



LATINO HEALTH ALLIANCE 2011 BUDGET SUMMARY

INTRODUCTION

Earlier this month, Governor Jerry Brown introduced his proposed 2011-2012 budget for California, nearly 30 years after he introduced his last state budget as Governor in 1983. Although there have been significant changes in our state since Jerry Brown was the Governor of the Golden State, a noticeable shift has been the tremendous population and economic growth of the Latino community in our state. For many of the advocates who work on behalf of the Latino community, many have eagerly awaited the response of “Governor Brown 2.0” to the changing California landscape which unfortunately includes a looming \$25.4 billion budget deficit.¹

In addition, the Governor’s budget proposal also includes extending the 2009 tax increases which must be voter approved and a proposal to realign certain major state programs to the counties. Although both of these proposals could potentially insulate the state from more harmful cuts to health and human service programs, there is great concern among advocates who serve low-income Californians that these tax extensions if approved, will be regressive and will hit low-income communities hardest.

As anticipated, the Governor’s budget is a mixed-bag for the Latino community and for low-income Californians who rely on critical access to services during this unprecedented economic downturn. Many advocates agree that the cuts are draconian in nature and hard hitting on the working poor and those least able to absorb the multi-layered cuts to the safety net. Although we applaud his decision to preserve K-12 education funding under Prop 98, the Governor’s decision to balance the budget on the backs of the most vulnerable communities in our state will prove to be detrimental for our children, students, elderly, and the working poor.

This summary will provide an overview of the cuts to the health and human service budget which impacts Latinos and low-income Californians. As the budget process unfolds, LHA will continue to advocate against these harmful and devastating proposals and keep you up to date on key budget hearings and opportunities for advocacy on the budget. For more information on this summary, please contact: *Arturo Carmona at 213.417.8380 or Jeannette Zanipatin at 916.444.3031.*

¹ This includes \$8.2 billion for the current year and \$17.2 billion for the 2011-2012 budget year.

MEDI-CAL - The Governor has proposed \$1.7 billion in cuts to the Medi-Cal Program. Medi-Cal, California's Medicaid program is administered by Department of Health Care Services (DHCS) and provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, foster care children, and pregnant women. Over 50% of those enrolled in Medi-Cal are Latino. Medi-Cal is the second largest General Fund program behind Education, and represents approximately 15.4% of General Fund expenditures.

THE GOVERNOR'S BUDGET PROPOSALS INCLUDE THE FOLLOWING MEDI-CAL "COST SAVING" PROPOSALS:

Establishes Dollar Caps for Medi-Cal Benefits—The Governor's budget includes a proposal which would limit the utilization of Medi-Cal services by placing an annual benefit dollar cap on equipment, medical supplies and doctor's visits and a monthly limit on prescription drugs. Under this proposal, the following limits would be imposed on Medi-Cal beneficiaries:

- Hearing aids: \$1,510 annual limit.
- Durable medical equipment: \$1,604 annual limit.
- Incontinence supplies: \$1,659 annual limit.
- Urological supplies: \$6,435 annual limit.
- Wound care: \$391 annual limit.
- Limits the number of doctor visits to ten per year.
- Limits prescriptions to six per month (excludes life saving drugs).

Proposes a 10% Medi-Cal provider rate—The budget also includes a proposal to reduce the Medi-Cal provider rate by 10 %.

Increases the share of cost for medi-Cal recipients— An increase in cost sharing for Medi-Cal participants reflected in the adoption of a \$5 copayment on physician/clinic/dental/and pharmacy visits, a \$50 copayment on emergency room visits, a \$100 per day copayment for hospital stays and a \$200 maximum for hospital stays.

Impact on Latinos and other low income communities:

Currently medical providers in the clinic setting receive approximately \$25 per patient visit and a 10% cut would reduce this to \$22.5. This is particularly alarming considering that clinics are the primary source of care for many low-income Latinos in California. This does little to serve as incentive for physicians to administer to underserved low income populations and makes it hard for clinics to retain them. Additionally, the increase in co-pays for the clinic population could prove deadly given the high percentage of those living at or below the federal poverty level (\$22, 050 for a family of 4). With over 17% of Latino adults living in poverty any increase in healthcare costs would result in hard choices that could lead to otherwise preventable deaths. The overall General Fund outlay for health and human services is approximately 25% of GF, yet cuts to HHS programs constitute approximately 50% of the total proposed "solutions". Unfortunately, these cuts affect those least able to withstand a loss of services.

ADULT DAY HEALTH CARE— Adult Day Health Care (ADHC) is a licensed community-based day care program that provides a variety of health, therapeutic, and social services to those at risk of being placed in a nursing home. Currently, over 300 centers exist in many urban and rural

areas of the state. The centers are licensed by the California Department of Public Health and certified for participation in the Medi-Cal Program as a Medi-Cal benefit by the California Department of Aging.

An in depth report was developed pursuant to the proposed cut of ADHC last year. Created by the Lewin Group, the report described the effect on California's economy resulting from elimination of this program. As a federally funded program, California would stand to lose the federal match for the administration of this program among other losses. The total loss as a result of cutting ADHC was estimated last year to be about \$51 million in 2010-11 and would rise to a net loss of \$412 million by 2040. This included the cost of placing ADHC patients in full time around the clock care, paid for by Medi-Cal, loss of jobs due to ADHC worker layoffs and other factors.

ELIMINATES THE ADULT DAY HEALTH CARE PROGRAM—The Administration also proposes to eliminate the Adult Day Health Care and other benefits for a decrease of \$2.1 million in General Fund (GF) spending in 2010-11 and \$193.2 million in 2011-12.

HEALTHY FAMILIES PROGRAM - California's Healthy Families Program (HFP) provides access to health care services for children and teens that would otherwise remain part of the uninsured population in California due to their parent's income. Although the Medi-Cal program provides health care for children whose families are at or near the federal poverty level, HFP provides low cost health insurance for children whose families earn up to 250 % of the federal poverty level. Approximately 900,000 children up to the age of 19 receive comprehensive health dental and vision benefits through HFP. Families pay a small monthly premium for the benefits and program subsidies through the federal State Children's health Insurance Program (SCHIP) covers the remaining cost of coverage.

The Governor proposes the following budget cuts to the HFP:

ELIMINATES VISION COVERAGE –The Administration proposes a decrease of \$11 million in General Fund savings by eliminating the separate vision coverage for all children participating in the Healthy Families program. This proposal would take effect June 1, 2011, after appropriate provider and beneficiary notification.

Impact on California's Latino Families: The complete elimination of the vision benefit will result in approximately 700,000 children statewide losing that benefit, of which 385,000 are Latino.

INCREASES HFP PREMIUMS— The Administration proposes to increase premiums for families with incomes at or above 150 % of the Federal Poverty Level (FPL) for a General Fund savings of approximately \$22 million.

- Premiums would increase for families at 150 to 200 %of the FPL by \$14 per child (from \$16 to \$30) and a family max for 3 or more children by \$42 (from \$48 to \$90).
- Premiums would increase for families at 200 to 250 %of the FPL by \$18 per child (from \$24 to \$42) and a family max for 3 or more children by \$54 (from \$72 to \$126).

Proposed changes would take effect June 1, 2011, after appropriate provider and beneficiary notification.

Impact on California's Latino Families: The increase in premiums is estimated to impact 565,000 children, of which approximately 310,000 are Latino.

INCREASES COPAYMENTS FOR HFP RECIPIENTS— The Administration proposes a savings of \$5.5 million by increasing co-payments for emergency room visits from \$15 to \$50, and inpatient stays from \$0 to \$100 day/\$200 maximum, to conform to a similar Medi-Cal cost-containment proposal. This proposal would take effect October 1, 2011, after appropriate provider and beneficiary notification.

Impact on California's Latino Families: In 2007, emergency room visits for HFP children was 15%, while delayed care among HFP beneficiaries was 5 % (CHCF, 2009). With the increased co-pays, ER visits may decrease slightly while delayed care could increase. Exact numbers or impacts on the Latino community are uncertain.

CALWORKS - The Governor proposes several drastic and painful cuts to the CalWORKs program in this year's budget. CalWORKs is the state's welfare to work program which provides cash assistance and job training and education to individuals who are unable to provide for their families. CalWORKs provides temporary assistance such as a cash grant and job training and promotes self-sufficiency through a combination of work requirements and personal accountability.

The CalWORKs program is a critical component of California's safety net. Many families on CalWORKs receive supplemental services such as domestic violence counseling in order to address basic needs and skills while they work their way to self sufficiency. During this economic down turn, many families have turned to the CalWORKs program to meet their basic needs while they continue to look for a job or engage in job training. Unfortunately, the Governor proposes deep cuts to the program that serves the most vulnerable individuals in our state. In addition to proposing cuts that we have seen before like grant cuts, the Governor also proposes to reduce the total amount of time an individual can access the program and proposes devastating cuts to the child care component. The following is a summary of the Governor's proposals to the CalWORKs program:

ESTABLISHES A FIRM 48-MONTH TIME LIMIT—The Governor's budget proposal would reduce the current 60-month time limit on the CalWORKs program down to a firm 48-month time limit. Exempted from the 48 month time limit would include child-only cases where the family continues to meet the work participation requirements and for those child-only cases who meet a federal time limit exemption such as an unaided adult recipient of California's Supplementary Security Income/State Supplementary Payment (SSI/SSP) or a non-needy caretakers relative, such as an adult caring for a disabled parent. This proposal would go into effect on July 1, 2011.

REDUCES THE CALWORKS GRANTS BY 13 %—The Governor proposes to reduce the CalWORKs grant by 13%. Although California grant levels are the fourth highest in the nation, California's grant level remains relatively low for a high cost state like California. In addition, California has not increased the grant levels since 1989. Currently a family of three receives \$694 per month and under Governor Brown's proposal this would be reduced down to \$604 per month. Although the Governor states that this grant cut would be off set by an increase in the CalFresh benefit (formerly known as Food Stamps) the actual increase through CalFresh would only amount to about \$27 per month. This proposal would take effect by June 2, 2011 for a total savings of \$13.9 million in the current year and \$405 million in the budget year.

ELIMINATES CHILD CARE FOR CHILDREN WHO ARE 11-12 YEARS OLD—The 2011-2012 budget also proposes to completely eliminate child care for children who are 11 & 12 years old. This proposal would decrease funding to the State Department of Education by \$716 million for 2011-2012 and \$34 million from the CalWORKs program.

SUPPLEMENTARY SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) - The federal Supplementary Security Income (SSI) and the California's State Supplementary Payment (SSP) provides a monthly cash assistance grant to the aged, blind and disabled individuals who meet both the income and resource requirements. The SSP provides an augmentation to the federal SSI grant and assists recipients with basic needs and living expenses. In California, the SSI/SSP caseload is made up of approximately 28 % aged, 2 % blind, and 70 % disabled individuals.

REDUCES THE SSI/SSP GRANT TO THE FEDERAL MINIMUM—The Governor proposes to reduce the SSI/SSP grant to the federal minimum by \$15 per month. The current grant would be reduced from \$845 down to \$830 for an individual and would also reduce the Cash Assistance Program for Immigrant's (CAPI) cash grant by the same amount. CAPI provides a cash assistance grant to legal immigrants who are blind, aged, or disabled and have entered the United States within the last five years. California is one of the few states that provides cash assistance to legal immigrants after the 1996 welfare reform which cut off certain legal immigrants within their first five years of arrival into the U.S. These proposals would go into effect by June 1, 2011 and would generate an estimated \$14.7 million in general fund savings in 2010-2011, and \$177.3 million in 2011-2012.

IN-HOME SUPPORTIVE SERVICES PROGRAM - The In-Home Supportive Services (IHSS) program provides support services to vulnerable members of our community including low-income aged, blind, and disabled persons. Services such as personal care, transportation, domestic, and short break, or respite care are provided in an attempt to prevent institutionalization to individuals and allow them to remain in their homes under care.

The Governor's 2011-2012 budget proposes \$1.1 billion in total funding for IHSS from the General Fund. Since 2000-2001, the caseload has increased from 249,000 to 429,000 recipients. It is estimated there will be a 3.4 percent increase over the 2010-2011 projected level.

The Governor's budget proposes several reductions labeled as "cost containment measures" for 2011-2012 which would assume enacting state legislation by March 1st of this year and implementation of each proposed cut by July 1, 2011. The Administration proposed several devastating cuts to IHSS such as a reduction of service hours, the elimination of domestic and related services for certain recipients, the elimination of IHSS services for recipients without physician certification, and the elimination of state funding for IHSS advisory committees. The following is a summary of the proposed budget cuts to the IHSS program:

REDUCES SERVICE HOURS—The Administration proposes an 8.4 % reduction to assessed service hours for all IHSS recipients. This would be in addition to a 3.6 % reduction enacted in 2010-2011 totaling 12 % in two years. This would generate a savings of \$127.5 million to the General Fund in 2011-2012.

ELIMINATES DOMESTIC AND RELATED SERVICES—The Governor proposes to eliminate services such as housework, shopping for food, meal preparation, and laundry for those IHSS recipients who live with their provider. Approximately 48 % of IHSS providers, nearly half, live with the IHSS recipients for whom they care. This proposal would also eliminate services for recipients who are under the age of 18 and live with a parent. This proposal would impact more than 300,000 recipients and would generate a savings of \$236.6 million to the General Fund in 2011-2012.

REQUIRES MEDICAL CERTIFICATION FOR ELIGIBILITY OF IHSS SERVICES— Under current law, IHSS applicants are required to be assessed by an authorized county social worker once Medicaid eligibility has been determined. This proposal would include a provision to now require a medical level of review for all IHSS applicants to ensure IHSS services are being provided to those at highest risk of institutionalization. IHSS services would be eliminated for approximately 43,000 recipients lacking physician certification and would generate a savings of \$120.5 million to the General Fund in 2011-2012.

ELIMINATES STATE FUNDING FOR IHSS ADVISORY COMMITTEES—Current advisory boards submit recommendations to county board supervisors on the best methods for IHSS services to be utilized in their counties. This proposal would eliminate a state-funded mandate for counties to establish said advisory committees creating a savings of \$1.6 million to the General Fund in 2011-2012.

REALIGNMENT - The Governor's budget includes a proposal to realign certain state level programs to the counties. According to the Governor's budget document, the goal of realignment is to facilitate service delivery to the public for less money as many of the programs the state currently oversees are already administered at the local level, primarily by counties. It will also cut program duplication and limit overhead costs. The main goal is to find the level of government where a service can be best and most cost-effectively delivered and provide a permanent funding source.

The realignment proposal will restructure how and where more than \$10 billion in a wide range of services will be delivered. It will be phased over a number of years. The following programs are subject for realignment during phase I: Fire and Emergency Response Activities, Court Security, Vehicle License Fee Public Safety Programs, Local Jurisdiction for Lower-level Offenders and Parole Violators, Realign Adult Parole to the Counties, Juvenile Justice Programs, Mental Health Services, Substance Abuse Treatment, Foster Care and Child Welfare Services, and Adult Protective Services.

Although not all of these programs fit within LHA's health and human service agenda, we will remain vigilant of this proposal to ensure that services are not reduced at the county level and that Latinos and limited English proficient individuals will be able to access the services and information they need at the county level.

THE LATINO HEALTH ALLIANCE (LHA) CONSISTS OF STATEWIDE ORGANIZATIONS WITH EXPERTISE IN HEALTH AND DEDICATED TO THE HEALTH AND WELL-BEING OF THE LATINO COMMUNITY. PARTNERS OF LHA INCLUDE: CALIFORNIA IMMIGRANT POLICY CENTER, CALIFORNIA LATINAS FOR REPRODUCTIVE JUSTICE, CALIFORNIA PRIMARY CARE ASSOCIATION, COFEM, CONSEJO DE FEDERACIONES MEXICANAS EN NORTEAMERICA, LATINO COALITION FOR A HEALTHY CALIFORNIA, MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATIONAL FUND AND THE NATIONAL COUNCIL OF LA RAZA.