

Budget-Balancing Reductions
DHCS Summary
FY 2008/09 (\$ in '000's)

Issue #	DIV	Reduction Name	Proposal Reductions FY 2008-09			Total Reduction s (000's)	PYs
			GF (000's)	FF (000's)	Other (000's)		
35	PBD	Reduction in Clerical Support Staff	-35	-35		-70	-1.0
36	PBD	Reduction in Pharmacy Data Unit Staff	-104	-104		-208	-2.0
37	PBD	Reduction in Pharmacy Policy Staff	-46	-121		-167	-1.0
38	PBD	Reduction in Enteral/Medical Supply Benefit Branch Staff	-46	-121		-167	-1.0
39	UMD	Program Support Section (Administration)	-134	-134		-268	-2.0
40	UMD	Treatment Authorization Administrative Remedy Section	-395	-719		-1114	-11.0
41	SNFD	Hospital Recoupment Unit	-46			-46	-1.0
42	SNFD	DSH Share Hospital Payment Unit and DSH Share Hospital Eligibility Unit	-90			-90	-2.0
43	SNFD	Hospital Contracts Unit	-45			-45	-1.0
44	MED	Support Reduction- BCCTP Eligibility	-301	-138		-439	-5.0
45	MED	Reduction in County Performance Reviews	-263	-264		-527	-6.0
46	MED	Policy Section B Support Reduction	-99	-95		-194	-2.0
47	BWRD	Reduce Funding for Contractor Services	-360	-360		-720	0.0
48	BWRD	Reduction of Disease Management Pilots	-194	-258		-452	-2.0
49	BWRD	Staff Reduction-Provider Rate Branch	-161	-161		-322	-3.3
50	BWRD	Streamline HCBS Waiver Administration	-90	-90		-180	-2.0
51	OLTC	Reduce Developmental Services Waiver Oversight Unit Staffing	-130	-182		-312	-3.0
52	OLTC	Reduce Community Options Monitoring and Assessment (COMA) Unit Staffing	-99	-247		-346	-3.0
53	OLTC	Reduce California Partnership for Long-Term Care Unit Staffing	-50	-51		-101	-1.0
54	OLTC	Reduce In-Home Operations Quality Assurance Unit Staffing	-81	-82		-163	-2.0
55	OLTC	Reduce In-Home Operations Northern Case Management Supervisor Staffing	-34	-85		-119	-1.0
56	OLTC	Reduce EPSDT TAR Processing Staff	-33	-82		-115	-1.0
57	OLTC	Reduce Long-Term Care Division's Headquarters Clerical Support Staffing	-62	-62		-124	-2.0
58	OLTC	Reduce Support Staffing in In-Home Operations Southern Regional Office	-32	-33		-65	-1.0
59	OLTC	Reduce Staffing in In-Home Operations Southern Regional Office	-99	-99		-198	-3.0
60	OHC	State Operations Reductions for HIPAA Compliance	-482			-482	0.0
61	MMCD	Support Contract Reductions	-687	-687		-1374	0.0
62	MMCD	UC Berkeley SPD Outreach Project	-250	-250		-500	0.0
63	MMCD	Medi-Cal Managed Care Expansion A - HPMII	-59	-59		-118	-1.0
64	MMCD	Reduction of 1 PY from Operations Support Section	-36	-36		-72	-1.0
65	MMCD	Policy and Financial Management Branch - OA	-30	-30		-60	-1.0

**Budget-Balancing Reductions
DHCS Summary
FY 2008/09 (\$ in '000's)**

Issue #	DIV	Reduction Name	Proposal Reductions FY 2008-09			Total Reduction s (000's)	PYs
			GF (000's)	FF (000's)	Other (000's)		
66	MMCD	Monitoring and Program Integrity Branch - RPSI	-49	-49		-98	-1.0
67	MMCD	Plan Monitoring and Program Integrity Branch - WPT	-29	-29		-58	-1.0
68	MMCD	Member Monitoring and Program Integrity	-89	-89		-178	-2.0
69	FICOD	Downsize MIS/DSS Section	-48	-87		-135	0.0
70	FICOD	FIITMB Staff Reduction	-415	-1244		-1659	-14.0
71	FICOD	FI CA-MMIS Procurement - Staff Reduction	-188	-188		-376	-4.0
72	FICOD	HMB/CAS Staff Reduction	-79	-79		-158	-2.0
73	FICOD	General Fund Reduction Drill (HCO Section)	-187	-188		-375	-5.0
74	FICOD	Medi-Cal Dental Staff Reduction	-133	-275		-408	-3.0
75	FICOD	FI-OMB Medical Policy Evaluation Section & Provider Services Section	-75	-76		-151	-2.0
76	FICOD	OMPS - Downsize the Application Development Section	-59	-176		-235	-2.0
77	SOC	Medical Case Management (MCM) Program and Coordinated Care Management (CCM) Program	-548	-548		-1096	-10.0
		Subtotal Medi-Cal	-6472	-7613	0	-14085	-108.3
78	FICOD	CDPDP Program Staff	-117			-117	-1.0
79	PBD	California Discount Prescription Drug Program (CDPDP)	-73	0		-73	-1.0
		Subtotal CDPDP	-190	0	0	-190	-2.0
80	CMS	CMS Branch GF Support	-1270	-1270		-2540	-23.0
		Subtotal CMS	-1270	-1270	0	-2540	-23.0
81	PRHD	Program Support Reduction	-108	0	0	-108	-1.5
		Subtotal PRHD	-108	0	0	-108	-1.5
82	ITSD	PPMB - Staff Reduction	-54		-56	-110	-1.0
83	ITSD	Stand Up Website (Develop Content)	-23		-25	-48	
84	ITSD	Governance Study	-47		-49	-96	
85	DHCS	Out of State Travel Reduction	-27			-27	0.0
86	Admin	Personnel and Benefit Services Unit Reduction	-31		-41	-72	-1.0
		Subtotal Admin & Exec	-182	0	-171	-353	-2.0
		Total Support	-8,222	-8,883	-171	-17,276	-136.8

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division**

Title: Reduction in Clerical Support Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$35	\$35		\$70	1.0
Governor's budget					

Program Description

The Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. Generally, products not specifically listed, or listed with utilization controls, remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies. The Office Technicians (OT) provide administrative and clerical support to the Division Chief, as well as the professional and non-professional staff in PBD. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The current authorized staffing is for the PBD clerical support is 3.0 positions.

Program Reduction

This proposal would reduce 1.0 Office Technician.

Reduction Impacts

The clerical staff supports approximately 60 positions in the division. The positions respond to telephone inquiries from Medi-Cal beneficiaries on pharmacy issues, type correspondence, maintain contracts for data reference materials, proofread and prepare documents for signature, and track assignments, correspondence, and reports. The OT position being reduced also maintains the Division Chief's calendar, schedule meetings, arranges conference calls with State and Federal agencies and other departmental offices, and handles travel expense claims.

The loss of one OT will reduce the availability of clerical assistance to PBD, resulting in backlogs in processing contracts and incomplete assignments due to the lack of tracking activities.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division**

Title: Reduction in Pharmacy Data Unit Staff by 2 positions

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$104	\$104		\$208	2.0
Governor's Budget					

Program Description

The Pharmacy Benefits Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

Created in 2004, the Data Unit within PBD is responsible for data mining and analytical support for the division. Specifically, Data Unit staff perform a variety of data matching, analysis, trending, and statistical activities to enhance PBD' cost savings including: supporting provider education, managing reports used to re-evaluate and/or develop new policy, and provide progress indicators on a variety of PBD' program activities. The

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The current authorized staffing for the Pharmacy Data Unit is 4.0 positions, consisting of a Pharmaceutical Consultant II Supervisor (PCII), a Research Program Specialist II (RPS II), a Research Program Specialist I (RPS I) and a Research Analyst II (RA II). The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

This proposal would eliminate 1.0 RPS II position and 1.0 RA II position in the Pharmacy Data Unit within PBD.

Reduction Impacts

Internally, there will be a direct impact on those who use the Data Unit's services including: the contract negotiating pharmacists within PBD; the Audits and Investigations Division, which works with the Data Unit on a regular basis regarding fraud and abuse cases; the CalMEND Program, which has depended on the Data Unit for data analysis; and the DUR Board, for which the Data Unit performs various analyses on drug utilization.

The loss of the two research and analytical positions would significantly reduce the amount of data analysis support that can be provided for the PBD. The response time for immediate data analysis that is often requested by higher levels of DHCS management would be extended or would impede the completion of ongoing staff work. Research support for the Drug Utilization Review (DUR) Board, the CalMEND program (a multi departmental effort to develop and implement a statewide mental health care management program), drug contracting, and other product contracting would be diminished, thus potentially delaying the implementation of policy decisions that would improve the quality of care in the Medi-Cal program. Over time, the drug contracting decisions would be made without research information, which would impact DHCS' ability to make informed policy decisions and the quality of medications provided to Medi-Cal beneficiaries.

In addition, the Data Unit has supported the Audits & Investigation Division (A&I) by helping them use SURS Prospector, a pharmacy claims database designed to identify fraud. Without these positions, this support would be greatly reduced.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Pharmacy Policy Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$46	\$121		\$167	1.0
Governor's Budget					

Program Description

The Medi-Cal Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. Generally, products not specifically listed, or with listed with utilization controls, remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

The Policy Branch, created in 2002, is responsible for the development of budget proposals and estimates, analysis of State and Federal law, regulation and policy changes; consultation with legal staff on court actions, with Fiscal Intermediary Contract

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Oversight Division and the fiscal intermediary on changes to the pharmacy claims processing system and the Rebate Accounting Information System. The branch also analyzes, responds to and develops alternate decisions to provider appeals and fair hearings. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Pharmacy Policy unit is 7.0 positions

Program Reduction

This proposal would eliminate 1.0 Pharmaceutical Consultant II, Specialist (PCII) position.

Reduction Impacts

Policy Branch staff are working on a number of labor intensive projects and the loss of a PCII would create additional burden on the other PCII staff. Implementation of new policies or programs will be delayed due to the additional workload, leading to a reduction in General Fund Savings.

A good example of this is the implementation of the new Average Manufacturer Price based Selling Price and Maximum Allowable Ingredient Cost reimbursement for pharmacy providers pursuant to the 2007 Health Budget Trailer Bill. Significant analysis of comparable drugs and their pricing has to occur to implement this new reimbursement methodology. It is anticipated that there could be Local Assistance savings associated with this change, which is indeterminate at this time.

The loss of a PC II would delay implementation or oversight of quality of care programs such as CalMEND and the Drug Utilization Review Advisory Committee, resulting in extended response times for immediate policy analysis that is often requested by higher levels of DHCS management. Ongoing work with the Office of Legal Services on current and potential lawsuits, will also be impacted.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Enteral/Medical Supply Benefit Branch Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$46	\$121		\$167	1.0
Governor's Budget					

Program Description

The Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These lists are used by physicians when prescribing appropriate drug therapies and/or medical treatments for fee-for-service (FFS) Medi-Cal patients. Generally drugs not specifically listed or listed with utilization controls remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant; however medical supplies and enteral nutritional products not specifically listed are not a benefit of Medi-Cal and are not available through prior authorization. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

The Enteral/Medical Supplies Benefit Branch within the PBD, created in 2002, is responsible for establishing and maintaining the policy governing the disposable

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

medical supply and enteral nutritional benefit for PBD. Specifically, the Branch performs a variety of contracting, policy-making, legislative review, systems analysis, rebate invoicing, and stakeholder communication activities. These activities provide PBD' cost savings through contracted acquisition and rebate based contracting, development and implementation of policy to prevent fraud and abuse of Enteral/Medical supply products, and through improvements in the policies regarding medical supply/enteral supply claims processes. The Branch also works with federal agencies, such as the Centers for Medicare & Medicaid Services, to establish coding and claims processing standards for Enteral/Medical supplies. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Enteral/Medical Supply Benefit Branch is 6.5 positions.

Program Reduction

This proposal will reduce the Enteral/Medical Supply Benefit Branch by 1.0 PCII position.

Reduction Impacts

The DHCS contracts for medical supply products and maintains a List of Contract Medical Supplies for purposes of savings to the State. The loss of approximately 50 percent the PC II medical supply staff would significantly reduce the amount of medical supply product category reviews (PCR) and the number of medical supply contracts that can be negotiated by PBD. Improvements to claims processing made possible for providers through establishing a contracted list of medical supply products would be significantly delayed, and administrative costs for maintaining a claims processing system dependant on identifying and pricing non-contracted, non-reviewed, medical supply products would remain elevated.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Utilization Management Division (UMD)**

**Title: Reduction of Two Positions and Contract Funding in the Program Support
Section**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$134	\$134		\$268	2.0
Governor's Budget					

Program Description

The Program Support Section (PSS) within the Utilization Management Division (UMD) provides administrative support for approximately 900 staff in seven Divisions. These Divisions, which have a total support budget of \$150 million, are UMD; Safety Net Financing Division (SNFD); Long Term Care Division (LTCD); Systems of Care Division (SCD); Benefits, Waivers and Rates Division (BWRD); Eligibility Division (ED); and Pharmacy Benefits Division (PBD).

Staff in PSS oversee all activities concerning the monitoring of the budgets, review of Budget Change Proposals, hiring of personnel, processing and oversight of contracts, facilities management and space planning, purchasing of equipment and supplies, oversight and updating of the Medicaid State Plan, processing of training requests, and the review and processing of legislative bill analyses and legislative proposals for these seven divisions. In addition, PSS processes attendance and benefits for UMD and SNFD and functions as a liaison with DHCS' Privacy Office to ensure that confidentiality of protected health information is maintained at all times.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

In addition, UMD administers the University Enterprise Inc., student contract. This contract provides student assistants who assist with Information Technology (IT) activities, appeals and litigation cases, as well as various clerical support duties.

The University Enterprise, Inc. contract provides 20 student assistants for SNFD, LTCD, UMD and the Deputy Director's Office. The PSS currently has 23 authorized positions. Vacancies are through normal attrition and are filled as quickly as possible.

Program Reduction

This proposal will reduce clerical support by 2.0 Office Technician (Typing) positions in the PSS and reduce the University Enterprises Inc. student contract funding from \$233,000 per year to \$86,000.

Reduction Impacts

This reduction will eliminate the PSS clerical support resulting in the redirection of clerical duties to analytical staff to provide day-to-day support functions (e.g., answering phones, typing correspondence, mail distribution, attendance, and benefits coordination). The volume of work per analyst will increase, causing significant delays in responses to information requests and fiscal inquiries from departmental staff, other state agencies, the legislature, contractors, and the general public.

Reduction of the student contract decreases student assistant staffing by 65 percent. The essential services provided by the student assistants will be reassigned to other staff resulting in increased workload of the analysts assigned to Treatment Authorization Request (TAR) appeals and litigation process. This will reduce the ability of DHCS to support the Attorney General in defense of TAR lawsuits and cause a delay in batching and coding of TARs in the field offices, which will extend processing time.

In addition, critical IT functions, such as inventory for hardware and office equipment, first level desktop support for software and hardware issues, installing software for end-users, setting up workstations, moving workstations, would not be done by knowledgeable staff in a timely manner and in some instances might not be completed at all.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Utilization Management Division (UMD)

**Title: Treatment Authorization Section and Quality Assurance Unit Staff
Reductions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$395	\$719		\$1114	11.0
Governor's Budget					

Program Description

The Medi-Cal Utilization Management Division (UMD) adjudicates medical and pharmaceutical provider treatment authorization requests (TARs) for services to Medi-Cal beneficiaries. These TARs are adjudicated by medical staff based on the "medical necessity" of these services for Medi-Cal beneficiaries. The TAR process: (1) ensures that Medi-Cal only pays for high cost services that are medically necessary and at the lowest cost alternative that meets the beneficiary's medical condition; (2) ensures that Medi-Cal pays for safe and effective prescriptions that provide Medi-Cal with the lowest net cost to the State; (3) identifies beneficiaries who are getting more than six prescriptions a month, potentially from several pharmacies, and ensures that those prescriptions are medically necessary and that there are no harmful effects from the combination of medications the patient is taking, such as drug-drug interactions; and (4) saves the State \$386 million, as many providers know Medi-Cal policy and do not request TARs for medically unnecessary services or for drugs that are not the lowest net cost to the State.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Should a TAR be denied or modified, Medi-Cal providers have the regulatory right to an appeal. These appeals, accompanied by associated medical files and documents, must be submitted to the UMD, TAR Administrative Remedy Section (TARARS). On an

average, 2,500 TARS are appealed each month. This process allows an independent review of the field office TAR decision.

In order to improve the uniformity and standardization of field office TAR processing, a Quality Assurance and Program Integrity (QAPI) Unit was established in UMD in July 2006. The QAPI Unit is responsible for providing utilization management oversight to ensure consistent adjudication of TARs and appeals, the uniform application of Medi-Cal policies, and the generation of reliable data to be used in the analysis of TAR data. This has improved UMD's ability to maximize quality assurance, ensure all provider's TARs are treated equally, and maintain program integrity in the Medi-Cal Field Offices statewide. The only vacancies in this unit are normal attrition and vacancies are filled as quickly as possible.

The QAPI Unit authorized staffing is 8.0 and the TARARS Section current authorized staffing is 45.8. In total the current authorized staffing is 53.8 positions.

Program Reductions

This proposal would reduce TARARS by 5.0 Nurse Evaluator II positions, 3.0 SSA positions, and 1 Medical Consultant I position. This Proposal would also reduce QAPI by 1.0 Office Technician (Typing) position and 1.0 AGPA position.

Reduction Impacts

Reducing nine staff in TARARS will lengthen the response time for the provider to receive a final TAR appeal decision, and increase the existing backlog of appeals. Increasing the backlog will delay when the provider can submit a claim for reimbursement of services if the appeal is granted, and extend the wait time for providers to find out if their appeal is denied.

Ensuring consistent TAR decisions based on consistent adjudication criteria improves program integrity, quality of care, and access to care, and contributes toward the prudent fiscal management of resources. Reducing two staff from the QAPI Unit will diminish the ability to measure, diagnose and develop corrective actions to produce and maintain consistency in TAR adjudications.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)**

Title: Reduction of One Hospital Audit Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$46			\$46	1.0
Governor's Budget					

Program Description

The Non-Contracting Hospital Recoupment Unit (NHRU) administers a cost containment program that was established in 1981. The cost containment program is applicable to hospitals that do not contract with DHCS under the Selective Provider Contracting Program for the provision of inpatient hospital care for Medi-Cal beneficiaries. Non-contract hospital inpatient claims are paid at a percentage of charges (an interim reimbursement rate). The NHRU conducts cost-containment audits that result in a final allowable rate of reimbursement. If a hospital has been paid over the allowable rate, the NHRU initiates a recoupment of the overpayment. Recoupment demands have appeal rights which result in administrative law hearings and court cases. Currently, approximately 200 hospitals are subject to this program audit.

The NHRU [6 positions, approximately \$417,000 Total Funds, \$208,500 General Fund (GF)] is responsible for administering this program. This unit has collected overpayment of approximately \$2.5 million annually over the past three years. The position proposed for reduction is currently filled. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction of 1.0 Health Program Auditor III position.

Reduction Impacts

The proposed staff reduction will likely result in delays determining the appropriate cost containment rate for non-contracting hospitals as the workload currently handled by this staff cannot be absorbed by the other HPA IIIs without impacting the quality of the audits.

It could also result in having to reduce the time spent on each audit to keep up with the workload, thus potentially impacting the quality of the audits and the collection of GF overpayments. These delays in the collection of overpaid GF would also allow for the loss of potential interest earned.

Timing of Implementation

The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)

Title: Reducing DSH Eligibility and Payment Processing Staff by Two Positions

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$90			\$90	2.0
Governor's Budget					

Program Description

The Disproportionate Share Hospital (DSH) program was established in 1991 to reimburse hospitals for the uncompensated care costs for providing health care services to Med-Cal beneficiaries and low-income, uninsured individuals. Effective July 1, 2005, all but a very small amount of the \$1.03 billion annual DSH allotment is distributed to public hospitals. Designated public hospitals (DPHs) receive federal funds from the DSH allotment based on their certified public expenditures (CPEs) and intergovernmental transfers (IGTs). Nondesignated public hospitals (NDPHs) receive federal funds from the DSH allotment using State General Fund (GF) monies to draw down the federal funds. Private hospitals receive what is called "DSH replacement" payments comprised of GF and federal funds. These federal funds are not drawn down from the annual DSH allotment. DSH replacement payments for eligible private hospitals are estimated to be \$464 million (TF).

DHCS estimates that it will provide over \$2.1 billion in reimbursement payments to participating DSH hospitals in Fiscal Year 2007-08.

The combined DSH Eligibility and Payment units (14 positions, approximately \$1.2 million Total Funds, \$600,000 GF) are responsible for administering this program.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

These units determine the hospitals' DSH eligibility; collect hospitals' data; compute the hospitals' pro-rata DSH share; and disburse DSH and DSH replacement payments.

On an annual basis, the DSH Eligibility Unit reviews and analyzes more than 400 licensed hospitals to determine which hospitals are eligible to participate in the DSH program. The DSH Eligibility Unit provides each hospital an opportunity to review and correct the underlying data that results in an eligibility determination. The DSH Payment Unit determines the pro-

rata DSH amount to the 150 DSH-eligible hospitals based on paid claims data, health plan surveys, and other surveys that are required under the Medicaid State Plan. In accordance with State law, the DSH Payment Unit makes monthly DSH payments to NDPHs and private hospitals, based on the formula specified in the State Plan. In addition, the DSH Payment Unit invoices, collects, and tracks IGTs from DPHs that are used as the non-federal share of some of the DSH payments. Any overpayments to DSH hospitals are collected by the DSH Payment Unit and redistributed to other DSH-eligible hospitals. Both positions proposed for reduction are currently filled. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for DHS Eligibility Unit is 14.0 positions.

Program Reduction

Reduction of 1.0 Research Analyst II position from the DSH Payment Unit and 1.0 Research Analyst II position from the DSH Eligibility Unit.

Reduction Impacts

The staff reduction in these DSH Units might result in indeterminate delays in both determining the eligibility of the 150-160 hospitals each year, and the dispersment of the monthly DSH payments of \$2.1 billion to DPHs, NDPHs and private hospitals. It may also impact the quality of the review process that is used for DSH eligibility decisions. The workload performed by these staff cannot be redirected to other staff without adversely impacting their current responsibilities.

Timing of Implementation

The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)

Title: Reducing Hospital Payment Processing Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$45			\$45	1.0
Governor's Budget					

Program Description

The Construction/Renovation Reimbursement Program (CRRP) was established in 1988 by SB 1732. This is an ancillary program to the Medi-Cal Selective Provider Contracting Program, and is funded with State and federal funds. Under the CRRP, the Department of Health Care Services (DHCS) provides partial reimbursement of the debt service incurred on revenue bonds for the construction, renovation, replacement or retrofitting of hospitals and/or their ancillary or fixed equipment used to provide patient care. In addition, SB 1128 allows certain hospitals that maintain distinct-part nursing facilities that met certain criteria in 1998 to receive partial debt service reimbursement for similar construction and renovation projects as those allowed for CRRP. Currently, 24 hospitals are participating in the two programs. The Inpatient Contracts and Monitoring Section (ICMS) [14 positions, approximately \$1.2 million Total Funds, \$600,000 General Fund (GF)] is responsible for administering these programs. DHCS estimates that it will provide over \$120 million in reimbursements to participating facilities in Fiscal Year 2007-08. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

The reduction of 1.0 Associate Accounting Analyst (AAA) position and related operating expenses in the Safety Net Financing Division. The position proposed for reduction is

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

the only position that addresses this workload and is currently filled.

Reduction Impacts

The staff reduction will result in significant delays in processing payments to the 24 hospitals participating in the program. The workload will have to be absorbed by the ICMS' remaining AAA, thus delaying federal fund payments to State agencies and costs reconciliation for several supplemental reimbursement programs.

Increased phone calls from hospital representatives is also likely if hospitals become frustrated when the payments are not received in a timely manner.

Timing of Implementation

The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

**Title: Reduce Policy and Breast and Cervical Cancer Treatment Program (BCCTP)
Eligibility Staff**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$264	\$101		\$365	4.0
Governor's Budget					

Program Description

Policy Section C of the Medi-Cal Eligibility Division has responsibility for making eligibility determinations for the Breast and Cervical Cancer Treatment Program (BCCTP). The BCCTP was established in January 2002 and makes determinations of eligibility for low income women with breast or cervical cancer and men with breast cancer. There are three units within BCCTP: two units with primary responsibility for initial and annual redeterminations for women who meet the federal BCCTP eligibility requirements (15 AGPAs) and one unit (7.5 AGPAs) with primary responsibility for initial eligibility determinations and terminating eligibility after 18 months (breast cancer) or 24 month (cervical cancer) of eligibility for women and men who do not meet federal eligibility requirements (state-only program). There are currently 6,900 women in the federal BCCTP and 2,400 new federal applications annually. There are 3,600 women and men in the state-only BCCTP, with 1,200 new applications annually. The only vacancies in this section are due to normal attrition, and vacancies are filled as quickly as possible. The current staffing for the BCCTP is 22.5 positions.

Program Reduction

This proposal would delete 2.0 AGPA positions from the BCCTP unit with primary

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

responsibility for annual redeterminations of women who meet federal eligibility requirements and 2.0 AGPA positions from the BCCTP unit with primary responsibility for eligibility determinations of state-only applicants.

Reduction Impacts

A backlog for new applications will develop in the state-only program and annual redeterminations in BCCTP will not be completed timely. Under the state-only BCCTP, an applicant cannot receive cancer treatment-only coverage until an eligibility determination is made, unlike the federal BCCTP with immediate access to full scope Medi-Cal. Staffing reductions in the state-only unit will create delays in initial eligibility determinations. Under the federal BCCTP, Medi-Cal eligibility must be redetermined annually. A reduction in staff for the federal BCCTP will reduce the number of annual redeterminations that can be completed each year, resulting in some women who are ineligible having continuous federal eligibility, which could result in federal audit exceptions.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

**Title: Reduce Policy and Breast and Cervical Cancer Treatment Program (BCCTP)
Eligibility Staff**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$37	\$37		\$74	1.0
Governor's Budget					

Program Description

Policy Section C of the Medi-Cal Eligibility Division has responsibility for policy development, technical assistance and guidance to counties regarding inter-county transfers, annual redeterminations, income standards, county performance standards, share of cost, managed care liaison, eligibility for the aged and disabled, drafting of regulations, and Letters of Authorization for the Medi-Cal Program. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The Policy Unit C authorized staffing level is 7.0.

Program Reduction

This proposal would reduce 1.0 AGPA position from the Policy Unit C.

Reduction Impacts

The loss of one position will mean that the remaining staff will have to absorb the workload related to development of performance standards policies for eligibility that address annual redeterminations and error and worker alerts. There will therefore be

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

delays in the workload related to other policy development and county technical assistance in Policy C Unit regarding income, redeterminations, share of cost, inter-county transfers, Letters of Authorization, eligibility criteria for the aged and disabled, and Managed Care Liaison.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

Title: Reduction of Six positions for County Performance Reviews

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$263	\$264		\$527	6.0
Governor's Budget					

Program Description

The Program Review Section has responsibility for performing mandated County Performance Standards (CPS) reviews, Medi-Cal Eligibility Quality Control (MEQC), Focused Reviews (FR), Payment Error Rate Measurement (PERM), forms management, and other administrative support functions. The CPS program was legislatively mandated in 2003 which requires DHCS to review the counties for compliance with established performance standards for processing Medi-Cal applications, redeterminations, Worker Alerts, and Bridging. Initially counties self certified compliance as staffing was not authorized until the 2005-06 budget, with two Permanent Full Time (PFT) and two Limited Term Associate Governmental Program Analyst (AGPA) positions that were made permanent in the 2006-2007 budget. CPS' staff work with the counties to correct identified performance deficiencies and document appropriate CPS compliance and corrective action plans (CAP). Counties found to be out of compliance after the CAP review period, are subject to a two percent withhold of their county administrative expense allocation in the subsequent fiscal year. MEQC is a State and federally mandated review program, which monitors California counties compliance with State and federal eligibility regulations. California's current exemption from potential fiscal sanctions, based upon MEQC reviews is predicated on maintaining the level of staff and review efforts that were in place at the inception of the Geographic

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Sampling Plan (GSP) pilot project. The GSP methodology, approved annually by the federal government, authorizes California to sample cases in 25 of the largest urban counties. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 16.0 positions.

Program Reduction

The proposed reduction is for 2.0 Program Technician I positions in the Administrative Support Unit and 4.0 Associate Analyst (AMEA/AGPA) positions.

Reduction Impacts

Administrative Support: The two Program Technician I reductions will reduce the ability to handle administrative support workloads (i.e., re-hearings, reception, forms, supplies, and Hospice Applications) by 50 percent. Reducing these positions will lengthen the amount of time to respond to re-hearing requests. Approximately 20 re-hearings are received monthly. A backlog in processing Hospice applications would result in delays or the inability for providers to bill for these services in lieu of more costly long term care or hospital in-patient care for terminally ill beneficiaries. Hospice Applications are received monthly which must be input into the Medi-Cal Eligibility Data System. These reductions would lead to less responsiveness toward the public and counties (forms inventory and access to policy documentation).

The three MEQC analyst reductions from a total staff of 15 would result in significantly fewer MEQC case reviews and focused reviews, less responsiveness for priority assignments and data requests. This could cost the State and its counties MEQC flexibility and efficiency.

If one of the four CPS positions is reduced, CPS case review, reporting, and technical assistance to county remediation efforts will be reduced by 25 percent. This would dramatically reduce county monitoring and program integrity efforts. Loss of this position would leave only three positions to cover this statewide function for all 58 counties.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division**

Title: Reduction of Two Positions in Policy B

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$99	\$95		\$194	2.0
Governor's Budget					

Program Description

Policy Section B has responsibility for the administration of Medi-Cal Eligibility policy/procedures and county technical assistance for the Deficit Reduction Act of 2005 citizenship, Social Security Administration (SSA) Data Sharing Agreement and Remediation, MEDS, Application, SAWS Consortiums (county automated eligibility systems), Eligibility for Incarcerated Youths/Adults, Notices of Action, Minor Consent, Refugee Medical Assistance, PARIS and chairs workgroups with Healthy Families and advocates related to preceding subjects. Two Associate Governmental Program Analyst (AGPA) positions were administratively established for Policy B in January 2007 for workload related to DRA implementation. These positions were made permanent in the 2007-2008 budget. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

There are a total of 14 authorized positions within the unit.

Program Reduction

This proposal would reduce 2.0 AGPA positions from Policy B.

Reduction Impacts

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The reduction of two Associate Governmental Program Analysts (AGPA) positions in Policy B will require that the remaining staff in the Section absorb additional workload that is necessary to maintain program operations or support county operations that perform the eligibility function. A reduction of two positions will impact Policy B's ability to adequately and timely respond to court cases, reduce ability to provide timely court ordered reports and analysis to proposed settlement agreements; delay in implementing new federal and State laws, reduce provision of technical assistance to county social service agencies requesting assistance and guidance on policy and regulations; and delay response times to constituent requests for eligibility status and information. The ability to continue participating and chairing workgroups with advocates and counties will not be possible.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Benefits, Waiver Analysis and Rates Division (BWRD)
50 Percent Reduction to Consulting Contract – Navigant and Myers & Stauffer**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$360	\$360		\$720	0.0
Governor's Budget					

Program Description

The Rates Branch of the Benefits, Waivers and Rate Division (BWRD) utilizes the professional services of two contractors (Navigant Consulting and Myers & Stauffer) to perform research in the defense of lawsuits, perform rate studies, and develop new rate setting methodologies. These contractors have extensive experience in developing and assessing rate methodologies. They work in many different states assisting the Medicaid program, and have become well respected for their high quality and timely work. In addition, these contractors have conducted various studies including the Medi-Cal v Medicare rate comparison study, hospital financing modeling and are currently working on the non-emergency medical transportation study. These contracts also work on the new AB 1629 nursing facility rate setting process. The current funding level for the consulting contracts is \$1,440,000 TF [\$1,000,000 (TF) for Navigant and \$440,000 (TF) for Myers & Stauffer].

Program Reduction

This budget reduction will reduce the General Fund (GF) allocation by 50 percent as follows:

- \$250,000 (GF) savings from the Navigant contract
- \$110,000 (GF) savings from the Myers & Stauffer contract

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

Reducing the GF allocation by 50 percent will ultimately limit the use of contractor services and will require DHCS to prioritize contractor projects due to lack of funding. In addition, restricting contractor services will cause delays in the production or research of court ordered rate items requiring contractor expertise, including the rate studies, and hinder the implementation of changes to the long term care rate methodologies. In addition, projects that the contractors cannot perform may require State staff to perform. This reduction will negatively impact the ability of the Department to continue to improve the rate setting process and address stakeholder concerns.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Systems of Care Division

Title: Reduction of 2 positions from the Disease Management Pilot Projects

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$194	\$258		\$452	2.0
Governor's Budget					

Program Description

In recent years, the department has focused on creating systems of health care that are specific to persons with special health care needs. The special health care needs populations include Medi-Cal eligible persons who are chronically and catastrophically ill, and those with multiple chronic conditions. These individuals are also beneficiaries who are high cost users of health care that can benefit from receiving case management services. Program experience has demonstrated that significant reduction in costs can be achieved with appropriate, less expensive, in-home community-based services that assist in averting preventable declines in health and reductions in high cost services. As such, the department has initiated and implemented the Disease Management Program, which seeks to provide disease management intervention to four distinct high cost populations: (1) Medi-Cal beneficiaries with the specific disease conditions of Advanced Atherosclerotic Disease Syndrome, Asthma, Coronary Artery Disease, Diabetes, Congestive Heart Failure and Chronic Obstructive Pulmonary Disease; (2) individuals diagnosed with HIV/AIDS; (3) seniors and persons with disabilities and chronic conditions, or who may be seriously ill and near the end of life; and (4) persons with chronic health conditions and serious mental illnesses. The department has also entered into a contract with the University of

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

California, Los Angeles (UCLA) Center for Health Policy Research, to evaluate the effectiveness of the Disease Management pilot projects.

Program Reduction

Eliminate 2 Associate Governmental Program Analysts from the Systems of Care Division.

Reduction Impacts

Disease Management staff are responsible for the oversight of all care coordination, policy oversight, and the development of program design which requires extensive interface with the Centers for Medicare and Medicaid Services, coordination with various department staff in areas such as contract procurement, Information Technology, payment systems, and MIS/DSS staff. Additionally, Disease Management vendors are in constant contact with department staff to ensure Disease Management services are consistent with federal Medicaid policies and procedures. The lack of staffing and may prevent the department to provide the oversight necessary to ensure that the contractors are appropriately administering these new programs.

Another responsibility of these Disease Management staff is the monthly delivery of several Medi-Cal data files to the contractors. The staff ensures that data is accurate and received to the contractors in a manner mandated in each of their contracts.

Timing of Implementation

The reduction would take effect July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute nor promulgation of emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Benefits, Waivers Analysis and Rates Division (BWRD)

Title: Reduce 3.3 Positions in Provider Rate Branch

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$161	\$161		\$322	3.3
Governor's Budget					

Program Description

The Rate Analysis Unit within the Provider Rate Section of the Benefits, Waivers and Rates Division (BWRD) was created in November 2000. The Unit is responsible for developing and implementing changes in reimbursement rates and methods for federally qualified health centers and rural health clinics, consistent with applicable laws, regulations, and policies. This Unit is currently developing the reimbursement methodology for adult day health centers. Additionally, this Unit coordinates all rate litigation, oversees the private contractor who performs rate utilization related studies, resolves various programmatic and system reimbursement issues, develops systematic controls to detect and prevent fraud and abuse, and approves in-home support services through a public authority and is assigned special ad hoc projects. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Rate Analysis Unit is 6 positions.

Program Reduction

This budget reduction option will reduce the funding for 3.3 positions [1 Staff Services Manager I (P/FT), 2 Research Analysts IIs (P/FT)] and .03 (Research Analyst II) in the

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Rate Analysis Unit.

Reduction Impacts

Reducing 3.3 staff from the Section will require the workload associated with the Rate Analysis Unit to be reassigned to other staff within the Section/Division. As a result, delays and backlogs are expected for the following activities: estimating fiscal impact and developing and implementing reimbursement rates for fee-for-service providers, including those associated with physician administered drugs, medicine, surgery, radiology, laboratory, and durable medical equipment; compliance with the code conversion of local codes to an approved national code set; updating code changes generated through the annual Healthcare Common Procedure Coding System (HCPCS) update; developing new reimbursement methodologies for long term care and adult day health care providers; providing technical assistance and fiscal estimates on rate studies and legislation regarding reimbursement rate methodologies used to establish rates for various provider types; developing special ad hoc reports, drills or studies that target rate increases and decreases for specific procedure codes or provider types; developing regulations and state plan amendments; and defense of lawsuits.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Waiver Analysis Section

**Title: Reduction of Two Administrative Oversight Waiver Analysis Section
Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$90	\$90		\$180	2.0
Governor's Budget					

Program Description

The Waiver Analysis Section (WAS) serves as liaison for the Centers for Medicare and Medicaid Services (CMS) and is responsible for a number of policy and administrative functions related to many waivers including six Home Community Based Services (HCBS) waivers, three of which are administered by other state departments and three are administered by the Long Term Care Division (LTCD) (i.e., HCBS branch, In-Home Operations Section). The Home & Community-based Waivers (HCBS) Unit under WAS is also currently collaborating with CMS and the Department of Developmental Services to develop a new waiver known as the Developmentally Disabled/Self-Directed Services waiver. The purpose of these waivers is to exempt the Medi-Cal program from certain provisions of federal statutes and regulations.

The WAS functions are as follows: administration of the interagency agreements; management of waiver renewal and amendment processes; development of waiver applications; resolution of policy, system and payment issues; analyses of proposed federal and state legislation and regulations; providing CMS with required quarterly and annual reports; and providing technical assistance to the programs that operate the waivers. LTCD (HCBS Branch, Monitoring and Oversight Section) performs the quality

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

assurance monitoring reviews of waivers operated by the other departments and oversees resolution of client care issues. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Waiver Analysis Section is 17 positions.

Program Reduction

Reduce 2.0 positions: 1.0 Staff Services Manager I and 1.0 Staff Services Analyst positions allocated to perform administrative oversight functions on the HCBS waivers within WAS and consolidate the HCBS waivers (IHO, ALWPP, and NF/AH) which the LTCD currently administers.

Reduction Impacts

WAS staff are the subject-matter experts on policy and administrative responsibilities related to waiver applications, renewals, amendments, federal and state regulations and are the primary liaison with CMS. The proposed reduction of WAS positions may hinder DHCS' ability to effectively operate and/or monitor waivers and jeopardize continued federal funding for these programs. This could also delay resolution of policy and fiscal issues on the waivers as well as submission of necessary waiver amendments.

Timing of Implementation

Position reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

**Title: Reduction of Three Positions in the Developmental Services Waiver
Oversight Unit**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$130	\$182		\$312	3.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities services that enable them to live in their own homes or community-based settings as an alternative to placement in hospitals, nursing homes, intermediate care facilities or institutions for mental disease. Through the Monitoring and Oversight Section and its subordinate units, LTCD is responsible for monitoring and oversight of waivers administered by other State departments.

The Developmentally Disabled (DD) Waiver is administered by the Department of Developmental Services (DDS) and operated via 21 Regional Centers throughout the State. This waiver provides services enabling eligible beneficiaries with a developmental disability diagnosed prior to the age of 18 to remain in their own homes or community settings as an alternative to placement into a DD facility.

The Developmental Services Waiver Oversight Unit (DSWOU) was created in January 1998 to provide the monitoring and oversight function for the DD Waiver. The creation of this unit and oversight was mandated by the federal government as a condition of the

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

renewal of the DD waiver and expansion of federal funding for this waiver. The functions of the DSWOU include direct participation with DDS staff in the collaborative review process at each of the Regional Centers and direct contribution to the subsequent evaluation process. The collaborative review process includes a joint DSS/DSWOU on-site records review at the Regional Centers, as well as joint interviews with Regional Centers clients and providers. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for DSWOU is 10.0 positions.

Program Reduction

This proposal would reduce the staffing level of the DSWOU by 1.0 Research Analyst I, 1.0 AGPA, and 1.0 NE II.

Reduction Impacts

The reduction would not impact the number of persons served under the DD waiver. The reduction would result in a decrease in the amount of time DSWOU staff will spend in the collaborative review process with DDS staff, requiring some streamlining of the on-site review of the Regional Centers and reducing the extent of the technical assistance provided to them. The proposed reduction will decrease the DSWOU NE II staff by 17%, and eliminate analytical staff from the unit. There will be some delay in the production of monitoring reports for Departmental management and the federal Centers for Medicare and Medicaid Services (CMS). CMS required additional oversight of this waiver several years ago. A reduction in waiver oversight staffing may put DHCS out of compliance with CMS requirements and DD waiver funding at risk.

The reduction could negatively impact staff morale by increasing the time each nurse will be on travel status and necessitating more NE involvement in the preparation of monitoring reports.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

The reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduction of Community Options Monitoring and Assessment (COMA) Unit Staffing

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$99	\$247		\$346	3.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities

services that enable them to live in their own homes or community-based settings as an alternative to placement in hospitals, nursing homes, intermediate care facilities or institutions for mental disease. Through the Monitoring and Oversight Section and its units, LTCD is responsible for monitoring and oversight of waivers administered by other State Departments.

The Community Options, Monitoring and Assessment Unit (COMAU) monitors the Multi-Purpose Senior Services Program (MSSP) and the In-Home Supportive Services (IHSS) Plus Waiver Program.

The MSSP, administered by the California Department of Aging (CDA) serves eligible beneficiaries over the age of 65 and provides case management and coordination of in-home care as an alternative to intermediate care facility or skilled nursing facility placement. The COMAU staff directly perform collaborative reviews with CDA staff at each of the 41 MSSP sites and contribute to the subsequent evaluation reports.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The IHSS Plus Waiver, administered by the Department of Social Services (DSS), which provides continued access to IHSS for persons previously served in the IHSS state-only program, which was referred to as the residual program.

In addition, the COMAU directly administers the Intermediate Care Facility/ Developmentally Disabled-Continuing Nursing (ICF-DD-CN) Waiver pilot project. This pilot project provides a community setting for a maximum of 36 persons with a combination of developmental disabilities and the need for continuous, skilled nursing care. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The COMAU was created in July 2001 and contains 8.0 authorized positions.

Program Reduction

This proposal reduces the staffing level of the COMAU by one Nurse Evaluator III and two NE IIs, thereby decreasing the COMAU NE II staff by 40%, from five to three NE IIs.

Reduction Impacts

The reduction would not impact the number of participants served under the MSSP waiver, the IHSS Plus Waiver or the ICF-DD-CN pilot project. The reduction will impact the current joint review process between the DHCS and the CDA for the MSSP program and reduce the extent of the technical assistance provided to MSSP providers. The Federal Centers for Medicare & Medicaid Services required additional oversight of this waiver several years ago as a condition of renewing this waiver.

The reduction will also require a revision of the authorization process for ICF-DD-CN services and would reduce the extent of the technical assistance provided to ICF-DD-CN pilot project providers.

The reduction would not impact State revenues or fees.

The reduction may necessitate a reconfiguration of the COMAU and a redistribution of the current workload.

Timing of Implementation

This proposal will take effect July 1, 2008.

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Long-Term Care Division**

Title: Reduction of One Position from the California Partnership for Long-Term Care Unit

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$50	\$51		\$101	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

LTCD manages and oversees the California Partnership for Long-Term Care (Partnership) which was created in 1995. The Partnership for Long Term Care is a federally recognized program that provides, through five selected insurance companies and CALPERS, high quality long-term care insurance policies to middle-income Californians. The Partnership provides Californians with an option to avoid impoverishing themselves due to the cost of long term care and going on Medi-Cal to obtain needed long term care coverage. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Partnership is 6.0 positions.

Program Reduction

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

This proposal reduces 1.0 Associate Governmental Program Analyst (AGPA) position from the Partnership.

Reduction Impacts

Reducing 1.0 AGPA from the Partnership will reduce analytical staffing by 33 percent, and will postpone plans to solicit new Partnership insurers and increase the number of Partnership policies sold in California. This proposal will also delay the Partnership's ability to approve changes to Partnership LTC insurance policies, approve additional Care Management Provider Agencies, review revised and updated marketing and training materials for Partnership insurance agents, and conduct outreach activities in local marketing areas throughout California in a timely fashion.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Long-Term Care Division**

**Title: Reduction of Two Positions in the In-Home Operations Quality Assurance
Unit**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$81	\$82		\$163	2.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In-Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not available to the general Medi-Cal public, such as case management, private duty nursing, and home modifications. The IHO Section has operated

HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases. IHO's current provider network includes 1,200 waiver personal care services providers, 500 individual nurse providers,

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

and approximately 200 health home agencies.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0 positions.

The IHO Quality Assurance Unit (QAU) is responsible for quality assurance parameters of federal HCBS waivers, Medi-Cal eligibility issues, and waiver personal care services issues. These issues include administration of the interagency agreement with the Department of Social Services, the Medi-Cal Assumptions (Estimate) process, budget change concepts and proposals, information technology issues related to the EDS TAR System (SURGE) and the Division's website, and waiver provider recruitment, waiver provider application processing, enrollment and billing issues. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the IHO quality Assurance Unit is 9.0 positions.

Program Reduction

This proposal would reduce 2.0 IHO QAU staff: 1.0 Staff Services Analyst and 1.0 Associate Medi-Cal Eligibility Analyst.

Reduction Impacts

Eliminating 2.0 staff in the IHO QAU does not impact the number of persons receiving HCBS under Medi-Cal waivers. Elimination of the Associate Medi-Cal Eligibility Analyst position will require other program staff to directly consult with state MEDS staff or county eligibility staff on complicated eligibility cases. Reduction of the Staff Services Analyst position may delay IHO's response time and the resolution of Medi-Cal eligibility issues for some Medi-Cal beneficiaries attempting to access waiver services.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce In-Home Operations Northern Case Management Supervisor Staffing

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$34	\$85		\$119	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The IHO Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0 positions. IHO Northern Case Management Unit comprises 13 Nurse Evaluator (NE) II positions and 3 NE III (Supervisor) positions. The NE III (Supervisor) provides supervision and overall direction to subordinate NE IIs through reviewing intake medical summaries and case management reports; provides technical assistance to waiver service providers, including yearly visits and completing reports; assists in resolving provider billing issues; conducts community in-services to interested parties regarding program services; and participates in the beneficiary fair hearing process, including developing position statements and representing IHO at state fair hearings. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 16.0 positions.

Program Reduction

Reduce 1.0 IHO Northern NE III (Supervisor).

Reduction Impacts

Reducing 1.0 staff in IHO Northern Case Management will not impact the number of persons receiving HCBS under Medi-Cal waivers. It decreases supervisor (NE III) to case management staff ratio. The resulting ratio is within acceptable staffing standards for adequate supervision and mentoring of NE II staff. This reduction may delay the supervisory review of case management reports and reduce the amount of supervisor time available to mentor staff and develop their assessment skills from the current level. It may also take more time to resolve the most complex care planning and HCBS service delivery issues.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Long-Term Care Division**

**Title: Reduce Early and Periodic Screening, Diagnosis and Treatment (EPSDT)
TAR Processing Staff**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$33	\$82		\$115	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In-Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and Nursing Facility/Acute Hospital Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases. IHO Section's current authorized staffing is 77.0 positions.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The IHO Section also administers a statewide Treatment Authorization Request (TAR) processing function for Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit. In 1973, the Child Health and Disability Prevention Program was created and EPSDT was incorporated into Medi-Cal. In 1994, DHCS adopted regulations, subsequently amended in 1995, which clarified the state's implementation of EPSDT, including private duty nursing and pediatric day health care services.

The IHO EPSDT Unit comprises 1 Nurse Evaluator III (Supervisor) and 5 Nurse Evaluator IIs. These staff adjudicate more than 6,000 TARs annually for more than 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric health care services. Currently, initial authorizations for these services are for a 90 day period, with subsequent reauthorizations taking place at 6 month intervals. After the first 6 month authorization period, the IHO EPSDT Unit has found that most of the participants have stabilized conditions and need a predictable level of ongoing services. In 2006, the IHO Section expanded by 14.0 positions as a result of increases in waiver caseload and waiver personal care services timesheet processing. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

Reduce 1.0 IHO EPSDT Unit staff.

Reduction Impacts

Reducing 1.0 Nurse Evaluator II staff in the 6 staff IHO EPSDT Unit will not impact the number of persons receiving private duty nursing and/or pediatric day health care services. It may delay the unit's work in processing reauthorization requests for participants.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Long-Term Care Division**

**Title: Reduce Long-Term Care Division's
Headquarters Clerical Support Staff by Two Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$62	\$62		\$124	2.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being cared for in hospitals, nursing homes, intermediate care facilities for the developmentally disabled or institutions for mental disease.

LTCD has many programs that operate under waivers to California's Medicaid State Plan that target specific subpopulations of Medi-Cal recipients, including the Nursing Facility/Acute Hospital Waiver, In-Home Operations Waiver, Assisted Living Waiver Pilot Project, In-Home Supportive Services Plus Waiver, Developmental Services Waiver, Multi-Purpose Senior Services Program and Senior Care Action Network Health Plan. LTCD authorizes private duty nursing and pediatric day health care services for approximately 3,000 Medi-Cal beneficiaries under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services benefit.

Also, LTCD has a federal Money Follows the Person grant (\$130 million in federal funds over the next four years) to transition 2,000 Medi-Cal-eligible residents from long-term

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

care institutions back to community living arrangements. This grant, called California Community Transitions, will operate through 10 local-level Community Transition Teams. The Operational Protocol for this project was drafted with the help of a 23-member stakeholder advisory committee and has been sent to the federal Centers for Medicare & Medicaid Services for approval. LTCD anticipates that the local Community Transition Teams will begin transitioning project participants in March 2008. In addition, the Program of All-Inclusive Care for the Elderly (PACE) is covered as an optional service under the Medicaid State Plan.

Furthermore, LTCD manages and oversees the California Partnership for Long-Term Care, a federally recognized program that provides, through five selected insurance companies and CALPERS, high quality long-term care insurance policies to middle-income Californians.

LTCD's current authorized staffing is 117.0 positions, including 88.0 positions in the Sacramento Headquarters Office.

The Headquarters Support Services Unit comprises 5 clerical staff and one supervisor. These staff perform the full range of clerical support duties, including answering the telephone, formatting documents, entering case data into a case management information system, routing Treatment Authorization Requests to nursing staff, filing, and performing the full range of mail duties for LTCD and mail delivery for Utilization Management Division (UMD), Systems of Care (SOC) Division, and Safety Net Financing Division (SNFD). The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Support Services Unit is 6.0 positions.

Program Reduction

Reduce LTCD Support Services Unit staff by 2.0 Office Technician (Typing) positions.

Reduction Impacts

Reducing 2.0 staff in the LTCD Headquarters Support Services would reduce support services available including typing, mail delivery and phone service.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

**Title: Reduce Support Staffing in In-Home Operations (IHO) Southern Regional
Office**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$32	\$33		\$65	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to the Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0 positions.

The clerical support staff perform a full range of clerical support duties, including answering telephones, formatting documents, entering case data into a case management information system, routing Treatment Authorization Requests to nursing staff, filing, and opening/sorting/and distributing mail. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing of the IHO Southern Regional Office is 29.0 positions.

Program Reduction

Reduce IHO Southern Regional Office clerical support staff by 1.0 Office Technician (Typing).

Reduction Impacts

Eliminating 1.0 clerical support staff in the IHO Southern Regional Office will reduce support services available, including typing, phone services, mail delivery and filing.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

**Title: Reduce Nurse Staffing in In-Home Operations (IHO) Southern Regional
Office**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$99	\$99		\$198	3.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0.

The IHO Southern Regional Office is comprised of 29.0 staff, including 23.0 Nurse Evaluator (NE) II case managers who: conduct initial level of care determinations; assess and determine the need for program services; provide ongoing case management to waiver participants. The case management includes: periodic level of care determinations, assisting to develop plans of treatment and cost neutral program service packages, conducting home visits for health and safety assurances, and completing reports for home visits. This ongoing case management is for an indefinite time period, often for the life of the beneficiary. In addition, NE II case managers provide ongoing technical assistance to waiver service providers including yearly visits to the providers and resolution of provider billing issues. The Southern Regional Office has 23 case managers in total. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 29.0 positions.

Program Reduction

Reduce 3.0 IHO Southern Regional Office NE II case manager positions.

Reduction Impacts

Eliminating 3.0 NE II case manager positions in the IHO Southern Regional Office will reduce that office's case management staff by 13 percent, and will require existing cases to be spread around the remaining case managers. There may be a delay in intake services for new NF/AH Waiver eligible beneficiaries and the frequency of home visits. There also may be a delay response time to beneficiaries and providers who contact LTDC for assistance.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

4260 Department of Health Care Services (DHCS)

Title: Reductions of HIPAA Security Measures in Contract Funding

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$482			\$482	0.0
Governor's Budget					

Program Description

In order to meet the federal requirements of the 1996 Health Insurance Portability and Accountability Act (HIPAA), the Office of HIPAA Compliance (OHC) within the Department of Health Care Services (DHCS) coordinates funding for Department-wide HIPAA assessment and remediation efforts. The law outlines a process to achieve uniform national health data standards and health information privacy in the United States. These "Administrative Simplification" provisions require all covered organizations to standardize the way they transmit and code health information for billing and record keeping purposes, and to protect the privacy and security of that information.

Because each rule has a unique start and end date, DHCS treats each rule as a separate project and all are managed centrally within OHC, established in the year 2000. Each rule may also be modified annually by the U.S. Department of Health and Human Services. Each rule that is implemented also has ongoing work associated with maintaining compliance.

DHCS is going through a process of assessment and remediation to become compliant with each of these standards, or "rules", to meet an implementation deadline that is typically within two years of when the rule is published as final in the Federal Register. Because the remediation work to achieve HIPAA compliance is often complex, and because additional HIPAA rules have yet to be published, the Department currently

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

uses a combination of baseline budget and limited term positions to fund HIPAA assessment and remediation work. Through an Inter-Agency Agreement, OHC will continue to provide HIPAA support to the California Department of Public Health (CDPH).

Program Reduction

Ten percent reduction in HIPAA contracting and purchasing funds.

Reduction Impacts

This reduction would impact the amount of HIPAA assessment, remediation, and maintenance activities for various security efforts throughout DHCS and the California Department of Public Health. The near-term impact of the reduction would result in discontinuing or delaying multiple security initiatives intended to bring DHCS and CDPH into compliance with HIPAA Security requirements and minimize data loss or breaches.

Reductions would include security consultants establishing methods to audit the Department's technical infrastructure and prepare the Information Technology (IT) environment for disaster conditions. The initiative to establish an alternate site for critical IT operations under disaster conditions, as well as another to conduct regular security assessments in DHCS, would be delayed until funding was available.

In addition, a reduction in the baseline HIPAA budget would reduce the Department's ability to assess and remediate current and future HIPAA rules for both DHCS and CDPH. Continued non-compliance with HIPAA may result in enforcement action, including federal monetary penalties and the loss of federal financial participation.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

The reduction will not require changes in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

4260 Department of Health Care Services (DHCS)
Medical Managed Care Division

Title: Reduce Support Contract Budget

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$687	\$687		\$1374	0.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Division (MMCD) currently has 164.5 budgeted positions and pays almost \$5 billion TF in annual managed care capitation payments.

Program Reduction

The Medi-Cal Managed Care Division will reduce its support contract budget as follows: \$600,000 GF from unallocated contract funds; \$50,000 GF from a contract with UC Davis for language translation services, which serve all Medi-Cal programs and divisions; and \$37,000 GF from the California State University, Sacramento (CSUS) contract for student assistants.

Reduction Impacts

The total reduction represents approximately 12 percent of MMCD's support contract budget. The reduction from the unallocated portion of the support contract budget will

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

reduce DHCS' ability to respond to critical needs that routinely come up. For example, when the Department decided it needed to develop a new managed care rate methodology, it used unallocated contract support dollars to obtain an actuary contract to do this work. This budget item serves as a vehicle for DHCS to quickly initiate special short-term projects as needed for emerging issues, and this reduction will reduce DHCS' ability to take advantage of this flexibility.

The reduction to the UC Davis contract will result in all Medi-Cal programs having reduced access to translation services. The reduction to the CSUS contract will reduce the program's reliance on student assistants that serve as a recruitment vehicle for hiring new State staff in entry level professional positions. The reduction will require notification to the affected contractors when appropriate; however, all contracts contain provisions that funding is contingent on securing funds in the State budget.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division**

**Title: Reduce UC Berkeley Seniors and Persons with Disabilities (SPD)
Outreach Project Contract by 10 Percent**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$250	\$250		\$500	0.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Division (MMCD) currently has 164.5 budgeted positions and pays almost \$5 billion TF in annual managed care capitation payments.

There are three models of Medi-Cal managed care: Two Plan, Geographic Managed Care (GMC) and County Organized Health Systems (COHS). With the exception of the COHS model, which operates in eight counties, seniors and persons with disabilities (SPDs) have the option to enroll in Medi-Cal managed care or remain in fee-for-service ("regular" Medi-Cal). Only six percent of SPDs have voluntarily elected to enroll in the Two Plan and GMC models, and DHCS secured funding in FY 06-07 to implement strategies to increase voluntary enrollment of this population and increase their access to primary care providers and specialists through a coordinated system of care. DHCS

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

has contracted with the University of California, Berkeley School of Public Health to promote voluntary enrollment of SPDs into Medi-Cal managed care. The contractor has met with key informants and worked in partnership with an advisory group to develop a consumer guide that will increase SPD awareness of their options under Medi-Cal managed care and promote their voluntary enrollment into the Two Plan and Geographic Managed Care health plans. The contractor will pilot test the guide in Alameda, Riverside and Sacramento counties beginning January 2008, and will use the pilot's findings to modify the guide and work with the program to create a statewide dissemination plan.

Program Reduction

The proposal will reduce contract funds by \$500,000 (\$250,000 General Fund). This represents a 50 percent reduction to the project's annual budget. This contract expires in 2009-10.

Reduction Impacts

Reduction of this contract will limit SPD's from receiving information explaining the benefits that the managed care program can offer them. Many of Medi-Cal's SPDs have chronic health conditions and would benefit from managed care's ability to assure access to primary care specialists and care management. This reduction is a lost opportunity to increase SPD enrollment in the Medi-Cal managed care to receive coordinated care and better manage their health. DHCS estimated an approximate 25 percent increase in voluntary enrollment of SPDs associated with this project, and reduced dissemination of the guide and development of other outreach materials and strategies would result in a lesser increase than estimated.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division**

Title: Reduce One Health Program Manager II Position

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$59	\$59	\$118		1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Managed Care Expansion Section is responsible for the planning, development and implementation activities of the 13 county managed care expansion. This Section serves as primary coordinator with DHCS branches and divisions, managed care plans and counties that have been identified to become a Geographic Managed Care (GMC), Two-Plan, or County Organized Health System (COHS) model for expansion. The Expansion Section's staff attend stakeholder meetings in counties that have been designated for expansion in order to ensure an effective expansion process.

The Medi-Cal Managed Care Division has 164.5 authorized positions and pays almost \$5 billion TF in annual managed care capitation payments. The Managed Care Expansion Section has 8 authorized positions. Any vacancies are due to normal attrition and are filled as quickly as possible.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

Reduce one Health Program Manager II (HPM II) position in the Medi-Cal Managed Care Expansion Section.

Reduction Impacts

Reducing the HPM II position would require another manager in the division to handle the responsibilities associated with it, resulting in a loss of sole, direct focus on the 13 county expansion. This reduction may diminish the Division's ability to have senior management focus primarily on managed care expansion and be available to collaborate with county officials on expansion issues. There will be no direct impact on the implementation timetable. The position that will manage the expansion currently manages the section that oversees County Organized Health System and Geographic Managed Care contracts, and the imposition of expansion activities may result in a lesser focus on both areas.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division**

Title: Reduce One Staff Services Analyst from Operations Support Section

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$36	\$36		\$72	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Operation Support Section provides support services to the Medi-Cal Managed Care Division (MMCD) by reviewing and approving all invoices for MMCD support purchases; coordinating with the Office of Legal Services on MMCD Public Record Requests; coordinating MMCD training requests; coordinating MMCD Records Retention Schedules; and serving as a liaison between DHCS' Accounting Section and Contract Management Unit (for support contracts).

The MMCD has 164.5 authorized positions and pays almost \$5 billion TF in annual managed care capitation payments. The Operations Support Section has 15 authorized positions and any vacancies are due to normal attrition and are filled as quickly as possible.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

The proposal will reduce one Staff Services Analyst (SSA) from the Operations Support Section.

Reduction Impacts

Reducing one SSA will require MMCD to transfer work to other staff in the Unit. This shift may impact MMCD's ability to be responsive by increasing necessary time to approve invoices. Any untimely payment of small business invoices may result in financial penalties. The processing time for MMCD's support contracts may also increase and Public Record Act requests may be delayed.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

**Title: Reduce One Office Assistant Position from the
Policy and Financial Management Branch**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$30	\$30		\$60	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Policy and Financial Management Branch (PFMB) establishes financial policy, develops health plan rates, processes notices of dispute and litigation, and develops federal waivers necessary to administer the managed care program. PFMB develops regulations, legislative analyses and procedures relevant to the managed care program. PFMB is responsible for clinical policy, which clarify contractual responsibilities for Medi-Cal managed care plans, and develops statewide Medi-Cal managed care quality improvement programs.

The Medi-Cal Managed Care Division (MMCD) has 164.5 authorized positions and pay almost \$5 billion in annual managed care capitation payments. The PFMB has 83 authorized positions and vacancies are due to normal attrition and filled as quickly as possible.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

Reduce one Office Assistant (OA) position in PFMB.

Reduction Impacts

The Medi-Cal Managed Care Division has eight authorized clerical staff to support the division, with two allocated to each branch. These positions provide clerical support to Branch Operations such as document preparation and finalization, filing, photocopying, answering phones, scheduling meetings and other general support. The workload is such that the division has had to rely on a retired annuitant to maintain support activities. This reduction represents a 50 percent reduction in clerical support for the PFMB, and it will result in the Branch's professional staff (e.g. analysts, nurses, pharmacists and researchers) having to perform more of their own clerical functions, thereby directing some of their time away from their professional duties. Despite being assigned to specific Branches, MMCD's clerical staff also provide support to each other by answering the Division's main telephone lines, processing major copy jobs and providing back up support to the Division Chief's executive secretary and the Deputy Directors' staff in Health Care Programs. Reducing this OA position will remove that critical back-up support. This reduction will result in some branch tasks, assignments, or projects being delayed, including slower responses to calls coming into MMCD's main telephone lines resulting in decreased support for the Division Chiefs' and Deputy Directors' Offices.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

**Title: Reduce One Research Program Specialist I Position from
Plan Monitoring and Program Integrity Branch**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$49	\$49		\$98	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Plan Monitoring and Program Integrity Branch (PMPiB) monitors health plan performance to ensure that each plan complies with contract requirements for medical policies, facility site reviews, member rights and program integrity, including anti-fraud activities. The PMPiB is responsible for the External Quality Review Organization contract designed to ensure that the quality of care delivered by each health plan to Medi-Cal beneficiaries is measured and monitored for improvement. The Branch is also responsible for encounter data and research using a variety of data bases to provide information to the division. The program has 164.5 authorized positions and pays almost \$5 billion in annual managed care capitation rates.

The Medi-Cal Managed Care Division currently has 164.5 authorized positions and pays

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

almost \$5 billion TF in annual managed care capitation payments. The Branch has 38 authorized positions, with 8.0 positions in the Performance Measurement Unit. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

Reduce one Research Program Specialist I (RPS I) in the PMPIB.

Reduction Impacts

The PMPIB has five staff in research/data related classifications. The RPS I designs, organizes and conducts research studies and analyses of Medi-Cal Managed Care program performance in the areas of health care outcomes. The RPS I also assists in reviewing targeted health plan quality improvement projects to assess project progress and outcomes. By reducing this position, the Branch will have to place increasing reliance on the remaining two RPS I positions and two Research Analyst IIs in the Unit, with minimal support from two RPS II positions reporting at the branch level; however, the remaining staff are already working at capacity and cannot absorb all workload from this position. Reduction of this position may affect tasks involving large data requests and subsequent analyses, provision of assistance to external researchers, and development of data reports to MMCD management that inform effectiveness of plan operations.

Timing of Implementation

This position reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

**Title: Reduce One Word Processing Technician from
Plan Monitoring and Program Integrity Branch**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$29	\$29		\$58	1.0
Governor's Budget					

Program Description

Medi-Cal managed care contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Plan Monitoring and Program Integrity Branch (PMPIB) ensures that health plan performance complies with contract requirements for financial solvency, medical compliance, facility site reviews, member rights and program integrity, including anti-fraud activities. The PMPIB is responsible for the External Quality Review Organization contract designed to ensure that the quality of care delivered by each health plan to Medi-Cal beneficiaries is measured and monitored for improvement. The Branch is also responsible for encounter data and research using a variety of data bases to provide information to the division.

The Medi-Cal Managed Care Division (MMCD) has 164.5 authorized positions and pays almost \$5 billion in annual managed care capitation payments. The PMPIB has 38

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

authorized positions and any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

Reduce one Word Processing Technician (WPT) in the PMPIB.

Reduction Impacts

MMCD has eight authorized clerical staff to support the division, with two allocated to each branch. The workload is such that the division has relied on a retired annuitant to maintain support activities. This reduction represents a 50 percent reduction in clerical support for the Branch, and it will result in the Branch's professional staff (e.g. analysts, nurses, and researchers) having to perform more of their own clerical functions, thereby directing some of their time away from their professional duties. Despite being assigned to specific branches, the Division's clerical staff also provide support to each other by answering the Division's main telephone lines, processing major copy jobs, and providing back up support to the Division Chief's executive secretary and the Deputy Directors' staff in Health Care Programs. Reducing this WPT position will remove that critical back-up support. This reduction will result in some branch tasks, assignments or projects being delayed, resulting in slower responses to calls coming into the Division's main telephone lines and decreased ability to support the Division Chief's and Deputy Directors' Offices.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division (MMCD)

**Title: Reduce One Staff Services Analyst Position and One Associate
Governmental Program Analyst Position from Member Monitoring and Program
Integrity**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$89	\$89		\$178	2.0
Governor's Budget					

Program Description

Medi-Cal managed care contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The MMCD has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Member Rights Monitoring Unit monitors contracted Medi-Cal managed care plans to assure they comply with statutory, regulatory and contractual requirements for participation in the Medi-Cal managed care program. The Unit staff provides support in MMCD's overall goal to assure that beneficiaries have full access to health care services in a timely, professional and respectful manner. The Unit carries out its role by assessing the health plans' compliance with requirements to assure timely responses to member grievances, provide notifications to members about prior authorizations for certain health care services; and assure provision of language services for members who are limited English proficient and need critical materials and health care services in their own language.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

MMCD has 164.5 authorized positions and pays almost \$5 billion TF in annual managed care capitation rates. The Member Rights Monitoring Unit has 10.0 authorized positions, and the only vacancies in the Unit are due to normal attrition and are filled as quickly as possible.

Program Reduction

Reducing one Staff Services Analyst (SSA) position and one Associate Governmental Program Analyst (AGPA) position in the Member Rights Monitoring Unit.

Reduction Impacts

Reduction of these positions will require the Unit to reduce its annual onsite monitoring of all contracted health plans as well as the "in-office" workload associated with ongoing monitoring carried out between onsite visits. The Unit will have to revise its annual onsite monitoring schedule to approximately one every 18 months. The level of monitoring and assurance of onsite visits are important tools in assuring that health plans are meeting these critical requirements, and it provides the added benefits of identifying and meeting technical assistance needs of health plans before problems progress to the point of having adverse effects on beneficiaries.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

Title: Reduce Contract Staff in Management Services Division Decision Support System

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$48	\$87		\$135	0.0
Governor's Budget					

Program Description

The Fiscal Intermediary and Contracts Oversight Division (FICOD) Headquarters Management Branch (HMB) is responsible for the financial, administrative, and personnel functions for FICOD, including numerous activities related to the financial management of the Medi-Cal fiscal intermediary (FI) and Health Care Options (HCO) contracts. This includes analysis and development of FI and enrollment broker policy and procedures and fiscal and contract compliance matters. The HMB support budget includes external contract funds totaling approximately \$200,000 (\$75,000 GF). This funding enables the Branch to contract with outside consultants to address various contract policy issues.

Program Reduction

The proposal will reduce the HMB external contract support budget by \$135,000 (\$48,000 GF)

Reduction Impacts

Reducing the HMB External Contracts budget could impact flexibility to obtain consultant services necessary to implement Administration and legislative policies, such

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

as implementation of the Personalized Provider Directories pilot project and/or other needs that typically come up during each Fiscal Year (FY).

Timing of Implementation

This contract reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or require emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

**Title: Fiscal Intermediary Information Technology Management Branch
Reduction of 14 Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$415	\$1,244		\$1,659	14.0
Governor's Budget					

Program Description

Originally created in the 1970's to oversee the Fiscal Intermediary (FI) contract, the Fiscal Intermediary Information Technology Management Branch (FIITMB) in the Fiscal Intermediary and Contracts Oversight Division (FICOD) manages changes to the Medi-Cal Claims processing system and the operations of the FI. The FI, currently Electronic Data Systems (EDS), is the contractor responsible for managing the system that processes Medi-Cal provider claims. The Branch sets priorities for system changes and problem correction activities, acts as project managers and subject matter experts on numerous systems development projects, monitors the FI operations, reviews and approves contract invoices, resolve contract issues, reviews notice of claim and change orders, and participates in resolving provider payment issues.

The Branch consists of three sections and seven units with 53 staff, supervisors, and managers. The level of staffing has remained relatively constant over the past 3 years. The only vacancies are due to normal attrition and positions are normally vacant for 2 to 3 months. The Branch is funded at a level of \$1.6 million total funds 75 percent Federal Financial participation (FFP), 25 percent General Fund (GF). FIITMB activities impact the Medi-Cal Fiscal Intermediary Contract and payments to Medi-Cal Providers and

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

indirectly affect access to health care for Medi-Cal beneficiaries. There has been no expansion in this Branch.

The FIITMB authorized staffing is 53 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

Reducing 14 positions in the FIITMB section including: 1 Data Processing Manager II, 2 Data Processing Manager I, 4 Staff Information System Analysts, 1 Senior Information Systems Analyst (specialist), and 6 Associate Information Systems Analysts would correspond to a proposed reduction in the FI Systems Group in the Local Assistance budget which FIITMB oversees and the associated reduction in workload resulting from the FI systems group reduction. Because the FIITMB workload is related to the level of FI systems group staffing, if the associated reduction in the FI systems group is not approved, this proposal should also not be approved.

Reduction Impacts

While the staffing in the FI contractor's Systems Group has increased from 115 systems staff in 2002 to 190 in the current year, there has not been a corresponding increase in FIITMB staff. The FIITMB staff oversee the operation of the FI's Systems Group as well as manage system changes performed by the FI. The corresponding reduction in EDS' Systems Group staff will reduce the system development projects EDS can work on, and therefore reduce the Department's ability to timely and correctly implement changes to the Medi-Cal claims processing system.

EDS is still required to maintain and operate the existing systems, resolve system problems and correct erroneous payments to providers. The reduction in staffing in FIITMB will necessitate reprioritization of the operational oversight performed by FIITMB and likely mean delays in identifying and correcting erroneous payments, which would mean delayed recoupment of overpayments and payouts for underpayments. The reduction would also cause delays in review of problem corrections and invoices, reduced review of claim processing activity, reduced review of EDS' quality management reports, and delays in responding to provider claims problems.

The reduced oversight of the Fiscal Intermediary will likely result in increased costs for the Fiscal intermediary contract due to not having staff to catch invoice errors. There may also be an increase in Medi-Cal provider claims payment errors which could increase Medi-Cal program costs further.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

The proposal will not require a change in statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

Title: Project Management Branch Reduction by Four Positions

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$188	\$188		\$376	4.0
Governor's Budget					

Program Description

Fiscal Intermediary (FI) & Contracts Oversight Division (FICOD), Project Management Branch (PMB) was established in Fiscal Year 2007 and is responsible for leading the Department's effort to procure a replacement system for the Medi-Cal claims processing system called the California Medicaid Management Information System (CA-MMIS). This requires a Request For Proposal (RFP) for a new FI contract for Medi-Cal claims processing. CA-MMIS is a 30-year-old, mainframe, legacy system that annually processes medical claims that result in approximately \$19 billion in payments to 80,000+ providers of health care services. It is a mission critical system for the Department of Health Care Services and for the State of California. The effort to replace this claims processing system has not been attempted for 30 years. It is the largest and most complex system of its kind in the nation. Attempts have been made to try to expand and modify some subsystems but due to the complexity of the legacy system it has been met with significant challenges. A recent CA-MMIS assessment recommended that the effort to replace the system begin immediately, to ensure the integrity of claims processing.

The PMB staff are responsible for completing work products necessary to support a RFP, so that bidders on the next FI contract clearly understand the requirements of

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

system replacement and operations. This is a massive and labor intensive effort as there are thousands of medical policy and business rules imbedded in the legacy system today that must be thoroughly reviewed and documented. PMB staff act as subject matter experts in identifying and validating Medi-Cal business rules for inclusion in the scope-of-work (SOW) for the new FI contract and the CA-MMIS replacement system. This procurement effort is on a compressed timeline as the current FI contract will expire June 30, 2010 and the reprocurement effort takes a minimum of 2 years. Adding the CA-MMIS replacement to this reprocurement requires significant time to the process.

The PMB authorized staffing is 17.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

4.0 Associate Governmental Program Analysts from the PMB will be reduced. These staff are responsible for identifying and validating policy and business requirements for inclusion in the RFP for the following program areas: Systems of Care Division; Benefits Waivers & Rates Division; Medi-Cal Eligibility Division; and Managed Care Division.

Reduction Impacts

PMB dedicated project staff are already severely limited for the size and complexity of this project. This will reduce four of the seventeen current positions, and reduce the use of subject matter experts support to the CA-MMIS replacement procurement. As the time remaining on the current contract is fixed and the timeframe for procuring this contract cannot be extended or lengthened, the procurement will have to proceed without access to the necessary subject matter experts.

PMB will also have less staff to do its current workload and potentially risking the accuracy and quality of the procurement process. This could increase the risk of a new FI contract and claims processing system that does not meet the Department's needs, does not qualify for federal certification and/or incorrectly processes Medi-Cal claims. In addition, providers may be impacted by inaccurate claims processing.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

**Title: Headquarters Management Branch/Contract Administration Section
Reduced by Two Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$79	\$79		\$158	2.0
Governor's Budget					

Program Description

The Fiscal Intermediary and Contracts Oversight Division (FICOD) Headquarters Management Branch/Contract Administration Section (HMB-CAS) performs a number of functions which include research and analysis of lawsuits brought against the Medi-Cal program, and support functions related to administration of the Medi-Cal fiscal intermediary contract. Currently, the Department of Justice is obligated, through an Interagency Agreement with DHCS, to represent DHCS in any litigation concerning the Medi-Cal program. The DHCS Office of Legal Services formally requests representation by the Deputy Attorney General (DAG) when served with a lawsuit on behalf of a provider. In turn, the DAG requires DHCS to provide all the research, analysis, recommendation and court appearances for each case, which is done by HMB-CAS litigation analysts.

The Medi-Cal program has been in existence since 1966 and continues to evolve due to significant federal mandates such as implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which requires Medicaid programs to standardize their billing codes and provider identifier codes.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

These mandates are likely to result in additional lawsuits brought against the Medi-Cal program as Medi-Cal and its providers transition to these new billing codes, transaction formats and uniform billing numbers.

The HMB-CAS authorized staffing is 23.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

The HMB-CAS will be reduced by 1.0 Associate Governmental Program Analyst (litigation analyst) and 1.0 Office Technician (OT) position.

Reduction Impacts

The flow of litigation cases that come into this unit can be very heavy during peak periods and this reduction will place heavy strain on the unit. Some of the loss of staff resources can be addressed by having supervisors assist with staff work during times of heavy workflow. However this will leave less time for supervisory duties. Further, litigation analysis is extremely complicated and can only be performed by well trained, experienced analysts. It takes approximately three months for a new employee to be trained on the process of conducting litigation research and the document retrieval systems and at least one year of experience for an employee to effectively analyze litigation claims independently. Any staff turnover will have a significant effect on this reduced unit during the training period. Court deadlines may be missed and cases may be analyzed incorrectly.

The OT position currently types or proofs and packages all correspondence to the Medi-Cal fiscal intermediary, provides phone coverage for the Branch and division and tracks the status of major assignments related to administration of the FI contract.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division Health Care Options Section
Title: Internal Operations/Administration Unit Reduce by Five Positions

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$187	\$188		\$375	5.0
Governor's Budget					

Program Description

The Health Care Options (HCO) Section is responsible for the overall administration, oversight, monitoring and change management of the HCO Enrollment Broker Contract (Contractor). The Contractor is responsible for informing Medi-Cal eligibles and applicants of the health care options available to them, and for enrolling eligibles into, and disenrolling them from, Medi-Cal Managed Care medical and dental plans in 13 counties. The HCO contract was recently rebid and will be moving to a new contract and new enrollment processing system with significant improvements. The HCO program was created in 1986 and is authorized by the Welfare and Institution Code Section 14016.6. The HCO program is a federally funded program with a Federal Financial Participation (FFP) level of 50 percent FFP and 50 percent general fund. The Internal Operations\Administration Unit handles all of the office administration functions (budget estimates, assumptions, bill analysis, records retention, and general administration support) and monitors the Contractor's Call Center, Quality Assurance, Data Analysis, Central Operations, and Finance divisions. The External Operations Unit monitors the Mail House and Field Operations.

The Internal Operations/Administration Unit authorized staffing is 18.0 positions. Any vacancies are due to normal attrition and are filled as quickly as possible.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

Reduce one Associate Governmental Program Analyst, one Staff Services Analyst, and one Word Processing Technician in the Internal Operations/Administration Unit. The External Operation Unit will be reduced by 2.0 Staff Services Analysts. The only vacancies in this unit are normal attrition and vacancies are filled as quickly as possible.

Reduction Impacts

The reduction of five staff will reduce the Department's ability to perform the increased work related to monitoring operations under the current contract as well as monitoring Turnover/Takeover activities that will overlap the start up of the new contract operations, which will begin on October 1, 2008. The reduction will reduce the Department's ability to monitor operations and assure compliance.

Reduction in staff will limit HCO's ability to monitor the Call Center (which will expand in the new contract) and to monitor material changes in the information booklets that are sent daily to Medi-Cal beneficiaries informing them of their enrollment choices. Also impacted will be HCO's ability to monitor the 100 state-side contract Enrollment Services Representatives (ESRs). The ESRs have a 99 percent success rate in assisting the beneficiaries in making a managed care health plan choice, therefore reducing the default rate and saving the State a considerable amount annually. The proposed reduction will impede HCO's ability to fully monitor the ESRs in the field to ensure they are providing the best service to the beneficiaries and ensure the 99 percent success rate is maintained.

The reduction of HCO staff could result in potential federal sanctions if state oversight staff could not ensure that the contractor meets all federal requirements. If contract requirements are not closely monitored and the Enrollment Broker Contractor does not adhere to federal mandates, the State may lose Federal Financial Participation (FFP).

Lastly, the reduction will require the remaining 13.0 professional staff to assist the one remaining support staff with all of the Section's clerical functions (ie. answering telephone, formatting of letters, releasing correspondence, and importing of documents into electronic data storage, etc.).

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Fiscal Intermediary Contract Oversight Division
Title: Medi-Cal Dental Services Branch Reduce by Three Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$133	\$275		\$408	3.0
Governor's Budget					

Program Description

The role of the Medi-Cal Dental Services Branch (MDSB) is to ensure that the fiscal intermediary (FI) contractor, Delta Dental of California, complies with the terms and conditions of its contract. Specifically, the MDSB oversees the FI's processing and payment of dental claims, enrollment/dis-enrollment of providers from the program, oversight of the quality of care being provided to Medi-cal beneficiaries and the auditing of providers to avoid misuse of program benefits. In addition, the MDSB oversees the FI for the implementation of any new state or federal mandates. There has been no recent program expansion. The current funding level of the MDSB is approximately \$4.2 million.

The MDSB authorized staffing is 21 positions and any vacancies are due to normal attrition and will be filled as quickly as possible. There are currently 3 Dental Program Consultant (DPC), 2 Dental Consultants (DC) and 16 Staff Services Analysts (SSA)/ Associate Governmental Program Analysts (AGPA) in MDSB.

Program Reduction

This proposal would reduce the MDSB by 1.0 DC, 1.0 DPC, and 1.0 SSA/AGPA.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

The DPC and the DC I provide professional and clinical advice and guidance to the Department concerning scope and quality of dental benefits under the provisions of the Denti-Cal Program. This position also provides clinical oversight of the Dental FI in claims adjudication, fraud detection and investigation processes. The reduction of the AGPA position will impact the ability to respond to issues of fraud and abuse on a timely basis. The AGPA performs all non-clinical activities related to these functions. Reducing these staff would have a noticeable impact on the branch's ability to respond to external organization needs (for example, providing investigatory assistance and expert witness testimony for Department of Justice). State revenues and fees would not be impacted by this proposal.

Timing of Implementation

This proposal would be implemented July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Fiscal Intermediary & Contract Oversight Division
Title: Operations Management Branch Reduce by Two Positions**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$75	\$76		\$151	2.0
Governor's Budget					

Program Description

The Medi-Cal program was established in 1967. The Fiscal Intermediary and Contracts Oversight Division (FICOD) is responsible for the overall administration and monitoring of the Medi-Cal fee-for-service medical Fiscal Intermediary (FI) contract with Electronic Data Systems (EDS) Corporation and the at-risk dental FI contract with Delta Dental Plan of California. These responsibilities include providing direction to both FI contractors on claims processing payment policies and procedures, monitoring and reviewing of the FI's operations, enforcement of contract provisions, negotiation of changes to the scope of the contracts, maximization of beneficiaries' entitlement to health care from other payers, and adjudication of provider appeals. FICOD is also responsible for the oversight of all Medi-Cal fee-for-service (FFS) payments. The FI Operations Management Branch (OMB) and FI Information Technology Management Branch (ITMB) within FICOD perform oversight of the \$160 million per year medical FFS FI contract. The FIOMB and FI ITMB conduct continuous on-site reviews and analysis of the manual and computerized claims processing and provider assistance activities of the Medi-Cal medical FI contractor, oversee required changes to systems and processes, and continuously monitor the performance of the Medi-Cal medical FFS FI contractor. In addition, the Branches oversee and ensure the FI's contractual compliance.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

The FIOMB is comprised of 34.5 authorized positions, which include eleven Associate Governmental Program Analyst (AGPA) positions and five Word Processing Technician (WPT) positions. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

This proposal would reduce the FIOMB by two full-time equivalent positions; one AGPA and one WPT.

Reduction Impacts

This reduction will impact the Department's ability to research provider billing issues expeditiously; and properly update the California Medicaid Management Information System (CAMMIS); and provide adequate oversight to the FI's provider services function.

The remaining staff will not be able to monitor the quality management function of the FI at the same level and will not be able to do in-depth research on the same number of complex issues that it currently handles for provider payment problems. FIOMB has recently lost three (3) AGPA/RAII staff positions within this same Section/Unit due to the loss of limited term positions. The normal period of vacancy for positions in this Section is minimal, one to two months maximum. The loss of this WPT position will come at a time that an extended period of additional workload will be created when a high priority demand is being placed upon the Support Services for correspondence related to development and completion of both a new FI Request for Proposal (RFP) and a RFP for a new CA-MMIS.

Timing of Implementation

Implementation would be July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary Contracts Oversight Division/Office of Medi-Cal Payment
Systems

Title: Reduce by Two Positions from Applications Development Section

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$59	\$176		\$235	2.0
Governor's Budget					

Program Description

The Fiscal Intermediary and Contracts Oversight Division (FICOD), Applications Development Section (created in 1999) is responsible for designing, developing and maintaining critical Medi-Cal operational applications, tracking, reporting systems, and databases used for program monitoring and day-to-day program operation for eleven Medi-Cal Divisions. In addition, the Applications Development Section coordinates with each Division to manage and upload Medi-Cal internet content. The applications developed by this Section are used by over 1,000 program staff in Medi-Cal. The applications are used to administer and monitor the Medi-Cal program. Support for the existing systems and ability to implement new applications is critical to the program. There is currently a backlog in application needs that the existing staffing level cannot address because of high volume work load.

The Applications Development Section authorized staffing is 7.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

Reducing the Applications Development Section by two Staff Information System Analysts (SISA).

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

Reducing two SISAs would leave one supervisor and three staff: one Senior Information System Analyst (Supervisor), one Staff Programmer Analysts and two Staff Information Systems Analysts in the Section.

Staff duties include developing and maintaining various Medi-Cal specific databases, tracking systems, applications, and electronic document management and imaging systems for many of the other 11 Medi-Cal Divisions. Applications Development staff are also responsible for a number of critical applications that ensure the efficiency and effectiveness of Medi-Cal operations, including: The Provider Enrollment Tracking System (PETS) The Office of Medi-Cal Procurement Evaluation Database, The Breast and Cervical Cancer Treatment Program (BCC-TP) Database, and The Third Party Liability (TPL) Division Imaging and Document Managing Systems.

There are currently five IT application analysts in this Section so the proposed reduction would reduce the programming capability by 40 percent. Workload priority would be shifted to the most essential activities. The impact of the reduction will affect all of the Medi-Cal Divisions who depend on the systems identified above and any new development projects that the program wants.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This proposal will not require a change in State statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Systems of Care Division**

Title: Medical Case Management (MCM) Program Staff Reduction of 10 positions

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$548	\$548		\$1,096	10.0
Governor's Budget					

Program Description

The Medical Case Management (MCM) Program was established in December 1992 (Assembly Bill 336, Chapter 35, Statutes of 1991 and Senate Bill 485, Chapter 722, Statutes of 1992) and is responsible for ensuring that timely and appropriate health care services are provided to fee-for-service (FFS) beneficiaries with severe chronic conditions or beneficiaries who are catastrophically ill. Since its inception, the MCM Program has successfully managed over 55,000 Medi-Cal beneficiaries. In fiscal year 2006/07, the MCM Program opened approximately 5,000 new cases as well as assessed an estimated 4,200 additional beneficiaries for case management, many of which were eventually opened to MCM in the subsequent FY and to date, are still being case managed.

The MCM target populations (chronically and catastrophically ill full-scope Medi-Cal beneficiaries) are high-risk users of health care that can benefit from receiving case management services. Program experience has demonstrated that significant reductions in costly hospitalizations can be achieved with appropriate less expensive in-home community-based services that assist in averting preventable declines in health and subsequent high cost for inpatient care.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

Currently, six of the ten Program Technicians (PT II) key enter all MCM data into an automated Case Management Information System, which allows case managers more time in the field case managing clients and less time performing non-case management work. Statewide, the six positions enter approximately 350 cases per month resulting in 4,200 assessments annually. Of these assessments, approximately 70 percent or 2,940 potential cases annually would be realized. In addition, the remaining four PT II positions provide critical and necessary support to the MCM Program by providing all personnel and administrative support.

The MCM Program currently has 92 authorized nurse case manager positions and 10 authorized case manager support positions. Any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

This proposal reduces ten PT II positions in the MCM program.

Reduction Impacts

The PT II positions proposed for reduction are located in each of six cities throughout the State: Los Angeles, San Diego, San Bernardino, Fresno, Sacramento, and San Francisco. There is only one support staff person in each of these cities (with the exception of LA) that is currently responsible for key data entry of critical client information. These staff are the only personnel available for critical administrative functions such as monthly time reporting, processing of all hiring documents, serving as coordinator or liaison to information technology support, telecommunications functions, business services, interface with the Department's Accounting personnel, and link to the Systems of Care Division office for dissemination of program operational information.

The loss of ten PT II positions will require nurse case managers to perform administrative functions in lieu of managing care for high cost Medi-Cal beneficiaries.

The loss of ten PT II positions will also result in a reduction in the number of beneficiaries who could be served in the MCM program. This will reduce the Department's ability to provide case management/care coordination for chronically and catastrophically ill Medi-Cal beneficiaries who are high-risk users of health care services and can benefit from receiving case management services. In addition, this reduction would have a negative impact on the Utilization Management Division (UMD) of the Department of Health Care Services in that Treatment Authorization Requests (TARs) that would have been processed under the MCM program would have to be shifted to UMD.

Timing of Implementation

The reduction will be effective July 1, 2008

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

Statutory and/or Regulatory Change

This proposal does not require a change in state statute and emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Fiscal Intermediary & Contract Oversight Division
Title: Reduce one Staff Information Systems Analyst in the
California Discount Prescription Drug Program**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$117			\$117	1.0
Governor's Budget					

Program Description

Assembly Bill 2911 addressed the lack of access to affordable prescription drugs by creating the California Discount Prescription Drug Program (CDPDP), which allows the Department of Health Care Services (DHCS) to negotiate with drug manufacturers and pharmacies for rebates and discounts to reduce prescription drug prices for uninsured and underinsured low to moderate income Californians. Participation in the program is open to uninsured California residents with incomes below 300 percent of the federal poverty level, individuals at or below the California median family income with unreimbursed medical expenses equal to or greater than 10 percent of the family's income, share-of-cost Medi-Cal beneficiaries, and Medicare Part D enrollees that do not have Medicare coverage for a particular drug.

The DHCS has been approved for two Staff Information Systems Analysts (SISA) beginning July 1, 2008.

Program Reduction

The DHCS proposes to reduce one SISA from the CDPDP program support.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

The SISA provides Fiscal Intermediary (FI) oversight and monitoring and issues change directives to the FI via Operating Instruction Letters, Change Orders, and System Development Notices. The SISA also performs lead analysis, design, development, and implementation efforts for designs and modifications to the CDPDP rebate system. The reduction of this position will impact the oversight of the contractor. Inadequate oversight of the program will reduce the State's ability to ensure an effective program and identify errors in the provider payment and drug rebate information systems. Additionally, the inability to timely initiate necessary changes to the system could result in an unknown impact on the program and the State.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Medi-Cal Pharmacy Benefits Division**

Title: Reduce One Position from the California Discount Prescription Drug Program (CDPDP)

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$73			\$73	1.0
Governor's Budget					

Program Description

The California Discount Prescription Drug Program (CDPDP) is a Legislative (Chapter 619, Statutes of 2006 (AB 2911)) effort designed to make prescription drugs more affordable to the estimated five million uninsured and underinsured Californians who are paying out-of-pocket for prescription drugs. The Legislation requires DHCS to negotiate drug discount agreements with manufacturers of single-source and multi-source drugs for rebates which are used to reduce the cost of prescription drugs for the eligible California population.

The policy and contracting staff for the CDPDP are located in the CDPDP Branch within the Medi-Cal Pharmacy Benefits Division. The CDPDP Branch consists of a Staff Services Manager III; a Pharmaceutical Program Consultant; 4 Pharmaceutical Consultant II, Specialists; two Associate Government Program Analysts and an Executive Secretary that would work directly for the Branch Chief for a total of 9.0 staff. Any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction

Reduce one Executive Secretary Position.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

The loss of the Executive Secretary would leave the CDPDP Branch chief without clerical assistance. The Executive Secretary responds to complex, confidential, and sensitive telephone calls and email requests, including providing answers or direction, and delegates matters that can be handled by subordinate units as appropriate. This individual also arranges high priority calls in the proper sequence of importance, including calls from high-level DHCS staff, and Health and Human Services Agency officials as well as officials from various other State offices, legislators, and calls from the public.

The Executive Secretary also maintains calendars (both hard copy and electronic) for the CDPDP Branch Chief. He/she works closely with the offices of the Department's Director, Deputy Director, other divisions, division branches, other State departments, Health and Human Services Agency, industry representatives, and members of the public in scheduling meetings.

The expansion of the MPBD by the addition of the CDPDP Branch, places an additional need for administrative support. The reduction of the Executive Secretary position would result in additional workload for the remaining administrative staff (currently one Office Assistant and two Office Technicians (OT), one of these OTs is also being proposed for reduction under a separate proposal.)

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Children's Medical Services CMS)
Title: Reduce Staff and Contract Funding**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$1,270	\$1,270		\$2,548	23.0
Governor's Budget					

Program Description

The CMS Branch administers the California Children's Services (CCS) program established in 1927 which provides case management and authorization of services for 163,000 individuals with complex and/or chronic medical conditions.

The Child Health and Disability Prevention (CHDP) Program, established in 1975, implements the federal Medicaid requirements of the Early and Periodic Screening requirements of the Early and Periodic Screening Diagnosis and Treatment benefit of the Medi-Cal program, including the provision of health assessments, immunizations and laboratory screening services.

The Genetically Handicapped Persons Program (GHPP), established in 1975, provides comprehensive health care to approximately 1,500 persons diagnosed with certain genetically handicapping conditions, such as Hemophilia, Cystic Fibrosis, and Sickle Cell Disease.

The Newborn Hearing Screening Program (NHSP) established in 1998, with statewide expansion occurring on January 1, 2008.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

Under this budget reduction proposal, the CMS Branch would reduce 23 positions out of 137.5 authorized positions, including closure of the regional Office in San Francisco. The proposed positions include: Public Health Medical Officer III (1), Nurse Consultant III (1), Nurse Consultant II (1), Nurse Evaluator II (1), Health Education Consultant III (1), Health Education Consultant II (1), Staff Information Systems Analyst (1), Associate Governmental Program Analyst (4), Staff Services Analyst (2), Program Technician II (3), Program Technician (1), Management Services Technician (2); Office Services Supervisor (1), Office Assistant, General (1) and Office Assistant, Typing (2). The reduction also proposes to reduce funding for contracts including: 10% reduction in funding for both the Newborn Hearing Coordination Center Contracts and the Newborn Hearing Data Management Contract; the contract with California State University Sacramento for student assistants will be reduced too.

Reduction Impacts

The reduction in 23 positions in the Children's Medical Services Branch will impact operations for the CCS Program, the CHDP program, the GHPP program, and the NHS program and the populations they serve. Specifically, potential clients of the CCS program may experience delays in eligibility determination. In addition, CCS providers may experience additional delays in approval of services delivered to clients which will contribute to a system that is already experiencing service delivery processing issues. In regard to the Newborn Hearing Screening program, infants who fail inpatient hearing screening services could have delayed access to services.

To address some of these potential impacts, CMS will implement selective auto-approval of requests for service authorizations for CCS clients receiving case management services by the CMS Regional Office staff and also for the GHPP clients. The San Francisco Regional Office functions will be consolidated in Sacramento and Los Angeles; consequently, there will be no health education support of CCS, GHPP, CHDP and the NHSP programs. Additionally, there will be less technical assistance provided to county CCS and local CHDP programs which may create delays in enrollment of CCS approved providers.

Timing of Implementation

The reduction would take effect July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in State statute nor promulgation of emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Primary and Rural Health Division (PRH)**

Title: Reduce Program Support Staff

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget	\$1,052				
Reductions	\$108			\$108	1.5
Governor's Budget	\$944				

Program Description

The Primary and Rural Health Division (PRHD) administers grants to community clinics and small rural hospitals for infrastructure support. The PRHD Division is composed of eight separate grant programs. The majority of these programs were created in the late 1970's. There is currently a total of 24.6 staff in the PRH Division. There have been no expansions to the division staffing level for at least 15 years.

The PRHD Division Administration Section provides general office support to all of the grant programs. The Office Assistant (OA) (General) provides division-wide telephone coverage, mail service, report/grant assembly, and filing.

The Indian Health (IH) program is one of the 8 grant programs within the PRHD Division. The IH Program funds 32 primary care clinic corporations to provide comprehensive medical/dental primary care and public health nursing to American Indians in 75 clinic sites. The IH program also administers the American Indian Infant Health Initiative (AIHI) program. The AIHI program provides extensive home visiting/case management services to high-risk American Indian families in five counties that experience the most severe maternal child health disparities. The AIHI program helps California meet federal Title V requirements to address health disparities. The IH

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

program has not been expanded within the last 15 years.

The Research Program Specialist I (RPS I) within the IH program, is responsible for the implementation of the IH program allocation formula which is an ongoing activity. The RPS I also serves as the primary resource person for all IH program research and statistical activities including integrating research activities into the IH program plans and objectives. The RPS I analyzes data collected monthly from IH program grantees to determine if grant objectives/performance measures have been met. The RPS I prepares the annual AIHI report for Title V funding justification.

The Administration Section current authorized staffing is 7.0. The IH program's current authorized staffing is 7.0. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

Reduce 1.0 Administration Section staff (OA) and 0.5 IH program staff (RPS I).

Reduction Impacts

Reducing one OA will require the general office support duties of the OA to be redirected to the remaining division support staff.

In the absence of a full time RPS I, the IH program will shift a portion of the workload. IH program data reports will be compiled every two months instead of monthly. Allocation calculation functions will be split between the 0.5 IH program RPS I and the division's administrative RPS I position. This may impact the timeliness of completion of work in the IH program allocation process. The AIHI report will be generated every two years instead of annually.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Eliminate 1 DPM II**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$54		\$56	\$110	1.0
Governor's Budget					

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the Department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks.

The PPMB Unit current staffing is 11.0 positions.

Program Reduction

This proposal would reduce one position (Data Processing Manager/DPM II).

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Reduction Impacts

Reduction of this position will significantly impact PPMBs' responsiveness to program staff and control agencies. Response time for assistance with development and review of Feasibility Study Reports (FSRs) would be extended as the DPM III is tasked with review of a greater number of documents without the assistance of any subordinate managers. Support for oversight procurements and review and approvals of Special Project Reports (SPRs) and Post Implementation Evaluation Reports (PIERs) would be diminished, thus potentially delaying control agency authorizations to proceed with projects when project changes occur.

The Senior Information Systems Analyst, the unit's technical lead, would need to become more involved in mentoring and providing guidance to the less senior staff and would therefore be less productive in producing governance processes, standards and procedures to guide the management of future IT projects for the Department.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Reduction of Standup Website Contractor**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$23		\$25	\$48	
Governor's Budget					

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the Department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks.

Following several serious IT project issues in 2005, the then Department of Health Services (CDHS) developed a Corrective Action Plan to ensure appropriate project initiation, authorization and governance. As part of that plan, the division agreed to redirect the funds needed to develop the content for an updated and improved PPMB intranet site. This site provides project management standards, requirements, procedures, templates and samples for IT project managers throughout the department.

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

Program Reduction

This proposal would reduce by \$23,000 the funding available to provide content to the intranet site.

Updates and maintenance of the site would need to be performed by existing resources who are already experiencing a backlog in requests for their services. The impact would be slower updates and longer turnaround time to add information, templates and documents to the site.

Reduction Impacts

Failure to maintain a completely up-to-date website will result in some confusion and possible rework for our customers as they use our intranet site to assist them in the beginning stages of project initiation and authorization. Once projects are approved, the practices and templates necessary to maintain uniform processes and quality of project execution may suffer some reduction in consistency and quality.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Elimination of Governance Study Contractor**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$47		\$49	\$96	
Governor's Budget	\$47		\$49	\$96	

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks. Specifically, the planning and Oversight Section (POS) within DHCS' PPMB is responsible for supporting the authorization and initiation of IT projects and for assisting with the project management and oversight procurements, control agency reporting and evaluation of completed IT projects. POS also is responsible for the creation and deployment of IT governance, project management, and oversight standards necessary to improve the department's overall success with IT projects.

Following several serious IT project issues in 2005, the (then) Department of Health Services (CDHS) developed a Corrective Action Plan to ensure

2008-09 Governor's Budget Budget-Balancing Reduction Proposal (Dollars in Thousands)

appropriate project initiation, authorization and governance.

As part of that plan, the department agreed to redirect resources to a contract for a study of CDHS IT governance practices. In December 2006, a contract was established and the study has proceeded. Recommendations have been made and considered by DHCS and plans are underway to implement some of these recommendations.

Program Reduction

This proposal will reduce funds for a consultant contract to assist in the effort to improve IT governance practices.

Without governance funds, PPMB will need to redirect resources that are currently dedicated to other POS responsibilities, such as support of programs' feasibility studies. It could also take longer to obtain authorization and to initiate new projects.

Reduction Impacts

Elimination of the funds for a consultant contract to assist in the effort to improve IT governance practices would increase the workload on the Department of Health Care Services as improved practices are adopted and implemented. Resources dedicated to conducting this work will be unavailable to provide other services at current levels, which could increase the duration of IT projects or delay their initiation and authorization.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Title: Out-of-State Travel Reduction in Administrative Support**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$27			\$27	0.0
Governor's Budget	\$27			\$27	0.0

Program Description

The department travels out-of-state to conduct audits of home offices of companies doing business in state with the Medi-Cal Program.

Program Reduction

The department will reduce out-of-state travel by \$27,000.

Reduction Impacts

The Audits and Investigations Division will consolidate trips where possible to home offices and will complete necessary audits in fewer travel days.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

**4260 Department of Health Care Services (DHCS)
Title: Reduce Payroll & Benefit Services Unit by 1 Personnel Specialist**

	GF	FF	Other	Total Reductions	PY Reduction
<u>2007-08</u>					
Workload Budget					
Reductions					
Governor's Budget					
<u>2008-09</u>					
Workload Budget					
Reductions	\$31		\$41	\$72	1.0
Governor's Budget					

Program Description

The Payroll & Benefit Services Unit's primary responsibilities are to oversee and maintain the department's hiring process and position control function; process appointments, separations, promotions, and miscellaneous transactions; process and reconcile monthly and miscellaneous payroll; reconcile attendance; and coordinate benefit processing systems for over 3,000 employees. Staff is also responsible for the processing of various reports concerned with position control, accounts receivables, and salary advances.

Program Reduction

One (1) Personnel Specialist in the Payroll and Benefit Services Unit.

Reduction Impacts

The department currently has a ratio of approximately 250:1 of employees to Personnel Specialists. Based upon proposed reductions of approximately 245 positions department-wide, we anticipate a commensurate reduction in workload and will reduce staffing by one (1) Personnel Specialist.

Timing of Implementation

The reduction will be effective July 1, 2008.

**2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)**

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.