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ARCA Position Statement
Governor's Proposed Budget for Fiscal Year 2011-12

The following represent ARCA's positions regarding the proposals included in the Governor's budget proposed for FY 2011-12.

ARCA appreciates the fact that the State is facing an unprecedented fiscal crisis and will work with the Department of Developmental Services (Department) to explore alternative means to generate the needed savings.

The budget for the Department of Developmental Services (DDS) contains a $750 million General Fund reduction. The $334 million General Fund reductions from the 2009-10 FY together with the proposed $750 million reduction will have a crippling effect on the regional center system's ability to continue providing services.

Regional centers recognize the magnitude of the state's deficit and that some reductions may be necessary. However, the proposed $750 million General Fund reduction to the regional center budget coupled with the compound effect of cuts over the past decade will result in further erosion to an already fragile community-based service delivery system for people with developmental disabilities in California.

The regional center system has sustained hundreds of millions of dollars in reductions over the last decade. The proposed reductions to this system will continue to diminish the level and quality of services regional centers provide to people with developmental disabilities. This proposal will result in the reduction or elimination of some services, compromise consumer choice, impact the quality of remaining services, lead to ever higher caseloads for regional center case workers, and stretch the resources of the care providers who provide the needed services to regional center consumers which ultimately could jeopardize the health and safety of consumers.

<u>For these reasons ARCA opposes the $750 million General Fund reduction.</u>

In an effort to minimize the direct impact of reductions to the lives of people served by regional centers, ARCA proposes two concepts for the Legislature to consider:

<u>Accessing private insurance; regional centers as payers of last resort</u>
Third party payers such as private insurance can help offset costs historically covered by the state through regional centers. By law, as outlined in the Lanterman Developmental Disabilities Services Act, regional centers are payers of *last* resort. Assembly Bill 171 (Beall) could provide an avenue for cost avoidance by mandating insurance carriers cover costs associated with screening, diagnosis and treatment of autism, an eligible condition for regional center services under California law.

<u>Consolidation of vendor quality assurance</u>
Many providers who are vendorized by regional centers are also licensed and overseen by multiple agencies such as Department of Social Services Community Care Licensing (CCL) and other entities.

Costs associated with compliance activities on quality assurance are redundant and consolidation of these activities could result in cost savings and streamline oversight.

Purchase of Service (POS)

DDS has identified a number of ways to achieve General Fund reductions. The following are ARCA's position on each of the proposals:

a. Proposal to Continue the 4.25% Payment Reduction – ARCA opposes continuation of the 4.25% payment reduction to service providers, which is due to expire in June 2011, and which began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010 (a reduction of $165.5 million total funds, $91.5 million General Fund).

(1) Most services have had their rates frozen for the past six years and this arbitrary reduction further exacerbates the rate inequities among service providers.

(2) ARCA also opposes the indefinite continuation of this proposed reduction and, if the reduction is implemented, believes these funds should be restored once the fiscal crisis has passed.

b. Proposal to Seek $50 Million in Proposition 10 Funding – ARCA supports this proposal. This will result in a $50 million General Fund reduction.

c. Proposal to Add Consumers to the 1915(i) State Plan Amendment (SPA) – ARCA supports including additional consumers and related expenditures in the 1915(i) SPA and maximizing the use of the "Money Follows the Person" funding for individuals placed out of institutions for a $65 million General Fund reduction.

d. Proposal to Secure an Additional $10 Million in Federal Financial Participation (FFP) for Certification of the Secure Treatment Facility at Porterville Developmental Center (DC) – ARCA supports this proposal.

e. Proposal to Achieve Additional General Fund Reductions Through Additional DC Expenditure Reductions – ARCA supports this proposal in concept.

f. Proposal for Increased Regional Center Accountability and Transparency – ARCA supports this proposal in concept.

g. Proposal for Implementation of Regional Center Statewide Service Standards – ARCA is neutral on this proposal as the Department's purchase-of-service standards have not been developed and conceptually lacks specificity. ARCA commits to actively participate in the development of statewide purchase of service standards at the request and invitation of the Department of Developmental Services.

2. ARCA supports the $151.1 million adjustment (total funds) due to caseload growth and increase service utilization.

3. ARCA supports the $1.8 million to implement the federal Centers for Medicare and Medicaid Services (CMS) requirement that consumers and their families with "Participant-Directed Services" have the option of utilizing a Fiscal Management Service (FMS) to pay for their direct support services.

4. ARCA supports the $67.1 million to offset the reductions in other departments.

a. $4.6 million to offset the reduction in SSP payments to the maintenance of effort floor.

b. $29.5 million to offset the elimination of Adult Day Health Care services.

c. $33.0 million to offset the changes in Medi-Cal for co-payments and service limits.

d. Any offsets to changes made to In-Home Support Services (IHSS).

Operations (OPS)

The following are ARCA's positions on the major components of the Operations budget:

1. Oppose the continuation of the 4.25 % reduction to the Operations budget which is due to expire in June 2011, and which began in February 2009 as a 3% reduction and was then increased to 4.25% beginning July 1, 2010 (a reduction of $22.8 million total funds of the total funds amount addressed in POS, above).

   This reduction will further exacerbate the burden regional centers face to provide services to over 7,500 additional consumers entering the regional center system in the Budget Year while maintaining mandated caseload ratios with an already underfunded budget.

   a. Regional center Operations budget continues to receive an annual $10 million unallocated reduction that was instituted in the early 1990's.

   b. The bulk of the regional center Operations budget is calculated using the Core Staffing formula. The salaries in the Core Staffing formula do not reflect actual current day salaries, with few exceptions, have not been updated since 1991. This has resulted in the regional center Operations budget being underfunded by approximately $166 million.

   c. Continued erosion of caseload ratios will lead to reduced monitoring of consumer services which could undermine the health and safety of consumers, jeopardize the continued receipt of over $1 billion in HCBS waiver funds, and prevent regional centers from providing the current level of advocacy for school-age consumers.

   d. Support consideration of workload efficiencies for regional center staff to mitigate the loss of these funds.

2. Support the adjustment of $9.8 million for updated caseload.

Other Issues

1. Oppose further reduction of SSI/SSP benefits ($177 million General Fund savings). Regional center consumers who live independently rely on these benefits to pay their rent and buy food. These reductions would be a hardship for these individuals.

2. Oppose elimination of Adult Day Health Care Benefits from Medi-Cal funding ($176.6 million General Fund savings). Many regional center consumers currently receive this service.

3. Oppose changes in Medi-Cal for increased co-payments ($557.1 million General Fund savings) and limits on services ($217.4 million General Fund savings). Some of the neediest regional center consumers who receive Medi-Cal services may be negatively impacted by these changes`.

4. Oppose reductions in IHSS services ($486.1 million General Fund savings). Some regional center consumers depend on IHSS to assist them in living on their own. If their IHSS is eliminated, they may have to move into a more restrictive and costly community care facility.