

GOVERNOR PROPOSES TO CAP ENROLLMENT IN VARIOUS HEALTH AND HUMAN SERVICES PROGRAMS

On Monday, November 24, the Schwarzenegger Administration released proposed mid-year budget reductions totaling \$1.9 billion in the current year and \$1.9 billion in the upcoming budget year. As part of these reductions, the Governor has proposed to cap enrollment in a range of health and social services programs, for General Fund savings of \$11.2 million in 2003-04 and \$85.9 million in 2004-05. Specifically, enrollment would be capped in the:

- Healthy Families Program, which provides health coverage for uninsured children in low-income families.
- Medi-Cal for Immigrants, which provides health coverage to low-income individuals and families, including prenatal care.
- California Children's Services Program, which treats children with certain physical limitations and chronic health conditions or diseases. Enrollment would be capped in the state-funded portion of the program.
- Genetically Handicapped Persons Program, which serves individuals with specific genetic diseases. Enrollment would be capped in the state-only portion of the program.
- AIDS Drug Assistance Program, which provides access to drug treatments for persons living with HIV to increase the duration and quality of life.
- State Mental Hospitals, the enrollment cap would apply to the "Not Guilty by Reason of Insanity" and "Incompetent to Stand Trial" populations.
- Regional Centers, which coordinate and provide a wide range of services to individuals with developmental disabilities.
- Vocational Rehabilitation Services Program, which assists individuals with disabilities to obtain and retain employment in order to maximize their ability to live independently in their communities.
- Habilitation Services Program, which addresses the vocational needs of persons with severe developmental disabilities through a broad range of services.
- CalWORKs for Immigrants, which provides cash assistance and services to help families transition from welfare to work.
- California Food Assistance Program, which provides food nutrition benefits to low-income legal immigrant households.
- Cash Assistance Program for Immigrants, which provides cash assistance to low-income elderly, disabled, and blind individuals.

PROPOSED ENROLLMENT CAPS COULD HAVE MAJOR IMPACT ON CASELOADS

The Governor's proposal would establish waiting lists and, as individuals leave a program, enrollment would be permitted up to the capped level. Details have yet to be resolved, such as whether or not priorities would be established for placement on the waiting list. Long waiting lists may develop to the extent that attrition rates do not keep pace with population growth and

demand for these services. Table 1 shows the potential impact to program caseloads and the estimated General Fund savings associated with each program.

For example, the Healthy Families Program, which is funded through the federal State Children's Health Insurance Program (SCHIP), provides health coverage for uninsured children in low-income families. The program currently serves approximately 673,000 children, although over 300,000 additional eligible children may be excluded from the program under the Governor's proposed enrollment cap. The attached chart shows that approximately 22,200 children in 2003-04 and 113,800 children in 2004-05 could be affected. Several other states have already imposed enrollment caps in their SCHIP programs. Florida imposed a cap on its SCHIP caseload on July 1, 2003. Since then, Florida has built up a waiting list of 42,000 children. Prior to July 2003, Florida had already imposed an enrollment cap for immigrant children that has resulted in another 27,000 children being placed on a waiting list for the program. For every dollar reduction in state funds for Healthy Families, California loses approximately two dollars in matching federal funds.

	Proposed Effective Date of Cap	Proposed Enrollment Cap	2003-04 Caseload Affected	2003-04 General Fund Savings (in thousands)	2004-05 Caseload Affected	2004-05 General Fund Savings (in thousands)
Healthy Families	January 1, 2004	732,300	22,200	\$ -	113,800	\$ 31,523
Medi-Cal for Immigrants	January 1, 2004	909,497	0	\$ -	77,864	\$ 17,182
California Children's Services Program	January 1, 2004	37,594	792	\$ 121	1,512	\$ 1,895
Genetically Handicapped Persons Program	January 1, 2004	842	42	\$ 245	36	\$ 194
AIDS Drug Assistance Program	January 1, 2004	26,479	1,900	\$ 275	3,800	\$ 550
State Mental Hospitals	January 1, 2004	2,045	14	\$ 361	42	\$ 3,745
Regional Centers	January 1, 2004	189,940	5,100	\$ 8,000	10,200	\$ 16,000
Vocational Rehabilitation Services	January 1, 2004	75,429	15,863	\$ 1,817	29,776	\$ 8,592
Habilitation Services Program	January 1, 2004	17,305	20	\$ 149	195	\$ 771
California Food Assistance Program	April 1, 2004	10,230	0	\$ -	188	\$ 100
Cash Assistance Program for Immigrants	April 1, 2004	8,645	50	\$ 153	55	\$ 5,299

Source: Department of Finance

ADMINISTRATION PROPOSALS WOULD ALSO RESULT IN A LOSS OF FEDERAL FUNDS

California would lose approximately a dollar of federal funds for every dollar cut from the state's Medi-Cal program. The 10 percent provider reimbursement rate reduction and elimination of the Wage Adjustment Rate Program for nursing homes would result in a loss of \$643 million in federal funds. The state would forgo \$54.8 million in federal funds as a result of capping enrollment in the Healthy Families Program in 2004-05. Californians would lose \$202.5 million in federal food stamps from the termination of the Transitional Food Stamp program and rescinding the changes in eligibility enacted earlier this year; 81,000 fewer households would receive food stamps in 2004-05 under the Governor's proposal.