

September 2003

HEALTH AND SOCIAL SERVICES PROVISIONS IN THE 2003-04 BUDGET

CALWORKS

The 2003 Budget Act:

- Does not provide an October 2003 cost-of-living adjustment (COLA) for CalWORKs cash assistance payments, resulting in combined General Fund/Temporary Assistance for Needy Families (TANF) savings of \$91.4 million. However, the budget funds the June 2003 COLA, which increased the maximum monthly grant for a family of three from \$679 to \$704 in high-cost counties. The Legislature rejected the Governor's proposal to reduce grant payments by 6.2 percent.
- Estimates an average monthly caseload of 465,751 in 2003-04, a decrease of 2.9 percent from 2002-03.
- Assumes net cash assistance, services, and child care savings of \$211.2 million (General Fund/TANF) due to adults reaching the CalWORKs 60-month time limit.
- Provides \$479.6 million for Stage 1 child care.
- Funds Stage 2 child care at \$524.9 million.
- Transfers \$56.4 million from the Employment Training Fund to CalWORKs employment services, reducing General Fund spending on CalWORKs employment services by an equal amount. The state transferred \$30 million from the fund in 2002-03.
- Allocates \$67.8 million to match the federal Welfare-to-Work (WtW) grant, bringing the state's total match to \$183.8 million since 1997-98. The state has received \$367.6 million in federal WtW funds to date. Federal and state funds are used to provide employment services to hard-to-employ welfare recipients and other eligible participants.
- Reduces General Fund support for community college services for current and former CalWORKs recipients by 1.2 percent, to \$34.8 million. Of this amount, \$15 million must be used for child care and the remainder may be used for work study positions, instruction, and other purposes.
- Provides \$9.9 million for remedial education and job training services for CalWORKs participants.
- Provides a TANF reserve of \$61.6 million for Stage 1/Stage 2 child care and an overall TANF reserve of \$113.7 million.

OTHER SOCIAL SERVICES PROGRAMS

The 2003 Budget Act:

- Suspends the January 2004 state COLA for Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants, resulting in General Fund savings of \$104.0

million in 2003-04. However, the budget passes along the January 2004 federal COLA, which is applied to the SSI portion of the grant. In addition, the budget funds the June 2003 state COLA, which increased the maximum monthly grant for individuals from \$757 to \$778. The Legislature rejected the Governor's proposal to reduce grant payments by 6.2 percent.

- Estimates an average monthly SSI/SSP caseload of 1,151,026 in 2003-04, a 2 percent increase.
- Provides \$2.2 million (\$1.6 million General Fund) to implement a transitional food stamps benefit program in 2003-04 for former CalWORKs recipients. Federal legislation passed in 2002 allows states to extend families' federally funded food stamp benefits for five months after they leave welfare. Families do not have to submit any paperwork during the five-month period to retain their food stamp benefit. Californians will receive approximately \$70 million in increased food stamp benefits on an average annual basis due to this change.
- Reduces Proposition 98 funding for child care programs by \$281.0 million by enacting several cost-saving measures (\$128.0 million), increasing the TANF transfer for child care (\$137.0 million), and assuming an increase in federal Child Care and Development Fund monies (\$16.0 million). Cost-saving measures include eliminating services for 13 year olds (\$13.3 million) and reducing the Regional Market Rate to the 85th percentile (\$73.5 million).
- Assumes caseload savings of \$57.0 million in CalWORKs Stage 3 child care.
- Provides \$84.7 million for the Kinship Guardianship Assistance Payment (Kin-GAP) Program, a 32.5 percent increase over the 2002-03 appropriation. The Kin-GAP Program provides a subsidy to families in which a child lives with relatives who have assumed guardianship of the child.
- Includes \$94.1 million for the Cash Assistance Program for Immigrants, which provides state-funded cash assistance to aged, blind, and disabled legal non-citizens who are not eligible for SSI/SSP grants due to their immigration status.
- Includes \$13.0 million for the California Food Assistance Program, which provides state-funded food stamp benefits to legal non-citizens who are ineligible for federal food stamps due to their immigration status.
- Uses \$37.0 million in TANF funds in Child Welfare Services (CWS) by transferring the funds to the Social Services Block Grant and reduces General Fund support for CWS by an equal amount.
- Provides \$989.4 million for foster care programs, a 9.9 percent increase over the 2002-03 appropriation.
- Provides \$448.1 million for the Adoption Assistance Program (AAP), a 22.4 percent increase over the 2002-03 appropriation. The AAP provides financial support to families that adopt a child with special needs. The average monthly AAP caseload is projected to increase 11 percent to 59,818 in 2003-04.

HEALTH PROGRAMS

The Governor's 2003-04 Proposed Budget contained significant reductions to the Medi-Cal program, most of which were rejected or revised by the Legislature.

The 2003 Budget Act:

- Does not include the Governor's proposals to reduce Medi-Cal eligibility for working parents in low-income families and aged, blind, and disabled individuals.
- Eliminates the second year of Transitional Medi-Cal coverage to former welfare recipients starting October 1, 2003, for General Fund savings of \$2.0 million in 2003-04.
- Reduces payments to Medi-Cal providers by 5 percent for three years starting January 1, 2004, for General Fund savings of \$115.1 million in 2003-04. This change will mainly affect physicians, pharmacies, and managed care plans. However, nursing homes, rural health clinics, and certain other providers are exempt from the reduction. The Governor had proposed a much broader 15 percent rate reduction.
- Shifts from an accrual to a cash basis of accounting in the Medi-Cal program for General Fund savings of \$930 million in 2003-04.
- Assumes General Fund savings of \$47.0 million as a result of changes to Medi-Cal dental services, such as requiring x-rays before approving payment for fillings for children. This change is contained in SB 26X, which the Governor signed on May 5, 2003. In his May Revision, the Governor proposed to eliminate 14 optional Medi-Cal benefits for adults not in nursing homes.
- Assumes General Fund savings of \$194.0 million by implementing accountability measures regarding county determination of Medi-Cal eligibility. The savings would result from counties more quickly removing enrollees from Medi-Cal when they no longer meet eligibility requirements. These changes are contained in SB 26X.
- Assumes General Fund savings of \$21.5 million due to adults submitting forms twice per year to retain Medi-Cal eligibility beginning August 1, 2003 (this change is contained in SB 26X). The Davis administration had proposed requiring Medi-Cal enrollees to submit quarterly forms and suggested that semi-annual reporting would not generate savings due to "deficiencies in the language that was adopted" in SB 26X.
- Implements increased Medi-Cal anti-fraud measures for General Fund savings of \$20.1 million.
- Does not include funding to expand Healthy Families Program coverage to uninsured parents of children eligible for Healthy Families or Medi-Cal up to 200 percent of the federal poverty level. The federal government approved the state's expansion waiver in January 2002.
- Provides \$80.2 million (\$38.3 million General Fund) to implement the Child Health and Disability Prevention (CHDP) Gateway, which will temporarily enroll children into the Healthy Families or Medi-Cal programs for up to two months while their applications for those programs are processed.
- Implements measures to extend Medi-Cal eligibility to children who qualify for the free school lunch program (\$3.5 million total funds; \$1.7 million General Fund) and families that are eligible for the federal Food Stamps Program (\$7.7 million total funds; \$3.9 million General Fund).