

March 24, 2010

# Health and Social Services: Potential Impact of Budget Reductions on Beneficiaries

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LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 1

On Health and Human Services

Hon. Dave Jones, Chair





## Program Reductions and Eliminations Could Result in Differing Scenarios for Beneficiaries

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- ☑ ***State Budget Problem Is Severe.*** In 2009-10, and again for 2010-11, the Legislature faces difficult budget choices that eventually must add up to \$20 billion in budget solutions. Some combination of revenues and spending reductions, including significant actions affecting health and social services programs, will be necessary to address this problem.
  
- ☑ ***Diagrams of Potential Outcomes.*** In this handout we provide several diagrams showing the potential impacts on beneficiaries of various program reductions and eliminations for illustrative purposes. Given that many beneficiaries are enrolled in more than one program, and the complexity of the programs themselves, many alternative scenarios not shown in our handout are also plausible.
  
- ☑ ***Regional Variation.*** For some of the scenarios, the outcomes would vary regionally. For example, access to indigent medical care provided by the counties may vary from county to county. Similarly, general assistance grant levels and policies also vary by county.
  
- ☑ ***Existing Programs Cannot Always Prevent Adverse Outcomes.*** For some of the diagrams, the illustrated paths that beneficiaries may follow are the same regardless of the administration's proposal to reduce or eliminate a program. However, the number of beneficiaries that go down the paths would change significantly if a reduction or elimination were implemented.



## Links Between Major Programs

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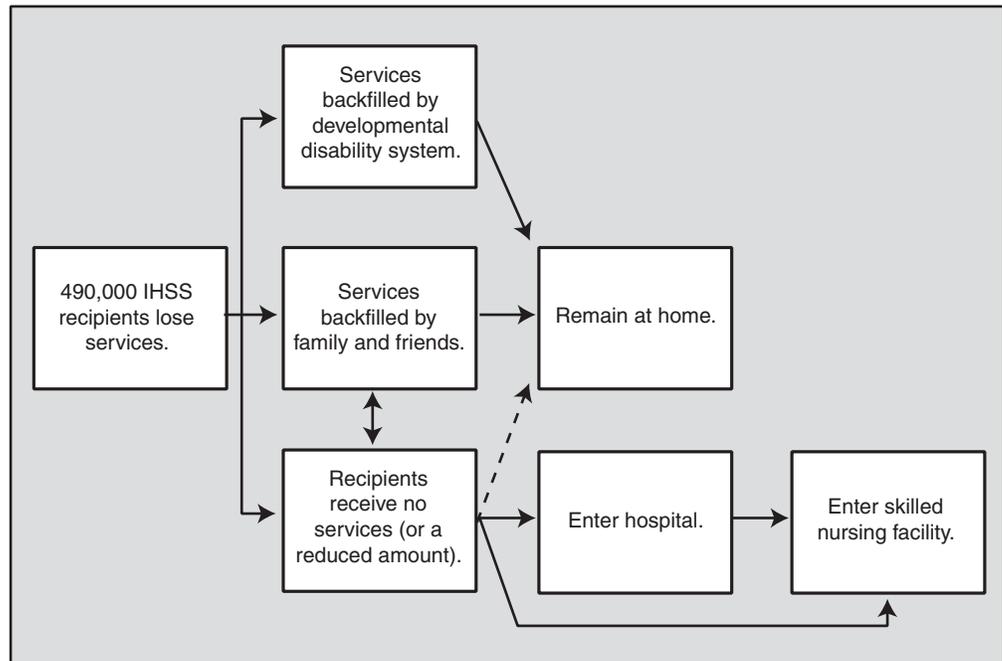


**Major Program Overlaps.** California operates a myriad of health and social services programs that provide a continuum of services and assistance, mainly for low-income families and children, seniors, and persons with disabilities. Although most families receive benefits from more than one program, we are not aware of comprehensive data which delineates participation across all programs. However, eligibility rules and survey data indicate the following with respect to overlapping program participation.

- All California Work Opportunity and Responsibility to Kids (CalWORKs), Supplemental Security Income/State Supplementary Payment (SSI/SSP), and Foster Care recipients are automatically eligible for Medi-Cal. (This is known as categorical eligibility.) In addition, about 99 percent of In-Home Supportive Services (IHSS) recipients receive Medi-Cal.
- Most developmentally disabled persons served by the regional centers (RCs) are also eligible for Medi-Cal.
- About 85 percent of IHSS recipients also receive SSI/SSP.
- Generally, data indicate that while many other program overlaps exist, such overlaps are on a smaller scale than the Medi-Cal overlaps noted above. For example, about 14 percent of CalWORKs recipients reside with an individual receiving SSI/SSP, and among IHSS recipients, 9 percent receive RC services.



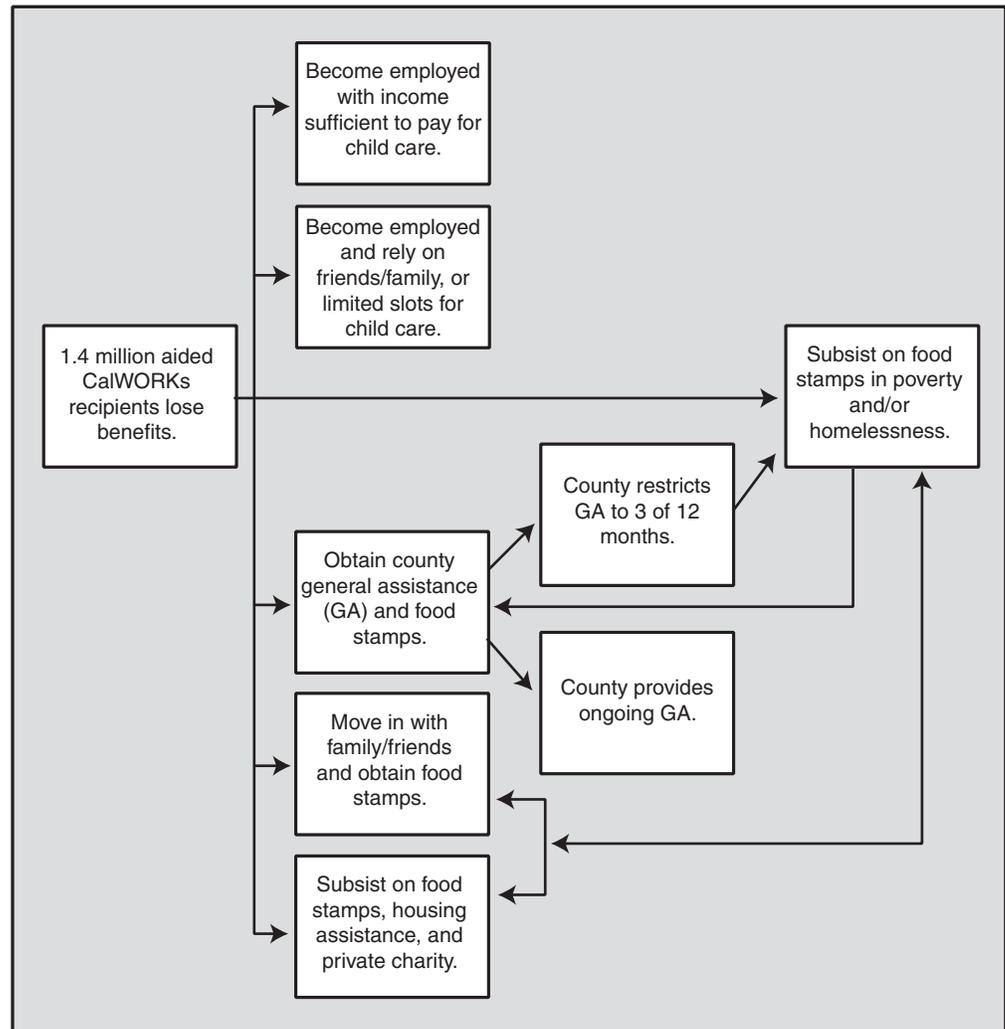
## Proposed Elimination of IHSS— Potential Outcomes for Recipients



- ☑ Even recipients who had services backfilled by family and friends or other programs may require hospitalization or institutional placement.
- ☑ The availability of family and friends to backfill a loss of IHSS-support varies.
- ☑ The IHSS caseload is diverse, and the amount of services that would be lost would vary. This may impact their ability to secure assistance from family and friends.



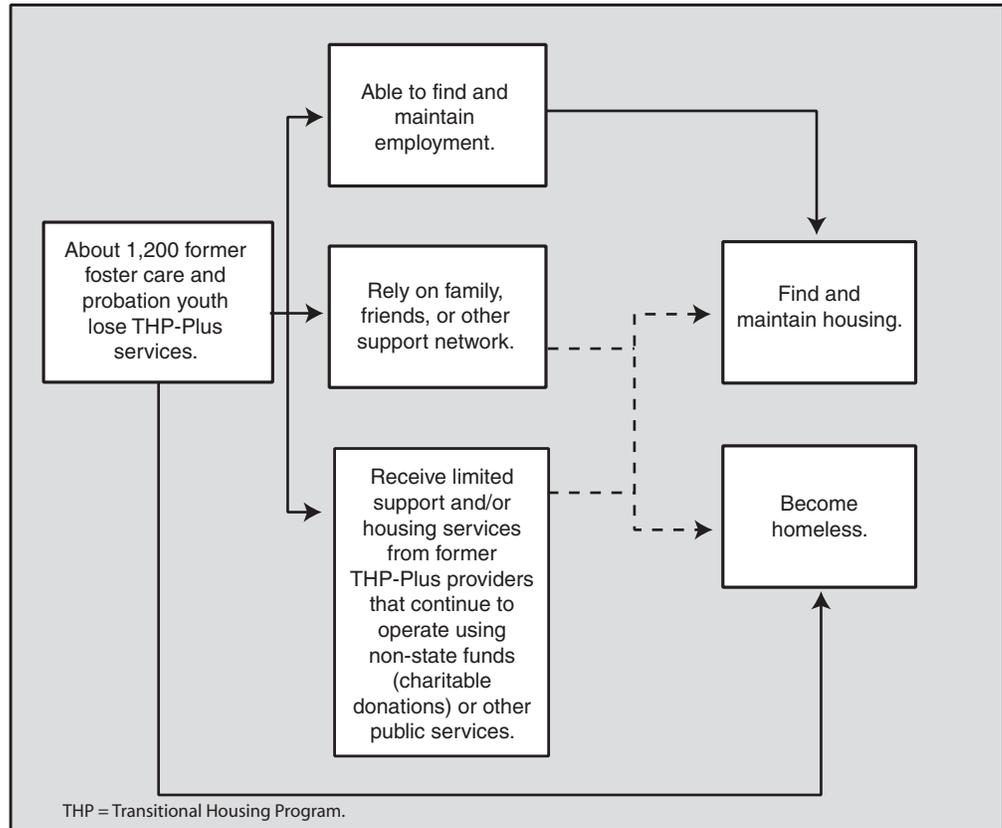
## Proposed Elimination of CalWORKs— Potential Outcomes for Recipients



- ☑ The likely outcomes from the elimination of CalWORKs would depend on the health of the economy.
- ☑ Housing assistance and private charity would not be widely available to offset the loss of state cash assistance.
- ☑ County general assistance would be more widely available, but policies on eligibility and the extent of county aid would vary significantly.



## Proposed Elimination of THP-Plus— Potential Outcomes for Recipients

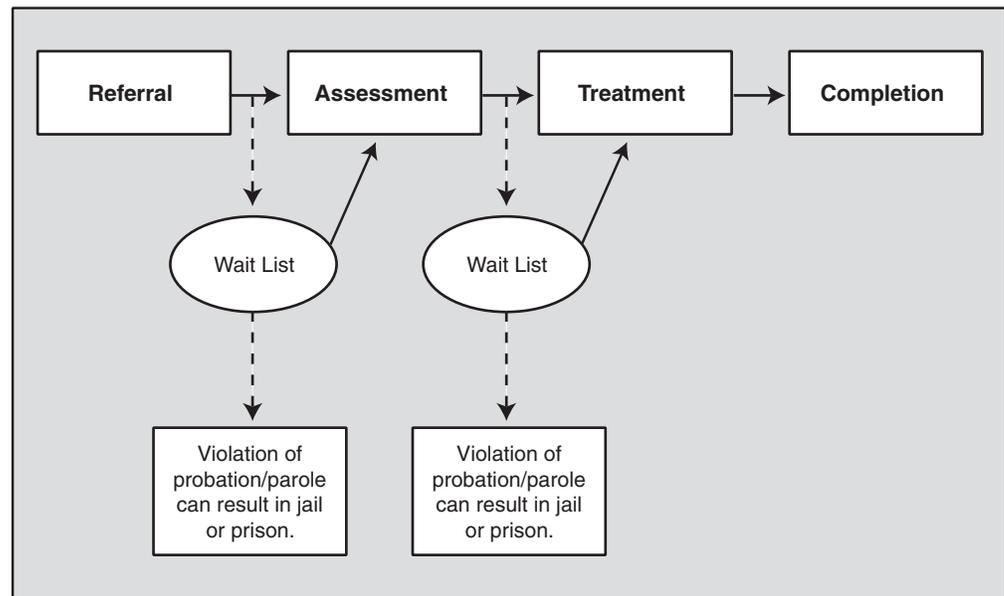


- ✓ Current-year funding for the Transitional Housing Program (THP)-Plus funds about 1,200 slots, but more youth can be served over the course of a year.
- ✓ Research findings indicate that former foster youth face significant challenges once they age out of the foster care system. These negative outcomes include continued educational deficits, economic and housing insecurity, arrest and/or incarceration, early pregnancy, health problems, victimization, and/or reliance on public assistance.
- ✓ Studies have found that continued support of foster youth beyond age 18 can decrease the likelihood of these negative outcomes.



## Elimination of State Funds for Proposition 36— Potential Outcomes for Recipients

**Background.** Proposition 36, approved by the voters in November 2000, allows certain non-violent drug offenders who use, possess, or transport illegal drugs for personal use to receive drug treatment rather than incarceration.



- Preliminary data—comparing the first quarter of the current fiscal year to the prior year—indicates there has been a decline in the number of individuals referred for Proposition 36 assessment and treatment. This may be explained by a number of factors, including recent cuts to program funding.
- The data suggests that recent budget reductions have led to a decline in the availability of assessment and treatment services, and an increase in offender wait times for those services.



## Elimination of State Funds for Proposition 36— Potential Outcomes for Recipients *(Continued)*

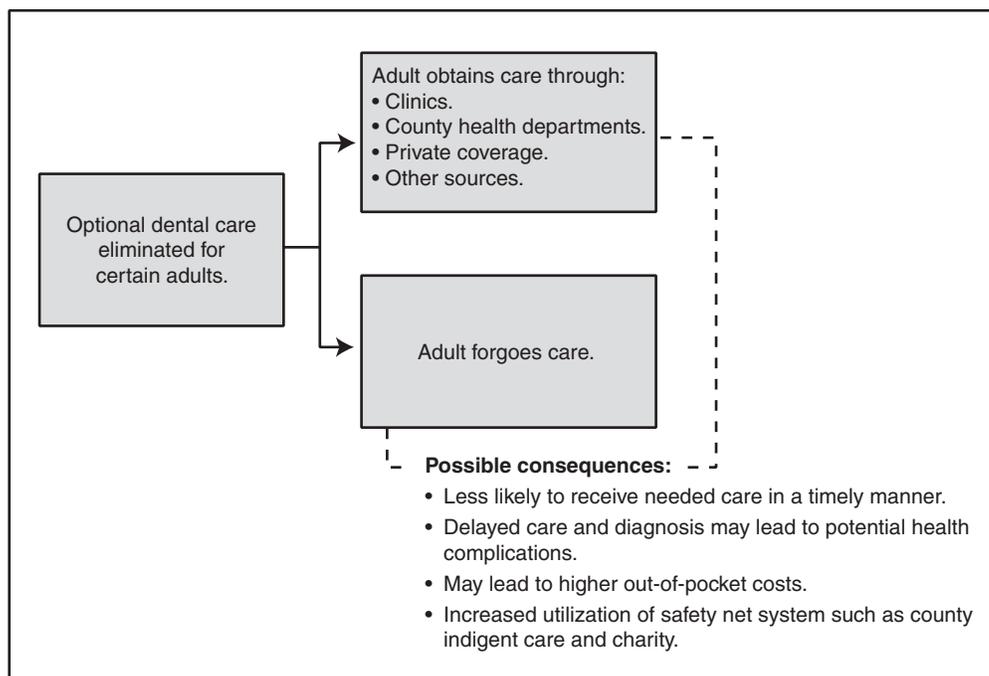
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- ☑ Longer wait times probably means that a higher proportion of Proposition 36 drug offenders will violate the terms of their probation/parole (commit a new crime) before receiving any treatment, which places them at a higher risk of being put on more intensive probation/parole or in jail or prison.
  
- ☑ The data further suggests that budget cuts have led some jurisdictions to offer shorter, less intensive treatment programs. Individuals that require more intensive treatment are less likely to benefit from the program.



## Elimination of the Medi-Cal Optional Adult Dental Care Benefit—Potential Outcomes for Recipients

**Background.** Chapter 20, Statutes of 2009 (ABX3 5, Evans) eliminated optional dental benefits for adults, such as preventative cleanings, to Medi-Cal beneficiaries age 21 and older with some exceptions effective July 1, 2009. These exceptions include: (1) pregnant women, (2) beneficiaries living in skilled nursing facilities and intermediate care facilities and (3) developmentally disabled beneficiaries due to requirements under the Lanterman Act. Beneficiaries continue to receive certain medical and surgical dental services, such as oral surgery, that are federally required adult dental services. In 2006-07, about 932,000 adult beneficiaries accessed dental services.

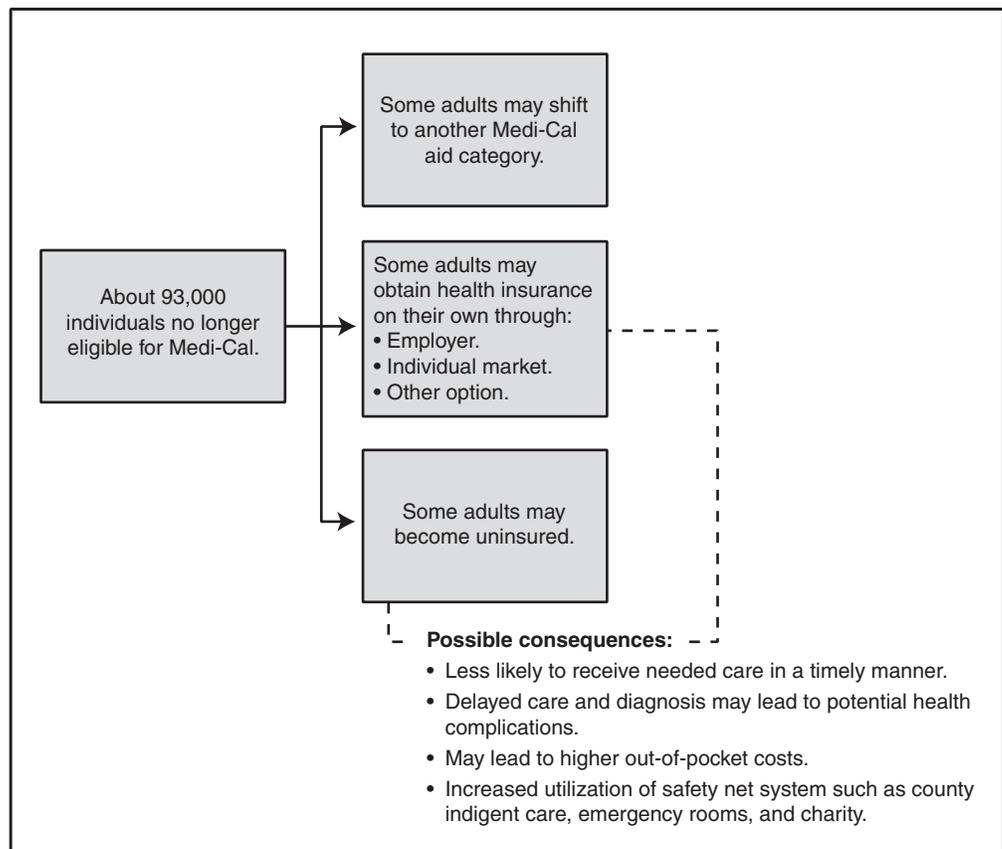


- ☑ Some beneficiaries may not need or seek services, while others will try to access services not covered by Medi-Cal on their own through clinics and other sources.
- ☑ Elimination of this benefit has reduced access to adult dental services for Medi-Cal beneficiaries that could result in delayed dental care and diagnosis of health conditions, other potential health complications and/or higher out-of-pocket costs.



## Proposed Reduction to Medi-Cal Income Eligibility Levels—Potential Outcomes For Recipients

**Background.** This proposal would roll back the allowable income level for individuals who are aged, blind and/or disabled to SSI/SSP payment levels.

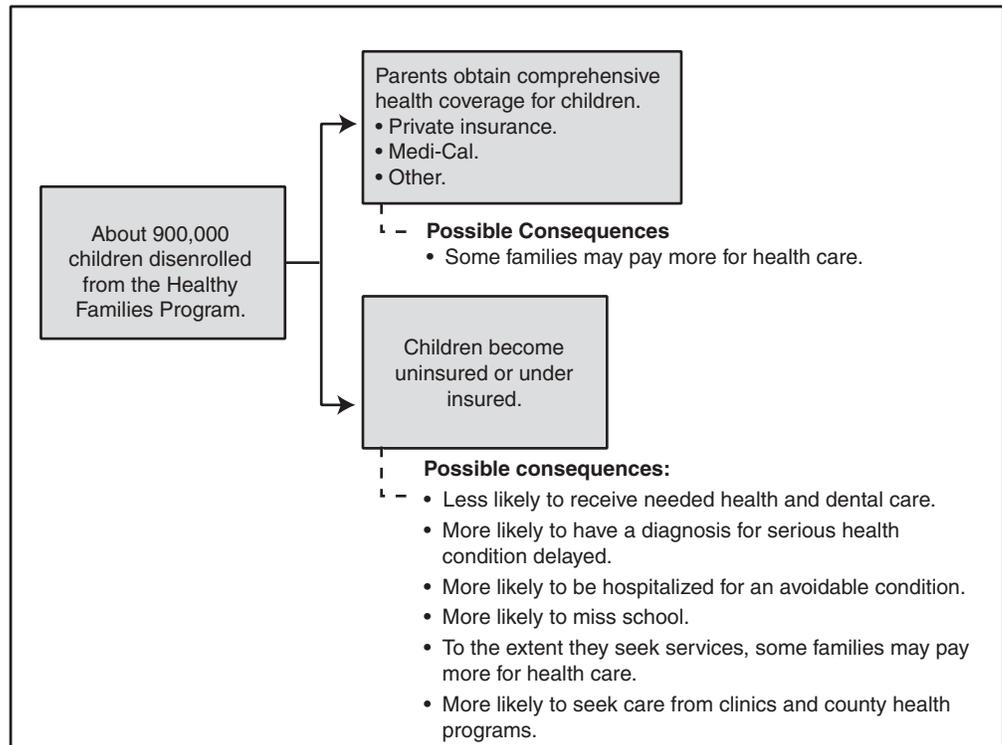


Based on our initial review of the federal health care reform law, eliminating or reducing certain Medi-Cal income eligibility levels is likely no longer feasible.



## Elimination of HFP— Potential Outcomes for Recipients

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Based on our initial review of the federal health care reform law, eliminating or reducing eligibility for the Healthy Families Program (HFP) is likely no longer feasible.