



JANUARY 7, 2010

THE DAMAGE ALREADY DONE: A Report on the 2009 Health Care Budget Cuts Six Months In

EXECUTIVE SUMMARY

Six months after major health care cuts were made to the 2009-2010 budget, and despite major efforts to prevent or delay the impacts, the ramifications are rippling through California's families, economy, and the health system on which we all rely.

Since the Governor signed the budget in July 2009 slashing \$2 billion from the health care system, some cuts have been partially averted through various actions. The delay and uncertainty, however, has created serious problems, and combined with the cases where the cuts were actually made, there have been very real human hardships and economic impacts for Californians. Some of these impacts include:

- Almost three million low-income adults have lost ten important benefits, such as dental care, vision care, speech therapy, and psychological services – in the last six months, over 450,000 Californians in poverty have either had to forego or pay for dental care and another 240,000 have lost coverage for prescriptions eyeglasses;
- About 93,000 children waited uninsured for Healthy Families coverage until the cut was averted by non-government donations and higher cost sharing for 269,000 children on the program;
- At least five community clinics in the state have already been forced to shut down and hundreds of workers have been laid off, plus another 10 clinics are on the brink of closure;
- Thousands of HIV/AIDS patients have been denied access to needed services and affordable medications they rely on;
- About 300,000 low-income women no longer have access to life-saving breast cancer screenings;
- Over 300,000 school children have missed an educational opportunity to learn proper dental care and positive life-long oral habits;
- Programs focusing on prevention and prenatal care have been forced to significantly scale back or are closing altogether; and
- Six domestic violence shelters were temporarily closed while the Legislature passed a bill to find ways to keep shelters open, and even afterwards, most have been forced to reduce services;

With only six months into the budget year, it is too soon to present statewide comprehensive data about the full scope of the damage of the cuts. However, based on a review of available records and interviews with providers, program directors, health care advocates, and patients throughout the state, this report is a first step in quantifying the damage of the decisions made to cut the health care budget in the 2009-10 fiscal year.

These budget cuts were choices that could have been averted if California policymakers decided to prioritize differently and, for example, raise revenues and/or taxes as an alternative to making such drastic cuts. As California policymakers begin to debate additional cuts in 2010, this report shows the damage already done by making certain choices about the budget.

INTRODUCTION

Just six months after severe cuts in spending on public health programs went into effect, millions of Californians hurt by the recession are being denied the basic services they need now more than ever, during this period of continued high economic stress.

The cuts in the fiscal year 2009-10 budget were made in two separate packages by the Legislature and signed by the Governor - the first in February and the other in July. Combined, the February and July budget plans signed by the Governor close a \$60 billion gap between the 2008-09 and 2009-10 budget of the state's General Fund.

- In February 2009, the Governor signed a fiscal package to close a \$42 billion deficit that included some tax increases and \$15 billion in spending cuts.¹ The February package also put on the ballot a spending cap plus five other proposals (including ones to divert funding away from mental health services and health and social services for young children) that voters rejected in a special election in May.
- After the February package, however, a new \$24 billion deficit emerged, largely due to the continued deterioration of the economy. The Governor and Legislative Budget Conference Committee proposed their own sets of solutions for the growing budget deficit.² The final budget, negotiated by the Governor and legislative leaders, was passed by the Legislature in late July—with two-thirds of the budget solutions coming from program spending cuts, but none coming from tax increases.³ When signing the budget, the Governor also included nearly \$500 million in unilateral line-item cuts (almost \$400 million from health and human services), some of which are being contested in court as overstepping gubernatorial authority.

The final 2009-10 budget carved more than \$2 billion from California's health care system both by bringing in additional federal dollars, but also by denying services for low-income patients and providers, community clinics, children, rural residents, communities of color, HIV/AIDS-related programs, and domestic violence programs.

The budget cuts have very real economic and human impacts for Californians. For example, as a result of shredding Medi-Cal benefits and eliminating programs to provide care for underserved populations, some of the neediest Californians have lost access to important health services, and their health care providers can no longer afford to offer services.

Since this year's budget cuts took effect, for instance, five community clinics in the rural Northern part of the state have been forced to permanently shut their doors and at least another ten clinics are on the brink of closing.⁴ As a result, it is estimated that over 166,000 clinic patients will lose access to care and 500,000 clinic visits will be lost over the next year because of these cuts. Thus, at a time of a 50 percent increase in demand for care at community clinics,⁵ the budget signed by the Governor and passed by the Legislature has left California with a safety net that is unraveling.

As the Governor prepares to release his fiscal year 2010-11 budget proposal in early January 2010, the state already faces another projected \$20.7 billion deficit.⁶ The impacts from last year's (and previous years') health care budget cuts are very real and are still snowballing. It is crucial that policymakers understand the gravity and severity of the impact of cuts on Californians at their time of greatest need.

IMPACTS OF CUTS TO PUBLIC PROGRAM COVERAGE, BENEFITS, ENROLLMENT, AND ADMINISTRATION

California provides health care coverage to over 7 million children, parents, seniors, and people with disabilities—mostly through Medi-Cal, but also through programs like Healthy Families, for which families pay fees. These programs not only serve many lower-income families that would not be able to afford coverage otherwise, but serve as key mechanisms to bring in federal matching dollars, and funding for our health providers and economy. In recessions, the demand for such programs grows even as the state seeks to cut them.

MEDI-CAL: The biggest single cut in 2009 was the elimination of ten benefits for all of the nearly 3 million Californian adults with Medi-Cal coverage. Under the cuts, ordered by the Governor and approved by the Legislature, low-income adults can no longer get dental work or teeth cleaning, speech therapy or hearing tests, and vision exams or prescription eyeglasses – the basic services particularly needed by those preparing to look for work. In addition, there is no more psychological coverage – critical services when financially stressed families are challenged in trying to survive the economic recession and remain intact.

- As a result of a **\$129.4 million cut to eliminate 10 benefits from Medi-Cal**, since July 1, nearly 3 million adults living in poverty (less than \$997 per month for an individual) are no longer able to access dental care, audiology services, speech therapy, optometry, optician services, incontinence creams and washes, acupuncture, chiropractic services, psychology, and podiatry. These are benefits that hundreds of thousands of Californians would have used in a given year. In just the last six months:⁷

THESE CUTS CAN KILL

The loss of psychological services, one of the ten vital Medi-Cal benefit areas eliminated this year, may have contributed to the death of a client who was no longer able to continue seeing her therapist about an abusive relationship. Upon reading a local newspaper report of the killing of a wife by her husband, a licensed clinical social worker (LCSW) went to his supervisor and reported that the woman had been his client. The LCSW said the woman “had been making progress and he was able to help her” begin to gather courage to leave the abusive relationship. She was on the verge of leaving when her Medi-Cal benefits were cut and the counseling sessions abruptly ended. Feather River Tribal Health Clinic Director Maria Hunzeker said, “(It’s) a sad story that is probably being repeated elsewhere.”

Source: Interview with Feather River Tribal Health Clinic Director Maria Hunzeker

- Over 450,000 Californians on Medi-Cal and almost all in poverty have either had to pay for or forego dental care;
- Over 240,000 have not had coverage to fill prescriptions for eyeglasses, and another 100,000 were no longer covered for eye exams and preventative screenings;
- Over 50,000 incontinent patients are no longer covered for skincare products to prevent infections and sores;
- Over 40,000 were not covered for a visit to a podiatrist; and
- Over 14,000 were not covered for a professional audiology screening to get a hearing aid.

Losing these important services can significantly affect a person's quality of life and ability to hold down a job, exacerbate other medical conditions, and create additional strain on the health care safety-net. The cuts to these Medi-Cal benefits have far-reaching ramifications and permanently damage the health care safety net. To demonstrate, take the example of the elimination of dental coverage for low-income adults with Medi-Cal and what that means:

- The FY09-10 state General Fund budget "saved" \$218.8 million, or only a fraction of a percent of the total budget deficit;
- This translates into a loss of \$134.5 million in federal Medicaid matching funds, which means 4,240 lost jobs, \$205.5 million in lost wages, and \$516.1 million in lost business activity for dental care providers and supporting industries;⁸
- Almost three million low-income adults entirely lost coverage for and access to dental care, including exams, teeth cleaning and preventative maintenance, emergency dental services, and dentures, which is significant since overall health is linked to oral health;⁹
- Community clinics, which provided approximately 407,000 dental visits last year, will lose an estimated \$56.5 million in Medi-Cal revenue which is important to their fiscal solvency;¹⁰
- Of the approximately 200 community clinic staffers who have been laid off since the cuts took effect, fully one-third (77) were dental providers working in dental-shortage designation areas serving those Californians with the least access to dental care;¹¹
- Children will still have dental coverage (if they can find a dentist); however, because children of parents who receive dental services themselves are more likely to receive appropriate dental care as well, it is likely that some children's access to dental care will undoubtedly also be affected.¹²

CUTS PREVENT PRODUCTIVE LIVES

Try getting a job with a toothless smile. That's what Mr. Escobar of Fresno was left with after state budget cuts prevented him from getting his dentures. What's worse is that the state paid for his tooth extraction, and at that time, the state approved Medi-Cal benefits for his dentures as well. Unfortunately, the budget cuts and benefit changes came between the two procedures. Despite Mr. Escobar's legal rights to have both procedures (because both were approved before the cuts), state Medi-Cal administrators have refused to cover the dentures.

Source: Health Consumer Alliance, "The Human Face of Medi-Cal Benefit Cuts," (December 16, 2009).

- As a result of an **\$85.3 million reduction in funding for counties to administer Medi-Cal**, counties facing their own tight budgets must continue to administer Medi-Cal without getting anticipated financial support from the state to do so, when demand for Medi-Cal and other social services is at its highest due to the economic recession.¹³ It is anticipated that this cut will make it harder for Californians to go through the process to get on and stay on Medi-Cal coverage. Because of other cuts to county funding it is unclear how these cuts have impacted county-level jobs.

FEDERAL FUNDS HELP MITIGATE THE IMPACT IN LOS ANGELES

The Los Angeles area is one of the largest and most highly populated areas in the entire country. As such, the health care issues facing Los Angeles are especially acute. A survey of Los Angeles area community clinics estimates that as a result of the budget cuts, 17,264 visits will be lost, 4,316 patients will lose access to care, and overall \$18.6 million will be eliminated from clinic programs this year. The net impact, however, is a reduction of \$8.1 million to Los Angeles clinics because of \$10.5 million in federal funding provided through the American Recovery and Reinvestment Act (ARRA) of 2009. The impact on Los Angeles patients and clinics would have been much more severe were it not for federal investment through ARRA for increased service demand and capital improvement projects. Immediate federal funds, however, may not be available if community clinics are again targeted for cuts in the Governor's upcoming 2010-11 budget proposal.

Source: Community Clinic Association of Los Angeles, "Leaping Backward: State Cuts Reverse Federal Investments, Harm Patients and Clinics."

HEALTHY FAMILIES & OTHER MRMIB-BASED PROGRAMS: The governor's proposal to eliminate funding for the Healthy Families program left thousands of children ages 6 to 19 frozen out of care for two months, making California the only state to impose an enrollment freeze this year besides Tennessee.¹⁴ Only through outside mechanisms, like the First Five Commission and the passage of A.B. 1422, did California agree to insure children again in the Healthy Families Program, which draws down almost \$2 in federal funds for every \$1 spent by the state. But the agreement exacted a price from low-income working parents by nearly doubling the premiums they contribute to get health insurance for their children. In addition to the Healthy Families Program, other programs overseen by the Managed Risk Medical Insurance Board (MRMIB) were also cut.

- As a result of a **\$194 million reduction in funding for the Healthy Families Program** (HFP), almost 93,000 children were placed on a waitlist (since the waitlist began on July 17th) and forced to go without insurance coverage.¹⁵ Children are currently able to enroll in HFP because of the passage of A.B. 1422 (which raised revenue through a gross premium tax on Medi-Cal managed care plans) and a donation from the First Five California Commission. As part of that arrangement, starting November 1st, children in HFP from families with income from 151-250% of the federal poverty level, affecting at least 269,000 children, have a one-third or more increase in their premiums and the doubling or tripling of certain co-payments.¹⁶
- As a result of **eliminating \$4.6 million for certified application assistants** (CAAs), the thousands of families trying to apply for Medi-Cal or Healthy Families in this recession will not have trained help in completing or reviewing their application. Previous experience shows that about 95 percent of mail-in applications completed without a CAA review (which was set at \$50 per application) were incomplete, leading to more time-consuming and costly administrative work for the state.¹⁷ More significantly, people who needed help had to wait much longer to receive it. Furthermore, because of the elimination of the CAA payment, county and local organizations are making reductions in staffing and/or laying off CAAs.
- As a result of a **\$6.6 million reduction in funding for the state's high-risk pool**, called the Major Risk Medical Insurance Program (MRMIP), hundreds of Californians

will remain uninsured (and uninsurable) despite the fact that hundreds of thousands of Californians are denied for pre-existing conditions and need such a safety-net. Due to budget constraints, enrollment in MRMIP is now limited to a paltry 6,757 enrollees, and despite never having advertised its existence, there is a waiting list of 50 to 500 individuals at any given time.¹⁸

- As a result of a **\$4.9 million reduction in funding for the Access to Infants and Mothers (AIM) program**, thousands of moderate-income uninsured pregnant women may lose access to quality maternity and pre-natal care, which helps ensure safe deliveries and healthy babies.

IMPACTS OF CUTS TO HEALTH CARE AND COMMUNITY PROVIDERS ON WHICH WE ALL RELY

As private coverage erodes and public coverage programs face budget cuts, health care providers that we all rely on, especially hospitals and community clinics, are feeling the pinch. Yet in this time of increased need, the 2009-10 budget also cut some direct assistance services to these key safety-net providers.

For instance, due to budget cuts at least five community clinics in northern California (Potter Valley Health Center in Mendocino County; Doyle Family Practice in Lassen County; Westwood Family Practice in Lassen County; a rural dental clinic in Humboldt County; and the Sacramento Community Health Center) have been forced to close and nearly 200 workers have been laid off statewide.¹⁹ Without coverage and the clinics, patients have ended up relying on costly hospital emergency room care instead of seeking the less expensive and more efficient care provided by community clinics.

- As a result of **\$85.1 million in reduced Medi-Cal payments to public hospitals** (\$54.2 million), **private hospitals** (\$23.9 million), and **small and rural hospitals** (\$7.0 million), as well as a **\$23.9 million shift of funds away from the Distressed Hospital Fund**, hospitals throughout the state are less able to operate efficiently and serve the communities in their area. These cuts come at an economic time when more Californians are relying on a strong health care safety net - for example, the number of uninsured seeking care at California's public hospitals increased by ten percent before these cuts had even been proposed.²⁰
- As a result of a **\$35.1 million cut, key community clinic funding programs were eliminated** on June 30, 2009. These programs were core to the role of community clinics and

HIT HARD: INDIAN HEALTH CLINICS

The Indian Health Service is only one program that supports clinics that primarily serve California's Native Americans. As a result of the combined budget cuts this year, these clinics have reported:

- Reducing staff, including doctors, dentists, psychologists, medical assistants and executives;
- Imposing salary freezes on remaining staff;
- Cutting back on the level of services provided;
- An increase in the waiting times for patients; and
- A 50 percent increase in the number of uninsured patients.

Source: Interview with Mark LeBeau; California Rural Health Indian Health Board and letter from James Allen Crouch, MPH, CRIHB Executive Director addressed to Dept of Finance and California State Treasurer.

the funding from these programs allowed community clinics to operate and maximize the services they provide to the community. By losing this critical source of funding, community clinic clients throughout the state have seen the following programs eliminated in 2009:

- **Expanded Access to Care Program**, which expands preventive care to low-income individuals who lack access to other primary or dental care, operated in 535 clinics statewide last year;
 - **Rural Health Services Development Program**, which develops and maintains primary care services in rural areas, operated in 109 clinics statewide last year;
 - **Seasonal Agricultural and Migratory Workers Program**, which develops/maintains primary care services serving agricultural and other workers, operated in 74 clinics last year;
 - **Indian Health Program**, with the mission to improve the health status of the more than 600,000 American Indians/American Natives, operated in 75 clinics last year.
- As a result of **\$96.4 million collected from a fee to skilled nursing facilities** that serve Medi-Cal patients and a **\$75.8 million suspension of a cost-of-living adjustment for certain long-term care facilities**, the cost burden of institutional care is being shifted onto the very providers serving the frailest in society. Shifting costs onto long-term care providers could be further passed on to patients and families, and could eventually have the effect of reducing the number and quality of those providers and facilities.

IMPACTS OF CUTS TO MENTAL HEALTH AND HIV/AIDS PROGRAMS

In the context of the massive state budget, the specific programs that handle specific issues—like HIV/AIDS and mental health—may be small, but they are literal lifelines for the people that depend on them. Thus the cuts in the 2009-10 budget have big impacts to those who have significant needs.

- As a result of **\$384 million to reduce funding for Regional Centers** overseen by the Department of Developmental Services and **\$64 million in reduced funding for the mental health managed care program**, the state will not only forgo at least \$53 million in reduced federal funding for mental health managed care, but individuals with mental health and developmental issues who rely on these services will be completely left without access to care, and could end up on the streets or in jail.
- As a result of **\$28 million in reduced funding for county mental health programs**, a **\$14.2 million cut to eliminate coverage of certain ancillary medical services**, and **\$8.8 million in reduced payments to Medi-Cal substance abuse treatment drug providers**, certain populations have been targeted for reduced access to certain mental health services. This not only reduces resources for mental health clinics to stay open, but it shifts the burden of care for the mentally ill onto other areas, such as the criminal justice system. For instance, in some areas of the state, the cuts forced the closure of mental health clinics, leaving communities without any intake centers for those with severe mental illnesses. Police

and corrections officials, expecting the severely mentally ill to wind up in jail, have begun training personnel in how to house them.²¹ Furthermore, county programs that provide jobs and stability for the mentally ill have closed down because of the cuts in state funding.²² As a result, the lost funds have forced layoffs of clinic staff, including executive personnel at county-funded mental health programs. This demolition of the mental health safety net is occurring at the same time as the need is greatest – the Southern California Suicide Hotline, run by the Didi Hirsch Community Mental Health Center, saw a 60% increase in calls in 2008, and another 50% increase in callers in 2009.²³

BREAKDOWNS IN MENTAL HEALTH CARE

State budget cuts led to a complete closure of the crisis unit at the Sacramento County Mental Health Treatment Center and the loss of half (50 of 100) of the psychiatric beds in the county's Department of Behavioral Health Services. The service shutdown patched a \$9.6 million hole in funding from state Medi-Cal reimbursements, state realignment funds, and state managed care funds. As a result, regional hospitals saw a quick and measurable impact: Between June and July of this year, 716 mental health patients (who would have gone to the crisis unit) were diverted to emergency rooms (ERs), where the patients stayed for about a day and a half without receiving appropriate treatment. Furthermore, the average wait time during that period for all ER patients increased from 4 hours to 6.8 hours. Prior to the state budget cuts, the average number of mental health patients in the ER unit at any given time was four or five, but is now up to 12.

Source: Interview with John Buck, the Executive Director of Turning Point Community Programs in the Sacramento Valley; and Amy Yannello, "Gutting Mental Health: County Officials Say Huge Cuts in County Behavioral Services Endanger Public Safety," *Sacramento News & Review*, (September 17, 2009).

- As a result of a **\$59.1 million cut to eliminate support for HIV/AIDS programs** administered by the Office of AIDS, hundreds of programs throughout the state have been scaled back if not eliminated and, consequently, thousands of HIV/AIDS patients have been denied and are unable to access the services they need.²⁴ These programs include HIV education and prevention programs, HIV counseling and testing, therapeutic monitoring, housing, and home- and community-based care. Simply put, there are fewer resources available for reliable disease testing, effective treatment and monitoring, ensuring that medication is affordable, education about prevention, and other services that are important to all of California's communities.

IMPACTS OF CUTS TO PREVENTIVE CARE PROGRAMS

While many of this year's health care budget cuts were to direct services provided to patients, some of the cuts were to programs to prevent health problems in the first place. In this regard, the cutting or elimination of these relatively small programs will not just cause worse health outcomes, but often will result in higher expenses in the near future.

- As a result of **eliminating \$32.8 million in funding from Proposition 99 (tobacco tax) for local health and wellness programs**, hundreds of thousands of Californians will lose out on preventive health programs that help keep our communities healthy. Programs funded with the Proposition 99 funds include County Health Services, the Tobacco Control Program, and the Asthma Program. Another Proposition 99-funded program, the Cancer Detection Program (called "Every Woman Counts"), provides breast cancer screening for low-income women age 40 and older, including 311,000 women last year.²⁵ The cutbacks in the breast cancer screening program, which also receives a limited amount of federal funding from the Centers

for Disease Control and Prevention, include a suspension of services altogether for the first six months of the 2010 calendar year. This means that hundreds of thousands of low-income women statewide who previously had access to free mammograms will no longer have access for six months. When the program resumes in July 2010, only women age 50 and older will have access to free mammograms. (The Schwarzenegger Administration said the decision to deny services to women 40 to 50 was purely a budgetary decision and had nothing to do with recent federal guidelines regarding mammograms.)

- As a result of **eliminating \$18.5 million for Maternal, Child, and Adolescent Health (MCAH) grants** and another **\$18 million for the Immunization Program**, thousands of young Californians will miss out on opportunities to improve their health and potentially prevent avoidable illnesses. The MCAH grants, for example, were used to fund the Black Infant Health Program and the Adolescent Family Life Program.
- As a result of a **50 percent reduction (\$3.1 million) in funding of the Alzheimer's Disease Research Centers of California (ARCCs)**, the ten ARCCs throughout the state are less able to provide the services that improve "the quality of life of persons affected with Alzheimer's disease and their families."²⁶ In particular, the cut has severely reduced the ability of the ARCCs to reach out to the minority populations that are the least likely to get a timely diagnosis from their primary care doctors. By contract, the ARCCs must continue to provide services for the same number of families (about 1,200), however, with fewer resources, the scope of the services provided will significantly be reduced. One of the most important and unique roles of the ARCCs, that will undoubtedly be scaled back as a result of the cut, is dementia training for physicians, nurses, social workers and pharmacists. In fact, the ARCCs are the only resource in the state for dementia training for a workforce that is not prepared to serve a rapidly aging population.
- As a result of **reducing \$2.9 million for the California Children's Dental Disease Prevention Program**, hundreds of thousands of Californian children will miss out on this opportunity to develop "positive, life-long oral health behaviors" the program teaches. The California Children's Dental Disease Prevention Program is a comprehensive school-based program designed to "assure, promote, and protect the oral health of California's school children," which served over 300,000 pre-school and elementary school children in 31 counties last year.²⁷

CUTS THAT WERE MOSTLY AVERTED, DELAYED, OR NOT DETAILED

The past year's budget could have been worse—and it was! There were a number of cuts included in the 2009-10 budget that were not fully implemented for a variety of reasons. In some cases, the legislature, courts, and others have acted to suspend, retract, or fill-in the budget cuts, but in other cases the cuts were never fully detailed or do not take effect this fiscal year.

CUTS PARTIALLY AVERTED OR DELAYED. In addition to the narrowly averted cut to the Healthy Families Program described above, other budget cuts have not (yet) been fully implemented but have nevertheless had a significant impact, specifically:

- As a result of a **\$28.1 million cut to limit Adult Day Health Care coverage**, up to 8,000 adults with functional limitations were at risk of losing coverage from five days per week to just three days per week beginning August 27, 2009. A class action lawsuit filed by several elderly Californians with disabilities resulted in a ruling by a federal judge that has suspended implementation of the reduction since September 10, 2009.²⁸
- As a result of a **\$20.4 million cut to eliminate support for the California Domestic Violence Program**, six of the state's 94 domestic violence shelters were forced to close their doors and dozens of others were forced to scale back on the transitional housing, legal advocacy and support, counseling, and other services they provide.²⁹ Emergency legislation passed by the Legislature and signed by the Governor in October 2009 restored some (\$16.3 million) of the domestic violence funding (by borrowing money from a special gas tax fund), which will allow the shelters to stay open through June 2010.³⁰
- As a result of **reducing funding for the California Poison Control System (CPCS) by half (\$2.95 million)**, the CPCS came to within one short month of permanently closing, which would mean less support for poison-related assistance given to both individuals and health care professionals. The CPCS consults on approximately 900 poison-related cases each day, and with full funding helps avert over 60,000 emergency room visits each year and is estimated to save the state's health care system \$70 million.³¹ The CPCS was able to secure federal matching funds which will allow it to remain open through June 2010, but that money is contingent on \$2.95 million in state General Fund money that must be included in next year's (FY 2010-11) budget.³²

CUTS THAT ARE STILL LACKING DETAIL. The FY09-10 budget included some cuts that were only vaguely detailed when the budget passed and have not been clarified in the past six months. These include:

- **\$1.0 billion from negotiating additional federal Medicaid funds**, such as those that are "past due" to the state and "should have been funded by the federal government"; and a
- **\$323.2 million from an "unallocated" cut to Medi-Cal.**

It is expected that at least some of the additional federal funds may be forthcoming. Depending on how a number of factors (e.g., how Medi-Cal enrollment meets projections), it is unclear if or how these cuts will impact the current Medi-Cal eligibility levels or benefits structure.

The FY09-10 budget also calls for a number of longer-term programmatic changes that do not have an impact on the current budget or services, but may in the future. Since the Governor signed the budget into law, there have been some conversations that would specifically:

- **Centralize eligibility and enrollment for public assistance programs**, like Medi-Cal, CalWORKS, and Food Stamps, by contracting those operations out to a private contractor – a practice that in other states has shown to have detrimental

effects for patients and providers and in some cases failed to achieve budget savings, if not actually cost more;³³ and

- **Negotiate a new federal Medicaid waiver**, which could be an opportunity for new federal funds and other improvements, but also could result in reduced access to care if demonstration projects to utilize managed care and other delivery systems don't have appropriate consumer protections.

CONCLUSION

We compile these findings with the full knowledge that California faces another monumental budget crisis, and that significant consideration is given to additional cuts. Yet as this report details, some programs have already been zeroed out. Significant impacts are seen through the system. The cuts of 2009-10 need to be considered in their severity and full impact before decisions are made about additional cuts for the 2010-11 fiscal year. There are better choices for California.

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- ²² Interview with Rusty Selix, Executive Director of the Mental Health Association in California and the California Council of Community Mental Health Agencies.
- ²³ Information provided by the Didi Hirsch Southern California Suicide Prevention Hotline; and David Lazarus, "Economy Spurs Rise in Suicide Line Calls," *Los Angeles Times*, (December 24, 2008).
- ²⁴ Interview with Jessie Gruttadauria, Director of Public Affairs at the AIDS Healthcare Foundation.
- ²⁵ See Barbara Anderson, "State Funds for Mammograms Reduced," *Fresno Bee*, (December 7, 2009); Timm Herdt, "State Asked to Restore Funds for Mammograms," *Ventura County Star*, (December 15, 2009); "Jim Sanders, "Move to Curb Mammograms for Poorest Women Sparks Outrage," *Sacramento Bee*, (December 16, 2009).
- ²⁶ The ten Alzheimer's Disease Research Centers of California are part of the Alzheimer's Disease Program operated by the Department of Public Health; additional information was provided by the California Council of the Alzheimer's Association.
- ²⁷ The California Children's Dental Disease Prevention Program is operated by the California Department of Public Health.
- ²⁸ For more about the adult day health benefit lawsuit (*Brantley v. Maxwell-Jolly*) visit <http://www.disabilityrightsca.org/advocacy/Brantley-v-Maxwell/index.htm> .
- ²⁹ Juliet Williams, "Calif. Violence Shelters Closing Amid Budget Cuts," *KPBS/AP* (September 10, 2009).
- ³⁰ Denis C. Theriault, "California restores funding for domestic violence shelters," *San Jose Mercury News* (October 21, 2009).
- ³¹ California Poison Control System, *2009 Annual Report*.
- ³² California Poison Control System, "Poison Control Funded Through June 2010," (December 17, 2009).
- ³³ See County Welfare Directors Association of California, "Contracting Out Health and Human Services Eligibility: Myths and Facts," (2009).