



State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

January 10, 2008

CCS Information Notice No: 08-01

TO: ALL COUNTY CALIFORNIA CHILDREN'S SERVICES (CCS)
ADMINISTRATORS, AND STATE CHILDREN'S MEDICAL SERVICES
(CMS) BRANCH STAFF

SUBJECT: Proposed Budget Reductions in Reimbursement to Counties for
Administration of the CCS Program

This Information Notice is to advise county CCS programs and State CMS Branch staff of the 2008 Governor's Budget proposal to reduce State reimbursement to the counties for the administration of CCS program. This proposal would reduce the Department of Health Care Services State General Fund (GF) reimbursement to counties for the administration of the CCS program by ten percent.

This budget reduction proposal is currently in the Governor's Budget for Fiscal Year 2008-09 and is in response to a projected GF budget shortfall in excess of \$3.3 billion in the current year budget and a projected \$14 billion in the 2008/09 budget year. Under current law, the Governor has the authority to declare a fiscal emergency if the State faces substantial revenue shortfalls or expenditures increases. The Governor has exercised his authority to call a special session of the legislature to address the State's fiscal shortfall and develop budget language in response to the budget deficit. This proposed budget reduction has been developed as a result of the State's fiscal emergency.

County CCS programs are funded by the State GF, county and federal funds, and a small amount of enrollment and assessment fees. The reimbursement of counties for CSC administrative costs is based on the composition of the programmatic (i.e., CCS-only, CCS/Healthy Families, CCS/Medi-Cal) eligibility of the county's CCS caseload. The State reimburses counties based on actual administrative expenditures in accordance with approved county administrative budgets as reported on county quarterly invoices.

The proposed reduction of 10 percent for county CCS administrative activities does not require changes to the counties currently approved-CCS administrative budgets. The

proposed reduction is structured to be applied to State reimbursements of county quarterly administrative invoices at the end of the invoice adjudication process. This GF reduction will also result in reductions of the federally funded component of the adjudicated reimbursement.

Until the Budget Act is signed by the Governor, this proposal is to be considered pending approval. Many changes occur during the budget process and variations of budget reductions proposals often go through multiple revisions and amendments before a final version is approved. During this time we are committed to keeping you advised of this proposal's passage throughout the legislative process. If adopted, the CMS Branch is committed to collaborating with you to develop all possible strategies to streamline CCS administrative processes to ensure a continued high level of service for the children served by the CCS program.

In order to provide you with the opportunity to ask questions, we have scheduled two conference calls:

January 14, 2008, 1:30 PM to 3:00 PM, and

January 17, 2008, 10:00 AM to 11:30 AM

The conference call line is 877-675-1807, Participant Code 648955.

Original Signed by Marian Dalsey, M.D., M.P.H.

Marian Dalsey, M.D., M.P.H., Chief
Children's Medical Services Branch