



Memorandum

DATE: February 3, 2011
TO: ARCA Board of Directors
FROM: Bob Baldo, Executive Director
SUBJECT: Notes on Assembly Budget Committee Hearing 02/03/11

Subcommittee No. 1 of the Assembly Budget Committee held a hearing on February 3, 2011 to discuss items related to the Department of Developmental Services (DDS) budget. The following requests and items were heard:

1. \$2.0 million in General Funds for the preliminary plans and working drawings to install automatic fire sprinklers at the Nursing Facilities at three Developmental Centers (DCs).

The Subcommittee voted to approve this request.

2. \$8.6 million in General Funds for the construction phase of new fire alarms at Fairview DC.

This item was held open.

3. \$2.65 million in General Funds for the construction phase for the Sonoma Medical Gasses and Oxygen Piping project.

The Subcommittee voted to approve this request.

4. Request for budget language that will give DDS the authority to transfer unused Prevention Program funds to the regional center Purchase of Service budget.

This item was held open.

5. Trailer Bill Language (TBL) that will require consumers transitioning from the Lanterman DC into the community to receive Medi-Cal managed care health plan services from any plan operating in the various communities if the consumer chooses to enroll. This language is modeled after the Agnews DC closure language.

The Subcommittee voted to approve this TBL.

6. \$750 Million General Fund Reduction to the Developmental Services Budget and Related TBL.

Within this item were the following proposals:

- a. \$10 million in federal funds (General Fund savings) for treatment at Porterville DC.
- b. \$50 million from Prop 10 funds (General Fund savings).
- c. \$65 million in federal funds from the expansion of the 1915(i) State Plan Amendment and Money Follows the Person funds (General Fund savings).
- d. \$91.5 million in General Fund savings from the continuation of the 4.25% payment reduction in POS and RC operations.
- e. Development and implementation of state-wide POS standards TBL.
- f. RC Administrative Costs TBL – this will require RCs to spend 85% of their OPS budget on direct services and requires service providers to spend 85% of the funds they receive from RCs on direct services.
- g. RC and Provider Audits TBL – this will require RCs to change audit firms every 5 years and require certain service providers to obtain an independent audit and submit it to the RCs for review.
- h. RC Conflict of Interest TBL – this will require DDS to develop a standard conflict-of-interest form and standard procedures for regional centers to use for staff and board members.
- i. TBL to continue the 4.25% POS payment reductions and RC OPS reductions.
- j. RC Third Party Liability TBL – this will give RCs and DDS the ability to collect from insurance carriers the reasonable cost of services where an award or settlement is made in a lawsuit resulting from the injury or death of a consumer. Also allows RCs and DDS to obtain information from health insurance providers.
- k. RC Accountability and Transparency – this will require RCs and DDS to post specific information on their websites and require RCs to provide certain information upon request.

The Subcommittee heard testimony from 187 individuals on these issues. The vast majority of the testimony was in regards to the proposed \$750 million General Fund reduction in that it was too much of a reduction and a lesser amount, or none at all, was preferred.

The Subcommittee took no action on these items.