

GOVERNOR'S PROPOSAL	CONFERENCE COMMITTEE OUTCOMES	FINAL OUTCOMES
<p><u>Complete Elimination of Traditional Clinic Programs (EAPC, RHSD, SAMW and IH)</u>- In the revised version of the May Revise the Administration proposes to eliminate \$34.2 million (General Fund) in funds from community clinic programs, including ALL the funding for Indian Health, Seasonal Agricultural and Migratory Workers (SAMW), Rural Health Services Development (RHSD), and the general fund portion of the Expanded Access to Primary Care (EAPC) programs. In the first iteration of the May Revise, the Administration proposed to redirect \$60 million in Proposition 99 funds from county health, clinic, Breast Cancer Early Detection, Asthma, Major Risk Medical Insurance, and Access for Infants and Mothers programs, and rural health demonstration project to offset costs in the Medi-Cal Program. The EAPC program receives resources from the General Fund (\$13.5 million) and from Proposition 99 (\$13.9 million). As mentioned, the revised May Revise additionally eliminates the General Fund portion of the EAPC program.</p> <p>The Governor's Proposal eliminates all funding to the traditional clinic programs: EAPC (\$27.4 million), RHSD (\$8.2 million), SAMW (\$6.8 million), and IH (\$6.4 million).</p>	<p>June 15, 2009 - ADOPTED SENATE ALTERNATIVE – on traditional clinic programs that reduces general fund allocation to the programs by 30 percent and the Prop 99 allocation to EAPC by 30 percent. June 9, 2009- Conference Committee opened up today's hearing with Traditional Clinic Programs. The Legislative Analyst Office (LAO) spoke of their alternative recommendation of a 2-year suspension in lieu of the Administration's proposal for full elimination. This appears to be now be the reduction on the table.</p> <p>Unfortunately, Assemblymember Evans, Chair of Conference Committee, was prepared to take a vote on the LAO recommendation, with Senator Ducheny calling a cease fire and stating that this could actually be one of the most damaging actions taken during a time when severe cuts will likely be made to other major health care funding sources for community clinics, such as Medi-Cal and Healthy Families. Further, Senator Ducheny argued that CCHCs must remain intact, as they are the place that the uninsured rely upon, and that those that may become newly uninsured due to Medi-Cal and Healthy Families reductions will ultimately turn to.</p>	

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<p><u>Complete Elimination of the Adult Day Health Care Program-</u> The Administration has proposed to eliminate all Adult Day Health Centers for a state savings of approximately \$117 million dollars. In a previous version of the May Revise there was a proposal to limit regular days of attendance to three days per week regardless of whether medical necessity exists for more extended services. Both proposals apply to all ADHCs, including FQHC and RHC ADHCs.</p>	<p>June 15, 2009 - ADOPTED CONFERENCE COMPROMISE - on the proposed elimination of the ADHC program. The compromise will preserve the program, but will adopt the 3 day limit on services, adopt a higher threshold for acuity, freeze rates on August 1 and provide for more positions for fraud detection. June 8, 2009- The LAO raised concern over the complete elimination of the program indicating that if eliminated, and less than 20% or 6,600 individuals moved into SNFs there would be no cost savings. The LAO further indicated that it does not recommend the previously stated proposal to reduce ADHC participants to three days a week, which would save an estimated \$18 million. The LAO is concerned that this reduction would disproportionately target those that are truly in need (i.e. those that need 3+ days of care). The LAO does, however, recommend targeting services to those most in need and limit ADHC services to those that require three or more days a week. They would exempt PACE, developmentally disabled individuals, dialysis patients and rural locations. This recommendation would save the state an estimated \$17.1 million.</p>	

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<p><u>Complete Elimination of the Healthy Families Program-</u> The 906,000 California children currently enrolled in Healthy Families will no longer be eligible to receive health coverage through the program. While the Health Families Program receives 2:1 federal match the savings for the state from this elimination is estimated to be \$274.8 million.</p>	<p>June 15, 2009 - The Conference Committee did cut \$70 million general fund from the bottom line of the program. The Conference Committee did not act on eligibility and no trailer bill changes were made on the Healthy Families Program today. June 9, 2009- Conferees expressed their significant concern w/ the Administration's proposal to eliminate health coverage for almost 1 million children enrolled in the Healthy Families Program. The LAO presented an alternative proposal of raising the program premium by \$8 – 13 per child per month for families with incomes between 150-250% FPL. The LAO indicates this would both maintain eligibility for several families as well as generate some cost savings of \$55 million. The committee reminded the LAO that earlier this year (February) MRMIB already applied premium increases. Families with incomes between 150-200% FPL saw a premium increase of \$9-\$12 per child per month, and families with incomes over 200% FPL, premiums increased from \$15-\$17 per child per month. MRMIB reported seeing some families disenroll due to insufficient or non-payment of premiums.</p>	

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<p><u>Federal Medi-Cal Flexibility and Stabiliation- Cuts Requiring Federal Waivers</u></p> <p>The Governor is proposing a significant reduction to Medi-Cal in the amount of \$1 billion, contingent on negotiating a waiver from the federal government. The Schwarzenegger Administration wants to revisit rollbacks in eligibility that are now restricted by the federal government in order for California to accept billions in federal stimulus dollars. Details as to the type of reductions are not specified, though it is likely to include similar cuts proposed previously, such as the reinstatement of quarterly status reports on children, reduction in Medi-Cal reimbursement rates and possibly the reduction of additional services. Though the Schwarzenegger Administration is unclear as to which items they will specifically move forward on, there is a whole list of varying proposals being discussed that will potentially be brought forward to the Obama Administration, others of which may require congressional action. Included on this list, is the exploration around any flexibility to the Prospective Payment System (PPS).</p>	<p>June 15, 2009- ADOPTED - \$1 billion was adopted for the Governor's Federal Medi-Cal Flexibility and Stabilization Waiver. The legislature stated that these resources were secured in primarily federal funds that are owed to California. June 8, 2009. Issue remains open and should be heard early next week. The Department of Finance (DOF) continues to believe that \$1 billion in cost savings can be achieved with this proposal. The Legislative Analyst's Office (LAO) holds that the savings are speculative and unlikely to be achieved in fiscal year 09-10.</p>	
<p><u>Medi-Cal Reducing Services for Newly Qualified Legal Immigrants and for those Permanently Residing under Color of Law (PRUCOL)</u>- Effective October 1, 2009, this proposal would limit benefits for newly qualified immigrants and immigrants permanently residing under the color of law (PRUCOL) to emergency services only, resulting in \$125 million cost savings to the state. Pregnant women are excluded from the proposal, as are children under the age of 20 and who are "lawfully residing in the U.S."</p> <p>This reduction was included in a list of proposals previously included in the Governor's January Budget, but that were not adopted as part of the 2009 Budget Act. The past proposal resulted in a cost savings of \$86.7 million. The cost differential (\$125 million vs. \$86.7 million) indicates that additional restrictions are included, however these will not be known until a more detailed document is</p>	<p>June 15, 2009 -REJECTED - The proposal to restrict Medi-Cal services for "Newly Qualified Legal Immigrants" less than 5 years and PRUCOL individuals. June 8, 2009- Democrats expressed their discomfort with supporting this proposal, while Republicans requested more information before coming to a decision.</p>	

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<p><u>Medi-Cal—Roll back Rate Increase for Family Planning Services-</u> The May Revision includes \$36.8 million in savings by reducing the rates for family planning services to the pre-January 2008 level. Chapter 636, Statutes of 2007, increased the reimbursement rates for services by approximately 90.9 percent. Prior to SB 94 (Kuehl) being signed into law, family planning providers had not received a significant augmentation from the state in 20 years. The roll-back of family planning services will impact the eight Family PACT procedure codes that were augmented by the passage of SB 94. California's Family PACT program is extremely cost effective. For every dollar California spends on family planning, the state receives a \$9 match. And for every total dollar spent on family planning, California saves \$5.33 in future medical and social service costs.</p>	<p><u>June 8, 2009-</u> REJECTED along party lines with a 3-2 vote from both Assembly and Senate conferees.</p>	
<p><u>HIV Education and Prevention -</u> The Office of AIDS, part of the California Department of Public Health, manages programs that provide local assistance funding for HIV education and prevention services, HIV counseling and testing, housing, home and community-based care, HIV/AIDS drug assistance and other services to low-income individuals with HIV/AIDS in California. The HIV Education and Prevention Program is slated to be cut by \$24.6 million. The \$24.6 million savings is achieved by eliminating programs that prevent HIV transmission, change attitudes and behaviors related to HIV, and promote risk-reduction skills.</p>	<p><u>June 15, 2009-</u> ADOPTED SENATE ALTERNATIVE – on all AIDS related support. All these items were reduced by 10%.</p>	

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<p><u>Maternal, Child and Adolescent Health Grants-</u> This program will be cut by \$10 million, which funds services and programs to improve the health of mothers, infants, children, adolescents, and families.</p>	<p><u>June 15, 2009-</u> ADOPTED SENATE ALTERNATIVE – on Maternal, Child, and Adolescent Health (MCAH) Programs. The program will be reduced by \$11.5 million in order to provide some base level funding for the Black Infant Health Program and the Adolescent Family Life Program. <u>June 9, 2009-</u> The Conference Committee considered the elimination of all state resources for these programs. If adopted, ONLY Title V resources would remain and there is a question as to whether Title V resources can be secured without a state/county MCAH program. The Conferees left this item open after expressing some concerns for specific programs and the cuts, they suggested some compromises such as reducing the Black Infant Health Program to \$6.8 million, reducing the Adolescent Family Life Program to \$7 million, and the Birth Defects Monitoring Program to 1.2 million with federal only funds.</p>	

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<p><u>Eliminate Certified Application Assistance-</u> For \$2.7 million in savings for the state, the Governor has proposed the elimination of certified application assistance, which provides up to \$60 to contractors for helping individuals enroll and remain in the subsidized children's health insurance coverage.</p>	<p><u>June 9, 2009-</u> This proposal was ADOPTED with 5-0 votes from both Assembly and Senate Conferees.</p>	
<p><u>Eliminate "State Only" Programs (including BCCTP)-</u> The May Revise proposes elimination of the following: payment for ancillary health services provided in Institutions for Mental Disease, reductions to BCCTP eligibility and services, and the dialysis program.</p>	<p><u>June 8, 2009-</u> Item 1 (Institutions for Mental Disease) Adopted Asm 5-0 Sen 5-0 Items 2-5 (BCCTP, dialysis programs) Rejected Assembly 3-2 Senate 3-2</p>	

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<p><u>AIDS Drug Assistance Program (ADAP)) Reductions -</u></p>	<p><u>June 15, 2009</u>- ADOPTED SENATE ALTERNATIVE – on all AIDS related support. All these items were reduced by 10%. <u>June 9, 2009</u>- The Committee considered the proposed reduction of the ADAP formulary and requiring premium payments for ADAP clients. The Conference Committee requested the LAO include these proposals as part of a package with other programs associated with ADAP being considered for reductions such as the Ryan White CARE Act. Senator Mark Leno made it a point to note that this is the last resort in assistance for those using the program and reductions will cause deaths. The committee decided to hold this issue open until a later date/until additional information is received.</p>	

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<p><u>Require Eligible Entities to Use "340B" Drug Pricing for Medi-Cal Enrollees-</u> the 340B Public Health Services Drug Pricing is a federal program that allows eligible entities to buy drugs at very low prices. Eligible entities include Federally Qualified Health Centers. This is one component of a larger effort to achieve pharmacy reforms.</p>	<p><u>June 8, 2009-</u> ADOPTED by the committee. 5-0,5-0.</p>	