

CDCAN DISABILITY RIGHTS REPORT

CALIFORNIA DISABILITY COMMUNITY ACTION NETWORK

#006-2012 - JANUARY 11, 2012 - WEDNESDAY

REMEMBERING THE LIFE & WORK OF STEVE ELIAS (Nolo Press Author) AND

KPFA RADIO'S YVETTE HOCHBERG

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To reply to THIS Report write: Marty Omoto at martyomoto@rcip.com Website:

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State Budget Crisis:

DEPARTMENT OF DEVELOPMENTAL SERVICES ANNOUNCES STAKEHOLDER SIX WORK GROUP MEETING DATES ON STATE BUDGET "TRIGGER CUTS"

First Work Group to Meet February 3rd in Los Angeles - Stakeholder Work Groups Will Provide Input to Brown Administration on Ways to Achieve \$200 Million In State General Fund Spending Reductions

SACRAMENTO, CA (CDCAN) [Last updated 01/11/2012 06:30 PM] - The Department of Developmental Services announced late this afternoon a series of six stakeholder workgroup dates in different parts of the State to provide input to the Brown Administration on how to achieve the \$200 million reduction in State general fund spending in the developmental services budget that funds certain services and supports for over 250,000 children and adults with developmental disabilities through the 21 non-profit regional centers and 1,759 adults with developmental disabilities who reside in state operated developmental centers and one smaller health facility. The Department of Developmental Services budget also includes administration and oversight - through the regional centers - of the State's federal and state funded early intervention program, called "Early Start" that serves thousands of "at risk" babies.

In developing system-wide proposals to achieve the \$200 million reduction in State general fund spending, the Brown Administration indicated that it is seeking input from stakeholders on "...strategies to decrease the need for admissions from the community into State Developmental Centers, opportunities to achieve efficiencies through emerging technologies, reduced expenditures associated with recently enacted legislation, the extension of all or part of the 4.25 percent payment reduction [to payments to most regional center providers and to regional center operations], and other savings proposals".

A Worst Case Scenario: Budget Cut Could Total \$400 Million Cuts Hit Funding Matched By Federal Funds

* In a worst case scenario, the \$200 million reduction in State general fund spending could (though not likely at this point) end up being a hit to the overall developmental services budget that is twice that amount - meaning a \$400 million reduction - if cuts are made to operations or services that are matched by federal funds.

* A great portion of the developmental services budget that funds regional center community-based services and nearly all of the budget that funds the developmental centers are matched by federal funds - most of it Medicaid dollars.

* However the Department of Developmental Services indicated last month that a great portion of the \$100 million "trigger cut" for the 2011-2012 State Budget year could likely be achieved by applying higher than expected

savings from previously enacted budget cuts and policy changes, lower than expected caseload spending and other budget spendings.

* Those same ways of achieving the needed savings this budget year however will likely not be options available to achieve the second \$100 million reduction for the next budget year - 2012-2013, and could mean proposals requiring legislative approval calling for certain cuts in programs, services, operations or other policy changes.

* The \$200 million cut in State general fund spending to the developmental services budget does not include proposed cuts by the Governor that hit other critical budget areas impacting people with disabilities - including people with developmental disabilities - people with mental health needs, the blind, seniors, their families, community-based organizations, facilities, and individual workers and low income families, including major cuts and changes proposed for Medi-Cal, In-Home Supportive Services, CalWORKS (the State's "welfare to work" program that includes thousands of children and parents with special needs, disabilities and mental health needs - including people with developmental disabilities).

* The Governor's proposals - including those impacting developmental services - could change or include additional reductions - when he releases his budget revisions in mid-May, known as the "May Revise". Those revisions - required by State law - are based on the very latest actual spending and revenue numbers - and a better projection on future revenues and spending - that can mean a change in a budget proposal, withdrawal of a cut or a proposed new cut in mid-May.

First Workgroup Meeting Set for LA On February 3rd

The Department of Developmental Services is requesting certain statewide provider and various advocacy organizations and groups to either participate by appointing representatives to some or all of the workgroups that will meet on the following dates:

* ***Feb 03 (Friday) - Los Angeles (10:00 AM to 4:00 PM)***

* ***Feb 07 (Tuesday) - Sacramento (10:00 AM to 4:00 PM)***

* ***Feb 16 (Thursday) - San Diego (10:00 AM to 4:00 PM)***

* ***Feb 17 (Friday) - Riverside (10:00 AM to 4:00 PM)***

* ***Feb 24 (Friday) - Oakland (10:00 AM to 4:00 PM)***

* ***Mar 01 (Thursday) - Fresno (10:00 AM to 4:00 PM)***

Specific information regarding locations will be announced soon from the Department of Developmental Services.

The department indicated that each of the six workgroups will include representation from statewide organizations and three representatives from each of the various service topic areas - though the specific topics have not been listed yet. The department is requesting that statewide organizations appoint at least one representative to each group who is a person with developmental disabilities (or family member) using that service that is the topic of the workgroup or is a family member of that individual who is using the service. .

Terri Delgadillo, director of the Department of Developmental Services, in announcing the stakeholder workgroup meetings, wrote that while California's budget situation is improving the "...current year State revenues remain insufficient. In December, the Director of Finance informed the Legislature that revenues were less than anticipated and that several statutorily authorized "trigger" reductions were necessary, including a reduction to the Department's budget."

Delgadillo wrote that the Governor's proposed budget for 2012-2013 released on January 5th, "...includes the full year impact of the revenue trigger reduction for DDS of \$200 million General Fund (GF). The proposal also assumes expiration of the 4.25 percent payment reduction to regional centers and providers, due to sunset June 30, 2012, and recognizes caseload growth in

the community. To address the budget year reduction, the Department is seeking stakeholder input".

Brown Administration Will Make Final Decision What Specific Cuts It Will Submit For Legislative Approval - Though Some Savings Can Be Achieved Without New Legislation

* The Brown Administration - of which the Department of Developmental Services is a part of - will make the final decisions on the spending cuts that will achieve the target reduction amount (that do not require further Legislative approval) - or in cases of cuts that will require Legislative approval - what proposals it will submit to the Legislature.

* In some cases - possibly the entire \$100 million covering the 2011-2012 State Budget year, the reduction in State general fund spending could come from higher than expected savings from previous budget reductions and proposals enacted this past year, lower caseload spending and other savings that will not require additional legislative approval.

* However, any most actual spending cuts to programs and services, including changes in eligibility, caseload ratios, extension or increase of some or all of the 4.25% payment reductions (or other similar cuts) to most regional center providers and regional center operations (scheduled to expire June 30, 2012) will require changes in existing State law - and approval by the Legislature, likely during the budget process during the months of April - June.

Reduction Part of \$1 Billion In "Trigger Cuts"

* The reduction came as a result of a "trigger cut" in the 2011-2012 State Budget that was pulled on December 13th because the Governor's Department of Finance determined that projected state revenues would fall far short of what was budgeted when the spending plan was approved by lawmakers last June.

* The 2011-2012 State Budget included up to \$2.5 billion in "trigger cuts" that would - if pulled - impose a series of cuts to different budget areas - including an additional \$100 million unspecified cut in State general fund spending for developmental services and an additional \$100 million specified cut in State general fund spending for In-Home Supportive Services during the 2011-2012 State Budget year that ends June 30, 2012.

* The "trigger cuts" pulled on December 13th ended up authorizing \$1 billion in additional reductions in State general fund spending, including the \$100 million reductions to IHSS and developmental services.

* The total reduction resulting from the trigger cuts to developmental services totals \$200 million in State general fund spending because it includes not only the \$100 million cut in spending to the developmental services budget for the 2011-2012 State Budget year that ends June 30, 2012 - but also another \$100 million in State general fund spending for the following budget year - 2012-2013 - that begins July 1, 2012 and ends June 30, 2013.

* IHSS's reduction covered at least both State budget years too - though unlike the developmental services "trigger cut", the IHSS \$100 million cut was specific, requiring that it be achieved by imposing a 20% across the board cut in service hours to many IHSS recipients (there are important significant exemptions to the cut) effective January 1, 2012 - is currently blocked from implementation due to a temporary restraining order issued by a federal district court in Oakland. That order at least until a January 19th court hearing, stops the Brown Administration from taking any steps in implementing that IHSS cut.

Governor's Proposed Budget Call for Over \$4 Billion In Additional Spending Cuts - But Also New Revenues

* As reported by CDCAN on January 5th, Governor Jerry Brown released his proposed 2012-2013 State Budget plan January 5th that calls for over \$4 billion in additional massive spending cuts and nearly \$7 billion in new revenues from temporary tax increases on the state's wealthiest taxpayers and a one-half percent increase in the state's sales tax, to close what the Governor said is a projected \$9.2 billion budget deficit.

* Over \$2 billion of the total \$4 billion in new cuts will come from health and human services, with reductions there largely centered on four major programs - CalWORKS and child care, Medi-Cal, In-Home Supportive Services and developmental services. Major and dramatic changes proposed by the Governor will also impact other areas, including proposals to replace

the Department of Mental Health with a new Department of State Hospital which was previously brought up last May; the proposed elimination of the 11 Caregiver Resource Centers, and a proposal calling for the elimination of the Managed Risk Medical Insurance Board.

* The new proposed reductions appear to be addition to the \$1 billion in spending cuts announced in mid-December by the Governor when he also announced that the 2011-2012 State Budget "trigger cuts" would be pulled because projected revenues fell below what was budgeted. However the Governor's budget summary totals do not appear to reflect those reductions, though the narrative and specific details from department estimates do.

CDCAN SUMMARY; GOVERNOR'S BUDGET PROPOSALS -DEVELOPMENTAL SERVICES

The total budget for the Department of Developmental Services proposed in the 2012-2013 State Budget year is \$4.661 billion (of which \$2.652 billion is State general funds), to serve a projected caseload of 256,059 children and adults with developmental disabilities in community-based services coordinated through the 21 non-profit regional centers, and 1,759 people with developmental disabilities who reside in one of the four remaining developmental centers or a smaller health facility that are operated by the State. The budget for regional centers proposed for 2012-2013 totals 4.063 billion (\$2.344 billion of that State general funds). The Developmental Center budget proposed for the 2012-2013 State Budget year totals \$559 million (\$283.6 million of that State general funds). [CDCAN Note: CDCAN will issue a more detailed report on the proposals impacting developmental services later today or by the weekend]

CASELOAD FUNDING INCREASE

* The Governor's budget proposes an increase of \$162.7 million (\$115.2 million of that State general funds) for regional center operations and the purchase of services (purchase of services is the part of the regional center budget that pays for community-based services) due to a projected increase in regional center caseload of 6,232 people during the 2012-2013 State budget year.

FINANCIAL MANAGEMENT SERVICES INCREASE

* Governor proposing a \$9 million increase (\$4.5 million of that State general funds) for financial management services (required by the federal government) to account for tiered rates and 100% of people with developmental disabilities using participant directed option for certain services being covered. Community-based training services were added.

EXPIRATION OF 4.25% REGIONAL OPERATIONS AND PROVIDER PAYMENT REDUCTION

* Governor's budget includes an increase of \$158.2 million (\$108.4 million of that State general funds) in the 2012-2013 State Budget as a result of the current 4.25% payment reduction to most regional center providers and to regional center operations that is set to expire on June 30, 2012.

* It is possible that this payment reduction – or some form of it – could be extended into the 2012-2013 Budget year if the Brown Administration eventually decides – with stakeholder input – that extending the cut would help achieve the overall \$200 million reduction in State general fund spending in the developmental services budget required by the 2011-2012 State Budget "trigger cut" that was pulled in mid-December.

STATE BUDGET TRIGGER CUT - \$200 MILLION

* The Governor's budget includes a total \$200 million reduction in State general fund spending covering both the 2011-2012 State Budget year – and the 2012-2013 State Budget year. There is no indication that this \$100 million reduction is a permanent on-going cut that will automatically be applied to subsequent budget years.

* The Department of Developmental Services indicated earlier that it believes that much of the reduction for the 2011-2012 State Budget year can come from higher than expected savings resulting from implementation of previously approved budget reductions and policy changes, caseload and expenditure adjustments, unexpended contract funds and other administrative savings.

* However achieving the \$100 million reduction during the 2012-2013 State Budget year will require likely actual cuts in spending, possibly by extending the 4.25% payment reduction to most regional center providers and regional center operations or some other similar type of program reduction.

* The Governor's budget does not specify how the \$200 million overall spending reduction is to be achieved – but allows the Department of Developmental Services to consider many options including payment reductions to regional center providers and operations, cuts to the developmental center budget, to headquarters, and other savings.

* The actual size of the reduction - when taking into account possible loss of federal matching funds, could mean the hit to the developmental services system could be twice as high - meaning a \$100 million cut that is to programs or services matched by federal Medicaid dollars would mean the actual cut to the system would be \$200 million, depending how reductions are identified and made.

* The department will be convening a stakeholder process to receive input and ideas on how to achieve the reduction target (announcing workgroup dates and some preliminary information late on January 11th). Any actual reduction to programs or services – such as extending or increasing payment reductions to providers or operations – would require legislation and approval of the Legislature. The Department of Developmental Services under the Brown Administration will consider various options to achieve the target of \$200 million in cuts in State general fund spending including the extension of all or part of the 4.25% payment reduction (set to expire June 30, 2012), ideas to decrease the need for admissions from the community into Developmental Centers, opportunities to achieve "efficiencies through emerging technologies" and, as mentioned earlier, additional savings and reduced spending due to recently enacted legislation and budget reductions.

DEVELOPMENTAL CENTERS

* The Governor's budget assumes that caseload in the developmental centers (and one smaller health facility) operated by the State will fall from 1,759 in the current budget year to 1,533 during the 2012-2013 State budget year, for a decrease of 226 people.

* The Department of Developmental Services indicated that most of that number will result from the transition of people moving from Lanterman Developmental Center – but some of the number would be a result of other factors, including the cap on referring people to the Porterville Developmental Center's secure treatment program.

* Closure process of Lanterman Developmental Center in Pomona will continue into the 2012-2013 State Budget year, though no exact closure date is set. Increase of \$2.9 million (\$1.6 million of that State general funds) to retain 28 positions for "enhanced" Lanterman Developmental Center Closure staffing, that the department says is needed for the "...continued safe and successful transition of residents and continuation of all closure related activities in

support of approximately 180 residents transitioning to community living arrangements" during the 2011-2012 and 2012-2013 State Budget years.

- * Increase of \$2.4 million in reimbursement authority for the state staff in the Community program

- * Decrease of \$24.5 million (\$14.4 million of that State general funds) for Level of Care and Non-Level of Care updated staffing. The department says that a portion of the staffing updates are "counted towards the Administration's state wide operational efficiencies savings plan."

- * Net decrease of \$5.2 million (\$2.6 million of that State general funds) due to statewide changes (referred to as 'control sections") that resulted in adjustments in retirement, health benefits rates, and personal services cost reductions achieved through collective bargaining or actions of the Governor in state employee compensation during the 2011-2012 State Budget year.

- * Net increase of \$4.5 million (\$2.7 million of that State general funds) due to statewide changes (referred to as "control sections") that resulted in adjustments in retirement and health benefits rates.

- * Decrease of \$3 million (\$2.5 million of that State general funds) due to updated Quality Assurance fees paid by Developmental Centers for the 2011-2012 State Budget year.

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MEDI-CAL MANAGED CARE FOR PERSONS ELIGIBLE FOR MEDI-CAL & MEDICARE

- * The Governor proposes (see details under “Medi-Cal” and “IHSS”) to shift people eligible for both Medi-Cal and Medicare (referred to as “dual eligible”) from Medi-Cal “fee for service” to Medi-Cal managed care plans and make certain community-based services – such as In-Home Supportive Services, Community-Based Adult Services (which is the new model of Adult Day Health Care) – Medi-Cal managed care plan benefits.

- * The Governor’s proposal specifically mentioned however that community-based services coordinated by regional centers under the Home and Community-Based Developmental Disabilities (DD) Medicaid waiver, would still continue to be administered by the Department of Developmental Services – meaning it would not be a Medi-Cal managed care benefit.

- * However people with developmental disabilities will be impacted by the transition, since those who are dual eligible for Medi-Cal and Medicare would be transitioned into a Medi-Cal managed care plan for their health services – and for those community-based services, such as IHSS, which regional centers do not coordinate or fund.

HELP - VERY URGENT!

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Many, many thanks to all the organizations and individuals for their continued support that make these reports and other CDCAN efforts possible. [

Note: As of June 26th due to major problem with my computer and email, I have to use this old format of the CDCAN Reports that unfortunately does not have the list of people and organizations who have generously contributed and supported CDCAN in the past year and in recent weeks and months. I should have computer problem repaired sometime soon.- Marty Omoto]