to transition to Medi-Cal beginning on August 1, 2013, as part of the HFP to Medi-Cal transition. The Administration proposes to transfer the remaining AIM-linked infants between 250 percent to 300 percent of the FPL to the DHCS on October 1, 2013. See Item 4280-101-0001, Issue 107, for related language proposed in the MRMIB budget.

Program Savings

Stable Enrollment (Issue 213)—It is requested that Item 4260-101-0001 be decreased by \$2,563,000 and Item 4260-101-0890 be decreased by \$2,564,000 due to an increase in the savings anticipated from implementing a stable enrollment plan for Medi-Cal managed care beneficiaries.

Extension of Gross Premiums Insurance Tax on Medi-Cal Managed Care Plans (Issue 214)—It is requested that Item 4260-101-0001 be increased by \$188,915,000 to reflect the updated value of Gross Premiums Tax funding for children's health care services.

Medi-Cal Managed Care Organization Tax (Issue 215)—It is requested that Item 4260-101-0001 be decreased by \$304,565,000 to reflect a tax on managed care plans equivalent to the state sales tax rate that will provide funding for children's health care services in the Medi-Cal program.

Managed Care Efficiencies (Issue 216)—It is requested that Item 4260-101-0001 and Item 4260-101-0890 both be increased by \$134,641,000. The increase is due to the inability to implement managed care efficiencies that would produce actuarially-sound savings.

Family Health

California Children's Services (CCS), Child Health and Disability Prevention Program (CHDP), and Genetically Handicapped Person's Program (GHPP) (Issue 211)—It is requested that Item 4260-111-0001 be decreased by \$92,870,000, Item 4260-111-0080 be increased by \$2,000, Item 4260-111-0890 be decreased by \$7,512,000, and reimbursements be decreased by \$1,282,000. These changes reflect revised expenditure estimates in the CCS program, the CHDP program, and the GHPP program based on: (1) revised caseload estimates, (2) the use of federal Safety Net Care Pool funding and medical rebate funding to offset General Fund, and (3) various changes in program expenditures. Caseload projections are estimated to be 20,062 for CCS (a 44.6 percent decrease over the revised current year forecast), 26,547 for CHDP (a 12.7 percent increase over the revised current year forecast), and 944 for GHPP (a 4.9 percent increase over the revised current year forecast).

Every Woman Counts Program (Issue 211)—It is requested that Item 4260-114-0001 be increased by \$7,338,000. This change, reflected in the Every Woman Counts (EWC) program, is due to a correction in methodology from the November Estimate and increased case management reimbursements associated with dense breast tissue notifications required by Chapter 458, Statutes of 2012. Caseload projections are estimated to be 313,548 for EWC (a 3.9 percent increase over the revised current year forecast).

Trailer Bill

Co-Payment Prohibition on Preventative Services and Adult Vaccines—This proposal would amend Welfare and Institutions Code to exempt preventive services and adult vaccines from copayment or cost sharing. The ACA enables states to receive a 1 percent increase in the federal medical assistance percentage effective January 1, 2013, for providing preventive services and adult vaccines. Federal law requires these services be provided without any beneficiary cost sharing for the state to receive an increased federal match for these services.

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Elimination of Sunset Date for Specialty Provider Contracting—This proposal would eliminate the July 1, 2013, sunset date associated with Welfare and Institutions Code section 14105.3 that allows DHCS to enter into contracts with providers who distribute and provide care for specialty drugs and services.

Long Term Care Quality Assurance Fund—This proposal would make the funds held in the Long Term Care Quality Assurance Fund borrowable for General Fund cash flow purposes.

Coordinated Care Initiative—This proposal would make changes to Chapter 33, Statutes of 2012 (SB 1008) to adjust for revised project timelines. Due to readiness review activities and a memorandum of understanding with the federal government, implementation will begin no sooner than January 2014.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Adam Dorsey, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

-5-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
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Honorable Mike Gatto, Chair, Assembly Appropriations Committee
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Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, California Health and Human Services Agency
Ms. Katie Johnson, Associate Secretary, California Health and Human Services Agency
Mr. Robert Ducay, Assistant Secretary, California Health and Human Services Agency
Mr. Bob Sands, Chief, Fiscal Forecasting and Data Management Branch, Department of
Health Care Services
Ms. Lindy Harrington, Chief, Financial Management Branch, Department of Health Care
Services
Ms. Kathleen Dong, Budget Officer, Department of Health Care Services



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items, Local Assistance, Department of Health Care Services, Related to Federal Health Care Reform

Affordable Care Act Optional Expansion Estimate (Issue 545)—It is requested that Item 4260-101-0001 be increased by \$20,954,000 and Item 4260-101-0890 be increased by \$1,479,244,000. The requested adjustments will reflect the estimated expenditures related to implementing the optional Medicaid expansion under the federal Affordable Care Act (ACA). The ACA provides—at state option—a Medicaid expansion to adults with incomes up to 138 percent of the federal poverty level. The optional Medicaid expansion will be funded by 100 percent federal funds for the first three years, beginning January 1, 2014. Federal financial participation will decrease starting in 2017 and reach 90 percent in 2020.

Health Care Reform Implementation (Issue 500)—The May Revision reflects an estimated \$300 million currently spent by counties on medically indigent adults, who will access coverage through the Medi-Cal expansion, will be redirected to fund human services programs. The actual amount of savings shifted will be determined by a mechanism based on each county's experience.

Affordable Care Act Mandatory Expansion Updated Estimate (Issue 544)—It is requested that Item 4260-101-0001 be decreased by \$8,180,000. The requested adjustment will reflect a decrease in the estimated expenditures related to implementing the mandatory Medicaid expansion under the federal ACA.

It is also requested that Item 4260-113-0001 be increased by \$6,231,000 and Item 4260-113-0890 be increased by \$11,571,000 to reflect the costs of the mandatory Medicaid expansion related to the Healthy Families Program.

Technical Change to Shift Health Care Reform Mandatory Expansion Placeholder to a Budget Act Item (Issue 555)—It is requested that Item 4260-101-0001 be increased by \$350 million and Item 4260-101-0890 be increased by \$338,429,000. The Governor's Budget included \$350 million General Fund and \$350 million federal funds in non-Budget Act items as placeholders for the cost of the mandatory expansion, which was revised in an April 1 Finance Letter. The April 1 Finance Letter requested a decrease of \$161,269,000 in Item 4260-101-0001 and a decrease of \$133,123,00 in Item 4260-101-0890 to reflect the

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revised estimate of mandatory expansion costs of \$188,731,000 General Fund and \$216,877,000 federal funds. This request will transfer the General Fund and federal funds placeholder from a non-Budget Act item to the Budget Act to ensure that sufficient funds are included in the Budget Act for the costs of the mandatory expansion; the transfer of the remaining \$11,571,000 federal funds placeholder is reflected in Issue 544 for the mandatory expansion costs related to the Healthy Families Program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ellen Moratti, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

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Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support and Local Assistance, Department of Public Health

State Operations

May Revision Estimate—Licensing and Certification Program (Issue 502)—It is requested that Item 4265-001-0260 be decreased by \$342,000, Item 4265-001-3098 be increased by \$342,000, and that Item 4265-001-0001 be amended to reflect these changes. These adjustments reflect the requirements of Chapter 672, Statutes of 2012 that abolished the Nursing Home Administrator's State License Examining Fund and shifted expenditures to the State Department of Public Health (DPH) Licensing and Certification Program Fund. The Licensing and Certification Program is also proposing an increase of 21.3 positions. These positions will be supported with existing budget resources, and will assist with the state survey workload.

Local Assistance

May Revision Estimate—Genetic Disease Screening Program (Issue 504)—It is requested that Item 4265-111-0203 be decreased by \$2,000 and that Item 4265-111-0001 be amended to reflect this change. The reduction is necessary to reflect a rate increase for contracted laboratories, offset by lower costs to provide follow-up services in the Prenatal Screening Program.

May Revision Estimate—Women, Infants, and Children (WIC) Program (Issue 505)—It is requested that Item 4265-111-0890 be decreased by \$62,072,000, Item 4265-111-3023 be increased by \$5 million, and that Item 4265-111-0001 be amended to reflect this change. The decreased federal fund authority reflects current agreements between the DPH and the U.S. Department of Agriculture on the Maximum Allowable Departmental Reimbursement rates. The increased WIC Rebate Fund authority reflects additional revenues available due to higher rebates received for infant formula.

May Revision Estimate—AIDS Drug Assistance Program (ADAP) (Issue 506)—It is requested that Item 4265-111-0890 be decreased by \$26,038,000 and that Item 4265-111-0001 be amended to reflect this change. It is further requested that ADAP Rebate Fund expenditures be decreased by \$20,349,000. Major adjustments to the ADAP include reductions in program expenditures primarily due to implementation of the Affordable Care Act.

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The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Brandon Nunes, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

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Ms. Kiyomi Burchill, Assistant Secretary, Health and Human Services Agency
Ms. Kathleen Billingsley, Chief Deputy Director, Policy and Programs, Department of Public Health
Mr. Daniel Kim, Chief Deputy Director, Operations, Department of Public Health
Mr. Alan Lum, Deputy Director, Administration Division, Department of Public Health
Mr. David Cornejo, Branch Chief, Financial Management, Department of Public Health



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Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Local Assistance, Managed Risk Medical Insurance Board

Healthy Families Program Caseload Update (Issue 104)—It is requested that Item 4280-101-0001 be increased by \$8,964,000, Item 4280-101-0890 be increased by \$16,645,000, Item 4280-102-0001 be decreased by \$2,216,000, Item 4280-102-0890 be decreased by \$5,979,000, and reimbursements be decreased by \$7,715,000. The net impact of these changes is a \$6,748,000 increase in General Fund. These adjustments are the net result of increased enrollment months for infants linked to the Access for Infants and Mothers (AIM) program, the transfer of Single Point of Entry related costs to the Department of Health Care Services (DHCS), and increased Healthy Families Program (HFP) administrative vendor costs.

Access for Infants and Mothers Program Caseload Update (Issue 105)—It is requested that Item 4280-101-0890 be increased by \$2,258,000 and that Item 4280-101-0001 be amended to reflect this change. This adjustment reflects the net effect of a decrease in estimated caseload, an increase in administrative vendor costs, an increase in capitation and lump-sum birth event and post-partum rates, and an increase in costs associated with covering beneficiaries under a single statewide health care service plan.

County Health Initiative Matching Fund Caseload Update (Issue 106)—It is requested that Item 4280-103-3055 be increased by \$45,000 and Item 4280-103-0890 be increased by \$88,000. This change is due to a slight increase in projected enrollment. This county funded program allows the use of matching federal dollars to provide health coverage for children between 250 percent and 400 percent of the federal poverty level (FPL) and who otherwise meet federal eligibility qualifications.

Transferring the Remaining AIM-Linked Infants to DHCS (Issue 107)—It is requested that Item 4280-101-0001 be decreased by \$11,675,000 and Item 4280-101-0890 be decreased by \$21,681,000. This adjustment reflects the transition of AIM-linked infants from 250 to 300 percent of the FPL from the Managed Risk Medical Insurance Board to the DHCS. Children born to women in the AIM program whose income is up to 300 percent of the FPL are eligible for health, dental, and vision services for the first two years. AIM-linked infants, whose mothers have incomes up to 250 percent of the FPL, are scheduled to transition to Medi-Cal beginning on August 1, 2013. The Administration proposes to transfer the remaining AIM-linked infants between 250 to 300 percent of the FPL to the DHCS on October 1, 2013. See Item 4260-113-0001, Issue 216, for related language proposed in the DHCS budget.

Gross Premiums Tax on Medi-Cal Managed Care Plans (Issue 108)—It is requested that Item 4280-101-0001 be increased by \$4,918,000, Item 4280-101-3156 be decreased by \$4,918,000, Item 4280-102-0001 be increased by \$294,000, and Item 4280-102-3156 be decreased by \$294,000. The May Revision proposes to retroactively reauthorize the gross premiums tax on Medi-Cal managed care plans for 2012-13 only, resulting in General Fund savings of \$166,398,000. The May Revision reflects \$128,102,000 of the savings in the HFP budget in 2012-13 and \$38,296,000 in the Medi-Cal budget in 2013-14.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Yang Lee, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
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Attention: Mr. Seren Taylor, Staff Director
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Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Mr. Robert Ducay, Assistant Secretary, Health and Human Services Agency
Ms. Janette Casillas, Executive Director, Managed Risk Medical Insurance Board
Ms. Teresa Krum, Chief Deputy Director, Managed Risk Medical Insurance Board
Mr. Tony Lee, Deputy Director, Managed Risk Medical Insurance Board



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to and Addition of Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Developmental Services

Developmental Centers

Workload Adjustments (Issues 507, 509, and 510)—It is requested that Item 4300-003-0001 be increased by \$903,000 and reimbursements be increased by \$486,000. It is also requested that Item 4300-004-0001 be increased by \$43,000 and reimbursements be increased by \$20,000. These changes reflect adjustments in Level-of-Care and Non-Level-of-Care Staffing.

Sonoma Developmental Center Decertification Backfill (Issue 511)—It is requested that Item 4300-003-0001 be increased by \$15,707,000 and reimbursements be decreased by \$15,707,000 to backfill the loss of federal funding as a result of the withdrawal of four Intermediate Care Facility units at Sonoma Developmental Center from federal certification.

Sonoma Developmental Center Program Improvement Plan (Issue 200)—It is requested that Item 4300-003-0001 be increased by \$1,718,000 and reimbursements be increased by \$736,000 for costs associated with the contract for Independent Consultative Review Experts as required by the Sonoma Developmental Center Program Improvement Plan.

Sonoma Developmental Center Program Improvement Plan: Action Plan (Issue 504)—It is requested that provisional language be added to Item 4300-003-0001 to authorize up to \$10 million General Fund to address costs necessary to implement the Action Plan developed in accordance with the Program Improvement Plan for the Sonoma Developmental Center (see Attachment I).

Extend Liquidation Period for Prior Year Appropriation (Issue 505)—It is requested that Item 4300-492 be added to provide for a one-year extension of the liquidation period for funds appropriated in Item 4300-003-0001, Budget Act of 2010, to achieve approved General Fund savings targets (see Attachment I). The Department of Developmental Services is in the process of completing two special repair contracts at the Sonoma Development Center; however, the project will not be complete prior to the June 30, 2013 reversion date for this funding. Both projects are estimated to be completed in August 2013.

MAY 14 2013

Regional Centers

Workload Adjustments (Issues 512, 513, 514, and 518)—It is requested that Item 4300-101-0001 be increased by \$7.7 million and reimbursements be increased by \$25,974,000 to reflect adjustments in caseload, Intermediate Care Facility/Developmentally Disabled (ICD/DD) operational costs, and the delayed inclusion of developmental services in the 1915 (k) State Plan Amendment.

Governor's Budget Provider Payment Restoration Adjustment (Issues 516 and 517)—It is requested that Item 4300-101-0001 be increased by \$294,000 and reimbursements be increased by \$183,000 to reflect adjustments for the operations and provider payments restoration included at Governor's Budget.

Title XX Sequester Backfill (Issue 499)—It is requested that Item 4300-101-0001 be increased by \$11,869,000 and reimbursements be decreased by \$11,869,000 to backfill the estimated loss of federal funding resulting from the Title XX Block Grant for Social Services and Elder Care.

Quality Assurance Fees (Issues 515)—It is requested that Item 4300-101-0001 be amended by increasing reimbursements by \$414,000 to reflect updated day treatment and transportation costs for ICF/DD residents.

Early Start Part C Grant Purchase of Services Adjustment (Issue 506)—It is requested that Item 4300-101-0001 be increased by \$613,000 to reflect the estimated loss of funding resulting from a federal grant reduction.

Annual Family Program Fee Adjustment (Issue 501)—It is requested that Item 4300-101-0001 be increased by \$3,297,000 and Item 4300-101-0172 be decreased by \$3,297,000. This adjustment reflects a revised estimate of fees to be collected.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Carla Castañeda, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency
Ms. Terri Delgadillo, Director, Department of Developmental Services
Mr. Mark Hutchinson, Chief Deputy Director, Department of Developmental Services
Ms. Jean Johnson, Deputy Director, Administrative Services, Department of Developmental Services
Ms. Kimberlee Handren, Developmental Center Budget Officer, Department of Developmental Services
Ms. Debra Jones, Regional Center Budget Officer, Department of Developmental Services

MAY 14 2013

Attachment I

Addition of Provision to Budget Bill Item 4300-003-0001:

Provision:

- X. Notwithstanding any other provision of law, the Department of Finance may authorize expenditures for the State Department of Developmental Services up to \$10,000,000 of funding available in this item to address costs necessary to implement the Action Plan developed in accordance with the Program Improvement Plan for the Sonoma Developmental Center. Within 10 working days, the Department of Finance shall notify the Legislature of the expenditures to be authorized.

Addition of Budget Bill Item 4300-492:

- 4300-492—Reappropriation, Department of Developmental Services. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations are extended to June 30, 2014:
 - 0001—General Fund
 - (1) Item 4300-003-0001, Budget Act of 2010 (Ch. 712, Stats. 2010)



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 4440-011-0001 and Reimbursements, and Addition of Budget Bill Item 4440-490, Support, Department of State Hospitals

Patient Management and Bed Utilization Budget Change Proposal (Issue 003)—It is requested that Item 4440-011-0001 be increased by \$1,804,000 to support 18 positions to establish a Patient Management Unit dedicated to managing patient bed needs to maximize utilization within state hospitals. This unit will provide more appropriate patient-security level placement, reduce wait lists by identifying available alternative placements, and provide a centralized patient population data repository to track patient referrals, transfers, wait lists, rejections, and demographics.

Activate Additional Intermediate Care and Acute Units (Issue 004)—It is requested that Item 4440-011-0001 be increased by \$16,003,000 and reimbursements be increased by \$6,069,000 to support 173 positions to reflect the activation of four new units and the conversion of one unit at three state hospitals to address the steady increase in wait list numbers for Incompetent to Stand Trial and Mentally Disordered Offender (MDO) commitments. This request will increase treatment capacity by 155 beds.

Vacaville/Salinas Valley Psychiatric Facilities Staff Reductions (Issue 005)—It is requested that Item 4440-011-0001 be decreased by \$22,584,000 and 164.2 positions to reflect the half-year staff reductions at the Vacaville (VPP) and Salinas Valley Psychiatric (SVPP) Programs associated with the migration of 450 beds to the newly-constructed California Health Care Facility (CHCF) in Stockton. The transition is scheduled to begin in July 2013 and be completed in December 2013.

Retain Positions for Staffing Ratio Standards at VPP and SVPP (Issues 009 and 010)—It is requested that Item 4440-011-0001 be increased by \$8,352,000 to support 116.8 positions retained from the reduction proposed in Issue 005. It is necessary to retain these positions to ensure adequate treatment is available to the remaining patients at VPP and SVPP. The additional staffing resources proposed for the remaining beds is expected to improve treatment and reduce the increasing average length of stay in the psychiatric programs.

Continued Activation of the CHCF (Issue 008)—It is requested that Item 4440-011-0001 be increased by \$4,228,000 to support 44.3 positions to adjust relief factors for staff at CHCF consistent with existing hospital standards, and ensure staffing ratios are maintained to provide appropriate treatment, similar to Issues 009 and 010.

Transfer Positions for Centralized Administration (Issue 006)—It is requested that funding and 19 authorized positions be transferred from the psychiatric programs to headquarters to perform centralized administrative tasks such as financial services, human resources, and risk management. There is no fiscal impact associated with the proposed transfer.

Convert Contract Positions to Civil Service Positions (Issue 007)—It is requested that 22 permanent positions be authorized and funded by shifting existing contract dollars from Operating Expenses and Equipment to Personal Services for a net zero dollar change to Item 4440-011-0001. The transfer of external contract funding from the Sex Offender Commitment Program and the MDO program will allow the programs to hire civil service psychologist positions to meet the current workload, and comply with Government Code section 19130(b)(3).

Reappropriate Funding for Personal Duress Alarm System Projects (PDAS) (Issue 011)—It is requested that Item 4440-490 be added to reappropriate the unencumbered balance of 2012-13 funds to 2013-14 to align expenditure authority with deliverables and ensure successful completion of the PDAS project (see Attachment 1). Because of initial rollout delays with the system at Napa State Hospital, the implementation of the system upgrade at Metropolitan and Patton was delayed in the current year, resulting in some expenditures shifting to the budget year. The 2012 Budget Act included \$22.8 million General Fund to implement the PDAS at the Metropolitan and Patton State Hospitals. The Department of State Hospitals plans to fully encumber unspent funds in 2013-14.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Carla Castaneda, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: On following Page

MAY 14 2013

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency
Mr. Cliff Allenby, Interim Director, Department of State Hospitals
Ms. Kathryn Radtkey-Gaither, Chief Deputy Director, Department of State Hospitals
Mr. Mark Beckley, Deputy Director, Administration, Department of State Hospitals
Ms. Irene Briggs, Chief Financial Officer, Financial Services, Department of State Hospitals
Ms. Christina Edens, Chief, Fiscal Planning, Department of State Hospitals
Mr. Michael Boyer, Budget Officer, Administration, Department of State Hospitals

MAY 14 2013

Attachment 1

4440-490—Reappropriation, Department of State Hospitals.
The balances of the amount appropriated in Provision 12 of
Item 4440-011-0001, Budget Act of 2012 (Ch. 21, Stats.
2012) shall be available for encumbrance or expenditure
until June 30, 2014.



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 4560-001-3085, Support, Mental Health Services Oversight and Accountability Commission

Proposition 63 Funding Master Plan (Issue 001)—It is requested that Schedule (1) of Item 4560-001-3085 be increased by \$947,000 to support 6 positions and begin implementation of the Mental Health Services Act Evaluation Master Plan. Current law authorizes the Mental Health Services Oversight and Accountability Commission (MHSOAC), in collaboration with the Department of Health Care Services, the California Mental Health Planning Council, and the California Mental Health Directors Association, to jointly design a comprehensive research and evaluation plan to evaluate client outcomes in the community-based mental health system. The Evaluation Master Plan was approved by MHSOAC on March 28, 2013. This request will fund the initial costs of the 5-year Evaluation Master Plan beginning in fiscal year 2013-14, which includes: (1) seven steps to maintain and upgrade the performance monitoring system, (2) ten evaluation studies, and (3) eight developmental and exploratory work efforts. The total estimated costs for the additional contracts reflected in the 5-year plan are approximately \$5.9 million.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Carla Castañeda, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Sherri Gauger, Director, Mental Health Services Oversight and Accountability Commission
Mr. Aaron Carruthers, Chief Deputy Executive Director, Mental Health Services Oversight and
Accountability Commission
Mr. Eugene Louie, Budget Officer, Contract Services, Department of General Services



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 5160-001-0001 and 5160-001-0890, Support, Department of Rehabilitation

Client Assistance Program (Issue 500)—It is requested that Item 5160-001-0890 be decreased by \$909,000 and that Item 5160-001-0001 be amended to reflect this change. This adjustment reflects the transfer of responsibilities of administering the federally-funded Client Assistance Program from the Department of Rehabilitation to Disability Rights California (DRC). Designating DRC as the grant recipient will reduce program administrative costs by an estimated \$198,000 annually, allowing additional funding to become available for direct services. The amount of the requested decrease represents nine months of the federal grant period beginning October 1, 2013. The total federal fiscal year 2013 grant award is \$1.2 million.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Silva, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Mr. Kristopher Kent, Assistant Secretary, Health and Human Services Agency
Mr. Tony Sauer, Director, Department of Rehabilitation
Ms. Theresa Correale, Chief, Financial Management Branch, Department of Rehabilitation
Mr. Armel Bischo, Budget Manager, Department of Rehabilitation



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 5175-101-0001 and 5175-101-0890, Local Assistance,
Department of Child Support Services**

**Department of Child Support Services Enrollment Caseload Population Estimate
(Issue 500)**—It is requested that Item 5175-101-0001 be decreased by \$276,000 and
Item 5175-101-0890 be increased by \$276,000. The requested adjustments include a \$276,000
General Fund decrease and an offsetting \$276,000 Federal Trust Fund increase, to display a
projected increase in Federal Performance Basic Incentive Funds.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call
John Silva, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

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Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Health and Human Services Agency
Ms. Ginni Bella Navarre, Assistant Secretary, Health and Human Services Agency
Ms. Kathleen Hrepich, Interim Director, Department of Child Support Services
Ms. Linda Adams, Deputy Director of Administration, Department of Child Support Services
Ms. Leisa Maestretti, Chief Financial Officer, Department of Child Support Services



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items and Reimbursements, Support and Local Assistance, Department of Social Services

It is requested that the following items for the Department of Social Services (DSS) be amended to reflect a net increase of \$8,507,000. This increase is comprised of an increase of \$70,520,000 reimbursements, offset by decreases of \$50,257,000 General Fund, \$11,259,000 Federal Trust Fund, and \$497,000 Child Support Collections Recovery Fund.

State Operations

An increase of \$690,000 (increases of \$568,000 reimbursements and \$158,000 General Fund, offset by a decrease of \$36,000 Federal Trust Fund) is requested.

Items 5180-001-0001, 5180-001-0279, and 5180-001-0890 and Reimbursements

Human Services and Affordable Care Act Implementation—Issue 380

An increase of \$379,000 reimbursements is requested to support 2 new limited-term positions (expiring June 30, 2015) and 1 existing position to analyze social services program impacts associated with federal health care reform.

Coordinated Care Initiative: Statewide Authority—Issue 385

An increase of \$518,000 (\$259,000 General Fund and \$259,000 reimbursements) is requested to support the creation and implementation of the Statewide Authority, the entity required to assume In-Home Supportive Services (IHSS) provider collective bargaining responsibilities from counties that transition IHSS benefits to managed care plans under the Coordinated Care Initiative (CCI) demonstration project. This request includes 4 positions to implement and support the CCI's Statewide Authority and Statewide Advisory Committee.

Withdrawal of Resource Family Approval Project Proposal—Issue 401

A decrease of \$207,000 (\$101,000 General Fund, \$36,000 Federal Trust Fund, and \$70,000 reimbursements) and 2 positions to withdraw the Governor's Budget request for Resource Family Approval Project resources. The proposal assumed a portion of the costs would be funded with 2011 Local Revenue Fund. However, it was subsequently determined

that those funds would not be made available to support project efforts. The project would have implemented the consolidation of three separate approval processes into a single comprehensive approval process for foster parents, adoptive parents, and relative caregivers. Related trailer bill language is also proposed to suspend the project.

Budget Bill Language: Community Care Title Licensing Title XX Reduction—Issue 402

It is requested that provisional language be added to Item 5180-001-0279 that authorizes up to \$2,149,000 Child Health and Safety Fund (CHSF) for the Community Care Licensing (CCL) program to backfill a reduction in the Social Services Block Grant (Title XX) related to federal sequestration. Sufficient reserves are available in the CHSF to backfill the CCL Title XX reduction on a one-time basis. Suggested Budget Bill language is attached (see Attachment 1).

Local Assistance

Local assistance expenditures for the DSS are estimated to increase by a net amount of \$7,817,000. This is comprised of an increase of \$69,952,000 reimbursements, offset by a decrease of \$50,415,000 General Fund, \$11,223,000 Federal Trust Fund, and \$497,000 Child Support Collections Recovery Fund.

May Revision Caseload Adjustments

The May Revision proposes a net decrease of \$324,841,000 (decreases of \$123,617,000 General Fund, \$497,000 Child Support Collections Recovery Fund, and \$212,555,000 reimbursements, offset by an increase of \$11,828,000 Federal Trust Fund), due to the impact of caseload and workload changes since the Governor's Budget, as displayed in the following table:

Program	Item	Change from Governor's Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	-\$96,069,000
	5180-101-0890	\$60,074,000
	5180-601-0995	-\$83,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	-\$30,404,000
In-Home Supportive Services (IHSS)	5180-111-0001	\$24,374,000
	5180-611-0995	-\$237,259,000
Other Assistance Payments	5180-101-0001	-\$8,065,000
	5180-101-0890	\$171,000
	5180-601-0995	\$14,000
County Administration and Automation Projects	5180-141-0001	-\$13,270,000
	5180-141-0890	-\$26,495,000
	5180-641-0995	\$27,312,000
Community Care Licensing	5180-151-0001	-\$1,102,000
	5180-151-0890	-\$45,000

Program	Item	Change from Governor's Budget
Realigned Programs		
Adoption Assistance Program	5180-101-0890	-\$1,534,000
Foster Care	5180-101-0890	-\$15,876,000
	5180-101-8004	-\$497,000
	5180-141-0890	\$437,000
Child Welfare Services (CWS)	5180-151-0001	\$904,000
	5180-151-0890	-\$4,920,000
	5180-651-0995	\$76,000
Title IV-E Waiver	5180-153-0001	\$15,000
	5180-153-0890	\$16,000
Adult Protective Services	5180-651-0995	-\$2,615,000

Item 5180-101-0001**Temporary Assistance for Needy Families Transfer to California Student Aid Commission—Issue 314**

A decrease of \$18,696,000 General Fund is requested to reflect a projected decrease in the amount of eligible Temporary Assistance for Needy Families (TANF) block grant expenditures within the Cal Grant program. A corresponding increase of \$18,696,000 General Fund is reflected in the California Student Aid Commission budget (see Item 7980-101-0001, Issue 018).

CalWORKs Early Engagement Redesign—Issue 340

An increase of \$47,707,000 General Fund is requested to improve the early engagement process and expand subsidized employment opportunities for CalWORKs Welfare-to-Work participants. The increased funding will allow counties to perform more robust appraisals to identify those services that will best benefit program participants, including family stabilization services, barrier removal, and employment services. Trailer bill language is proposed to implement an enhanced subsidized employment program that will significantly expand the number of slots available to participants (see related automation issue in Item 5180-141-0001, Issue 340).

Kinship Guardianship Assistance Payment (Kin-GAP) Caseload Adjustment—Issue 403

An increase of \$13,660,000 General Fund is requested to reflect fewer cases transferring from the state-only Kin-GAP program to the Federal Kinship Guardianship Assistance Payment program. The Governor's Budget included an estimated 45.5 percent (of total Kin-GAP caseload) would remain in state-only Kin-GAP. However, it is now estimated that 60.5 percent will remain in state-only Kin-GAP.

Item 5180-111-0001 and Reimbursements

Case Management, Information, and Payrolling System II—Issue 308

A decrease of \$23,894,000 (\$12,101,000 General Fund and \$11,793,000 reimbursements) is requested to reflect the revised project schedule for the Case Management, Information Payrolling System II. The decrease primarily reflects the project moving from the design, development, and implementation phase to the maintenance and operations phase.

There are related savings reflected in the California Health and Human Services— Office of Systems Integration budget (see Item 0530-001-9745, Issue 302).

IHSS Health Care Certification Requirement—Issue 309

An increase of \$224,282,000 (\$95,601,000 General Fund and \$128,681,000 reimbursements) is requested to reflect decreased savings from the IHSS health care certification requirement. Updated caseload data indicates more applicants are securing certification than previously assumed.

8-Percent Across-the-Board Reduction to IHSS Hours—Issue 311

A decrease of \$444,342,000 (\$176,382,000 General Fund and \$267,960,000 reimbursements) to reflect implementation of an 8-percent across-the-board reduction to IHSS recipient hours, pursuant to the settlement agreement on the *Oster* and *Dominguez* lawsuits. The 8-percent reduction will begin July 1, 2013, followed by a 1-percent restoration after 12 months (see Issue 313 below for related adjustment).

Community First Choice Option—Issue 312

A net decrease of \$15.7 million (a decrease of \$43,193,000 General Fund offset by an increase of \$27,493,000 reimbursements) is requested to reflect increased General Fund savings from the Community First Choice Option program. The increased savings is primarily attributable to a revised methodology based on average monthly hours of higher need recipients.

20-Percent Across-the-Board Reduction—Issue 313

An increase of \$461,546,000 (\$180,257,000 General Fund and \$281,289,000 reimbursements) is requested to remove savings associated with the 20-percent trigger reduction pursuant to the *Oster* and *Dominguez* settlement agreement. The 20-percent reduction is instead replaced with an 8-percent reduction (see Issue 311).

Item 5180-141-0001, Item 5180-141-0890, and Reimbursements

CalWORKs Early Engagement Redesign Automation—Issue 340

A one-time increase of \$600,000 General Fund is requested to support the necessary automation changes associated with the Early Engagement Proposal (see Item 5180-101-0001, Issue 340).

Statewide Automated Welfare System (SAWS)—Issues 341 and 342

An increase of \$76,829,000 (\$5,877,000 General Fund and \$70,952,000 reimbursements) is requested for enhanced call center functionality required to support California Healthcare Eligibility, Enrollment and Retention System (CalHEERS)/Affordable Care Act (ACA) implementation and interface development as well as implementation between the SAWS consortia and CalHEERS. The call center expansion will allow the current county infrastructure to interface with CalHEERS centralized customer service centers. Increased funding will also allow for modifications to the SAWS consortia system to allow for interfaces between CalHEERS and SAWS as required by ACA guidelines.

Los Angeles Eligibility, Automated Determination, Evaluation and Reporting Replacement System (LRS)—Issue 343

A net increase of \$10,666,000 (a decrease of \$20,128,000 General Fund and \$23,051,000 Federal Trust Fund, offset by an increase of \$53,845,000 reimbursements) is requested to reflect a full year of design, development, and implementation activities for the LRS project and enhanced federal financial participation and cost allocation relief.

Budget Bill Language: General Fund Loan Authority—Issue 345

It is requested that Provision 1 of Item 5180-141-0001 be amended to increase existing General Fund loan authority by \$13 million to effectively manage cash flow issues related to increased reimbursement payments from counties in the event there are timing delays in the receipt of reimbursements. Suggested Budget Bill language is attached (see Attachment 2).

Item 5180-151-0001**Budget Bill Language: General Fund Loan Authority—Issue 304**

It is requested that Provision 2 of Item 5180-151-0001 be amended to include reimbursement payments as an allowable use of existing General Fund loan authority within this provision. Provision 2 currently authorizes a General Fund loan up to \$50 million to cover the federal share of costs for programs when federal funds have not been received. This amendment would address cash flow problems for payments to private vendors and other departments by allowing the existing loan authority to cover delays in reimbursements from other state entities and counties (see Attachment 3).

Trailer Bill Language**Semi-Annual Reporting (SAR) in CalWORKs and CalFresh**

Trailer bill language is requested that would align CalWORKs and CalFresh reporting rules, as required in Chapter 501, Statutes of 2011 (AB 6), and allow SAR to be implemented in a manner that is consistent with federal reporting rules.

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IHSS Federal Overtime Regulations

Trailer bill language is requested to address IHSS programmatic changes that are needed to minimize the state's fiscal risk if a proposed change in federal overtime rules for IHSS providers becomes effective. The language would minimize future IHSS program impacts associated with a change in federal overtime regulations. Draft language will be forthcoming.

Group Home Moratorium for Rate Classification Levels 1 through 9

Trailer bill language is requested to extend the moratorium on group home applications for rate changes for rate classification levels 1 through 9. The moratorium was originally authorized by Chapter 47, Statutes of 2012 (SB 1041), and has been effective in increasing the types of group home programs that meet the high level needs of many foster youth. The current moratorium will sunset on June 30, 2013.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Teresa Calvert, Principal Program Budget Analyst, at (916) 445-6423.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Jim Beall, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Holly Mitchell, Chair, Assembly Budget Subcommittee No. 1
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Michael Wilkening, Undersecretary, Program and Fiscal Affairs, Health and Human
Services Agency
Ms. Ginni Bella, Assistant Secretary, Health and Human Services Agency
Ms. Pat Leary, Chief Deputy Director, Department of Social Services
Mr. Pete Cervinka, Program Deputy Director for Benefits and Services, Department of Social
Services
Ms. Fran Mueller, Deputy Director, Administration Division, Department of Social Services
Mr. Brian Dougherty, Chief, Financial Management and Contracts Branch, Department of
Social Services
Ms. Deborah Rose, Acting Director, Office of Systems Integration, Health and Human
Services Agency

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Attachment 1

Add the following provision to Item 5180-001-0279:

X. Notwithstanding any other provision of law, upon request by the State Department of Social Services, the Department of Finance may increase this appropriation up to \$2,149,000 for the purposes of continuing the health and safety efforts of the Community Care Licensing program due to reductions as a result of the enactment of Federal Sequestration.

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Attachment 2

Amend Provision 1 of Item 5180-141-0001:

"1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed ~~\$127,000,000~~ \$140,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by this state prior to the usual time ~~for transmitting that federal share to the counties of this state~~ payments for the federal or reimbursable share of costs for this state. This loan from the General Fund shall be repaid when the federal share of costs or the reimbursements for the program or programs becomes available."

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Attachment 3

Amend Provision 2 of Item 5180-151-0001:

"2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, and pursuant to Section 30029.8 of the Government Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a program or programs when the federal funds or reimbursements have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. ~~that federal share to the counties of this state. That~~ The loan from the General Fund shall be repaid when the federal or reimbursable share of costs for the program or programs becomes available."