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## The Governor's 2012-13 Proposed Budget – Women and Children First... For Cuts

Governor Jerry Brown's proposed 2012-13 budget was released on January 5, calling for deep cuts in health and social service programs, which primarily serve women and children.

**Background:** The budget projects a gap of \$9.2 billion for the rest of 2011-12, and the 2012-13 fiscal year. The nonpartisan Legislative Analyst's Office (LAO) projects that \$3.1 billion less revenue will be raised than the Governor expects; if the LAO's numbers turn out to be the more accurate ones, additional solutions would be needed. The plan assumes voters will approve the Governor's November ballot measure for \$6.9 million (there are currently three initiatives addressing tax revenue); an additional \$5.4 billion in cuts would be made under the Governor's budget proposal if this revenue is not raised.

**CalWORKs:** The Governor proposes to restructure CalWORKs and child care programs for \$1.4 billion in savings. The LAO has criticized the impact on California's low-income families and suggests assisting with employment as well. More than three-quarters (76.8 percent) of CalWORKs recipients are children. The proposal would:

- Cut the average monthly cash grant from \$463 to \$392 in child-only cases and move these families into a new program – the Child Maintenance Program – in October.
- Divide CalWORKs into "Basic" and "Plus" programs – "Basic" for welfare to work services for adults who don't meet federal work requirements; "Plus" for those who do.
- "Plus" families would get an increase over the average \$392 of \$44 average through an earned income disregard, but the total amount will still be less than currently provided.
- Cut the maximum period for welfare to work activities from 48 months to 24 months. If work requirements are not met within 24 months, the adults grant is eliminated and the child goes into the Child Maintenance Program.

**Child Care and Development:** The Governor would cut spending for child care and preschool for low income families by \$516.8 million through changes in eligibility criteria and reimbursement formulas. 62,000 child care slots would be eliminated.

**In-Home Supportive Services:** IHSS helps people with disabilities and low-income seniors live safely in their in homes. The Governor proposes to eliminate domestic and related services – housework, shopping and meal preparation - and reduce hours of service by 20% across the board on April 1, 2012.

**Medi-Cal:** The Governor proposes major restructuring, including moving additional populations into managed care. Only a small amount of savings is expected, as the Medi-Cal budget, \$15.4 billion in 2011-12, would decrease only to \$15.1 billion in 2013-14. The changes include:

- Move dual eligibles – Medi-Care and Medi-Cal – into Medi-Cal managed care starting January, 2013
- Expand managed care into all 58 counties by June 2012
- “Increase flexibility” in Medi-Cal to “change benefits, services, rate methodologies and payment policies” more rapidly – saving \$75 million It remains to be seen whether such changes would be inconsistent with the federal health care reform law.
- Change Federally Qualified Health Center and Rural Health Clinic payments
- Change California Children’s Services (CCS) Medical Therapy Program to require children to come under CCS income standards; currently this program has no income or other “means” test
- “Lock in” Medi-Cal recipients into their managed care plan for one year, after a 90 day period
- Continue the Medi-Cal managed care plan tax that has been used to fund Healthy Families
- Extend hospital fees

The California Legislature passed Assembly Bill (AB) 97 in 2011 to impose additional cost-sharing and visit limits in Medi-Cal. Before implementing the measures, California must receive federal approval. The state requested amendments to the State Plan, which is California's contract with the federal government to operate the Medi-Cal program. It also sought a waiver, which gives the state permission to operate Medi-Cal differently than required under the State Plan. Some of the co-payments and visit limits, MCHA believes, cannot be imposed, even under a waiver. The state’s cost-sharing requests are pending.

**Managed Risk Medical Insurance Board (MRMIB):**

- Reduce payments to Healthy Families providers to Medi-Cal rates by Oct. 2012.
- Eliminate MRMIB effective 7-1-13, transferring staff to the Department of Health Care Services (DHCS)
- Shift Healthy Families children into Medi-Cal first with new enrollees, then with children whose providers are also Medi-Cal providers, then all others, between Oct. 2012 and June 2013.
- Transfer all the remaining programs – AIM, MRMIP, PCIP, etc. – to DHCS by 7-1-13.

**Public Health Programs:**

- Increase costs to participants in the AIDS Drug Assistance Program (ADAP), which provides medication to uninsured or underinsured individuals with HIV or AIDS.
- Transfer the following three programs to DHCS July 1, 2012: Every Woman Counts (breast and cervical cancer screening and diagnosis), Prostate Cancer Treatment, and Family Planning, Access, Care and Treatment (Family PACT – comprehensive family planning services to low-income women and men).

**Behavioral Health (Mental Health and Substance Abuse):** Transfer to DHCS and other jurisdictions, such as Department of Education and Department of Social Services.