



LOS ANGELES COUNTY COMMISSION ON HIV

STATE
BUDGET CUTS
BRIEF #9
June 10, 2010

First Look: California's May Budget Revision Proposal for FY 2010/2011

On May 14, 2010, Governor Schwarzenegger released his 2010/2011 budget revision, commonly referred to as the "May Revise". The May Revise is an updated budget proposal based on California's most recent revenue estimates and policy proposals. The 2010/2011 budget revision attempts to address California's ongoing economic difficulties, including a projected budget gap of \$19.9 billion. The Governor is seeking to fill the gap through a combination of expenditure cuts (\$12.4 billion), federal funds (\$3.4 billion), alternative funding (\$1.3 billion) and fund shifts and loans (\$2.1 billion).

It is a sad statement on California's future that the Governor has chosen to force a disproportionate share of the budget burden on to Californians who are most in need by making severe cuts to health and social service programs.

The following summary highlights proposed cuts to health and social services most commonly used by Californians living with HIV/AIDS.

California's AIDS Drug Assistance Program (ADAP)

- There are no additional program changes proposed to ADAP in the May Revise.

- The budget includes the Governor's January proposal to eliminate all ADAP support from county jails. ADAP currently provides medications to incarcerated individuals in 44 facilities residing in 36 counties. LA County expects to lose approximately \$3 million in ADAP funding from this proposal.
- There is a proposed \$32.7 million reduction to ADAP. This reduction will be met through the elimination of support to the jails, additional technical adjustments to the program and additional savings based on service utilization trends.

Medi-Cal

As a result of the passage of the federal health care reform law, the May Revision does not include several of the eligibility and enrollment cuts that the Governor included in his January proposal. This is due to the fact that the health care reform law requires the Medi-Cal and Healthy Families programs to maintain their eligibility standards at the same level that they were as of July 1, 2008. In order to be in compliance with federal law, Medi-Cal will also be required to restore coverage for certain optometry services. There are, however, other proposed cuts that will make it difficult for many to access life-sustaining medical services:

Physician/clinic/hospital visit reductions:

- Require Medi-Cal beneficiaries to pay \$5.00 co-payments for medical services, including physician and clinic visits.
- Require Medi-Cal beneficiaries to pay \$50.00 co-payments for emergency room visits.
- Require Medi-Cal beneficiaries to pay \$100 per day hospital co-payment (\$200.00 maximum).
- Limit number of physician/clinic visits to 10 per year.
- Establish annual benefit caps on the following services:
 - ⇒ Hearing aids: \$1,510
 - ⇒ Durable medical equipment: \$1,604
 - ⇒ Incontinence supplies \$1,659
 - ⇒ Wound care supplies \$391

Pharmacy reductions:

- Begin charging \$5.00 co-payments per drug (\$3.00 for “lower-cost” drugs).
- Eliminate coverage for certain over-the-counter drugs including cough/cold medicines, acetaminophen, and certain nutritional supplements.
- Limit prescriptions to six per month. (“Life-saving” medications such as medications used to directly treat HIV/AIDS are excluded from the six-drug limit.)

Elimination of Medicare Part D premium payment support:

- No longer pay Medicare Part B premiums for beneficiaries with monthly Share-of-Cost under \$500. The Medicare Part B premium amount in 2010 is \$94.60 month.

Additional proposed cuts to Medi-Cal that have been carried over from the Governor’s January proposal:

- Eliminate full Medi-Cal coverage for immigrants who have lawfully resided in the US less than five years. California has provided full Medi-Cal coverage to individuals in this group since 1996, when the Federal government changed policy and eliminated reimbursement for legal immigrants who have been in the US for five years or less.
- Eliminate Medi-Cal coverage for Adult Day Health Care services.

Additional Medi-Cal program and budget changes:

- Enroll seniors and people living with disabilities in managed care.
- Reduce reimbursement rates for radiology services to 80% of the rate reimbursable under Medicare.
- Maintain hospital reimbursement rates at the current level.
- Eliminate Medi-Cal reimbursements for certain substance abuse programs.

In-Home Supportive Services (IHSS)**Eliminate domestic and related services for IHSS recipients who have “less severe” impairments:**

- Eliminates certain domestic services and increases cost sharing for people who are considered moderately disabled. To qualify for IHSS, that would mean would be required to have a “Functional Index” score below 4.0.

Reduce compensation for IHSS workers:

- The Governor proposes an additional reduction to the state's hourly wage contribution for IHSS workers. The proposal would reduce the state contribution to the minimum wage \$8.60 per hour rate. Counties have the option to make-up the difference of the lost funding from the State, but this is unlikely considering the current budget shortfalls that counties are facing.

Supplemental Security Income (SSI)

- The May Revision maintains the reductions proposed in the January budget:
 - ⇒ Effective October 2010, reduce the monthly SSI grant for an individual from \$845 to \$830.

Cash Assistance Program for Immigrants (CAPI) and the California Food Assistance Program (CFAP)

- Effective October 1, 2010, eliminates CAPI and CFAP.
- CAPI and CFAP provide SSI/Food Stamp "look-alike" benefits for senior and disabled legal immigrants who are not eligible for Supplemental Security Income (SSI) due to their immigration status.

CalWORKs

- The Governor's proposal calls for the complete elimination of CalWORKs by October 1, 2010. If CalWORKs is not eliminated by then, the Governor proposes additional reductions to the program. CalWORKs provides support to 1.4 million Californians, including 1.1 million children.

Next Steps

Over the next few weeks, the Governor and Legislature will be making many critical decisions regarding the funding of health and human service programs. The State Senate and Assembly must consider the Governor's budget revision proposal and pass a unified budget package that they then submit to the Governor. The final package requires a two-thirds vote in both the Assembly and the Senate. The Governor can sign the bill, veto it, or sign it and "blue-pencil" (delete) certain budgetary items, as he did last year.

As consumers and advocates, it is critical that you continue to monitor the budget process in order to understand the impact of the budget cuts on health care and disability services for people with HIV.

- Contact (e-mail, call, fax and/or write) your State (Assembly and Senate) representatives to remind them of the value of these services to people with HIV/AIDS (find your representatives at: <http://www.legislature.ca.gov/portzipsearch.html>) and urge them to take whatever measures necessary to restore these services.
- Let the Governor know how dissatisfied you are with his proposed funding cuts for California's human and social services safety net (contact the Governor at: State Capitol Building, Sacramento, CA 95814; TEL: 916.445.2841; FAX: 916.558.3160).

The Los Angeles County Commission on HIV will continue to provide you with additional budget information as it becomes available.

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