

2011-12 STATE BUDGET UPDATE

OVERVIEW OF THE FINAL BUDGET ACT



Outline



- The Big Picture
- Repeal of AB 3632
- Transfer of DMH, ADP Medi-Cal functions to DHCS
- 2011 Public Safety Realignment
- Other health and human services budget actions of interest



The Big Picture

Budget Signed By July 15 Deadline



- On June 28, the legislature finalized action on the 2011-12 state budget
 - ▣ Majority-vote. Deal not made with Republicans for revenue or ballot initiative.
 - ▣ Main budget bill, plus approximately 8 trailer bills with policy changes.
 - ▣ Includes Governor's proposal to realign many public safety and health and human services to counties.

Final Budget Provisions

- Major reductions to education and health and human services
 - ▣ \$650 million cut each to the University of California, California State University; \$500 million cut to community colleges.
 - ▣ \$2.8 billion in deferrals to K-12 schools and community colleges
 - ▣ \$448 million unallocated reduction to Medi-Cal and Healthy Families
 - ▣ Other health & human service reductions described later in this presentation
- Increase of \$200 million in revenue from online retailer taxes (“Amazon tax”)

Final Budget Provisions, continued

- AB 100 has also reduced 2011-12 General Fund spending by \$861 million by transferring funds from the Mental Health Services Fund for mental health services.
- Additional “trigger cuts” loom if rosy revenue estimates do not materialize:
 - Balancing the budget depends on \$4 billion in increased state revenue. If not, state will enact mid-year budget cuts.
 - By December 15, 2011, Director of Finance will make a determination of whether revenues met forecasts.
 - Two tiers of trigger cuts, depending on how short the revenues are in meeting the \$4 billion forecast.

Tier One “Trigger Cuts”

Tier 1 (If State receives \$2-3 billion)	TOTAL \$529 million
UC and CSU	\$100 million each
20% reduction to IHSS hours	\$100 million
Dept. of Developmental Services	\$100 million
\$10/unit fee hike for community colleges	\$30 million
Child care	\$23 million
Department of Corrections & Rehab.	\$20 million
California State Library grants	\$16 million
Medi-Cal Managed Care Plan payments	\$15 million
Vertical Prosecution grants	\$15 million
Anti-fraud for county IHSS activities	\$10 million

Tier Two “Trigger Cuts”

Tier 2 (If State receives \$0-2 billion)	TOTAL \$1.82 billion
Reduction to K-12 schools that allows districts to drop 7 classroom days	\$1.5 billion
Elimination of school bus transportation	\$248 million
Reduction to community colleges	\$72 million

Note: If the State receives \$3-4 billion of the \$4 billion projected revenues, there will not be additional cuts. Any shortfall will be rolled into FY 2012-13.

Repeal of “AB 3632”

Schools now fully responsible for provision of mental health and residential services to special education students.

Four Major Actions on “AB 3632”



- 1) Education Trailer Bill (AB 114) permanently repeals the mandate that county mental health departments provide services to special education students.
 - Existing federal and remaining state laws make schools responsible for complying with the federal IDEA.
- 2) Main Budget Bill (SB 87) requires the \$98.6 M in MHSA funds (from AB 100) going to counties be used only for IDEA-related mental health services.
 - LEAs must contract with counties to access these funds.

Four Major Actions on “AB 3632”, cont.

- 3) Main Budget Bill (SB 87) provides LEAs with federal IDEA funds and Prop. 98 state funds to provide mental health and out-of-home residential services for emotionally disturbed pupils as required by an IEP:
 - \$249.7 million Prop 98
 - \$69 million federal IDEA
- 4) Main Budget Bill (SB 87) provides \$800,000 in federal IDEA funds to California Dept. of Education to assist SELPAs with transitional activities:
 - Minimize disruption, identify best practices, strengthen linkages between mental health and education, work groups on accountability and outcomes, public stakeholder process.

County Mental Health Role



- County mental health plans continue to provide specialty mental health services to EPSDT beneficiaries.
- County mental health departments will receive a share of MHSA funds in 2011-12 on a one-time basis, and schools may contract with counties to access these funds.
- Any additional role a county mental health department chooses to play in providing special education students with IEP-related mental health services would be determined via contract with local school districts.



Transfer of DMH and ADP Medi-Cal Functions to DHCS

Transfer of Medi-Cal Administration

The AB 102 transition plan requires a detailed organization chart that includes “focused, high-level leadership for behavioral health issues.”

- Health Trailer Bill (AB 102) calls for transition of Medi-Cal state administrative functions from DMH and ADP to DHCS by July 1, 2012.
- Stakeholder process and transition plan due to Legislature by October 1, 2011.
- Proposal to also eliminate DMH and ADP will be further developed by the Administration and released in January 2012-13 state budget proposal.

Transfer of Medi-Cal Administration

Legislative Intent in AB 102

- Improve access to culturally appropriate services
- Effectively integrate financing of services
- Improve state accountability and outcomes
- Provide focused, high-level leadership for behavioral health

DHCS Key Dates

- July 12 stakeholder meeting #1
- August 1 deadline for initial input
- August 15 DHCS issues draft plan, gather input
- Sept. 8 DHCS issues final plan, gather input
- Oct. 1, transition plan due to Legislature



2011 Public Safety Realignment

2011 Public Safety Realignment

The primary vehicle for 2011 Public Safety Realignment is AB 118, which creates the account structure and initial allocations.

- Funding Source (~\$5.5 billion/year)
 - ▣ 1.0625% of existing sales tax revenue
 - ▣ Continuously appropriated to counties
- Account Structure for FY 2011-12 at state and county levels
 - ▣ Eight accounts, nine subaccounts
 - ▣ One account is a “Mental Health Account”
 - ▣ Intent language that new allocation formulas to be developed for 2012-13, forward.

Programs Realigned to Counties

- Court Security
- Local Public Safety Subventions
- Local Jurisdiction of Lower-level Offenders and Parole Violators
- Adult Parole
- Foster Care, Child Welfare Services, Adoptions Assistance Program, Child Abuse Prevention
- Adult Protective Services
- Community Mental Health
 - ▣ EPSDT *
 - ▣ MH Managed Care *
 - ▣ 1991 MH Realignment
- Substance Abuse Treatment
 - ▣ Women and Children's Residential Treatment Services
 - ▣ Drug Court
 - ▣ Nondrug Medi-Cal Substance Abuse Treatment Services
 - ▣ Drug Medi-Cal

**Not realigned until 2012-13*

Realignment Funding for Mental Health

	2011-12	2012-13 (Forward)
EPSDT	0 (AB 100)	\$629 million
Medi-Cal MH Managed Care	0 (AB 100)	\$183.7 million
1991 Community MH Realignment	\$1.083 billion	\$1.119 billion

- ❑ Since AB 100 is providing MHSF in 2011-12, Medi-Cal Specialty Mental Health not realigned until 2012-13.
- ❑ Only the funding source for 1991 community mental health realignment is changing. Funds will be deposited monthly. The 2011-12 amount is 5.9% higher than would be anticipated without the 2011 Public Safety Realignment.

Criminal Justice Realignment



- Makes AB 109 operative.
- Effective October 1, 2011.
- Statewide \$354.3 million available in FY 2011-12 for two components:
 - Local custody, alternative custody, and alternative supervision services for new adult offenders that are either non-violent, non-serious, or non-sex offenders.
 - Post-release community supervision for adults paroled out of state prison (excluding violent, serious, 3rd strike, high risk sex offenders).

Community Planning Process for Community Justice Realignment

- AB 109 and AB 117 require each county's Community Corrections Partnership (CCP) to recommend to the Board of Supervisors an implementation plan
 - ▣ Led by Chief Probation Officer
 - ▣ CCP must include the county mental health director
 - ▣ CCP Executive Committee, which votes to approve the plan, must include *either* the county mental health, substance abuse, or social services director.
 - ▣ Meetings are subject to the Brown Act's posting and open meeting requirements.



Other Health and Human Services Actions of Interest

Medi-Cal Reductions



- Starting Nov. 1, patients will be required to pay \$5 on doctor visits and \$50 on emergency room visits. Also imposes co-pays on prescription drugs and hospital stays.
- Eliminates Adult Day Health Care on Sept. 1, but provides transition funding equal to half the ADHC budget.
- Starting June 1, makes a 10% cut in provider payments, including doctors, pharmacies, and hospitals.
- Starting Oct. 1, imposes a soft cap of 7 doctor visits and a \$1,510 limit on hearing aids starting Oct. 1.

Healthy Families Reductions



- State budget presumes some savings from shifting all enrollees to *Medi-Cal*, but does not include trailer bill to enact this shift. Likely to be pursued in a policy bill in the coming year.
- Starting Oct. 1, premiums will increase for families from 150% to 250% of federal poverty level.
- Additionally, the state budget increases co-payments for emergency room visits and inpatient care.

SSI/SSP and IHSS Reductions



- SSI/SSP grants are now at federal minimum levels, saving \$192 million in State General Funds.
- The budget enacted Governor's proposal to reduce IHSS spending by \$486 million in the In-Home Supportive Services (IHSS) program.
- Additionally, the budget includes a provision that will trigger an additional \$100 million cut to IHSS if projected state revenues do not reach a target of \$88.5 billion on December 15, 2011.

CalWORKs Reductions



- Effective July 1, time limit is reduced from 60 months to 48 months, reducing General Fund spending by \$103 million.
- Monthly cash grants are reduced by 8%, reducing General Fund spending by \$314 million.
- Eligibility is reduced by counting more work income for qualifying purposes.
- \$369 million in cuts being made to child care and employment services.