



DATE: June 25, 2009

TO: Regional Center Members

SUBJECT: Summary of Budget Reduction Proposals

The attached chart summarizes each of the Department of Developmental Services' most recent proposals to reduce the state's spending on services to persons with developmental disabilities in fiscal year 2009-10. These proposals are designed to save \$334 million in state funds. Also included in this chart are several proposals that will increase federal funds by about \$80 million, an amount which reduces the total savings required. The \$334 million figure does not include the reduction in matching federal funds associated with the state funding reduction. When matching federal funds are included, the total budget reduction is greater than \$334 million. The \$334 million reflects a combination of two separate budget proposals, the first of which reduced the developmental services budget by \$100 million and the second of which reduced the budget by \$234 million. Information on the savings, and federal funding increased, for each of these proposals will be provided once final action is taken on the proposals and fiscal estimates have solidified.

Also attached are the most recent publicly-available documents that contain the draft budget-trailer-bill language for each of the proposals. The summary chart includes the page reference numbers for this attachment where the language for each of the detailed proposals can be found. Please use the page numbers found in the bottom right-hand corner of the attachment. This information was current as of June 17, 2009. No page reference numbers are provided where the language is not yet available or if implementation of the proposal does not require it.

These proposals are subject to change until the trailer bill language is passed by the Legislature and signed by the Governor. Though significant changes are not expected to occur, the current economic and political turmoil in Sacramento is such that the potential for significant change exists.

ARCA will update you on the progress of these proposals as the information becomes available. In the interim, please contact me if you have any questions.

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Executive Director

PROPOSALS TO ACHIEVE \$334 MILLION SAVINGS IN FISCAL YEAR 2009-10
(Current as of June 17, 2009)

ITEM	PROPOSAL SUMMARY	PAGE
1	<u>Transportation</u> - Establishes four regional center (RC) limitations in purchasing transportation services, as follows: (1) prohibits the funding of private specialized transportation services for adult consumers who can safely access and utilize public transportation, when that transportation is available; (2) requires RCs to fund the least expensive transportation modality that meets the consumer's needs, as set forth in the consumer's individual program plan (IPP) or individualized family service plan (IFSP); (3) requires RCs to fund transportation, when required, from the consumer's residence to the lowest-cost vendor which provides the service that meets the consumer's needs, as set forth in the consumer's IPP or IFSP; and (4) prohibits an RC from purchasing transportation services for a minor child living in the family residence, unless the family of the child provides sufficient written documentation to the RC demonstrating an inability to provide the transportation service.	22-23
2	<u>Uniform Holiday Schedule</u> - Establishes 14 uniform mandatory holidays that apply to specified day activity and transportation programs. RCs are prohibited from compensating these programs for providing any service to consumers on any of the established holidays. The Department of Developmental Services (Department) may adjust the holidays listed in the proposal through a program directive.	42-43
3	<u>Senior Service Alternative</u> - Requires vendors of behavior management, activity centers, and adult development center day programs, social recreation programs, socialization training programs, community integration training programs, community activities support programs, creative art programs, and work activity programs to offer an alternative senior program component focused on the needs of individuals over age 50, at a rate not to exceed the lesser of \$35.00 per day or the vendor's existing daily rate.	34-35
4	<u>Custom Endeavors Option</u> - Requires vendors of behavior management, activity centers, and adult development center day programs, community integration training programs, and community activities support services programs to offer an alternative customized program component focused on individualized needs and interests to develop or maintain employment or volunteer activities in lieu of their current program.	35-36
5	<u>In-Home Supportive Services (IHSS)</u> - Prohibits RCs from: (1) purchasing IHSS-type supportive services for consumers who qualify for IHSS, but who refuse to apply for IHSS; (2) supplanting IHSS; or (3) paying a rate for services that exceeds the IHSS hourly rate for a consumer whose application for IHSS is pending.	41-42
6	<u>Supported Living Services</u> - Establishes standards to which RCs and planning teams must conform when purchasing supported living services. These new standards address allowable administrative costs, use of generic and natural supports, rent/lease payments, roommate and live-in support payment responsibilities, use of cost-effective rate methodologies, and application for in-home support services.	36-41
7	<u>Neighborhood Preschools</u> - When developing, reviewing, or modifying IFSPs or IPPs for children, requires RCs to consider using neighborhood preschools and funding needed qualified personnel in lieu of purchasing infant development programs.	6-10, 27-30, 51-54

ITEM	PROPOSAL SUMMARY	PAGE
8	<u>Private Insurance</u> - Requires families whose children are enrolled in Early Start to access their private insurance for medical services that are identified on the IFSP. This requirement does not apply to evaluation and assessment services.	2-3
9	<u>Early Start Eligibility</u> - Narrows the criteria for Early Start eligibility in the “developmental delay” category to include only those infants and toddlers who have a 33 percent delay in one specified developmental area before 24 months of age, or, at 24 months of age or older, either a delay of 50 percent in one developmental area or a 33 percent delay in two or more developmental areas. Narrows the criteria for Early Start eligibility in the “at-risk” category to include only infants and toddlers younger than 24 months of age who are at high risk of having substantial developmental disability due to a combination of biomedical risk factors. The children who no longer qualify for services under the Early Start program due to these changes will be eligible for services under a new prevention program described in item 23.	3-6, 50-51
10	<u>In-Home Respite Agency Worker Duties</u> - Expands the scope of duties that may be performed by non-licensed respite workers to include “incidental medical services” such as: (1) Colostomy and ileostomy (changing bags and cleaning stoma); (2) Urinary catheter (emptying and changing bags and care of catheter site); and (3) Gastrostomy (feeding, hydration, cleaning stoma, and adding medication).	30-34
11	<u>RC Operations Costs</u> - Reduce and cap the RC operations budget for one-time relocation and expansion costs.	N/A
12	<u>Triennial Quality Assurance Reviews</u> - Eliminates the requirement and associated funding for RCs to conduct triennial quality assurance reviews of community care facilities.	20-22
13	<u>Parental Fee Schedule</u> - Requires the Department to update, effective July 1, 2009, the schedule of the fees charged to parents of minor children who live in out-of-home care arrangements. The fee increase shall be equally apportioned and implemented over three years.	23-27, 43-46
14	<u>Quality Assessment Consolidation</u> - Requires the Department to implement an improved unified quality assessment system effective January 1, 2010. The requirements for the existing “movers” study and the Life Quality Assessment program will cease July 1, 2009, and July 1, 2010, respectively.	10-20
15	<u>Group Training</u> - When developing, reviewing, or modifying IFSPs or IPPs for children, requires RCs to consider using group training for parents on behavior intervention techniques in lieu of some or the entire in-home parent training component of the behavior intervention services program.	6-10, 27-30
16	<u>Least Costly Service</u> - Requires RCs to purchase services from the least costly available provider of comparable quality service, including the cost of transportation, who is able to meet the consumer’s needs as reflected in the consumer’s IPP. The consumer shall not be required to use the least costly provider if it will result in the consumer moving from an existing provider of services or supports to more restrictive or less integrated services or supports.	55-56
17	<u>Experimental Treatments</u> - Prohibits RCs from purchasing experimental treatments, therapeutic services, or devices that have not been clinically determined or scientifically proven to be effective or safe or for which risks and complications are unknown.	55-56

ITEM	PROPOSAL SUMMARY	PAGE
18	<u>Alternative Funding Sources</u> - Prohibits RCs from purchasing any service that would otherwise be available from specified insurance and public health programs when the consumer or family with such coverage chooses not to pursue such coverage. The programs specified include Medi-Cal, Medicare, the Civilian Health and Medical Program for Uniform Services, In-Home Support Services, California Children’s Services, and private insurance.	56-57
19	<u>Medical and Dental Services</u> - Prohibits RCs from purchasing medical or dental services for a consumer over age three without proof of denial from Medi-Cal or private insurance and verification that the consumer or family is pursuing an administrative appeal of such denial, unless the RC determines the denial does not merit appeal. The RC may pay for such services pending a final administrative decision on the appeal.	56-57
21	<u>Statement of Services Purchased</u> - Requires RCs to provide each consumer, or authorized representative, an annual statement showing the services and supports the RC purchased on behalf of the consumer/family. The statement must include the type, unit, month, and cost of services and supports purchased.	55-56
22	<u>Non-required Services</u> – Limits the services RCs can purchase for children in the Early Start program to those services that are federally required, i.e., the service meets the developmental needs of the eligible infant or toddler and the needs of the family related to the infant's or toddler's development. Though otherwise excluded, an exception is included that allows RCs to purchase durable medical equipment for these children.	50-54
23	<u>Prevention Program for “At-Risk Babies”</u> - Establishes a state-only prevention program for “at-risk” children under 36 months of age, who are not eligible for services under the Early Start program or the Lanterman Developmental Disabilities Services Act, and whose genetic, medical, developmental or environmental history is predictive of a substantially greater risk for developmental disability than that of the general population. For these children, RCs will provide a limited range of services that includes intake, assessment, case management, and referral to generic agencies. The Department shall also provide a finite allocation to each RC for purchasing services, and the RC’s purchased services cannot exceed the amount allocated. This program will serve those children who no longer qualify for Early Start services due to changes in the eligibility criteria (item 9).	54
24	<u>Behavioral Services Standards</u> - Establishes specific service standards for purchasing applied behavioral analysis and/or intensive behavior intervention services for all RC consumers, including those 0-3 years of age. The standards address the need for a behavioral assessment, intervention plan, RC purchase criteria, parental participation, and periodic review of the service.	58-62
25	<u>Large Facilities</u> - Effective July 1, 2009, prohibits RCs from vending any new Department-of-Social-Services-licensed residential care facilities with a licensed capacity of 16 or more beds and which does not qualify for federal funds under the Medicaid program. Effective July 1, 2012, prohibits RCs from purchasing services from any such facility unless the facility qualifies to participate in the Home and Community-based Services Waiver or Medi-Cal program, or unless the facility has a written agreement and specific plan with the vending RC prior to July 1, 2012 to downsize or restructure the facility to qualify for Medicaid funding on or before June 30, 2013.	63
26	<u>Respite Service Standards</u> - Limits the amount of respite care that a RC may purchase to 21 days for out-of-home per year and 90 hours of in-home respite per quarter. An exemption to the limits is available under specified circumstances. These standards shall remain in effect only until the Individual Choice Budget model item 28) is implemented.	64-65

ITEM	PROPOSAL SUMMARY	PAGE
27	<u>Purchase of Specified Services</u> - Prohibits RCs from purchasing the following services until such time as the Individual Choice Budget model (item 28) is implemented: camping services and associated travel expenses, social recreation activities, except for those vendored as community-based day programs, educational services for children aged 3 through 17, and non-medical therapies, including but not limited to, specialized recreation, art, dance, and music. Exemptions may be granted by the RC in specified circumstances.	66
28	<u>Individual Choice Budget</u> - Requires the Department, in consultation with stakeholders, to develop an alternative service-delivery model which provides a finite individual budget for obtaining services and supports. The model must reduce RC expenditures and maximize federal financial participation. No savings is assumed next fiscal year for this proposal since its development and implementation will be a complex and long-term effort.	66
29	<u>One-time Savings</u> – Generates one-time savings through miscellaneous reductions to the state developmental center budget.	N/A
30	<u>Sierra Vista Community Facility</u> – Requires the closure of the small state-operated facility, located in Yuba City, by December 31, 2009.	
31	<u>Wellness and Physician Training</u> – Suspends the developmental disabilities training initiative for physicians and the annual funding provided for “wellness” grants.	N/A
32	<u>RC Operations Budget</u> – Reduces RC operations costs for staffing linked to Early Start program changes.	N/A
33	<u>Social Security Act §1915(i) State Plan Amendment</u> – Requires the Department of Health Care Services and the Department of Developmental Services to jointly develop an amendment to the state Medi-Cal plan to increase federal funding for Medi-Cal-eligible persons with developmental disabilities who do not currently qualify for the existing §1915(c) Home and Community-based Services Waiver. Unlike 1915(c) waivers, individuals do not have to meet an institutional level of care in order to receive these services.	67-68
34	<u>Porterville Developmental Center</u> – Caps the total number of residents in the secure treatment facility at 297, including those residents receiving services in the transition treatment program. Without the need for statutory authority, administratively 30 individuals will be moved into the specialized treatment area where their services will be eligible for federal financial participation.	69
35	<u>Organized Health Care Delivery System</u> – Designates the Department as an “organized health care delivery system” which will create new opportunities for, and help overcome barriers to, increasing federal financial participation for services purchased for persons with developmental disabilities.	N/A
36	<u>Home and Community-based Services Waiver</u> – Amends the existing Home and Community-based Services waiver to increase federal financial participation by adding services that are now funded.100 percent with state funds.	N/A