

California's 2010-11 Enacted Budget

After 100 days in budget stalemate without a spending plan for the 2010-11 fiscal year, California lawmakers adopted the state's budget on October 8, 2010 – the latest in the state's history. Later that same day, Governor Schwarzenegger signed the budget, but only after exercising his line-item veto power to cut nearly \$1 billion from the plan approved by the Legislature. The enacted budget attempts to close the state's \$19.3 billion deficit through a series of measures including expenditure reductions, assumed receipt of new federal funds, other actions to increase revenue, as well as one-time loans, transfers, and funding shifts.

The 2010-11 Budget: Impact on Seniors

When Governor Schwarzenegger released his proposed budget in January 2010, it included significant cuts to health and human services programs that serve California's seniors. In May, the Governor released the May Revision for the 2010-11 proposed budget that reflected updated estimates for state spending and revenue, and rescinded many of the proposals made in the January budget.¹ The final budget passed by the Legislature rejected most of these proposals, but when the Governor signed the 2010-11 budget, he instituted additional cuts using his line-item veto power.

In-Home Supportive Services (IHSS)

IHSS provides in-home personal care and domestic services to individuals who are blind, aged, or who have disabilities. These services include bowel and bladder care, bathing, grooming, paramedical services, housecleaning, meal preparation, laundry, grocery shopping, accompaniment to medical appointments, and protective supervision. IHSS is paid for through a mix of federal, state General Fund (GF) and county funds.

- **Previously proposed:** In January, the Governor called for reductions to both IHSS eligibility and worker wages. The Legislature rejected these proposals. The Governor's May Revision rescinded the January proposals and instead called for unspecified GF reductions of \$637.1 million (2010-11 budget) and \$750 million (2011-12 and annually thereafter) for the IHSS program.
- **The final budget:** The final budget includes GF reductions of \$300 million instead of the larger reductions originally proposed for IHSS, as a result of the following actions:
 - An IHSS provider-generated tax, which will draw down additional federal funds and offset GF expenditures in the program (\$190 million). The providers subject to the tax will receive a supplementary payment.
 - A 3.6 percent across-the-board reduction to the hours assessed for IHSS recipients (\$35 million).
 - An updated caseload estimate based on an actual decline in recipients as compared to the previous caseload projection (\$75 million).

Adult Day Health Care (ADHC)

ADHC is a community-based day care program that provides health, therapeutic, and social services to persons at-risk of nursing home placement.

- **Previously proposed:** The Governor's January budget proposed eliminating the ADHC program. The Governor did not rescind the proposal in the May Revision.
- **The final budget:** The Legislature rejected this proposal. The final budget does not include any cuts to the ADHC program.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

SSI/SSP is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, disabled individuals or couples.

- **Previously proposed:** The Governor's January budget called for reductions to monthly SSI/SSP grants of \$845 for individuals to the federal minimum of \$830 per month. The Governor's May Revision delayed implementation for the proposed grant reduction from June 1, 2010 to October 1, 2010.
- **The final budget:** The Legislature rejected this proposal. The final budget does not include any cuts to the SSI/SSP benefits.

¹ See The SCAN Foundation's [Fact Sheet Number 1](#) and [Fact Sheet Number 2](#) summarizing the January budget proposal and the May Revision.

Cash Assistance Payment for Immigrants (CAPI)	<p>CAPI is a state-funded program that provides the equivalent of SSI/SSP to aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due to their immigration status.</p> <ul style="list-style-type: none"> • Previously proposed: The Governor’s January budget called for elimination of the CAPI program. The Governor’s May Revision delayed implementation of this proposal to October 1, 2010. • The final budget: The Legislature rejected this proposal. The final budget does not include any reductions to the CAPI program.
Medi-Cal Cost Containment	<p>Medi-Cal is California's Medicaid program, the medical assistance program jointly funded by California and the federal government to cover health and long-term care services for eligible individuals. The Governor called for Medi-Cal program reductions through cost-containment strategies including:</p> <ul style="list-style-type: none"> • Previously proposed: <ol style="list-style-type: none"> 1) Utilization controls: The Governor proposed to limit certain over-the-counter drugs and nutritional supplements; limit prescriptions to six per month (except for life-saving drugs); limit physician or clinic visits to 10 per year; and establish annual benefit dollar caps for hearing aids, durable medical equipment, incontinence supplies, urological supplies and wound care supplies. 2) Increased cost sharing: The Governor proposed increased cost sharing measures including \$5 copayments for physician, clinic, dental, and pharmacy; \$50 copayment for emergency room visits; and \$100 per day copayment for hospital stays (\$200 maximum). 3) Medicare Part B premiums: The Governor proposed discontinuing payment for Medicare Part B premiums for beneficiaries whose income exceeds the Medi-Cal eligibility threshold by less than \$500 per month. 4) Medi-Cal Managed Care for Seniors and Persons with Disabilities: The Governor proposed to enroll seniors and persons with disabilities into Medi-Cal managed care programs as part of the state’s Medicaid 1115 waiver which will restructure the financing and delivery of Medi-Cal. • The final budget: <ol style="list-style-type: none"> 1) Utilization controls: The Legislature rejected the utilization control proposals. The Governor used his line-item veto power to eliminate certain over-the-counter drug benefits (acetaminophen products) for adult beneficiaries, for a savings of \$3.1 million. 2) Increased cost sharing: The Legislature rejected these proposals. 3) Medicare Part B premiums: The Legislature rejected this proposal. The Governor used his line-item veto power to eliminate payment of Medicare Part B premiums for beneficiaries whose income exceeds the Medi-Cal threshold, for \$1 million GF savings. 4) Medi-Cal Managed Care for Seniors and Persons with Disabilities: The final budget assumes \$187.1 million in GF savings by enrolling Medi-Cal only seniors and persons with disabilities in managed care plans.
Skilled Nursing Facilities Rate Increase	<p>Assembly Bill (AB) 1629 (Chapter 875, Statutes of 2004) enacted the Skilled Nursing Facility Quality Assurance Fee (QAF) Program and the Medi-Cal Long Term Care Reimbursement Act. AB 1629 modified the method and rate of reimbursement to facilities that provide long-term skilled nursing care to Medi-Cal beneficiaries.</p> <ul style="list-style-type: none"> • Previously proposed: The Governor’s May Revision proposed to increase the reimbursement rate to skilled nursing facilities, with the cost offset by an increase in the QAF. • The final budget: The final budget includes a Nursing Home Quality and Accountability package which is GF neutral and includes a two-year rate increase (3.93 percent in 2010-11, and 2.4 percent in 2012), as well as a quality and accountability system to reward nursing homes for achieving certain quality measures, among other components. In addition, the budget provides an additional appropriation of \$1.9 million (special fund) for The Long Term Care Ombudsman program, which is administered by the Department of Aging and seeks to investigate and resolve complaints made by, or on behalf of, residents in long-term care facilities.

County Mental Health Services	<p>California's public mental health system offers an array of community and hospital-based services including evaluation and assessment, rehabilitation and support, residential treatment, and case management to individuals with mental health needs.</p> <ul style="list-style-type: none"> • Previously proposed: The Governor's May Revision proposed to shift \$602 million of County Mental Health Realignment Funds to the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamp Program) and Child Welfare Services, shifting responsibility for these programs from the state to counties. This proposal would have scaled back mental health funding by approximately 60 percent. • The final budget: The Legislature rejected the above proposal. However, the Governor used his line-item veto power to eliminate mental health services for special education students.
Community-Based Services Program (CBSP)	<p>Administered by the Department of Aging, CBSP provides critical services that help seniors remain at home and avoid institutionalization. The GF for these programs was eliminated by the Governor as part of the 2009-2010 budget.</p> <ul style="list-style-type: none"> • Previously proposed: This year, the Legislature restored \$6.4 million GF to the Linkages case management program, the Brown Bag program, and Alzheimer's Day Care Resource Center programs. This amount is equivalent to approximately two-thirds of the resources that were vetoed by the Governor in 2009-2010. • The final budget: The Governor used his line-item veto power to eliminate the \$6.4 million GF from the CBSP program.

Sources:

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For more information contact:

The SCAN Foundation

Sarah Steenhausen, Senior Policy Advisor

3800 Kilroy Airport Way, Suite 400

Long Beach, CA 90806

Phone: (888) 569-7226

Email: info@TheSCANFoundation.org

www.TheSCANFoundation.org