

FOR LEGISLATIVE REVIEW

**LOCAL ASSISTANCE FOR
REGIONAL CENTERS**

**MAY REVISION
of the
2011-12 BUDGET**



**DEPARTMENT OF
DEVELOPMENTAL SERVICES**

May 16, 2011

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**Comparison of 2011-12 November Estimate to 2011-12 May Revision
Current Year 2010-11**

| | A | B | C |
|--|---|--|-------------------------------|
| | Revised November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference (B - A) |
| I. BUDGET ITEMS: | | | |
| A. Operations | | | |
| 1. Staffing | \$437,555,000 | \$435,471,000 | -\$2,084,000 |
| 2. Federal Compliance | 42,083,000 | 42,085,000 | 2,000 |
| 3. Projects | 24,112,000 | 23,446,000 | -666,000 |
| 4. Agnews Ongoing Workload | 5,114,000 | 5,114,000 | 0 |
| 5. Lanterman Developmental Center Closure | 3,537,000 | 3,537,000 | 0 |
| 6. Operations Total (Items 1 thru 5) | \$512,401,000 | \$509,653,000 | -\$2,748,000 |
| 7. ICF-DD SPA Administration Fee | 6,188,000 | 6,003,000 | -185,000 |
| 8. Total (Items 6 and 7) | \$518,589,000 | \$515,656,000 | -\$2,933,000 |
| B. Purchase of Services (POS) | | | |
| 1. Community Care Facilities | \$833,588,000 | \$842,687,000 | \$9,099,000 |
| 2. Medical Facilities | 23,051,000 | 28,685,000 | 5,634,000 |
| 3. Day Programs | 762,637,000 | 758,269,000 | -4,368,000 |
| 4. Habilitation Services | 144,617,000 | 145,003,000 | 386,000 |
| 5. Transportation | 222,518,000 | 215,727,000 | -6,791,000 |
| 6. Support Services | 715,370,000 | 707,033,000 | -8,337,000 |
| 7. In-Home Respite | 231,875,000 | 221,860,000 | -10,015,000 |
| 8. Out-of-Home Respite | 54,540,000 | 53,006,000 | -1,534,000 |
| 9. Health Care | 90,654,000 | 76,379,000 | -14,275,000 |
| 10. Miscellaneous | 457,063,000 | 427,843,000 | -29,220,000 |
| 11. POS Total (Items 1 thru 10) | \$3,535,913,000 | \$3,476,492,000 | -\$59,421,000 |
| 12. Quality Assurance Fees (Transfer from DHCS) | \$31,009,000 | \$30,366,000 | -\$643,000 |
| 13. Impacts from Other Departments | \$3,001,000 | \$0 | -\$3,001,000 |
| 14. Total (Items 11, 12, and 13) | \$3,569,923,000 | \$3,506,858,000 | -\$63,065,000 |
| C. Early Start/Part C: Other Agency Costs | \$20,095,000 | \$20,095,000 | \$0 |
| D. Prevention Program | \$18,150,000 | \$18,150,000 | \$0 |
| E. GRAND TOTAL | \$4,126,757,000 | \$4,060,759,000 | -\$65,998,000 |

**Comparison of 2011-12 November Estimate to 2011-12 May Revision
Current Year 2010-11**

| | A | B | C |
|--|---|-------------------------------|-----------------------|
| | Revised November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference (B - A) |
| II. FUND SOURCES: | | | |
| A. General Fund Total | \$2,200,022,000 | \$2,148,885,000 | -\$51,137,000 1. |
| 1. General Fund Match | 1,052,019,000 | 1,042,859,000 | -9,160,000 |
| a. General Fund Match | 1,152,926,000 | 1,142,435,000 | -10,491,000 |
| b. FMAP from 55.8% to 59.71% | -100,907,000 | -99,576,000 | 1,331,000 |
| 2. General Fund - Other | 1,148,003,000 | 1,106,026,000 | -41,977,000 |
| a. General Fund | 1,129,853,000 | 1,087,876,000 | -41,977,000 |
| b. Prevention Program | 18,150,000 | 18,150,000 | 0 |
| B. Reimbursements | \$1,870,655,000 | \$1,856,483,000 | -\$14,172,000 |
| 1. Home & Community-Based Services (HCBS) Waiver | 1,180,472,000 | 1,184,481,000 | 4,009,000 |
| 2. HCBS Waiver Administration | 5,740,000 | 5,802,000 | 62,000 |
| 3. Medicaid Administration | 13,347,000 | 13,316,000 | -31,000 |
| 4. Targeted Case Management (TCM) | 163,397,000 | 154,566,000 | -8,831,000 |
| 5. TCM Administration | 3,339,000 | 3,573,000 | 234,000 |
| 6. TCM State Plan Amendment (SPA) for ICF-DD Residents | 6,421,000 | 3,605,000 | -2,816,000 |
| 7. Title XX Block Grant | 225,060,000 | 225,060,000 | 0 |
| a. Social Services | 147,903,000 | 147,903,000 | 0 |
| b. Temporary Assistance for Needy Families | 77,157,000 | 77,157,000 | 0 |
| 8. Self-Directed Services HCBS Waiver Administration | 431,000 | 431,000 | 0 |
| 9. ICF-DD SPA | 62,295,000 | 57,590,000 | -4,705,000 |
| 10. Quality Assurance Fees (Transfer from DHCS) | 34,565,000 | 33,811,000 | -754,000 |
| 11. Vocational Rehabilitation | 118,000 | 118,000 | 0 |
| 12. 1915(i) SPA | 120,383,000 | 120,383,000 | 0 |
| 13. Money Follows the Person Grant | 3,537,000 | 3,537,000 | 0 |
| 14. Homeland Security Grant | 0 | 210,000 | 210,000 |
| 15. California First Five Commission | 50,000,000 | 50,000,000 | 0 |
| 16. Impacts from Other Departments FFP | 1,550,000 | 0 | -1,550,000 |
| C. Program Development Fund / Parental Fees | \$3,292,000 | \$2,603,000 | -\$689,000 |
| D. Developmental Disabilities Services Account | \$150,000 | \$150,000 | \$0 |
| E. Mental Health Services Fund | \$740,000 | \$740,000 | \$0 |
| F. Federal Funds | \$51,898,000 | \$51,898,000 | \$0 |
| 1. Early Start/Part C Grant | 51,338,000 | 51,338,000 | 0 |
| 2. Foster Grandparent Program | 560,000 | 560,000 | 0 |
| G. GRAND TOTAL | \$4,126,757,000 | \$4,060,759,000 | -\$65,998,000 |

1. The Department will use current year GF savings to offset any one-time erosion of savings associated with implementation lags for proposals developed to meet the 2011-12 savings target.

**Comparison of 2011-12 November Estimate to 2011-12 May Revision
Budget Year 2011-12**

| | A | B | C |
|--|---|--|-------------------------------|
| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference (B - A) |
| I. BUDGET ITEMS: | | | |
| A. Operations | | | |
| 1. Staffing | \$447,249,000 | \$444,606,000 | -\$2,643,000 |
| 2. Federal Compliance | 42,234,000 | 44,827,000 | 2,593,000 |
| 3. Projects | 24,110,000 | 23,986,000 | -124,000 |
| 4. Agnews Ongoing Workload | 3,614,000 | 2,788,000 | -826,000 |
| 5. Lanterman Development Center Closure | 3,537,000 | 3,537,000 | 0 |
| 6. Cost Containment Measures | -3,486,000 | -3,486,000 | 0 |
| 7. New Major Assumptions | 0 | 984,000 | 984,000 |
| a. Federal Medicaid Requirements for HCBS Svcs | 0 | 984,000 | 984,000 |
| 8. Operations Total (Items 1 thru 7) | \$517,258,000 | \$517,242,000 | -\$16,000 |
| 9. ICF-DD SPA Administration Fee | 1,583,000 | 1,468,000 | -115,000 |
| 10. Total (Items 8 and 9) | \$518,841,000 | \$518,710,000 | -\$131,000 |
| B. Purchase of Services (POS) | | | |
| 1. Community Care Facilities | \$852,691,000 | \$871,140,000 | \$18,449,000 |
| 2. Medical Facilities | 23,251,000 | 28,951,000 | 5,700,000 |
| 3. Day Programs | 786,182,000 | 782,287,000 | -3,895,000 |
| 4. Habilitation Services | 143,396,000 | 143,879,000 | 483,000 |
| 5. Transportation | 228,921,000 | 222,208,000 | -6,713,000 |
| 6. Support Services | 756,788,000 | 749,042,000 | -7,746,000 |
| 7. In-Home Respite | 256,773,000 | 238,252,000 | -18,521,000 |
| 8. Out-of-Home Respite | 59,430,000 | 55,556,000 | -3,874,000 |
| 9. Health Care | 92,859,000 | 90,512,000 | -2,347,000 |
| 10. Miscellaneous | 486,798,000 | 461,269,000 | -25,529,000 |
| 11. Cost Containment Measures | -187,791,000 | -187,791,000 | 0 |
| 12. Revised Major Assumptions: | 1,763,000 | 1,763,000 | 0 |
| a. FMS for Participant-Directed Services | 1,763,000 | 1,763,000 | 0 |
| 13. POS Total (Items 1 thru 12) | \$3,501,061,000 | \$3,457,068,000 | -\$43,993,000 |
| 14. Quality Assurance Fees (Transfer from DHCS) | \$7,936,000 | \$8,491,000 | \$555,000 |
| 15. Impacts from Other Departments | \$55,082,000 | \$55,082,000 | \$0 |
| 16. Total (Items 13 thru 15) | \$3,564,079,000 | \$3,520,641,000 | -\$43,438,000 |
| C. Early Start/Part C: Other Agency Costs | \$20,095,000 | \$20,095,000 | \$0 |
| D. Prevention Program | \$12,003,000 | \$12,003,000 | \$0 |
| E. Regional Center Subtotal | \$4,115,018,000 | \$4,071,449,000 | -\$43,569,000 |
| F. Cost Containment Measures Pursuant to Welfare and Institutions Code Section 4620.3 | -\$174,000,000 | -\$118,397,000 | \$55,603,000 |
| 1. FFP for Proposals | 0 | 1,456,000 | 1,456,000 |
| 2. CY One-time Cost Savings | 0 | 28,464,000 | 28,464,000 |
| G. GRAND TOTAL | \$3,941,018,000 | \$3,982,972,000 | \$41,954,000 |

1. GF savings, primarily due to lower caseload, reduces the amount of savings necessary from W & IC Section 4620.3

2. The Department will use current year GF savings of \$28.5 million to offset any one-time erosion of savings associated with implementation lags.

**Comparison of 2011-12 November Estimate to 2011-12 May Revision
Budget Year 2011-12**

| | A | B | C |
|--|---|--|-------------------------------|
| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference (B - A) |
| II. FUND SOURCES: | | | |
| A. General Fund Total | \$2,262,519,000 | \$2,290,100,000 | \$27,581,000 1. |
| 1. General Fund Match | 1,475,886,000 | 1,303,243,000 | -172,643,000 |
| a. General Fund Match | 1,312,781,000 | 1,155,537,000 | -157,244,000 |
| b. FMAP from 55.8% to 50% | 163,105,000 | 147,706,000 | -15,399,000 |
| 2. General Fund - Other | 786,633,000 | 986,857,000 | 200,224,000 |
| a. General Fund | 774,630,000 | 982,354,000 | 207,724,000 |
| b. Prevention Program | 12,003,000 | 4,503,000 | -7,500,000 |
| B. Reimbursements | \$1,622,415,000 | \$1,637,464,000 | \$15,049,000 |
| 1. Home and Community-Based Services (HCBS) Waiver | 933,810,000 | 945,081,000 | 11,271,000 |
| 2. HCBS Waiver Administration | 8,334,000 | 9,104,000 | 770,000 |
| 3. Medicaid Administration | 13,400,000 | 12,236,000 | -1,164,000 |
| 4. Targeted Case Management (TCM) | 131,204,000 | 132,492,000 | 1,288,000 |
| 5. TCM Administration | 2,583,000 | 3,647,000 | 1,064,000 |
| 6. TCM State Plan Amendment (SPA) for ICF-DD Residents | 5,377,000 | 3,067,000 | -2,310,000 |
| 7. Title XX Block Grant | 225,060,000 | 225,060,000 | 0 |
| a. Social Services | 147,903,000 | 147,903,000 | 0 |
| b. Temporary Assistance for Needy Families | 77,157,000 | 77,157,000 | 0 |
| 8. Self-Directed Services HCBS Waiver Administration | 431,000 | 0 | -431,000 |
| 9. ICF-DD SPA | 52,780,000 | 48,928,000 | -3,852,000 |
| 10. Quality Assurance Fees (Transfer from DHCS) | 8,727,000 | 9,959,000 | 1,232,000 |
| 11. Vocational Rehabilitation | 118,000 | 118,000 | 0 |
| 12. 1915(i) SPA | 160,807,000 | 164,907,000 | 4,100,000 |
| 13. Money Follows the Person | 13,537,000 | 15,418,000 | 1,881,000 |
| 14. Homeland Security Grant | 210,000 | 210,000 | 0 |
| 15. California First Five Commission | 50,000,000 | 50,000,000 | 0 |
| 16. Impacts from Other Departments FFP | 16,037,000 | 16,037,000 | 0 |
| 17. 1915(k) Medicaid State Plan | 0 | 1,200,000 | 1,200,000 |
| C. Program Development Fund / Parental Fees | \$3,296,000 | \$2,603,000 | -\$693,000 |
| D. Developmental Disabilities Services Account | \$150,000 | \$150,000 | \$0 |
| E. Mental Health Services Fund | \$740,000 | \$740,000 | \$0 |
| F. Federal Funds | \$51,898,000 | \$51,915,000 | \$17,000 |
| 1. Early Start/Part C Grant | 51,338,000 | 51,338,000 | 0 |
| 2. Foster Grandparent Program | 560,000 | 577,000 | 17,000 |
| G. GRAND TOTAL | \$3,941,018,000 | \$3,982,972,000 | \$41,954,000 |

1. Reflects reductions of \$36.8 million GF associated with contracts administered by the Department, proposals for increased FFP, and additional reductions in RC OPS funding. After accounting for these proposed reductions \$53.1 million GF remains from proposals associated with Purchase of Consumer Services.

**2011-12 May Revision
Current Year 2010-11 to Budget Year 2011-12**

| | A | B | C |
|--|--|--|-------------------------------|
| | May Revision CY 2010-11 | May Revision BY 2011-12 | Difference (B - A) |
| I. BUDGET ITEMS: | | | |
| A. Operations | | | |
| 1. Staffing | \$435,471,000 | \$444,606,000 | \$9,135,000 |
| 2. Federal Compliance | 42,085,000 | 44,827,000 | 2,742,000 |
| 3. Projects | 23,446,000 | 23,986,000 | 540,000 |
| 4. Agnews Ongoing Workload | 5,114,000 | 2,788,000 | -2,326,000 |
| 5. Lanterman Developmental Center Closure | 3,537,000 | 3,537,000 | 0 |
| 6. Cost Containment Measures | 0 | -3,486,000 | -3,486,000 |
| 7. New Major Assumptions | 0 | 984,000 | 984,000 |
| <i>a. Federal Medicaid Requirements for HCBS Svcs</i> | <i>0</i> | <i>984,000</i> | <i>984,000</i> |
| 8. Operations Total (Items 1 thru 7) | \$509,653,000 | \$517,242,000 | \$7,589,000 |
| 9. ICF-DD SPA Administration Fee | 6,003,000 | 1,468,000 | -4,535,000 |
| 10. Total (Items 8 and 9) | \$515,656,000 | \$518,710,000 | \$3,054,000 |
| B. Purchase of Services (POS) | | | |
| 1. Community Care Facilities | \$842,687,000 | \$871,140,000 | \$28,453,000 |
| 2. Medical Facilities | 28,685,000 | 28,951,000 | 266,000 |
| 3. Day Programs | 758,269,000 | 782,287,000 | 24,018,000 |
| 4. Habilitation Services | 145,003,000 | 143,879,000 | -1,124,000 |
| 5. Transportation | 215,727,000 | 222,208,000 | 6,481,000 |
| 6. Support Services | 707,033,000 | 749,042,000 | 42,009,000 |
| 7. In-Home Respite | 221,860,000 | 238,252,000 | 16,392,000 |
| 8. Out-of-Home Respite | 53,006,000 | 55,556,000 | 2,550,000 |
| 9. Health Care | 76,379,000 | 90,512,000 | 14,133,000 |
| 10. Miscellaneous | 427,843,000 | 461,269,000 | 33,426,000 |
| 11. Cost Containment Measures | 0 | -187,791,000 | -187,791,000 |
| 12. New Major Assumptions: | 0 | 1,763,000 | 1,763,000 |
| <i>a. FMS for Participant-Directed Services</i> | <i>0</i> | <i>1,763,000</i> | <i>1,763,000</i> |
| 13. POS Total (Items 1 thru 12) | \$3,476,492,000 | \$3,457,068,000 | -\$19,424,000 |
| 15. Quality Assurance Fees (Transfer from DHCS) | \$30,366,000 | \$8,491,000 | -\$21,875,000 |
| 16. Impacts from Other Departments | \$0 | \$55,082,000 | \$55,082,000 |
| 18. Total (Items 15, 16 and 17) | \$3,506,858,000 | \$3,520,641,000 | \$13,783,000 |
| C. Early Start/Part C: Other Agency Costs | \$20,095,000 | \$20,095,000 | \$0 |
| D. Prevention Program | \$18,150,000 | \$12,003,000 | -\$6,147,000 |
| E. Regional Center Subtotal | \$4,060,759,000 | \$4,071,449,000 | \$10,690,000 |
| F. Cost Containment Measures Pursuant to Welfare and Institutions Code Section 4620.3 | \$0 | -\$118,397,000 | -\$118,397,000 |
| 1. FFP for Proposals | 0 | 1,456,000 | 1,456,000 |
| 2. CY One-time Cost Savings | 0 | 28,464,000 | 28,464,000 |
| G. GRAND TOTAL | \$4,060,759,000 | \$3,982,972,000 | -\$77,787,000 |

**2011-12 May Revision
Current Year 2010-11 to Budget Year 2011-12**

| | A | B | C |
|--|--|--|-------------------------------|
| | May Revision CY 2010-11 | May Revision BY 2011-12 | Difference (B - A) |
| II. FUND SOURCES: | | | |
| A. General Fund Total | \$2,148,885,000 | \$2,290,100,000 | \$141,215,000 1. |
| 1. General Fund Match | 1,042,859,000 | 1,303,243,000 | 260,384,000 |
| a. General Fund Match | 1,142,435,000 | 1,155,537,000 | 13,102,000 |
| b. Impact of FMAP Change | -99,576,000 | 147,706,000 | 247,282,000 |
| 2. General Fund - Other | 1,106,026,000 | 986,857,000 | -119,169,000 |
| a. General Fund | 1,087,876,000 | 982,354,000 | -105,522,000 |
| b. Prevention Program | 18,150,000 | 4,503,000 | -13,647,000 |
| B. Reimbursements | \$1,856,483,000 | \$1,637,464,000 | -\$236,256,000 |
| 1. Home & Community-Based Services (HCBS) Waiver | 1,184,481,000 | 945,081,000 | -239,400,000 |
| 2. HCBS Waiver Administration | 5,802,000 | 9,104,000 | 3,302,000 |
| 3. Medicaid Administration | 13,316,000 | 12,236,000 | -1,080,000 |
| 4. Targeted Case Management (TCM) | 154,566,000 | 132,492,000 | -22,074,000 |
| 5. TCM Administration | 3,573,000 | 3,647,000 | 74,000 |
| 6. TCM State Plan Amendment (SPA) for ICF-DD Residents | 3,605,000 | 3,067,000 | -538,000 |
| 7. Title XX Block Grant | 225,060,000 | 225,060,000 | 0 |
| a. Social Services | 147,903,000 | 147,903,000 | 0 |
| b. Temporary Assistance for Needy Families | 77,157,000 | 77,157,000 | 0 |
| 8. Self-Directed Services HCBS Waiver Administration | 431,000 | 0 | -431,000 |
| 9. ICF-DD SPA | 57,590,000 | 48,928,000 | -8,662,000 |
| 10. Quality Assurance Fees (Transfer from DHCS) | 33,811,000 | 9,959,000 | -23,852,000 |
| 11. Vocational Rehabilitation | 118,000 | 118,000 | 0 |
| 12. 1915(i) SPA | 120,383,000 | 164,907,000 | 44,524,000 |
| 13. Money Follows the Person | 3,537,000 | 15,418,000 | 11,881,000 |
| 14. Homeland Security Grant | 210,000 | 210,000 | 0 |
| 15. California First Five Commission | 50,000,000 | 50,000,000 | 0 |
| 16. Impacts from Other Departments FFP | 0 | 16,037,000 | 16,037,000 |
| 17. 1915(k) Medicaid State Plan | 0 | 1,200,000 | 1,200,000 |
| C. Program Development Fund / Parental Fees | \$2,603,000 | \$2,603,000 | \$0 |
| D. Developmental Disabilities Services Account | \$150,000 | \$150,000 | \$0 |
| E. Mental Health Services Fund | \$740,000 | \$740,000 | \$0 |
| F. Federal Funds | \$51,898,000 | \$51,915,000 | \$17,000 |
| 1. Early Start/Part C Grant | 51,338,000 | 51,338,000 | 0 |
| 2. Foster Grandparent Program | 560,000 | 577,000 | 17,000 |
| G. GRAND TOTAL | \$4,060,759,000 | \$3,982,972,000 | -\$77,787,000 |

1. Includes FMAP from 55.8% to 50% for an increase of \$247.3 million GF due to end of ARRA, without this adjustment the net reduction is \$106.1 million.

Bridge Chart November Estimate to Revised November Estimate
Budget Year 2011-12

| | A | B | C | D | E | F | G | H |
|---|------------------------------|--|---|---|---|--|--|--|
| | November Estimate BY 2011-12 | Legislative Changes Cost Containment Measures BY 2011-12 | Tech Correct of Error in Cost Containment RC OPS BY 2011-12 | Legislative Changes Impacts From Other Departments BY 2011-12 | Legislative Changes Prevention Program BY 2011-12 | Legislative Changes Agnews Ongoing Workload BY 2011-12 | Total Legislative Changes (B through F) BY 2011-12 | Revised November Estimate BY 2011-12 (A + G) |
| I. BUDGET ITEMS: | | | | | | | | |
| A. Operations | | | | | | | | |
| 1. Staffing | \$447,249,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$447,249,000 |
| 2. Federal Compliance | 42,234,000 | 0 | 0 | 0 | 0 | 0 | 0 | 42,234,000 |
| 3. Projects | 24,110,000 | 0 | 0 | 0 | 0 | 0 | 0 | 24,110,000 |
| 4. Agnews Ongoing Workload | 5,114,000 | 0 | 0 | 0 | 0 | -1,500,000 | -1,500,000 | 3,614,000 |
| 5. Lanterman Development Center Closure | 3,537,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,537,000 |
| 6. Cost Containment Measures | 0 | -4,386,000 | 900,000 | 0 | 0 | 0 | -3,486,000 | -3,486,000 |
| 7. New Major Assumptions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Operations Total (Items 1 thru 7) | \$522,244,000 | -\$4,386,000 | \$900,000 | \$0 | \$0 | -\$1,500,000 | -\$4,986,000 | \$517,258,000 |
| 9. ICF-DD SPA Administration Fee | 1,583,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1,583,000 |
| 10. Total (Items 8 and 9) | \$523,827,000 | -\$4,386,000 | \$900,000 | \$0 | \$0 | -\$1,500,000 | -\$4,986,000 | \$518,841,000 |
| B. Purchase of Services (POS) | | | | | | | | |
| 1. Community Care Facilities | \$852,691,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$852,691,000 |
| 2. Medical Facilities | 23,251,000 | 0 | 0 | 0 | 0 | 0 | 0 | 23,251,000 |
| 3. Day Programs | 786,182,000 | 0 | 0 | 0 | 0 | 0 | 0 | 786,182,000 |
| 4. Habilitation Services | 143,396,000 | 0 | 0 | 0 | 0 | 0 | 0 | 143,396,000 |
| 5. Transportation | 228,921,000 | 0 | 0 | 0 | 0 | 0 | 0 | 228,921,000 |
| 6. Support Services | 756,788,000 | 0 | 0 | 0 | 0 | 0 | 0 | 756,788,000 |
| 7. In-Home Respite | 256,773,000 | 0 | 0 | 0 | 0 | 0 | 0 | 256,773,000 |
| 8. Out-of-Home Respite | 59,430,000 | 0 | 0 | 0 | 0 | 0 | 0 | 59,430,000 |
| 9. Health Care | 92,859,000 | 0 | 0 | 0 | 0 | 0 | 0 | 92,859,000 |
| 10. Miscellaneous | 486,798,000 | 0 | 0 | 0 | 0 | 0 | 0 | 486,798,000 |
| 11. Cost Containment Measures | 0 | -187,791,000 | 0 | 0 | 0 | 0 | -187,791,000 | -187,791,000 |
| 12. New Major Assumptions: | 1,763,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1,763,000 |
| a. FMS for Participant-Directed Services | 1,763,000 | 0 | 0 | 0 | 0 | 0 | 0 | 1,763,000 |
| 13. POS Total (Items 1 thru 12) | \$3,688,852,000 | -\$187,791,000 | \$0 | \$0 | \$0 | \$0 | -\$187,791,000 | \$3,501,061,000 |
| 14. Quality Assurance Fees (Transfer from DHCS) | \$7,936,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,936,000 |
| 15. Impacts from Other Departments | \$70,082,000 | \$0 | \$0 | -\$15,000,000 | \$0 | \$0 | -\$15,000,000 | \$55,082,000 |
| 16. Total (Items 13, 14 and 15) | \$3,766,870,000 | -\$187,791,000 | \$0 | -\$15,000,000 | \$0 | \$0 | -\$202,791,000 | \$3,564,079,000 |
| C. Early Start/Part C: Other Agency Costs | \$20,095,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$20,095,000 |
| D. Prevention Program | \$20,003,000 | \$0 | \$0 | \$0 | -\$8,000,000 | \$0 | -\$8,000,000 | \$12,003,000 |
| E. Regional Center Subtotal | \$4,330,795,000 | -\$192,177,000 | \$900,000 | -\$15,000,000 | -\$8,000,000 | -\$1,500,000 | -\$215,777,000 | \$4,115,018,000 |
| F. Systemwide Cost Containment Measures Pursuant to Welfare and Institutions Code Section 4620.3 | -\$533,501,000 | \$359,501,000 | \$0 | \$0 | \$0 | \$0 | \$359,501,000 | -\$174,000,000 |
| Savings Target | -533,501,000 | 359,501,000 | 0 | 0 | 0 | 0 | 359,501,000 | -174,000,000 |
| Adjustment per Agreement with DOF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| G. GRAND TOTAL | \$3,797,294,000 | \$167,324,000 | \$900,000 | -\$15,000,000 | -\$8,000,000 | -\$1,500,000 | \$143,724,000 | \$3,941,018,000 |

Bridge Chart November Estimate to Revised November Estimate
Budget Year 2011-12

| | A | B | J | K | L | M | N | O | P | Q | R |
|--|---------------------------------|--|---|---|---|--|---|---|---|--|--|
| | November Estimate BY 2011-12 | Legislative Changes Cost Containment Measures BY 2011-12 | Tech Correct of Error in Cost Containment RC OPS BY 2011-12 | Legislative Changes Impacts From Other Departments BY 2011-12 | Legislative Changes Prevention Program BY 2011-12 | Legislative Changes Agnews Ongoing Workload BY 2011-12 | Legislative Changes Add'l FFP Money Follows the Person BY 2011-12 | Legislative Changes Add'l FFP Large Residential Facilities BY 2011-12 | Legislative Changes Add'l FFP HCBS Waiver RC OPS BY 2011-12 | Legislative Changes (B through P) BY 2011-12 | Revised November Estimate (A and Q) BY 2011-12 |
| II. FUND SOURCES: | | | | | | | | | | | |
| A. General Fund Total | \$2,046,895,000 | \$249,824,000 | \$0 | -\$15,000,000 | -\$8,000,000 | -\$1,500,000 | -\$5,000,000 | -\$1,700,000 | -\$3,000,000 | \$215,624,000 | \$2,262,519,000 |
| 1. General Fund Match | 1,393,386,000 | 82,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,500,000 | 1,475,886,000 |
| a. General Fund Match | 1,230,281,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,312,781,000 |
| b. FMAP from 55.8% to 50% | 163,105,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 163,105,000 |
| 2. General Fund - Other | 653,509,000 | 167,324,000 | 0 | -15,000,000 | -8,000,000 | -1,500,000 | -5,000,000 | -1,700,000 | -3,000,000 | 133,124,000 | 786,633,000 |
| a. General Fund | 633,506,000 | 167,324,000 | 0 | -15,000,000 | 0 | -1,500,000 | -5,000,000 | -1,700,000 | -3,000,000 | 141,124,000 | 774,630,000 |
| b. Prevention Program | 20,003,000 | 0 | 0 | 0 | -8,000,000 | 0 | 0 | 0 | 0 | -8,000,000 | 12,003,000 |
| B. Reimbursements | \$1,694,315,000 | -\$82,500,000 | \$900,000 | \$0 | \$0 | \$0 | \$5,000,000 | \$1,700,000 | \$3,000,000 | -\$71,900,000 | \$1,622,415,000 |
| 1. Home and Community-Based Services (HCBS) Waiver | 1,012,350,000 | -80,240,000 | 0 | 0 | 0 | 0 | 0 | 1,700,000 | 0 | -78,540,000 | 933,810,000 |
| 2. HCBS Waiver Administration | 5,734,000 | -1,300,000 | 900,000 | 0 | 0 | 0 | 0 | 0 | 3,000,000 | 2,600,000 | 8,334,000 |
| 3. Medicaid Administration | 13,604,000 | -204,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -204,000 | 13,400,000 |
| 4. Targeted Case Management (TCM) | 131,204,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 131,204,000 |
| 5. TCM Administration | 3,339,000 | -756,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -756,000 | 2,583,000 |
| 6. TCM State Plan Amendment (SPA) for ICF-DD Residents | 5,377,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,377,000 |
| 7. Title XX Block Grant | 225,060,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 225,060,000 |
| a. Social Services | 147,903,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 147,903,000 |
| b. Temporary Assistance for Needy Families | 77,157,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 77,157,000 |
| 8. Self-Directed Services HCBS Waiver Administration | 431,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 431,000 |
| 9. ICF-DD SPA | 52,780,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 52,780,000 |
| 10. Quality Assurance Fees (Transfer from DHCS) | 8,727,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,727,000 |
| 11. Vocational Rehabilitation | 118,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 118,000 |
| 12. 1915(i) SPA | 160,807,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,807,000 |
| 13. Money Follows the Person | 8,537,000 | 0 | 0 | 0 | 0 | 0 | 5,000,000 | 0 | 0 | 5,000,000 | 13,537,000 |
| 14. Homeland Security Grant | 210,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 210,000 |
| 15. California First Five Commission | 50,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000,000 |
| 16. Impacts from Other Departments FFP | 16,037,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,037,000 |
| C. Program Development Fund / Parental Fees | \$3,296,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,296,000 |
| D. Developmental Disabilities Services Account | \$150,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$150,000 |
| E. Mental Health Services Fund | \$740,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$740,000 |
| F. Federal Funds | \$51,898,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$51,898,000 |
| 1. Early Start/Part C Grant | 51,338,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 51,338,000 |
| 2. Foster Grandparent Program | 560,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 560,000 |
| G. GRAND TOTAL | \$3,797,294,000 | \$167,324,000 | \$900,000 | -\$15,000,000 | -\$8,000,000 | -\$1,500,000 | \$0 | \$0 | \$0 | \$143,724,000 | \$3,941,018,000 |

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SECTION B: EXECUTIVE HIGHLIGHTS B-1 to B-15

Executive Highlights

As a result of the on-going fiscal crisis in California over the last few years, the Department's budget, along with the budgets for many other state departments, has been reduced. To address prior fiscal pressures, service rates established by statute or by the Department have been frozen for many years and rates negotiated by the regional centers were limited in 2008 with the establishment of median rate caps for new providers. During the development of the FY 2009-10 and FY 2010-11 Governor's Budgets, the Department with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members, and legislative staff developed proposals to reduce or restrict General Fund (GF) growth in the Department's budget. In FY 2009-10, the Department developed proposals that resulted in approximately \$334 million in GF savings and an additional \$200 million in FY 2010-11. Savings proposals impacted both the developmental centers and regional centers, and included a variety of strategies such as restructuring, reducing or suspending various services; restricting eligibility for certain services; and maximizing other available funding sources, primarily federal funds. Most proposals achieved some or all of the savings, with changes to respite exceeding the savings anticipated. In addition to these proposals, payments for regional center operations and to providers of consumer services were reduced by 3 percent in FY 2009-10 and by an additional 1.25 percent for a total reduction of 4.25 percent in FY 2010-11.

Due to continuing and significant pressure on the GF, the Department's budget for FY 2011-12 was decreased by \$576.9 million GF, in addition to other reductions achieved through statewide budget items (e.g. state workforce reductions). This \$576.9 million GF reduction includes the continuation of the 4.25 percent operations and payment reduction, additional federal funding for Developmental Centers (DC) and Regional Centers, continued funding from California First Five Commission, additional DC reductions, a decrease in the Prevention Program, as well as changes adopted by the Legislature. Below is a summary of cost avoidance and savings proposals adopted by the Legislature in March 2011, and the details of the cost containment measures proposed pursuant to Welfare and Institutions Code (W&IC) Section 4620.3.

Adopted Trailer Bill Language (TBL) Cost Avoidance and Savings Proposals:
\$191.2 million total funds (TF), \$109.6 million General Fund (GF):

The TBL adopted in March 2011 included the following:

- Cap on Administrative Costs – Anticipated TF savings of \$70.0 million (\$1.9 million Regional Center Operations (OPS) and \$68.1 million Purchase of Service (POS)); GF savings of \$39.5 million (\$1.3 million OPS and \$38.2 million POS). A fifteen percent cap on administrative costs was established for regional centers and service providers with negotiated rates.

- Expanded Audit Requirements – Anticipated TF cost avoidance and savings of \$39.8 million (\$0.3 million OPS and \$39.5 million POS); GF cost avoidance and savings of \$21.5 million (\$0.2 million OPS and \$21.3 million POS). Independent audits of Regional Centers cannot be performed by the same accounting firm more than five years in a ten year period to ensure adequate review and testing for regional center operations and internal controls. In addition, service providers that receive regional center funding in excess of \$250,000 must obtain an independent review or audit and those that receive in excess of \$500,000 must obtain an independent audit.
- Improved Third Party Liability Efforts – Anticipated TF savings of \$11.0 million (POS) and GF savings of \$10.5 million (POS). These savings would be generated primarily through collections from insurance companies liable for services provided by regional centers.
- Expanded Conflict of Interest Requirements – Anticipated TF cost avoidance of \$20.1 million (\$1.3 million OPS and \$18.8 million POS); GF cost avoidance of \$11.0 million (\$0.9 million OPS and \$10.1 million POS). A system to better identify potential conflicts is required to resolve issues quickly and avoid inappropriate contracts or elevated rates.
- Accountability and Transparency – Anticipated TF cost avoidance of \$50.3 million POS and GF cost avoidance of \$27.1 million POS. Several actions were taken to improve accountability and provide easier access to information, including: service provider disclosure requirements to ensure vendors have not been determined inappropriate for state funding due to history of fraud or other fiscal improprieties; notification requirements for the California Department of Public Health and the California Department of Social Services to ensure the Department of Developmental Services (DDS) is made aware of actions taken against vendors of regional center services; information posting requirements for DDS and the regional centers; review requirement by regional center board of directors for contracts over \$350,000; and a requirement for regional centers to develop a policy on transparency and access to public information.

Cost Containment Measures Pursuant to W&IC Section 4620.3, \$174.0 million total funds (TF), \$174.0 million General Fund (GF):

For the development of proposals to achieve \$174 million in General Fund savings, as required by W&IC Section 4260.3, the Department undertook a significant effort to ensure there was full input received from consumers, family members, advocates, service providers, regional centers, and the community. Initial input was received through a statewide survey that was made available through the DDS website, as well as e-mails and letters from over 9,000 interested individuals and organizations. Eight workgroups were subsequently established to provide input to the Department on savings proposals in the topic areas of behavioral services; day/supported

employment/work activity programs services; Early Start Program services; health care and therapeutic services; independent and supported living services; residential services; respite services; and transportation services. Representation on each of the eight workgroup were selected by statewide organizations with broad interest in regional center services, the Association of Regional Center Agencies, statewide organizations who represent service providers in the specific topic areas and organizations representing other aspects of our system. The workgroup meetings included over 70 hours of discussion.

The amount of savings to be achieved through proposals was reduced by \$55.6 million. Consistent with the Department's on-going efforts to better align its budget with actual expenditures, a review of the most current expenditure information identified a savings of \$55.6 million in General Fund available in FY 2011-12 primarily due to lower than anticipated caseload and utilization change. This review also identified \$28.5 million of one-time savings in the current year that will bridge the cost associated with implementation delays of the various proposals in the budget year.

As part of this effort, the Department identified reductions that total \$39.3 million associated with contracts administered by its headquarters, proposals for increased federal financial participation, and additional reductions in the regional center operations funding, leaving \$79.1 million in proposals associated with direct consumer services.

The proposals were posted on the Department's website and were presented in a series of public forums in Los Angeles, Sacramento and Oakland prior to submission to the Legislature for consideration. Additional detail on the proposals can be found in Section G, Cost Containment Measures Pursuant to W&IC Section 4620.3 of this estimate.

I. CURRENT YEAR 2010-11 COSTS AND FUND SOURCES**Intermediate Care Facilities-Developmentally Disabled (ICF-DD) State Plan
Amendment (SPA) Update**

The ICF-DD SPA provides for supplemental payments to ICF-DD facilities for the cost of residents' day and transportation services arranged by RCs and associated administrative costs effective for services on and after July 1, 2007. The SPA was approved by Centers for Medicare and Medicaid Services on April 15, 2011. Although DDS, RCs and ICF-DD's have worked diligently to accomplish the retroactive billing, due to the multi-layered changes required to implement the new process of paying ICF-DD's, DDS cannot issue all retroactive payments by June 30, 2011. Therefore, DDS requests the 2007-08 and 2008-09 appropriations be extended through December 30, 2011.

A. Overview

Funding for the regional centers in the current year is estimated to decrease by \$65.9 million TF (\$51.1 million GF) compared to the revised budget.

| Costs and Fund Sources <i>(in thousands)</i> | | | |
|--|---|--|-------------------|
| | Revised November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference |
| Total Costs | \$4,126,757 | \$4,060,759 | -\$65,998 |
| Operations 1/ | 518,589 | 515,656 | -2,933 |
| Purchase of Services 1/ | 3,569,923 | 3,506,858 | -63,065 |
| Early Start - Other Agency Costs | 20,095 | 20,095 | 0 |
| Prevention Program | 18,150 | 18,150 | 0 |
| Fund Sources | \$4,126,757 | \$4,060,759 | -\$65,998 |
| General Fund (GF) | 2,200,022 | 2,148,885 | -51,137 |
| GF Match | 1,052,019 | 1,042,859 | -9,160 |
| GF Match 2/ | (1,152,926) | (1,142,435) | (-10,491) |
| FMAP from 55.8% to 59.71% 2/ | (100,907) | (99,576) | (1,331) |
| GF Other | 1,148,003 | 1,106,026 | -41,977 |
| GF 2/ | (1,129,853) | (1,087,876) | (-41,977) |
| Prevention Program 2/ | 18,150 | 18,150 | 0 |
| Reimbursements | 1,870,655 | 1,856,483 | -14,172 |
| Program Development Fund | 3,292 | 2,603 | -689 |
| Developmental Disabilities Services Account | 150 | 150 | 0 |
| Mental Health Services Fund | 740 | 740 | 0 |
| Federal Funds | 51,898 | 51,898 | 0 |

1/ Expenditures include ICF-DD SPA Administrative Fees of \$6 million in OPS and Quality Assurance Fees (transfer from the Department of Health Care Services) of \$30.4 million in POS.

2/ This amount reflects a non-add and is displayed for information only.

The decrease of \$65.9 million TF (\$51.1 million GF) is composed of:

- \$50.3 million decrease TF (\$39.3 million GF) (OPS and POS) to reflect updated caseload and expenditure data;
- \$0.7 million increase TF (\$1.4 million GF) (OPS and POS) due to less savings from reduced expenditures on which the 4.25 percent payment reduction is calculated;
- \$3.0 million decrease TF (\$1.5 million GF) (POS) for costs that will not occur in 2010-11 associated with delays in the reduction proposals to the maximum monthly Department of Social Services SSI/SSP program and the elimination of the Adult Day Health Care (ADHCS) services in the Department of Health Care Services (DHCS) Medi-Cal program. The new implementation date for these proposals is July 1, 2011. These programs are considered generic resources with regional centers being the payor of last resort when services are available from a generic resource;
- \$0.5 million decrease TF and GF (OPS) to the Information Technology costs in Projects to reflect Control Section 15.30 reduction plans;
- \$0.2 million decrease TF (\$0.1 million GF) (OPS) in ICF-DD SPA Administration Fees to reflect updated expenditures;
- \$0.6 million decrease TF (\$0.0 GF) (POS) in Quality Assurance Fees (transfer from DHCS) to reflect updated expenditures for day treatment and transportation costs for ICF-DD residents; and
- \$12.0 million decrease TF (\$11.1 million GF) (OPS and POS) in the Community Placement Plan (CPP) to reflect updated costs associated with individuals placed from Developmental Centers into the community.

B. Caseload

The 2010-11 actual community caseload as of January 31, 2011 decreased by 1,131 consumers over the November Estimate caseload estimate of 244,108.

| | November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference |
|-------------------------------------|---|--|-------------------|
| <u>CASELOAD</u> | | | |
| Active (Age 3 & Older) | 213,140 | 212,600 | -540 |
| Early Start (Birth through 2 Years) | 27,443 | 27,103 | -340 |
| Prevention (Birth through 2 Years) | 3,525 | 3,274 | -251 |
| Total Community Caseload | 244,108 | 242,977 | -1,131 |

C. Total Regional Center Costs: \$65.9 Million Decrease TF (\$51.1 Million GF)1. OPS Total: \$2.7 Million Decrease TF (\$8.5 Million Increase GF)

Costs for Operations include core staffing, federal compliance and projects.

- Core Staffing: \$2.2 Million Decrease TF (\$9.0 Million Increase GF)

The decrease in Core Staffing is due to the following:

- \$1.9 million decrease TF (\$8.9 million increase GF) to reflect updated community caseload and reimbursements.
 - \$0.3 million decrease TF and GF in CPP to reflect updated costs associated with individuals placed from Developmental Centers into the community.
 - \$0.4 million decrease GF (\$0.0 TF) due to reduced expenditures upon which the 4.25 percent payment reduction is calculated.
- Projects: \$0.5 Million Decrease TF and GF to the Information Technology costs in Projects to reflect Control Section 15.30 reduction plans

| Operations Total <i>(in thousands)</i> | | | |
|--|---|--|-------------------|
| | Revised November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference |
| Staffing | \$437,555 | \$435,471 | -\$2,084 |
| Federal Compliance | 42,083 | 42,085 | 2 |
| Projects | 24,112 | 23,446 | -666 |
| Agnews Ongoing Workload | 5,114 | 5,114 | 0 |
| Lanterman Developmental Center Closure | 3,537 | 3,537 | 0 |
| TOTAL | \$512,401 | \$509,653 | -\$2,748 |

2. (OPS) ICF-DD SPA Administration Fees: \$0.2 Million Decrease TF \$0.1 Million GF): The decrease reflects updated expenditures.

3. POS Total: \$59.4 Million Decrease TF (\$58.0 Million GF)

The decrease in POS total is composed of the following:

- \$48.4 million decrease TF (\$48.2 million GF) to reflect updated caseload, utilization change and expenditure data;
 - \$0.6 million increase TF (\$1.0 million GF) in the 4.25 percent payment reduction due to less expenditures on which the reduction is calculated; and
 - \$11.6 million decrease TF (\$10.8 million GF) in CPP to reflect updated costs associated with individuals placed from Developmental Centers into the community.
4. (POS) Quality Assurance Fees (Transfer from DHCS): \$0.6 Million Decrease TF (\$0.0 GF) The decrease reflects updated expenditures for day treatment and transportation costs for ICF-DD residents.
5. (POS) Impacts from Other Departments: \$3.0 million Decrease TF (\$1.5 million GF): The decrease reflects costs that will not occur in 2010-11 associated with delays in the reduction proposals to the maximum monthly Department of Social Services SSI/SSP program and the elimination of DHCS Medi-Cal program. The new implementation date for these proposals is July 1, 2011. These programs are considered generic resources, with regional centers being the payor last resort when services are available from a generic resource.

D. Fund Sources

1. GF: \$51.1 Million Decrease

The 2010-11 GF decrease is composed of:

- \$39.3 million decrease to reflect updated community caseload and expenditure data;
- \$1.4 million increase due to reduced savings from less expenditures on which the 4.25 percent payment reduction is calculated;
- \$0.1 million decrease due to reduced ICF-DD SPA administration fees from updated expenditures;
- \$11.1 million decrease in CPP to reflect updated costs associated with individuals placed from Developmental Centers into the community;
- \$1.5 million decrease for Impacts from Other Departments as previously discussed; and
- \$0.5 million decrease to Information Technology costs in Projects to reflect Control Section 15.30 reduction plans.

2. Reimbursements: \$14.2 Million Decrease

| Reimbursements <i>(in thousands)</i> | | | |
|--|---|--|-------------------|
| Reimbursements | Revised November Estimate CY 2010-11 | May Revision CY 2010-11 | Difference |
| a. Home and Community-Based Svcs (HCBS) Waiver | \$1,180,472 | \$1,184,481 | \$4,009 |
| b. HCBS Waiver Administration | 5,740 | 5,802 | 62 |
| c. Medicaid Administration | 13,347 | 13,316 | -31 |
| d. Targeted Case Management (TCM) | 163,397 | 154,566 | -8,831 |
| e. TCM Administration | 3,339 | 3,573 | 234 |
| f. TCM SPA for ICF-DD Residents | 6,421 | 3,605 | -2,816 |
| g. Title XX Block Grant | 225,060 | 225,060 | 0 |
| (1) Social Services 1/ | <i>(147,903)</i> | <i>(147,903)</i> | 0 |
| (2) Temporary Assistance for Needy Families 1/ | <i>(77,157)</i> | <i>(77,157)</i> | 0 |
| h. Self-Directed HCBS Waiver Administration | 431 | 431 | 0 |
| i. ICF-DD SPA | 62,295 | 57,590 | -4,705 |
| j. Quality Assurance Fees (Transfer from DHCS) | 34,565 | 33,811 | -754 |
| k. Vocational Rehabilitation | 118 | 118 | 0 |
| l. 1915(i) SPA | 120,383 | 120,383 | 0 |
| m. Money Follows the Person Grant | 3,537 | 3,537 | 0 |
| n. Homeland Security Grant | 0 | 210 | 210 |
| o. California First Five Commission | 50,000 | 50,000 | 0 |
| p. Impacts from Other Departments FFP | 1,550 | 0 | -1,550 |
| TOTAL | \$1,420,535 | \$1,406,363 | -\$14,172 |

1/ This amount reflects a non-add and is displayed for information only.

- HCBS Waiver: The \$4.0 million increase in HCBS Waiver includes:
 - \$3.6 million increase to reflect updated expenditures and an additional 3,729 consumers added to the waiver; and
 - \$0.4 million increase due to reduced savings from less expenditures on which the 4.25 percent payment reduction is calculated.
- Targeted Case Management (TCM): The \$8.8 million decrease in TCM includes:
 - \$12.6 million decrease reflects updated data on billable units; and
 - \$3.8 million increase due reduced savings from less expenditures on which the 4.25 percent payment reduction is calculated.

- TCM Administration: The \$0.2 million increase in TCM reflects updated data on billable units.
 - TCM State Plan Amendment (SPA) for ICF-DD Residents: The \$2.8 million decrease in TCM SPA for ICF-DD Residents reflects updated data on billable units.
 - ICF-DD SPA: The \$4.7 million decrease in ICF-DD SPA reflects updated regional center expenditures for 2009-10.
 - QAF Regional Center Costs and Intermediate Care Facility-Developmentally Disabled Costs (Transfer from DHCS): The \$0.8 million decrease in QAF conforms to the change to the ICF-DD SPA.
 - Homeland Security Grant: The \$0.2 million increase to correct an error in the November Estimate, in which this reimbursement was inadvertently shown as GF.
 - Impact from Other Departments, FFP: The November Estimate included \$1.5 million in reimbursements to cover increased costs associated with reductions for the elimination of the ADHC services in the DHCS Medi-Cal program. These reductions will not occur in 2010-11 and is reflected in this estimate.
3. Program Development Fund: The \$0.7 million decrease reflects updated data on parental fees collections.

II. BUDGET YEAR 2011-12 COSTS AND FUND SOURCES

A. Overview

As a result of the on-going fiscal crisis in California over the last few years, the Department's budget has been reduced due to continuing and significant pressures on the General Fund. The chart below displays the Revised November Estimate for the regional center budget, including legislative actions adopted in March 2011 such as the GF savings target of \$174 million.

The May Revision reflects the following details associated with the \$174 million reduction:

- \$55.6 million in GF savings due to updated expenditures, caseload and utilization change;
- \$118.4 million in GF savings from the cost containment proposals (see Section G. for more information), offset by
- \$1.5 million in FFP for these proposals and
- \$28.5 million GF from current year savings. Current year savings will cover one-time erosions associated with implementation lags for the proposals identified in Section G of this estimate.

| Costs and Fund Sources <i>(in thousands)</i> | | | |
|--|---|--|-------------------|
| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference |
| Total Costs | 3,941,018 | 3,982,972 | 41,954 |
| Operations 1/ | 518,841 | 518,710 | -131 |
| Purchase of Services 1/ | 3,564,079 | 3,520,641 | -43,438 |
| Early Start - Other Agency Costs | 20,095 | 20,095 | 0 |
| Prevention Program | 12,003 | 12,003 | 0 |
| Proposals per W & IC Section 4620.3 | -174,000 | -118,397 | 55,603 |
| Federal Funding Proposals | 0 | 1,456 | 1,456 |
| 2011-12 One-time Cost Savings | 0 | 28,464 | 28,464 |
| Fund Sources | 3,941,018 | 3,982,972 | 41,954 |
| General Fund (GF) | 2,262,519 | 2,290,100 | 27,581 |
| GF Match | 1,475,886 | 1,303,243 | -172,643 |
| GF Match @ 55.8% 2/ | (1,312,781) | (1,155,537) | (-157,244) |
| FMAP from 55.8% to 50% 2/ | (163,105) | (147,706) | (-15,399) |
| GF Other | 786,633 | 986,857 | 200,224 |
| GF 2/ | (774,630) | (982,354) | (207,724) |
| Prevention Program 2/ | (12,003) | (4,503) | (-7,500) |
| Reimbursements | 1,622,415 | 1,637,464 | 15,049 |
| Program Development Fund | 3,296 | 2,603 | -693 |
| Developmental Disabilities Services Account | 150 | 150 | 0 |
| Mental Health Services Fund | 740 | 740 | 0 |
| Federal Funds | 51,898 | 51,915 | 17 |

1/ Expenditures include \$1.5 million in ICF-DD administration Fees in OPS and \$7.8 million in Quality Assurance Fees (transfer from the Department of Health Care Services) POS.

2/ This amount reflects a non-add and is displayed for information only.

B. Caseload

The 2011-12 total community estimated caseload is projected at 249,674 on January 31, 2012 which is 2,028 less than the previous estimated budget year caseload of 251,702, but reflects an increase of 2.4% over the 2010-11 enacted budget.

| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference |
|-------------------------------------|---|--|-------------------|
| <u>CASELOAD</u> | | | |
| Active (Age 3 & Older) | 219,608 | 218,524 | -1,084 |
| Early Start (Birth through 2 Years) | 28,209 | 27,624 | -585 |
| Prevention (Birth through 2 Years) | 3,885 | 3,526 | -359 |
| TOTAL COMMUNITY CASELOAD | 251,702 | 249,674 | -2,028 |

C. Total Regional Center Costs: \$44.3 Million Decrease TF (\$56.6 Million GF)**1. OPS Total, Net Change of Zero TF (\$0.3 Million GF)**

| Operations Total <i>(in thousands)</i> | | | |
|--|---|--|-------------------|
| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference |
| Staffing | \$447,249 | \$444,606 | -\$2,643 |
| Federal Compliance | 42,234 | 44,827 | 2,593 |
| Projects | 24,110 | 23,986 | -124 |
| Agnews Ongoing Workload | 3,614 | 2,788 | -826 |
| Lanterman Developmental Center Closure | 3,537 | 3,537 | 0 |
| Cost Containment Measures | -3,486 | -3,486 | 0 |
| New Major Assumptions | 0 | 984 | 984 |
| TOTAL | \$517,258 | \$517,242 | -\$16 |

The change in OPS total is composed of:

- \$0.3 million decrease TF (\$0.1 million decrease GF) to reflect updated community caseload and expenditures in staffing, federal compliance and projects;

- \$0.2 million increase TF (\$0.3 million increase GF) in the 4.25 percent payment reduction due to less expenditures on which the reduction is calculated;
 - \$0.8 million decrease TF (\$0.3 million GF) to conform to the \$1.5 million GF legislative adjustment to Agnews Ongoing Workload;
 - \$0.9 million increase TF (\$0.4 million GF) to implement the new major assumption, Federal Medicaid Requirements for Regional Centers to Vendor Providers of Home and Community-Based Services;
2. (OPS) ICF-DD SPA Administration Fees: \$0.1 Million Decrease TF (\$0.1 Million GF) The decrease reflects updated expenditures.
 3. POS Total: \$44.7 Million Decrease TF (\$56.8 Million GF)

The changes in POS Total reflect the following:

- \$41.9 million decrease TF (\$42.4 million GF) to reflect updated community caseload and expenditure data; and
 - \$2.8 million decrease TF (\$14.4 million GF) to the 4.25 percent payment reduction due to less expenditures on which the reduction is calculated.
4. (POS) Quality Assurance Fees (Transfer from DHCS): \$0.5 Million Increase TF (\$0.0 GF) This decrease reflects updated expenditures. The estimate for 2011-12 reflects expenditures for 2007-08 through 2010-11.

D. Fund Sources

1. GF: \$27.6 Million Increase: Reflects one-time savings in the current year that will bridge the cost associated with implementation delays of the various proposals in the budget year.
2. Reimbursements: \$15.0 Million Increase

Changes reflect the following:

| Reimbursements <i>(in thousands)</i> | | | |
|---|---|--|-------------------|
| | Revised November Estimate BY 2011-12 | May Revision BY 2011-12 | Difference |
| a. HCBS Waiver | \$933,810 | \$945,081 | \$11,271 |
| b. HCBS Waiver Administration | 8,334 | 9,104 | 770 |
| c. Medicaid Administration | 13,400 | 12,236 | -1,164 |
| d. Targeted Case Management (TCM) | 131,204 | 132,492 | 1,288 |
| e. TCM Administration | 2,583 | 3,647 | 1,064 |
| f. TCM SPA for ICF-DD Residents | 5,377 | 3,067 | -2,310 |
| g. Title XX Block Grant | 225,060 | 225,060 | 0 |
| <i>(1) Social Services 1/</i> | <i>(147,903)</i> | <i>(147,903)</i> | <i>0</i> |
| <i>(2) Temporary Assistance for Needy Families 1/</i> | <i>(77,157)</i> | <i>(77,157)</i> | <i>0</i> |
| h. Self-Directed HCBS Waiver Administration | 431 | 0 | -431 |
| i. ICF-DD/SPA | 52,780 | 48,928 | -3,852 |
| j. Quality Assurance Fees (Transfer from DHCS) | 8,727 | 9,959 | 1,232 |
| k. Vocational Rehabilitation | 118 | 118 | 0 |
| l. 1915(i) SPA | 160,807 | 164,907 | 4,100 |
| m. Money Follows the Person Grant | 13,537 | 15,418 | 1,881 |
| n. Homeland Security Grant | 210 | 210 | 0 |
| o. California First Five Commission | 50,000 | 50,000 | 0 |
| p. Impacts from Other Departments FFP | 16,037 | 16,037 | 0 |
| q. 1915(k) Medicaid State Plan | 0 | 1,200 | 1,200 |
| TOTAL | \$1,172,295 | \$1,187,344 | \$15,049 |

1/ This amount reflects a non-add and is displayed for information only.

- HCBS Waiver: \$11.3 million increase in HCBS Waiver reimbursements includes:
 - \$4.8 million increase to reflect updated expenditures and an additional 2,616 consumers added to the waiver; and
 - \$11.5 million decrease in the 4.25 percent payment reduction due to reduced expenditures on which the reduction is calculated;

- \$5.0 million decrease to reflect GF cost saving proposals.
- HCBS Waiver Administration: \$0.7 million increase in HCBS Waiver Administration includes:
 - \$0.5 million increase to implement the new major assumption, Federal Medicaid Requirements for Regional Centers to Vendor Providers of Home and Community-Based Services;
 - \$0.4 million decrease in the 4.25 percent payment reduction due to reduced expenditures for which the reduction is based upon;
 - \$0.4 million decrease to reflect GF cost saving proposals; and
 - \$0.2 million increase to conform to the \$1.5 million GF legislative adjustment to Agnews Ongoing Workload.
- Medicaid Administration: \$1.2 million decrease includes:
 - \$1.3 million increase due to the most current available data.
 - \$0.3 million decrease in the 4.25 percent payment reduction due to reduced expenditures for which the reduction is based upon;
 - \$0.4 million decrease to conform to the \$1.5 million GF legislative adjustment for Agnews Ongoing Workload; and
- TCM: \$1.3 million increase includes:
 - \$2.2 million increase due to updated data on billable units.
 - \$0.6 million increase due to reduced savings from reduced expenditures on which the 4.25 percent payment reduction is calculated;
 - \$0.3 million decrease to conform to the \$1.5 million GF legislative adjustment for Agnews Ongoing Workload; and
- TCM Administration: \$1.1 million increase due to updated data on billable units.
- TCM SPA for ICF-DD Residents: \$2.3 million decrease in TCM SPA for ICF-DD Residents reflects updated data on billable units.
- Self-Directed Services for HCBS Waiver Administration: \$0.4 million decrease to reflect GF cost saving proposals.
- ICF-DD SPA: \$3.9 million decrease in ICF-DD SPA reflects updated data on billable units.
- QAF Regional Center Costs and Intermediate Care Facility-Developmentally Disabled (Transfer from DHCS): \$1.2 million increase in QAF reflects the most current expenditure data.

- 1915(i): \$4.1 million increase to reflect GF cost saving proposals.
 - Money Follows the Person: \$1.9 million increase to reflect GF cost saving proposals
 - 1915(k) Medicaid State Plan: \$1.2 million increase to reflect GF cost saving proposals.
3. Program Development Fund/Parental Fees: \$0.7 million decrease reflects updated data on parental fees collections.

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SECTION C: FUTURE FISCAL ISSUES/MAJOR ASSUMPTIONS C-1 to C-4

FUTURE FISCAL ISSUES AND MAJOR ASSUMPTIONS

FUTURE FISCAL ISSUES

- **1115 Waiver Regional Center Health Care Liaisons**

The Department of Health Care Services (DHCS) received approval from Centers for Medicare and Medicaid Services (CMS) for the 1115 Waiver to commence the mandatory enrollment of seniors and persons with disabilities (including regional center consumers) that are eligible for Medi-Cal, into managed care health plans in 16 specified counties. Seniors and persons with disabilities who rely on Medi-Cal have greater, more complicated and costly health care needs than the general population. It is assumed that through better case management and access to health care, the State will realize significant savings.

Regional centers (RCs) play a unique role in the lives of consumers. They have responsibility for the development and implementation of individualized program planning for each consumer, which includes accessing and working with generic services, such as health plans and Medi-Cal. Regional center involvement in the transition to managed care is essential to ensure that proper notification of the change is provided and understood by the consumer, including sufficient and timely information on which to base choices. Also, changes will be made in health care providers, requiring advocacy and case management by the regional center so that consumer needs are understood, consumers have access to necessary health care at all times during the transition, and regional centers are protected against paying for services that are the responsibility of the health plan. If the transition to managed care is not properly handled, it could lead to the disruption of health care for an already fragile population and directly impact the health and safety of the consumers. Instead of the 1115 Waiver generating savings, higher costs through crisis intervention and increased emergency room visits or hospitalizations could result. The regional centers will be the central point of support and case management for the consumers during and after mandatory enrollment in managed care, and will function as liaisons and ensure coordination with the managed care health plans to remove barriers to care and see that health care is provided in the cost-efficient manner envisioned by the 1115 Waiver.

Anticipated full year costs to fund 13.0 full-time RC Health Care Liaisons (salaries, fringe benefits, operating expenses and rent): \$1,766,000 TF (\$883,000 GF).

NEW MAJOR ASSUMPTIONS

- **Federal Medicaid Requirements for Regional Centers to Vendor Providers of Home and Community-Based Services (HCBS)**

The CMS found the Department to be out of compliance with federal Medicaid rules in its April 2010 draft audit, *“Medicaid Integrity Program, California Comprehensive Program Integrity Review.”* As a result, the Department must develop and promulgate significant changes to its Title 17 regulations governing regional center vendorization of service providers by July 1, 2011.

The March 2011 Trailer Bill Language (TBL) for Accountability and Transparency requires regional centers to gather and review business ownership, control and relationship information, pursuant to federal law, from prospective and current vendors. Additionally, regional centers will be required to determine that all prospective and current vendors are eligible to participate as Medicaid service providers by verifying that they have not been convicted of a crime related to the Medicare, Medicaid or Title XX programs. Furthermore, on an a periodic basis, regional centers will be required to verify that vendors continue to meet all applicable vendorization requirements, in order for the Department to comply with federal law and meet the mandated HCBS Waiver assurance that only qualified providers deliver Medicaid-funded services.

Failure to comply with these requirements will jeopardize the Department’s ability to collect nearly \$2 billion in FFP reflected in the Department’s budget for these services, and impact the ability to achieve savings assumed in the Department’s budget.

Proposed Expenditures: Funding for 16.0 full-time Program Evaluators (consisting of salaries, fringe benefits, operating expenses and rent) in fiscal year 2011-12: \$984,000 TF (\$492,000 GF). The savings of \$15.2 million associated with the Accountability and Transparency TBL proposed in the Governor’s Budget assumes these costs for implementation offset the expected savings.

REVISED MAJOR ASSUMPTIONS

- **Financial Management Services (FMS) for Participant-Directed Services**

When the consumer functions as the managing employer of workers who provide waiver services (participant-directed services), CMS requires that the option of a FMS be offered to assist the participant in functions such as processing payroll, withholding federal, State, and local taxes, performing fiscal accounting and producing expenditure reports for the participant or family and State authorities. DDS' current HCBS Waiver includes three vouchered services that fall within the CMS definition of participant-directed services: respite, transportation and day care. DDS must submit the HCBS Waiver renewal application to the CMS in 2010-11 as the current Waiver expires September 30, 2011. To establish FMS as an option for vouchered respite, transportation and day care, DDS will need to revise Title 17 regulations to include FMS for these services and establish a rate methodology for procuring the FMS.

The total estimated funding for new FMS services assumes 18,560 vouchers will be utilized annually by consumers of day care, respite and transportation services at a flat fixed rate of \$95 per month for total expenditures of \$1,763,200 (\$1,763,000 rounded) in 2011-12 of which 50 percent (\$882,000) will be eligible for FFP in 2011-12.

- **Re-appropriation of 2007-08, 2008-09, and 2010-11 to Capture FFP - Intermediate Care Facilities–Developmentally Disabled State Plan Amendment (SPA)**

The Department is requesting to reappropriate funding from fiscal years 2007-08, 2008-09, and 2010-11 to ensure the appropriations are available for collection of budgeted FFP for the day treatment and transportation services of Intermediate Care Facility-Developmentally Disabled residents. The SPA was approved by CMS on April 15, 2011. Retroactive claiming for services starting on July 1, 2007 is in progress, but cannot be completed prior to June 30, 2011 when the 2007-08 and 2008-09 appropriations revert.

Section 4646.55(b) of the Welfare and Institutions Code is amended to read: Notwithstanding any other provision of law and to the extent federal financial participation is available, and in furtherance of this section and Section 14132.925, the State Department of Developmental Services shall amend the regional center contracts for the 2007/08 and 2008/09 fiscal years to extend the contract liquidation period until December 30, 2011. The contract amendments and budget adjustments shall be exempt from the provisions of Article 1 (commencing with Section 4620).

New Uncodified Language:

Due to a change in the availability of federal funding that addresses the ability of California to capture additional federal financial participation for day treatment and transportation services provided to a Medi-Cal beneficiary residing in a licensed intermediate care facility as specified in Welfare and Institution Code, Section 4646.55 and Section 14132.925, funds appropriated in the following Items shall be available for liquidation until December 30, 2011:

Item 4300-101-0001, Budget Act of 2007, Chapters 171 and 172, Statutes of 2007, previously reappropriated by Chapter 268, Statutes of 2008; and

Item 4300-101-0001, Budget Act of 2008, Chapter 268, Statutes of 2008

REQUEST FOR ADDED BUDGET LANGUAGE

• **Item 4300-101-0001, 10.10.080, Prevention Program**

DDS requests the following provisional budget language be added to item 4300-101-0001 to allow the transfer of funds from 10.10.080 (Prevention Program) to 10.10.020 (Purchase of Services):

“Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure authority from Schedule (4) to Schedule (2) to more accurately reflect expenditures in the Prevention and Early Start Programs.”

This language is needed to effectively administer the Prevention and Early Start Programs and ensure the funds are correctly budgeted based on actual caseload during the fiscal year.

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CASELOAD

Current Year vs. Budget Year

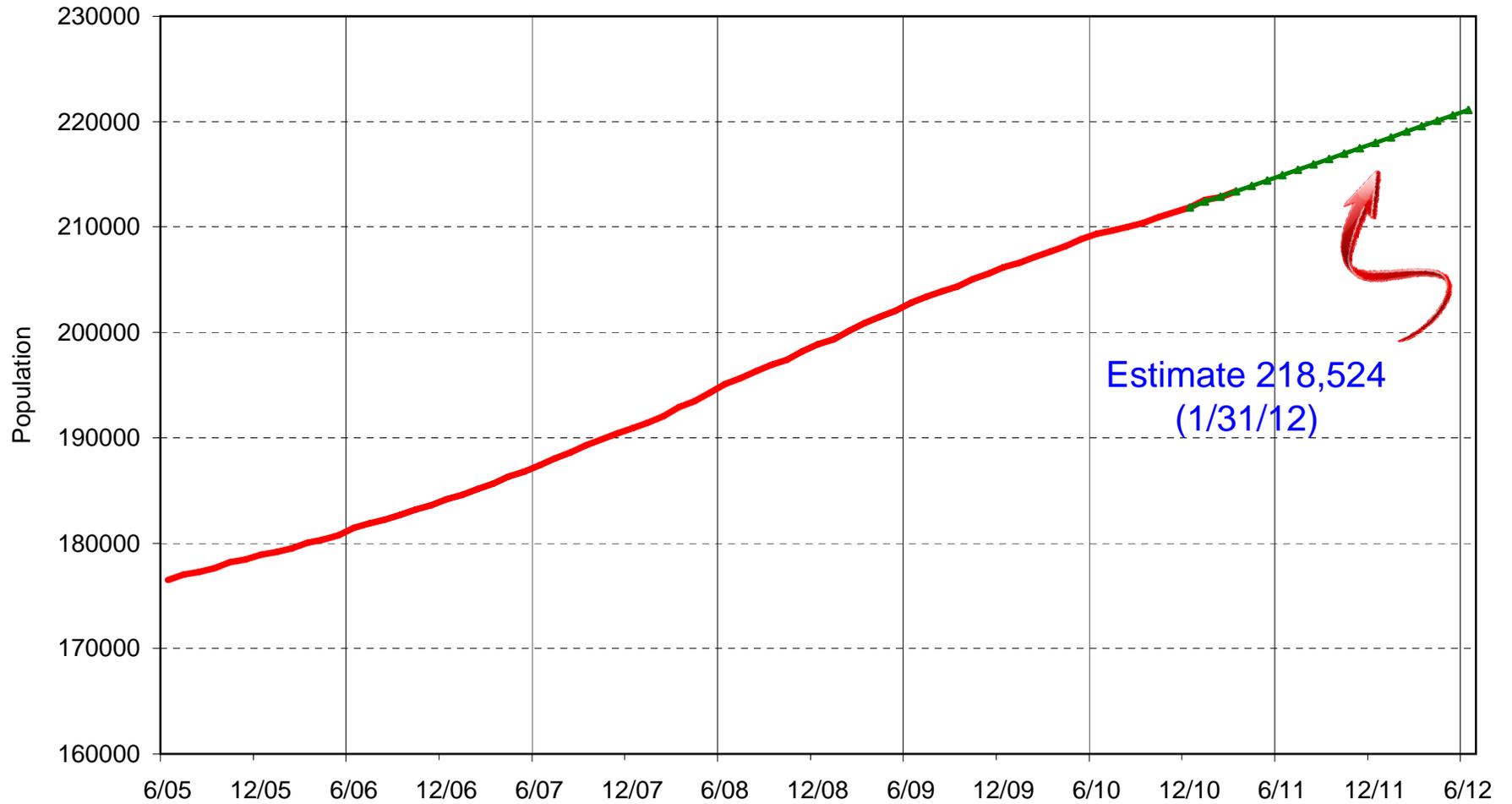
| | May Revision CY 2010-11 | May Revision BY 2011-12 | | |
|---|--|---|--------------------------|--------------------------------------|
| | <i>Actual Caseload as of 1/31/11</i> | <i>Estimated Caseload as of 1/31/12</i> | <i>Annual Change</i> | <i>Percent Annual Change</i> |
| A. Active Caseload (Age 3 & Older) | 212,600 a/ | 218,524 | 5,924 | 2.8% |
| B. Early Start (Birth through 2 Years) | 27,103 a/ | 27,624 | 521 | 1.9% |
| C. Prevention (Birth through 2 Years) | 3,274 | 3,526 | 252 | 7.7% |
| D. Total Community Caseload | 242,977 | 249,674 | 6,697 | 2.8% |
| E. Developmental Center (DC) Average Population | 1,991 | 1,767 | | |
| F. On Leave | -21 | -15 | | |
| G. Total Avg. In Center DC Population | 1,970 | 1,752 | -218 | -11.1% |
| H. Total Regional Center (RC) Caseload (D + G) | 244,947 | 251,426 | 6,479 | 2.6% |

a/ Actual caseload as of January 31, 2011 adjusted for caseload not yet entered into Client Master File.

Active Status Caseload

(Age 3 & Older)

Client Master File Trend Analysis

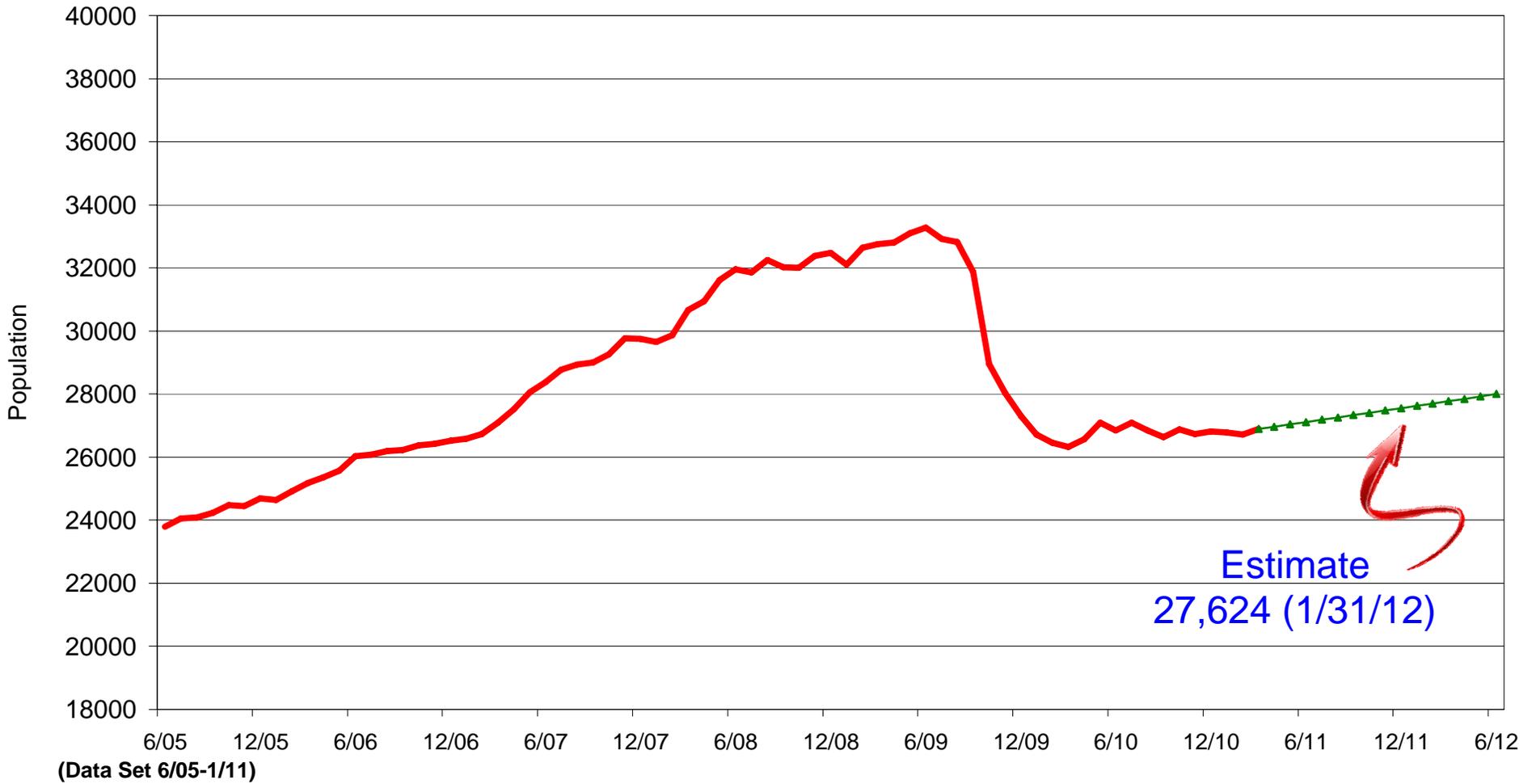


Data Set 6/05 thru 1/11)

Early Start Caseload

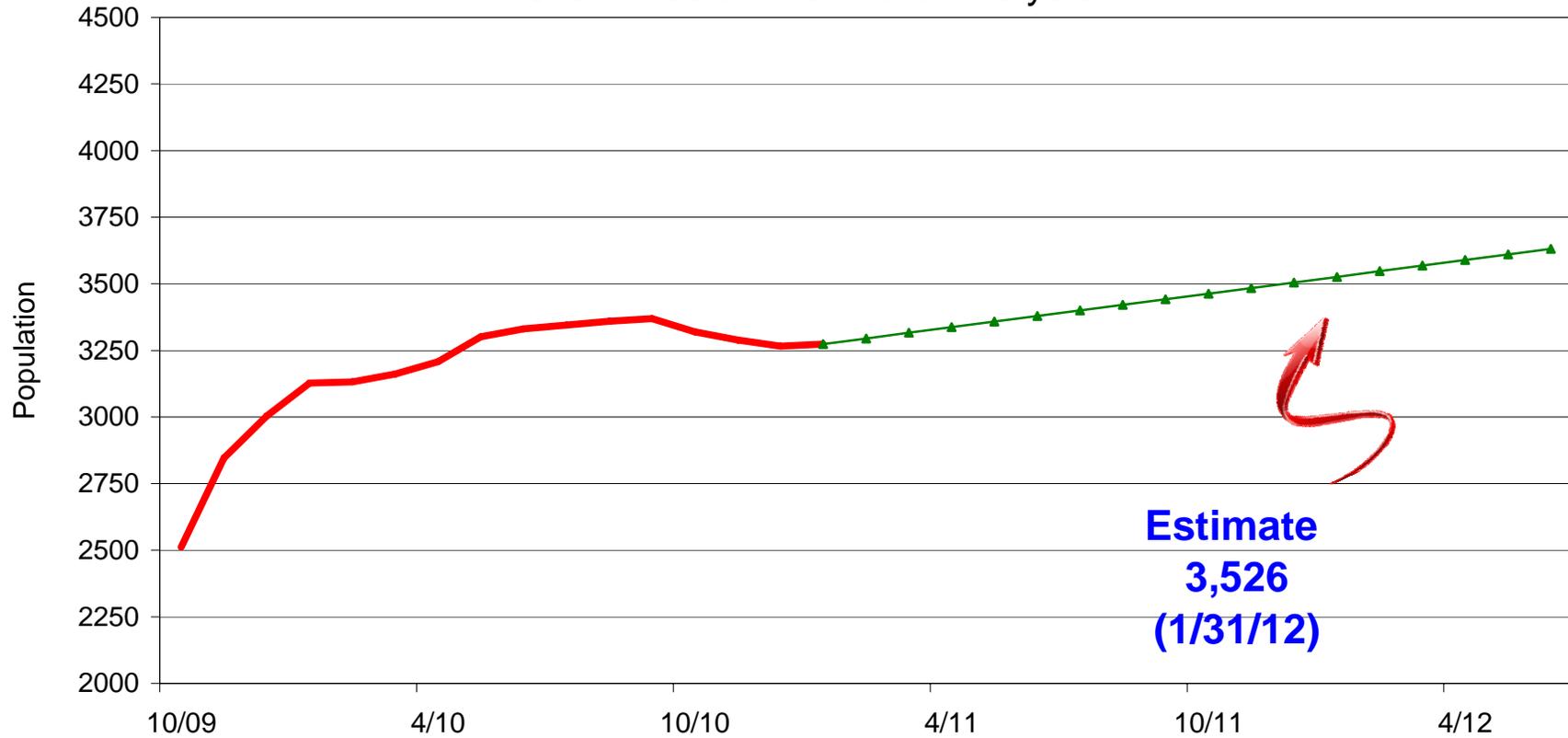
Birth through 2 Years

Client Master File Trend Analysis



Prevention Caseload

Birth through 2 Years
Client Master File Trend Analysis



(Data Set 6/05-1/11)

Community Caseload

(Active Status, Early Start & Prevention)

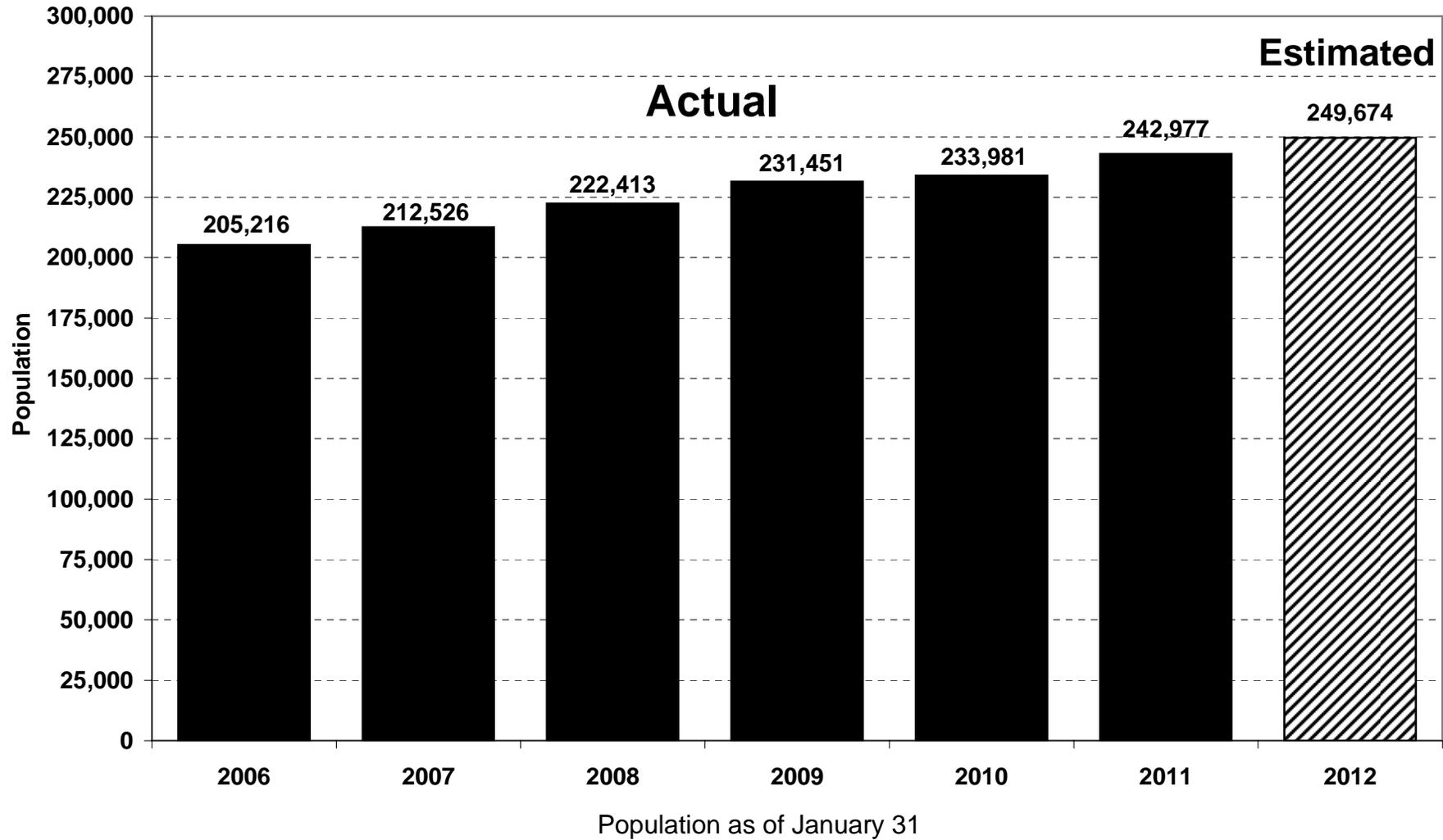


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| | |
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Operations
POPULATION AND OPERATIONS SUMMARY
Comparison of 2011-12 November Estimate to 2011-12 May Revision
Current Year 2010-11

| | Revised November Estimate | May Revision | Difference |
|--|------------------------------|----------------------|---------------------|
| POPULATION | | | |
| Active (Age 3 & Older) | 213,140 | 212,600 | -540 |
| Early Start (Birth through 2 Years) | 27,443 | 27,103 | -340 |
| Total Populator | 240,583 | 239,703 | -880 |
| OPERATIONS | | | |
| I. STAFFING | | | |
| A. Core Staffing | \$476,301,000 | \$474,394,000 | -\$1,907,000 |
| B. Community Placement Plan | 12,787,000 | 12,472,000 | -315,000 |
| C. Staffing for Collection of FFP for Contracted Services | 2,228,000 | 2,228,000 | 0 |
| D. Staffing for Self-Directed Services | 861,000 | 861,000 | 0 |
| E. Less: Intake and Assessment | -4,465,000 | -4,465,000 | 0 |
| F. Less: Unallocated Reduction | -10,559,000 | -10,559,000 | 0 |
| G. Less: Cost Containment | -5,968,000 | -5,968,000 | 0 |
| H. Less: Savings Target | -14,145,000 | -14,145,000 | 0 |
| I. Less: 4.25% Payment Reduction | -19,485,000 | -19,347,000 | 138,000 |
| J. Total Staffing | \$437,555,000 | \$435,471,000 | -\$2,084,000 |
| II. | | | |
| A. Agnews Ongoing Workload | 5,114,000 | 5,114,000 | 0 |
| B. Lanterman Development Center Closure | 3,537,000 | 3,537,000 | 0 |
| C. Total Developmental Centers Closure | \$8,651,000 | \$8,651,000 | 0 |
| III. FEDERAL COMPLIANCE | | | |
| A. HCBS Waiver | \$21,135,000 | \$21,135,000 | \$0 |
| B. Accelerated HCBS Waiver Enrollments | 1,728,000 | 1,728,000 | 0 |
| C. Compliance with HCBS Waiver Requirements | 9,200,000 | 9,200,000 | 0 |
| D. Case Managers to Meet HCBS Waiver Requirements | 7,080,000 | 7,082,000 | 2,000 |
| E. Targeted Case Management | 4,129,000 | 4,129,000 | 0 |
| F. Nursing Home Reform/Pre-Admission Screening and Resident Review | 473,000 | 473,000 | 0 |
| G. Less: 4.25% Payment Reduction | -1,662,000 | -1,662,000 | 0 |
| H. Total Federal Compliance | \$42,083,000 | \$42,085,000 | \$2,000 |
| IV. PROJECTS | | | |
| A. Information Technology Costs | \$4,517,000 | \$3,972,000 | -\$545,000 |
| 1. Regional Center Application Support | 3,167,000 | 2,622,000 | -545,000 |
| 2. Data Processing | 1,350,000 | 1,350,000 | 0 |
| B. Clients' Rights Advocacy Contract | 5,295,000 | 5,295,000 | 0 |
| C. Quality Assessment Contract | 5,643,000 | 5,643,000 | 0 |
| D. Direct Support Professional Training | 3,582,000 | 3,582,000 | 0 |
| E. Office of Administrative Hearings Contract | 3,900,000 | 3,900,000 | 0 |
| F. Wellness Projects | 200,000 | 200,000 | 0 |
| G. Foster Grandparent / Senior Companion Programs | 1,719,000 | 1,719,000 | 0 |
| H. Special Incident Reporting/Risk Assessment Contract | 940,000 | 940,000 | 0 |
| I. Increased Access to Mental Health Services | 740,000 | 740,000 | 0 |
| J. Sherry S. Court Case / Los Angeles County Hops | 534,000 | 534,000 | 0 |
| K. Enhancing FFP, Phase II, Proposal C, Consultant | 500,000 | 500,000 | 0 |
| L. University Enterprises, Inc. | 113,000 | 113,000 | 0 |
| M. Affordable Housing | 94,000 | 94,000 | 0 |
| N. Self-Directed Services: Training and Development | 200,000 | 200,000 | 0 |
| O. Review of SB 1175 Housing Proposals | 150,000 | 150,000 | 0 |
| P. Denti-Cal Infrastructure for RC Dental Services | 750,000 | 750,000 | 0 |
| Q. Homeland Security Grant Program | 210,000 | 210,000 | 0 |
| R. Less: Cost Containmen | -490,000 | -490,000 | 0 |
| S. Less: Savings Target | -3,500,000 | -3,500,000 | 0 |
| T. Less: 4.25% Payment Reduction | -985,000 | -1,106,000 | -121,000 |
| U. Total Projects | \$24,112,000 | \$23,446,000 | -\$666,000 |
| V. ICF-DD SPA Administration Fee | \$6,188,000 | \$6,003,000 | -\$185,000 |
| VI. GRAND TOTAL | \$518,589,000 | \$515,656,000 | -\$2,933,000 |

Operations
POPULATION AND OPERATIONS SUMMARY
Comparison of 2011-12 November Estimate to 2011-12 May Revision
Budget Year 2011-12

| | Revised November Estimate | May Revision | Difference |
|--|------------------------------|----------------------|---------------------|
| POPULATION | | | |
| Active (Age 3 & Older) | 213,140 | 218,524 | 5,384 |
| Early Start (Birth through 2 Years) | 30,564 | 27,624 | -2,940 |
| Total Population | 243,704 | 246,148 | 2,444 |
| OPERATIONS | | | |
| I. STAFFING | | | |
| A. Core Staffing | \$486,267,000 | \$483,477,000 | -\$2,790,000 |
| B. Community Placement Plan | 12,787,000 | 12,787,000 | 0 |
| C. Staffing for Collection of FFP for Contracted Services | 2,228,000 | 2,228,000 | 0 |
| D. Staffing for Self-Directed Services | 861,000 | 861,000 | 0 |
| E. Less: Intake and Assessment | -4,465,000 | -4,465,000 | 0 |
| F. Less: Unallocated Reduction | -10,559,000 | -10,559,000 | 0 |
| G. Less: Cost Containment | -5,968,000 | -5,968,000 | 0 |
| H. Less: Savings Target | -14,145,000 | -14,145,000 | 0 |
| I. Less: 4.25% Payment Reduction | -19,757,000 | -19,610,000 | 147,000 |
| J. Total Staffing | \$447,249,000 | \$444,606,000 | -\$2,643,000 |
| II. A. Agnews Ongoing Workload | | | |
| B. Lanterman Development Center Closure | 3,614,000 | 2,788,000 | -826,000 |
| C. Total Developmental Centers Closure | \$7,151,000 | \$6,325,000 | -826,000 |
| III. FEDERAL COMPLIANCE | | | |
| A. HCBS Waiver | \$21,135,000 | \$21,135,000 | \$0 |
| B. Accelerated HCBS Waiver Enrollments | 1,771,000 | 1,771,000 | 0 |
| C. Compliance with HCBS Waiver Requirements | 9,200,000 | 9,200,000 | 0 |
| D. Case Managers to Meet HCBS Waiver Requirements | 7,383,000 | 9,965,000 | 2,582,000 |
| E. Targeted Case Management | 4,129,000 | 4,129,000 | 0 |
| F. Nursing Home Reform/Pre-Admission Screening and Resident Review | 473,000 | 473,000 | 0 |
| G. Less: 4.25% Payment Reduction | -1,857,000 | -1,846,000 | 11,000 |
| H. Total Federal Compliance | \$42,234,000 | \$44,827,000 | \$2,593,000 |
| IV. PROJECTS | | | |
| A. Information Technology Costs | \$4,517,000 | \$4,517,000 | \$0 |
| 1. Regional Center Application Support | 3,167,000 | 3,167,000 | 0 |
| 2. Data Processing | 1,350,000 | 1,350,000 | 0 |
| B. Clients' Rights Advocacy Contract | 5,545,000 | 5,420,000 | -125,000 |
| C. Quality Assessment Contract | 5,965,000 | 5,965,000 | 0 |
| D. Direct Support Professional Training | 3,582,000 | 3,582,000 | 0 |
| E. Office of Administrative Hearings Contract | 3,400,000 | 3,400,000 | 0 |
| F. Wellness Projects | 200,000 | 200,000 | 0 |
| G. Foster Grandparent / Senior Companion Programs | 1,719,000 | 1,719,000 | 0 |
| H. Special Incident Reporting/Risk Assessment Contract | 940,000 | 940,000 | 0 |
| I. Increased Access to Mental Health Services | 740,000 | 740,000 | 0 |
| J. Sherry S. Court Case / Los Angeles County Hops | 534,000 | 534,000 | 0 |
| K. Enhancing FFP, Phase II, Proposal C, Consultant | 500,000 | 500,000 | 0 |
| L. University Enterprises, Inc. | 113,000 | 113,000 | 0 |
| M. Affordable Housing | 94,000 | 94,000 | 0 |
| N. Self-Directed Services: Training and Development | 200,000 | 200,000 | 0 |
| O. Review of SB 1175 Housing Proposals | 150,000 | 150,000 | 0 |
| P. Denti-Cal Infrastructure for RC Dental Services | 750,000 | 750,000 | 0 |
| Q. Homeland Security Grant Program | 210,000 | 210,000 | 0 |
| R. Less: Cost Containment | -490,000 | -490,000 | 0 |
| S. Less: Savings Target | -3,500,000 | -3,500,000 | 0 |
| T. Less: 4.25% Payment Reduction | -1,059,000 | -1,058,000 | 1,000 |
| U. Total Projects | \$24,110,000 | \$23,986,000 | -\$124,000 |
| V. New Major Assumptions | | | |
| A. Federal Medicaid Requirement for RC HCBS Services | \$0 | \$984,000 | \$984,000 |
| VI. ICF-DD SPA Administration Fee | \$1,583,000 | \$1,468,000 | -\$115,000 |
| VII. GRAND TOTAL | \$522,327,000 | \$522,196,000 | -\$131,000* |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Staffing

DESCRIPTION:

Staffing includes personal services and operating expenses for Core Staffing, Community Placement Plan (CPP), and Placement Continuation (PC) staff.

ASSUMPTIONS:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| ● Caseload data is from the Client Master File. | | |
| ● Caseload Projections: (See Section D, Population, for | | |
| ● Active Caseload (Age 3 and Over) | 212,600 | 218,524 |
| ● Early Start (Birth through 2 Years and Active) | 27,103 | 27,624 |
| Subtotal | 239,703 | 246,148 |
| ● Developmental Center Population | 1,970 | 1,752 |
| Total Caseload | 241,673 | 247,900 |
| Informational: | | |
| ● Community Care Facility Consumers (including PC) | 24,727 | 25,089 |
| ● Home and Community-Based Services (HCBS) Waiver-Enrolled Consumers | 87,858 | 91,947 |
| ● Early Start (Assessment and Active) | 31,033 | 31,523 |
| ● PC Consumers | 232 | 203 |
| ● Intake cases per month | 4,664 | 4,981 |
| ● Vendors | 50,660 | 51,674 |
| ● Mediations per year | 400 | 400 |

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| CORE STAFFING | | |
| PERSONAL SERVICES: | | |
| ● Direct Services and Administration: | \$318,714,000 | \$327,511,000 |
| Total Estimated Number of Positions: | | |
| CY: 9,157.17 | | |
| BY: 9,413.81 | | |
| See Attachment A for Core Staffing Expenditure Detail. | | |
| See Attachment B for Core Staffing Formulas. | | |
| ● Fringe Benefits: | \$75,535,000 | \$77,620,000 |
| Based on 23.7% per position. | | |
| ● Salary Savings: | -\$13,167,000 | -\$13,556,000 |
| Client Program Coordinators: 1.0% Per Position | -1,892,000 | -1,939,000 |
| All Other Staff: 5.5% Per Position | -11,275,000 | -11,617,000 |
| ● Early Start /Part C Administrative and Clinical Support: | | |
| Includes salaries, fringe benefits and salary savings. | \$694,000 | \$694,000 |
| TOTAL PERSONAL SERVICES | \$381,776,000 | \$392,269,000 |

Staffing

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|----------------------|----------------------|
| METHODOLOGY: | | |
| OPERATING EXPENSES: | | |
| • Operating Expenses: | \$36,498,000 | \$37,323,000 |
| Base amount plus the following adjustments: | | |
| Professional Positions: \$3,400 Per New Position | | |
| Clerical Positions: \$2,400 Per New Position | | |
| • Rent: | \$54,218,000 | \$51,983,000 |
| Base amount plus the following adjustments: | | |
| CY: \$8,086 Per New Position | | |
| BY: \$8,086 Per New Position | | |
| TOTAL OPERATING EXPENSES | <u>\$90,716,000</u> | <u>\$89,306,000</u> |
| CORE STAFFING SUB TOTAL | <u>\$472,492,000</u> | <u>\$481,575,000</u> |
| • Adjustment for Budget Balancing Reduction-CPP | \$1,902,000 | \$1,902,000 |
| TOTAL CORE STAFFING | <u>\$474,394,000</u> | <u>\$483,477,000</u> |
| CPP: | | |
| • See CPP for the methodology detail. | \$12,472,000 | \$12,787,000 |
| STAFFING FOR COLLECTION OF FEDERAL FINANCIAL PARTICIPATION (FFP) FOR CONTRACTED SERVICES | | |
| • Funding provides one Community Program Specialist I and one Account Clerk II for each RC. This funding will be required until the RC have a billing system that allows the processing of vendor invoices that do not include the individual consumer data required to support HCBS Waiver billing. | \$2,228,000 | \$2,228,000 |
| STAFFING FOR SDS | \$861,000 | \$861,000 |
| LESS INTAKE AND ASSESSMENT (2003-04) | -\$4,465,000 | -\$4,465,000 |
| • Expenditures reflect savings as a result of extending the amount of time allowable for regional center (RC) to perform intakes and assessments from 60 to 120 days. | | |
| LESS UNALLOCATED REDUCTION (2001-02) | -\$10,559,000 | -\$10,559,000 |
| LESS COST CONTAINMENT (2004-05) | -\$5,968,000 | -\$5,968,000 |
| LESS SAVINGS TARGET (2009-10) | -\$14,145,000 | -\$14,145,000 |
| LESS 4.25% PAYMENT REDUCTION (2009-10) | -\$19,347,000 | -\$19,610,000 |
| • TOTAL EXPENDITURES | <u>\$435,471,000</u> | <u>\$444,606,000</u> |

Staffing

FUNDING:

The funding for Staffing expenditures is comprised of reimbursements from: Medicaid Administration (MA) (75% FFP 25% General Fund (GF) Match), HCBS Waiver Administration (50% FFP/50% GF Match), SDS HCBS Waiver Administration (50% FFP/50% GF Match), Targeted Case Management (TCM) (59.71% FFP/40.29% GF Match for CY and 50% FFP/50% GF Match for BY), TCM Administration (50% FFP/50% GF Match), TCM State Plan Amendment (SPA) (59.71% FFP/40.29% GF Match for CY and 50% FFP/50% GF Match for BY), and Money Follows the Person (MFP) (100% FFP for BY). The State GF portion is that which is non-FFP.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------------|-------------------|-------------------|
| TOTAL | \$435,471,000 | \$444,606,000 * |
| GF | \$267,906,000 | \$295,220,000 |
| <i>GF Match</i> | 112,543,000 | 135,316,000 |
| <i>GF Other</i> | 155,363,000 | 159,904,000 |
| Reimbursements | \$167,565,000 | \$149,386,000 |
| <i>MA</i> | 9,746,000 | 9,104,000 |
| <i>HCBS Waiver Administration</i> | 4,076,000 | 3,928,000 |
| <i>TCM</i> | 146,134,000 | 124,209,000 |
| <i>TCM Administration</i> | 3,573,000 | 3,647,000 |
| <i>TCM SPA</i> | 3,605,000 | 3,067,000 |
| <i>SDS HCBS Waiver Administration</i> | 431,000 | 431,000 |
| <i>MFP</i> | 0 | 5,000,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

**Attachment A
CORE STAFFING****Comparison of 2011-12 November Estimate to 2011-12 May Revision
Current Year (CY) 2010-11**

| I. CORE STAFFING FORMULA A. PERSONAL SERVICES 1. DIRECT SERVICES | Revised November Estimate | 2011-12 May Revision CY 2010-11 | | | |
|--|------------------------------|------------------------------------|--------------------|----------------------|---------------------|
| | | Positions | Budgeted Salary | Cost | Difference |
| a. Clinical | | | | | |
| (1) Intake and Assessment | | | | | |
| (a) Physician | \$9,613,987 | 120.84 | \$79,271 | \$9,579,108 | -\$34,879 |
| (b) Psychologist | 10,127,850 | 241.67 | 41,754 | 10,090,689 | -37,161 |
| (c) Nurse | 4,508,099 | 120.84 | 37,171 | 4,491,744 | -16,355 |
| (d) Nutritionist | 3,411,606 | 120.84 | 28,130 | 3,399,229 | -12,377 |
| (2) Clinical Support Teams | | | | | |
| (a) Physician/Psychiatrist | 5,798,142 | 63.00 | 92,034 | 5,798,142 | 0 |
| (b) Consulting Pharmacist | 3,808,350 | 63.00 | 60,450 | 3,808,350 | 0 |
| (c) Behavioral Psychologist | 3,463,236 | 63.00 | 54,972 | 3,463,236 | 0 |
| (d) Nurse | 3,180,114 | 63.00 | 50,478 | 3,180,114 | 0 |
| (3) SB 1038 Health Reviews | | | | | |
| (a) Physician | 1,900,502 | 20.29 | 92,034 | 1,867,370 | -33,132 |
| (b) Nurse | 4,865,070 | 94.67 | 50,478 | 4,778,752 | -86,318 |
| b. Intake / Case Management | | | | | |
| (1) Supervising Counselor (Intake) | | | | | |
| (1:10 Intake Workers in Item (2) below) | 2,577,319 | 66.63 | 38,036 | 2,534,339 | -42,980 |
| (2) Intake Worker | 21,365,137 | 666.29 | 31,532 | 21,009,456 | -355,681 |
| (3) Supervising Counselor (Case Management) | | | | | |
| (1:10 CPCs in Items (6) and (7) below) | 19,920,486 | 378.91 | 52,392 | 19,851,853 | -68,633 |
| (4) Supervising Counselor (Capitol People First) | | | | | |
| (DC Case Management 1:10 CPCs) | 268,800 | 3.99 | 67,200 | 268,128 | -672 |
| (5) Client Program Coordinator (CPC), 1:66 DC Consumers | | | | | |
| Capitol People First | 1,927,779 | 40.85 | 47,019 | 1,920,726 | -7,053 |
| (6) CPC, 1:66 Consumers(Total Pop w/o DCs, CPP, ES) | 64,518,546 | 1,888.00 | 34,032 | 64,252,416 | -266,130 |
| (7) CPC (Waiver, Early Start only), 1:62 Consumers | 63,288,970 | 1,854.21 | 34,032 | 63,102,475 | -186,495 |
| (8) CPC, Quality Assurance for ARM | 1,589,294 | 46.92 | 34,032 | 1,596,781 | 7,487 |
| (9) Supervising Counselor, DSS Incidental Medical | | | | | |
| Care Regulations (1:10 CPCs) | 71,253 | 1.32 | 52,392 | 69,157 | -2,096 |
| (10) CPC, DSS Incidental Medical Care Regs | 515,163 | 13.24 | 37,824 | 500,790 | -14,373 |
| c. Quality Assurance / Quarterly Monitoring | | | | | |
| (1) Supervising Counselor | 1,961,033 | 37.51 | 52,392 | 1,965,224 | 4,191 |
| (2) CPC | 12,738,178 | 375.12 | 34,032 | 12,766,084 | 27,906 |
| d. Early Intervention | | | | | |
| (1) General | | | | | |
| (a) Prevention Coordinator | 876,792 | 21.00 | 41,752 | 876,792 | 0 |
| (b) High-Risk Infant Case Manager | 856,905 | 21.00 | 40,805 | 856,905 | 0 |
| (c) Genetics Associate | 798,714 | 21.00 | 38,034 | 798,714 | 0 |
| (2) Early Start / Part C | | | | | |
| (a) Supervising Counselor | 1,005,926 | 18.91 | 52,392 | 990,733 | -15,193 |
| (b) CPC | 6,534,825 | 189.09 | 34,032 | 6,435,111 | -99,714 |
| e. Community Services | | | | | |
| (1) Special Incident Coordinator | 1,100,232 | 21.00 | 52,392 | 1,100,232 | 0 |
| (2) Vendor Fiscal Monitor | 1,349,908 | 26.63 | 50,844 | 1,353,976 | 4,068 |
| (3) Program Evaluator | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (4) Resource Developer | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (5) Transportation Coordinator | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (6) Administrative Services Analyst (SB 1039 | | | | | |
| Consumer Complaints) | 449,327 | 10.50 | 42,793 | 449,327 | 0 |
| (7) Developmental Center Liaison | 188,278 | 4.93 | 38,036 | 187,517 | -761 |
| (8) Diversion | 126,584 | 4.00 | 31,646 | 126,584 | 0 |
| (9) Placement Continuation: | | | | | |
| (a) Supervising Counselor | 7,859 | 0.14 | 52,392 | 7,335 | -524 |
| (b) CPC (Supplement at 1:45 Consumers) | 49,687 | 1.42 | 34,032 | 48,325 | -1,362 |
| f. Special Incident Reporting (SIR) | | | | | |
| (1) Supervising Counselor | 362,029 | 6.89 | 52,392 | 360,981 | -1,048 |
| (2) QA/CPC | 2,352,292 | 68.94 | 34,032 | 2,346,166 | -6,126 |
| (3) Nurses | 1,744,520 | 34.47 | 50,478 | 1,739,977 | -4,543 |
| g. Mediation | | | | | |
| (1) Clinical Staff | 7,093 | 0.11 | 64,484 | 7,093 | 0 |
| (2) Supervising Counselor | 52,916 | 1.01 | 52,392 | 52,916 | 0 |
| (3) CPC | 17,356 | 0.51 | 34,032 | 17,356 | 0 |
| h. Expansion of Autism Spectrum Disorders (ASD) | | | | | |
| Initiative | | | | | |
| (1) ASD Clinical Specialist | 1,371,888 | 21.00 | 65,328 | 1,371,888 | 0 |
| (2) ASD Program Coordinator | 1,318,464 | 21.00 | 62,784 | 1,318,464 | 0 |
| i. SUBTOTAL DIRECT SERVICES | \$264,686,468 | 6,900.69 | | \$263,436,514 | -\$1,249,954 |

Attachment A**CORE STAFFING, CY 2010-11 (continued)**

| | Revised November Estimate | 2011-12 May Revision CY 2010-11 | | | |
|---|------------------------------|------------------------------------|--------------------|----------------------|---------------------|
| | | Positions | Budgeted Salary | Cost | Difference |
| 2. ADMINISTRATION | | | | | |
| a. Executive Staff | | | | | |
| (1) Director | \$1,279,698 | 21.00 | \$60,938 | \$1,279,698 | \$0 |
| (2) Administrator | 1,009,449 | 21.00 | 48,069 | 1,009,449 | 0 |
| (3) Chief Counselor | 986,643 | 21.00 | 46,983 | 986,643 | 0 |
| b. Fiscal | 0 | | | | |
| (1) Federal Program Coordinator (Enh. FFP, Phase I) | 1,206,177 | 21.00 | 57,437 | 1,206,177 | 0 |
| (2) Federal Compliance Specialist (Enh. FFP, Phase II) | 3,504,472 | 87.86 | 39,887 | 3,504,472 | 0 |
| (3) Fiscal Manager | 963,480 | 21.00 | 45,880 | 963,480 | 0 |
| (4) Program Tech II (FCPP) | 828,918 | 22.73 | 36,468 | 828,918 | 0 |
| (5) Revenue Clerk | 1,313,097 | 65.70 | 20,617 | 1,354,537 | 41,440 |
| (6) Account Clerk (Enh. FFP, Phase II) | 584,640 | 21.00 | 27,840 | 584,640 | 0 |
| (7) Account Clerk | 7,437,355 | 402.79 | 18,397 | 7,410,128 | -27,227 |
| c. Information Systems and Human Resources | 0 | | | | |
| (1) Information Systems Manager | 1,397,844 | 21.00 | 66,564 | 1,397,844 | 0 |
| (2) Information Systems Assistant | 1,000,692 | 21.00 | 47,652 | 1,000,692 | 0 |
| (3) Information Systems Assistant (SIR) | 500,346 | 10.50 | 47,652 | 500,346 | 0 |
| (4) Privacy Officer (HIPAA) | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (5) Personal Computer Systems Manager | 1,397,844 | 21.00 | 66,564 | 1,397,844 | 0 |
| (6) Training Officer | 1,099,728 | 21.00 | 52,368 | 1,099,728 | 0 |
| (7) Training Officer (SIR) | 549,864 | 10.50 | 52,368 | 549,864 | 0 |
| (8) Human Resources Manager | 1,067,724 | 21.00 | 50,844 | 1,067,724 | 0 |
| d. Clerical Support | 0 | | | | |
| (1) Office Supervisor | 489,867 | 21.00 | 23,327 | 489,867 | 0 |
| (2) PBX/Mail/File Clerk | 1,378,188 | 63.00 | 21,876 | 1,378,188 | 0 |
| (3) Executive Secretary | 1,148,490 | 52.50 | 21,876 | 1,148,490 | 0 |
| (4) MD/Psychologist Secretary II | 241,598 | 10.15 | 23,388 | 237,388 | -4,210 |
| (5) MD/Psychologist Secretary I | 3,979,682 | 181.26 | 21,876 | 3,965,244 | -14,438 |
| (6) Secretary II | 3,679,868 | 157.06 | 23,388 | 3,673,319 | -6,549 |
| (7) Secretary I | 17,200,544 | 911.89 | 18,757 | 17,104,321 | -96,223 |
| (8) Secretary I (DC Case Management-Capitol People First) | 241,089 | 7.54 | 31,848 | 240,134 | -955 |
| e. SUBTOTAL ADMINISTRATION | <u>\$55,385,950</u> | <u>2,256.48</u> | | <u>\$55,277,788</u> | <u>-\$108,162</u> |
| 3. TOTAL POSITIONS AND SALARIES | | | | | |
| (Item A.1.i. + Item A.2.e.) | \$320,072,418 | 9,157.17 | | \$318,714,302 | -\$1,358,116 |
| a. CPCs | 153,532,090 | | | 152,986,230 | -545,860 |
| b. All Other Staff | 166,540,328 | | | 165,728,072 | -812,256 |
| 4. Fringe Benefits | | | | | |
| a. CPCs 23.7% | \$36,387,105 | | | \$36,257,737 | -\$129,368 |
| b. All Other Staff 23.7% | 39,470,058 | | | 39,277,553 | -192,505 |
| c. Total Fringe Benefits | <u>\$75,857,163</u> | | | <u>\$75,535,290</u> | <u>-\$321,873</u> |
| 5. Salary Savings | | | | | |
| a. CPCs 1.0% | -\$1,899,192 | | | -\$1,892,440 | \$6,752 |
| b. All Other Staff 5.5% | -11,330,571 | | | -11,275,309 | 55,262 |
| c. Total Salary Savings | <u>-\$13,229,763</u> | | | <u>-\$13,167,749</u> | <u>\$62,014</u> |
| 6. Early Start / Part C Administrative and Clinical Support (salaries, fringe benefits and salary savings) | \$694,000 | | | \$694,000 | \$0 |
| 7. TOTAL PERSONAL SERVICES | | | | | |
| (Items A.3. + A.4. + A.5. + A.6.) | \$383,393,818 | | | \$381,775,843 | -\$1,617,975 |
| ROUNDED | <u>\$383,394,000</u> | <u>9,157.00</u> | | <u>\$381,776,000</u> | <u>-\$1,618,000</u> |
| B. OPERATING EXPENSES AND RENT | | | | | |
| 1. Operating Expenses | \$36,993,000 | | | \$36,498,000 | -\$495,000 |
| 2. Rent | 54,218,000 | | | 54,218,000 | 0 |
| 3. Subtotal Operating Expenses and Rent | <u>\$91,211,000</u> | | | <u>\$90,716,000</u> | <u>-\$495,000</u> |
| C. SUBTOTAL CORE STAFFING (Items A.7. + B.3.) | <u>\$474,605,000</u> | | | <u>\$472,492,000</u> | <u>-\$2,113,000</u> |
| D. Adjustments for BBR deduction for CPP | \$1,902,000 | | | \$1,902,000 | \$0 |
| E. TOTAL CORE STAFFING (Items C + D) | <u>\$476,507,000</u> | | | <u>\$474,394,000</u> | <u>-\$2,113,000</u> |

Attachment A
CORE STAFFING-BY
Comparison of 2011-12 November Estimate to 2011-12 May Revision
Budget Year (BY) 2011-12

| I. CORE STAFFING FORMULA A. PERSONAL SERVICES 1. DIRECT SERVICES | Revised November Estimate | 2011-12 May Revision BY 2011-12 | | | |
|--|------------------------------|------------------------------------|--------------------|----------------------|-------------------|
| | | Positions | Budgeted Salary | Cost | Difference |
| | | | | | |
| a. Clinical | | | | | |
| (1) Intake and Assessment | | | | | |
| (a) Physician | \$9,893,021 | 123.97 | \$79,271 | \$9,827,226 | -\$65,795 |
| (b) Psychologist | 10,421,798 | 247.94 | 41,754 | 10,352,487 | -69,311 |
| (c) Nurse | 4,638,941 | 123.97 | 37,171 | 4,608,089 | -30,852 |
| (d) Nutritionist | 3,510,624 | 123.97 | 28,130 | 3,487,276 | -23,348 |
| (2) Clinical Support Teams | | | | | |
| (a) Physician/Psychiatrist | 5,798,142 | 66.00 | 92,034 | 6,074,244 | 276,102 |
| (b) Consulting Pharmacist | 3,808,350 | 66.00 | 60,450 | 3,989,700 | 181,350 |
| (c) Behavioral Psychologist | 3,463,236 | 66.00 | 54,972 | 3,628,152 | 164,916 |
| (d) Nurse | 3,180,114 | 66.00 | 50,478 | 3,331,548 | 151,434 |
| (3) SB 1038 Health Reviews | | | | | |
| (a) Physician | 1,983,333 | 20.97 | 92,034 | 1,929,953 | -53,380 |
| (b) Nurse | 5,076,068 | 97.86 | 50,478 | 4,939,777 | -136,291 |
| b. Intake / Case Management | | | | | |
| (1) Supervising Counselor (Intake) | | | | | |
| (1:10 Intake Workers in Item (2) below) | 2,706,261 | 71.16 | 38,036 | 2,706,642 | 381 |
| (2) Intake Worker | 22,435,333 | 711.57 | 31,532 | 22,437,225 | 1,892 |
| (3) Supervising Counselor (Case Management) | | | | | |
| (1:10 CPCs in Items (6) and (7) below) | 20,526,138 | 389.17 | 52,392 | 20,389,395 | -136,743 |
| (4) Supervising Counselor (Capitol People First) | | | | | |
| (DC Case Management 1:10 CPCs) | 248,640 | 3.72 | 67,200 | 249,984 | 1,344 |
| (5) Client Program Coordinator (CPC), 1:66 DC Consumers | | | | | |
| Capitol People First | 1,787,662 | 38.18 | 47,019 | 1,795,185 | 7,523 |
| (6) CPC, 1:66 Consumers(Total Pop w/o DCs, CPP, ES) | 65,766,840 | 1,915.86 | 34,032 | 65,200,548 | -566,292 |
| (7) CPC (Waiver, Early Start only), 1:62 Consumers | 65,946,189 | 1,928.56 | 34,032 | 65,632,754 | -313,435 |
| (8) CPC, Quality Assurance for ARM | 1,615,839 | 47.29 | 34,032 | 1,609,373 | -6,466 |
| (9) Supervising Counselor, DSS Incidental Medical | | | | | |
| Care Regulations (1:10 CPCs) | 66,014 | 1.40 | 52,392 | 73,349 | 7,335 |
| (10) CPC, DSS Incidental Medical Care Regs | 475,826 | 13.97 | 37,824 | 528,401 | 52,575 |
| c. Quality Assurance / Quarterly Monitoring | | | | | |
| (1) Supervising Counselor | 1,973,607 | 38.21 | 52,392 | 2,001,898 | 28,291 |
| (2) CPC | 12,819,514 | 382.10 | 34,032 | 13,003,627 | 184,113 |
| d. Early Intervention | | | | | |
| (1) General | | | | | |
| (a) Prevention Coordinator | 876,792 | 21.00 | 41,752 | 876,792 | 0 |
| (b) High-Risk Infant Case Manager | 856,905 | 21.00 | 40,805 | 856,905 | 0 |
| (c) Genetics Associate | 798,714 | 21.00 | 38,034 | 798,714 | 0 |
| (2) Early Start / Part C | | | | | |
| (a) Supervising Counselor | 1,032,122 | 19.21 | 52,392 | 1,006,450 | -25,672 |
| (b) CPC | 6,704,644 | 192.07 | 34,032 | 6,536,526 | -168,118 |
| (c) Administrative and Clinical Support | | | | | |
| e. Community Services | | | | | |
| (1) Special Incident Coordinator | 1,100,232 | 21.00 | 52,392 | 1,100,232 | 0 |
| (2) Vendor Fiscal Monitor | 1,390,583 | 26.96 | 50,844 | 1,370,754 | -19,829 |
| (3) Program Evaluator | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (4) Resource Developer | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (5) Transportation Coordinator | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (6) Administrative Services Analyst (SB 1039 | | | | | |
| Consumer Complaints) | 449,327 | 10.50 | 42,793 | 449,327 | 0 |
| (7) Developmental Center Liaison | 169,641 | 4.49 | 38,036 | 170,782 | 1,141 |
| (8) Diversion | 126,584 | 4.00 | 31,646 | 126,584 | 0 |
| (9) Placement Continuation: | | | | | |
| (a) Supervising Counselor | 6,287 | 0.12 | 52,392 | 6,287 | 0 |
| (b) CPC (Supplement at 1:45 Consumers) | 40,838 | 1.24 | 34,032 | 42,200 | 1,362 |
| f. Special Incident Reporting (SIR) | | | | | |
| (1) Supervising Counselor | 369,888 | 7.02 | 52,392 | 367,792 | -2,096 |
| (2) QA/CPC | 2,401,298 | 70.23 | 34,032 | 2,390,067 | -11,231 |
| (3) Nurses | 1,780,864 | 35.11 | 50,478 | 1,772,283 | -8,581 |
| g. Mediation | | | | | |
| (1) Clinical Staff | 7,093 | 0.11 | 64,484 | 7,093 | 0 |
| (2) Supervising Counselor | 52,916 | 1.01 | 52,392 | 52,916 | 0 |
| (3) CPC | 17,356 | 0.51 | 34,032 | 17,356 | 0 |
| h. Expansion of Autism Spectrum Disorders (ASD) Initiative | | | | | |
| (1) ASD Clinical Specialist | 1,371,888 | 21.00 | 65,328 | 1,371,888 | 0 |
| (2) ASD Program Coordinator | 1,318,464 | 21.00 | 62,784 | 1,318,464 | 0 |
| i. SUBTOTAL DIRECT SERVICES | <u>\$271,709,885</u> | <u>7,105.45</u> | <u>65,328</u> | <u>\$271,132,204</u> | <u>-\$577,681</u> |

Attachment A
CORE STAFFING, BY (continued)

| | Revised November Estimate | 2011-12 May Revision BY 2011-12 | | | Difference |
|---|------------------------------|------------------------------------|--------------------|----------------------|---------------------|
| | | Positions | Budgeted Salary | Cost | |
| 2. ADMINISTRATION | | | | | |
| a. Executive Staff | | | | | |
| (1) Director | \$1,279,698 | 21.00 | \$60,938 | \$1,279,698 | \$0 |
| (2) Administrator | 1,009,449 | 21.00 | 48,069 | 1,009,449 | 0 |
| (3) Chief Counselor | 986,643 | 21.00 | 46,983 | 986,643 | 0 |
| b. Fiscal | | | | | |
| (1) Federal Program Coordinator (Enh. FFP, Phase I) | 1,206,177 | 21.00 | 57,437 | 1,206,177 | 0 |
| (2) Federal Compliance Specialist (Enh. FFP, Phase II) | 3,666,812 | 91.95 | 39,887 | 3,667,610 | 798 |
| (3) Fiscal Manager | 963,480 | 21.00 | 45,880 | 963,480 | 0 |
| (4) Program Tech II (FCPP) | 875,232 | 24.00 | 36,468 | 875,232 | 0 |
| (5) Revenue Clerk | 1,314,334 | 65.63 | 20,617 | 1,353,094 | 38,760 |
| (6) Account Clerk (Enh. FFP, Phase II) | 584,640 | 21.00 | 27,840 | 584,640 | 0 |
| (7) Account Clerk | 7,653,152 | 413.24 | 18,397 | 7,602,376 | -50,776 |
| c. Information Systems and Human Resources | | | | | |
| (1) Information Systems Manager | 1,397,844 | 21.00 | 66,564 | 1,397,844 | 0 |
| (2) Information Systems Assistant | 1,000,692 | 21.00 | 47,652 | 1,000,692 | 0 |
| (3) Information Systems Assistant (SIR) | 500,346 | 10.50 | 47,652 | 500,346 | 0 |
| (4) Privacy Officer (HIPAA) | 898,653 | 21.00 | 42,793 | 898,653 | 0 |
| (5) Personal Computer Systems Manager | 1,397,844 | 21.00 | 66,564 | 1,397,844 | 0 |
| (6) Training Officer | 1,099,728 | 21.00 | 52,368 | 1,099,728 | 0 |
| (7) Training Officer (SIR) | 549,864 | 10.50 | 52,368 | 549,864 | 0 |
| (8) Human Resources Manager | 1,067,724 | 21.00 | 50,844 | 1,067,724 | 0 |
| d. Clerical Support | | | | | |
| (1) Office Supervisor | 489,867 | 21.00 | 23,327 | 489,867 | 0 |
| (2) PBX/Mail/File Clerk | 1,378,188 | 63.00 | 21,876 | 1,378,188 | 0 |
| (3) Executive Secretary | 1,148,490 | 52.50 | 21,876 | 1,148,490 | 0 |
| (4) MD/Psychologist Secretary II | 252,123 | 10.49 | 23,388 | 245,340 | -6,783 |
| (5) MD/Psychologist Secretary I | 4,095,187 | 185.96 | 21,876 | 4,068,061 | -27,126 |
| (6) Secretary II | 3,725,007 | 159.95 | 23,388 | 3,740,911 | 15,904 |
| (7) Secretary I | 17,754,438 | 940.59 | 18,757 | 17,642,647 | -111,791 |
| (8) Secretary I (DC Case Management - Capitol People First) | 223,573 | 7.05 | 31,848 | 224,528 | 955 |
| e. SUBTOTAL ADMINISTRATION | \$56,519,185 | 2,308.36 | | \$56,379,126 | -\$141,014 |
| 3. TOTAL POSITIONS AND SALARIES | | | | | |
| (Item A.1.i. + Item A.2.e.) | \$328,229,070 | 9,413.81 | | \$327,511,330 | -\$717,740 |
| a. CPCs | 157,576,006 | | | 156,756,037 | -819,969 |
| b. All Other Staff | 170,653,064 | | | 170,755,293 | 102,229 |
| 4. Fringe Benefits | | | | | |
| a. CPCs 23.7% | \$37,345,513 | | | \$37,151,181 | -\$194,332 |
| b. All Other Staff 23.7% | 40,444,776 | | | 40,469,004 | 24,228 |
| c. Total Fringe Benefits | \$77,790,289 | | | \$77,620,185 | -\$170,104 |
| 5. Salary Savings | | | | | |
| a. CPCs 1.0% | -\$1,949,215 | | | -\$1,939,072 | \$10,143 |
| b. All Other Staff 5.5% | -11,610,381 | | | -11,617,336 | -6,955 |
| c. Total Salary Savings | -\$13,559,596 | | | -\$13,556,408 | \$3,188 |
| 6. Early Start / Part C Administrative and Clinical Support (salaries, fringe benefits and salary savings) | \$694,000 | | | \$694,000 | \$0 |
| 7. TOTAL PERSONAL SERVICES | | | | | |
| (Items A.3. + A.4. + A.5. + A.6.) | \$393,153,763 | | | \$392,269,107 | -\$884,656 |
| ROUNDED | \$393,154,000 | 9,414.00 | | \$392,269,000 | -\$885,000 |
| B. OPERATING EXPENSES AND RENT | | | | | |
| 1. Operating Expenses | \$36,993,000 | | | \$37,323,000 | \$330,000 |
| 2. Rent | 54,218,000 | | | 51,983,000 | -2,235,000 |
| 3. Subtotal Operating Expenses and Rent | \$91,211,000 | | | \$89,306,000 | -\$1,905,000 |
| C. SUBTOTAL CORE STAFFING (Items A.7. + B.3.) | \$484,365,000 | | | \$481,575,000 | -\$2,790,000 |
| D. Adjustments for BBR deduction for CPP | \$1,902,000 | | | \$1,902,000 | \$0 |
| E. TOTAL CORE STAFFING (Items C + D) | \$486,267,000 | | | \$483,477,000 | -\$2,790,000 |

Attachment B
CORE STAFFING FORMULAS

| CORE STAFFING CLASSIFICATION | STAFFING FORMULA |
|--|---|
| A. <u>PERSONAL SERVICES</u> | |
| 1. DIRECT SERVICES | |
| a. <u>Clinical</u> | |
| (1) <u>Intake and Assessment</u> | |
| (a) Physician (minimum of 1) | 1.0 position : 2,000 total consumers |
| (b) Psychologist | 1.0 position : 1,000 total consumers |
| (c) Nurse (minimum of 1) | 1.0 position : 2,000 total consumers |
| (d) Nutritionist (minimum of 1) | 1.0 position : 2,000 total consumers |
| (2) <u>Clinical Support Teams</u> | |
| (a) Physician/Psychiatrist | 1.0 position : 1,700 consumers in community care facilities (CCF) and supported living and those with severe behavior and/or medical problems |
| (b) Consulting Pharmacist | 1.0 position : 1,700 " " |
| (c) Behavioral Psychologist | 1.0 position : 1,700 " " |
| (d) Nurse | 1.0 position : 1,700 " " |
| (3) <u>SB 1038 Health Reviews</u> | |
| (a) Physician | 1.5 hours : Referral/1,778 hrs./ full-time equivalent (FTE) position |
| (b) Nurse | 1.75 hours : Individual program plan (IPP) review/1,778 hrs./FTE position |
| b. <u>Intake/Case Management</u> | |
| (1) Supervising Counselor: Intake | 1.0 position : 10 Intake Workers |
| (2) Intake Worker | 1.0 position : 14 monthly intake cases (assume average intake case lasts 2 mos.) |
| (3) Supervising Counselor: Case Management | 1.0 position : 10 CPCs in Items b.(4 and 5) below |
| (4) Client Program Coordinator (CPC) | 1.0 position : 62 Waiver and Early Start consumers (excluding CPP placements) |
| (5) CPC | 1.0 position : 66 consumers (all other consumers, excluding CPP placements) |
| (6) Supervising Counselor: Capitol People First | 1.0 position : 10 CPCs in Items b.(7) below |
| (7) CPC Capitol People First | 1.0 position : 66 consumers (Developmental Center residents) |
| (8) CPC, Quality Assurance for Alternative Residential Model | 1.0 position : 527 CCF consumers |
| (9) Supervising Counselor: DSS Incidental Medical Care Regulations | 1.0 position : 10 CPCs in item b.(10) below |
| (10) CPC, DSS Incidental Medical Care Regulations | 1.0 position : 2.5 hrs x 8 visits per year to CCF consumers who rely on others to perform activities of daily living |

CORE STAFFING CLASSIFICATION**STAFFING FORMULA****A. PERSONAL SERVICES (continued)****1. DIRECT SERVICES (continued)****c. Quality Assurance/Quarterly Monitoring**

| | | |
|---------------------------|--------------|---|
| (1) Supervising Counselor | 1.0 position | 10 CPCs in Item c.(2) below |
| (2) CPC | 10 hrs/yr. | : CCF consumer/1,778 hrs./FTE |
| | 14 hrs./yr. | : Supported/Independent Living consumer/1,778 hrs./FTE |
| | 10 hrs/yr. | : Skilled Nursing Facility and Intermediate Care Facility consumer/1,778 hrs./FTE |
| | 10 hrs/yr. | : Family Home Agency consumer/1,778 hrs./FTE |

d. Early Intervention

| | | |
|--------------------------------|--------------|----------------------------------|
| (1) <u>General</u> | | |
| (a) Prevention Coordinator | 1.0 position | : RC |
| (b) High-Risk Infant Case Mgr. | 1.0 position | : RC |
| (c) Genetics Associate | 1.0 position | : RC |
| (2) <u>Early Start/Part C</u> | | |
| (a) Supervising Counselor | 1.0 position | : 10 CPCs in Item d.(2)(b) below |
| (b) CPC: | | |
| Marginal positions from: | 1.0 position | : 62 children<age 3yrs. |
| to: | 1.0 position | : 45 children<age 3yrs.* |

e. Community Services

| | | |
|--|---------------|----------------------------------|
| (1) Special Incident Coordinator | 1.0 position | : RC |
| (2) Vendor Fiscal Monitor | 0.5 position | : RC plus 1: every 3,140 vendors |
| (3) Program Evaluator | 1.0 position | : RC |
| (4) Resource Developer | 1.0 position | : RC |
| (5) Transportation Coordinator | 1.0 position | : RC |
| (6) Administrative Services Analyst (SB 1039, Chapter 414, Statutes of 1997) Consumer Complaints | 0.5 position | : RC |
| (7) Developmental Center Liaison | 1.0 position | : 400 DC consumers |
| (8) Diversion | 4.0 positions | : 21 RCs |
| (9) Placement Continuation | | |
| (a) Supervising Counselor | 1.0 position | : 10 CPCs in Item e.(9)(b) below |
| (b) CPC: | | |
| 1. Marginal positions from: | 1.0 position | : 62 CPP Placements |
| 2. to: | 1.0 position | : 45 CPP Placements |

* Note: This 1:45 staffing ratio is a funding methodology, not a required caseload ratio.

| CORE STAFFING CLASSIFICATION | STAFFING FORMULA | |
|--|------------------|--|
| A. <u>PERSONAL SERVICES (continued)</u> | | |
| 1. <u>DIRECT SERVICES (continued)</u> | | |
| f. <u>Special Incident Reporting (SIR)</u> | | |
| (1) Supervising Counselor | 1.0 position | 10 CPCs in Item f. (2) below |
| (2) QA/CPC | 1.0 position | : RC plus 1: every 5,000 consumers |
| (3) Nurse | 0.5 position | : RC plus 0.5: every 5,000 consumers |
| g. <u>Mediation</u> | | |
| (1) Clinical Staff | 2.0 hours | : 25% of annual mediations/ 1,778 hrs /FTE position |
| (2) Supervising Counselor | 4.5 hours | : mediation/1,778 hrs./FTE position |
| (3) CPC | 4.5 hours | : 50% of annual mediations/ 1,778 hrs./FTE position |
| h. <u>Expansion of Autism Spectrum Disorders (ASD) Initiative</u> | | |
| (1) ASD Clinical Specialist (effective January 1, 2007) | 1.0 position | : RC |
| (2) ASD Program Coordinator (effective January 1, 2007) | 1.0 position | : RC |
| 2. <u>ADMINISTRATION</u> | | |
| a. <u>Executive Staff</u> | | |
| (1) Director | 1.0 position | : RC |
| (2) Administrator | 1.0 position | : RC |
| (3) Chief Counselor | 1.0 position | : RC |
| b. <u>Fiscal</u> | | |
| (1) Federal Program Coordinator (Enhancing FFP, Phase I) | 1.0 position | : RC |
| (2) Federal Compliance Specialist (Enhancing FFP, Phase II) | 1.0 position | : 1,000 HCBS Waiver consumers |
| (3) Fiscal Manager | 1.0 position | : RC |
| (4) Program Technician II, FCPP | 0.5 position | : RC |
| | 1.0 position | : 1,778 hours of FCPP determinations |
| (5) Revenue Clerk | 1.0 position | : 400 consumers for whom RCs are representative payee |
| (6) Account Clerk (Enhancing FFP, Phase II) | 1.0 position | : RC |
| (7) Account Clerk | 1.0 position | : 600 total consumers |
| c. <u>Information Systems and Human Resources</u> | | |
| (1) Information Systems Manager | 1.0 position | : RC |
| (2) Information Systems Assistant | 1.0 position | : RC |
| (3) Information Systems Assistant, SIR | 0.5 position | : RC |
| (4) Privacy Officer, HIPAA | 1.0 position | : RC |
| (5) Personal Computer Systems Manager | 1.0 position | : RC |
| (6) Training Officer | 1.0 position | : RC |
| (7) Training Officer, SIR | 0.5 position | : RC |
| (8) Human Resources Manager | 1.0 position | : RC |

| CORE STAFFING CLASSIFICATION | STAFFING FORMULA |
|---|--|
| A. PERSONAL SERVICES (continued) | |
| 2. ADMINISTRATION (continued) | |
| d. Clerical Support | |
| (1) Office Supervisor | 1.0 position : RC |
| (2) PBX/Mail/File Clerk | 3.0 positions : RC |
| (3) Executive Secretary | 2.5 positions : RC |
| (4) MD/Psychologist Secretary II | 1.0 position : 2 Physicians in Item 1.a.(3)(a), SB 1038 Health Reviews |
| (5) MD/Psychologist Secretary I | 1.0 position : 2 Physicians/Psychologists in Items 1.a.(1)(a) and (b), Clinical Intake and Assessment |
| (6) Secretary II | 1.0 position : 6 professionals in Items: 1.a.(3)(b), SB 1038 Health Reviews 1.b.(9) and (10), DDS Incidental Medical Care Regulations 1.c., Quality Assurance/ Quarterly Monitoring 1.e.(1), (2) and (9)(a) and (b) Community Services 1.e.(9)2., Community Services (see Secty I, line 1.e.(9)1., below) 1.f.(1) thru (3), Special Incident Reporting 2.b.(1), Federal Program Coordinators (FFP Phase I) 2.b.(2), Federal Compliance Coordinators (FFP Phase II) 2.c., Information Systems and Human Resources |
| (7) Secretary I | 1.0 position : 6 professionals in Items: 1.a.(1)(c) and (d), Clinical Intake and Assessment 1.b.(1) to (5) and (8), Intake/Case Mgt. 1.b.(6) and(7) Capitol People First 1.d., Early Intervention 1.e.(3), (4), (6) to (8), Community Services 1.e.(9)1., Community Services (see Secty II, line 1.e.(9)2., above) |

Staffing for Collection of FFP for Contracted Services (Operations)

| STAFFING: | | | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------------------------|------------------|---------------|--------------------|--------------------|
| PERSONAL SERVICES: | <u>Positions</u> | <u>Salary</u> | | |
| • Positions and Salaries | | | | |
| Community Program Specialist I | 21.00 | \$42,948 | \$901,908 | \$901,908 |
| Account Clerk II | 21.00 | 29,220 | 613,620 | 613,620 |
| Total, Positions and Salaries | 42.00 | | \$1,515,528 | \$1,515,528 |
| • Fringe Benefits (@ 23.7%): | | | 359,180 | 359,180 |
| • Salary Savings (@ -5.5%): | | | -103,109 | -103,109 |
| Total Personal Services | | | \$1,771,599 | \$1,771,599 |
| OPERATING EXPENSES: | | | | |
| • Operating Expenses: | | | | |
| Professional Positions: | \$3,400 | Per Position | \$71,400 | \$71,400 |
| Clerical Positions: | 2,400 | Per Position | 50,400 | 50,400 |
| • Rent Factor: | | | | |
| Current Year (CY) | 7,968 | Per Position | 334,656 | |
| Budget Year (BY) | 7,968 | Per Position | | 334,656 |
| Total Operating Expenses | | | \$456,456 | \$456,456 |
| TOTAL STAFFING | | | \$2,228,055 | \$2,228,055 |
| (Rounded) | | | \$2,228,000 | \$2,228,000 |

FUNDING:

General Fund (GF) and Home and Community-Based Services (HCBS) Waiver Administration.

| EXPENDITURES: | | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|----------------------|-----------------------------------|-------------------|-------------------|
| | TOTAL | \$2,228,000 | \$2,228,000 * |
| | GF | \$1,816,000 | \$1,816,000 |
| | <i>GF Match</i> | 412,000 | 412,000 |
| | <i>GF Other</i> | 1,404,000 | 1,404,000 |
| | Reimbursements | \$412,000 | \$412,000 |
| | <i>HCBS Waiver Administration</i> | 412,000 | 412,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Staffing for Self-Directed Services (Operations)

DESCRIPTION:

Implementation of Self-Directed Services (SDS) is contingent on the Department of Developmental Services (DDS) receiving approval of a Centers for Medicare & Medicaid Services (CMS) SDS Home and Community-Based Services (SDS HCBS) Waiver. The Department of Health Care Services, the single-state agency responsible for administering the Medicaid program in California, submitted DDS' SDS HCBS Waiver application to CMS on April 2, 2008. Approval of the SDS HCBS Waiver is pending further discussion with the federal administration. Upon finalization of the SDS HCBS Waiver, DDS will proceed with promulgation of SDS regulations. The regulations are subject to a required 45-day public comment period.

IMPLEMENTATION DATE:

Implementation is pending approval of the SDS HCBS Waiver by CMS.

ASSUMPTIONS/METHODOLOGY:

- The schedule assumes continued funding for five SDSD and five FCC positions, a total of ten positions along with necessary clerical staff, at five RCs during Current Year (CY) and Budget Year (BY).

METHODOLOGY:

CY 2010-11 BY 2011-12

PERSONAL SERVICES:

| | <u>Positions</u> | <u>Salary</u> | | |
|---------------------------------------|------------------|---------------|----------|----------|
| • Administration | | | | |
| • SDSD/FCC | 1.00 | \$57,437 | 57,437 | 57,437 |
| • Secretary II (1:6 professionals) | 0.17 | \$28,736 | 4,885 | 4,885 |
| • Total Positions and Salaries | 1.17 | | \$62,322 | \$62,322 |
| • Fringe Benefits: | 23.7% | Per Position | \$14,770 | \$14,770 |
| • Salary Savings: | 5.5% | Per Position | -4,240 | -4,240 |
| Total Personal Services | | | \$72,852 | \$72,852 |

OPERATING EXPENSES:

| | | | | |
|---|---------|--------------|-----------------|-----------------|
| • Operating Expenses: | | | | |
| Professional Positions: | \$3,400 | Per Position | \$3,400 | \$3,400 |
| Clerical Positions: | \$2,400 | Per Position | 408 | 408 |
| • Rent: | | | | |
| CY | \$8,086 | Per Position | 9,461 | |
| BY | \$8,086 | Per Position | | 9,461 |
| Total Operating Expenses | | | \$13,269 | \$13,269 |
| TOTAL ANNUAL EXPENDITURES PER POSITION (INCLUDES SECRETARY | | | \$86,121 | \$86,121 |

Staffing for Self-Directed Services (Operations)

METHODOLOGY:

Below is a chart that displays the CY and BY continued funding for the 5.0 SDSD and 5.0 FCC positions (including Secretary) at 5 RCs.

MONTHLY EXPENDITURES FOR 5.0 SDSD and 5.0 FCC + SECRETARY

$$\text{CY} \quad \$86,121 \quad \div \quad 12 \text{ mos.} \quad = \quad \$7,177$$

| <u>CY Cost per Month</u> | <u># of Positions</u> | | <u>Expenditures</u> | |
|-------------------------------|-----------------------|------------|---------------------|--------------------|
| | <u>SDSD</u> | <u>FCC</u> | <u>SDSD + Secty</u> | <u>FCC + Secty</u> |
| July 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Aug 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Sep 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Oct 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Nov 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Dec 10 | 5.0 | 5.0 | 35,885 | 35,885 |
| Jan 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Feb 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Mar 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Apr 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| May 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Jun 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Totals | | | \$430,620 | \$430,620 |
| TOTAL EXPENDITURES, CY | | | | \$861,240 |
| Rounded | | | | \$861,000 |

MONTHLY EXPENDITURES FOR 5.0 SDSD and 5.0 FCC + SECRETARY

$$\text{BY} \quad \$86,121 \quad \div \quad 12 \text{ mos.} \quad = \quad \$7,177$$

| <u>BY Cost per Month</u> | <u># of Positions</u> | | <u>Expenditures</u> | |
|-------------------------------|-----------------------|------------|---------------------|--------------------|
| | <u>SDSD</u> | <u>FCC</u> | <u>SDSD + Secty</u> | <u>FCC + Secty</u> |
| July 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Aug 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Sep 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Oct 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Nov 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Dec 11 | 5.0 | 5.0 | 35,885 | 35,885 |
| Jan 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| Feb 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| Mar 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| Apr 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| May 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| Jun 12 | 5.0 | 5.0 | 35,885 | 35,885 |
| Totals | | | \$430,620 | \$430,620 |
| TOTAL EXPENDITURES, BY | | | | \$861,240 |
| Rounded | | | | \$861,000 |

Staffing for Self-Directed Services (Operations)

FUNDING:

Funding for SDS HCBS Waiver is 50% federal financial participation and 50% General Fund (GF).

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------------|-------------------|-------------------|
| TOTAL | \$861,000 | \$861,000 * |
| GF | \$430,000 | \$430,000 |
| <i>GF Match</i> | 430,000 | 430,000 |
| <i>GF Other</i> | 0 | 0 |
| Reimbursements | \$431,000 | \$431,000 |
| <i>SDS HCBS Waiver Administration</i> | 431,000 | 431,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures. While budgeted as General Fund (GF) and federal financial participation (FFP), the cost containment measures acknowledge the entire amount as 100% GF as DDS was not able to claim the FFP.

Agnews Ongoing Workload (Operations)

| | CY 2010-11 | | BY 2011-12 | |
|--|--------------|--------------------|--------------|--------------------|
| | Positions | Cost | Positions | Cost |
| A. Community Placement Plan Staffing | | | | |
| 1. Unified Operations Costs | | | | |
| a. Personal Services | | | | |
| (1) Resource Development | 2.00 | \$175,000 | 0.00 | \$0 |
| (2) Quality Assurance/ Management | 12.40 | 960,500 | 6.50 | 503,488 |
| (3) Health Care Community Specialists | 4.00 | 503,000 | 4.00 | 503,000 |
| (4) Total Personal Services | | \$1,638,500 | | \$1,006,488 |
| b. Operating Expenses | | | | |
| (1) Operating Expenses | | \$43,293 | | \$27,718 |
| (2) Rent | | 80,907 | | 51,800 |
| (3) Training, Travel, Consultants | | | | |
| (4) Total Operating Expenses | | \$124,200 | | \$79,518 |
| c. Subtotal Unified Operational Costs (Rounded) | | \$1,762,700 | | \$1,086,006 |
| | | \$1,763,000 | | \$1,086,000 |
| 2. State Employees in the Community | | | | |
| a. Personal Services | 30.00 | \$2,275,000 | 13.40 | \$1,016,167 |
| b. Operating Expenses | | 209,387 | | 93,526 |
| c. Total State Employees in the Community | | \$2,484,387 | | \$1,109,693 |
| 3. Subtotal CPP Staffing (Rounded) | | \$4,247,087 | | \$2,195,699 |
| | | \$4,247,000 | | \$2,196,000 |
| B. Placement Continuation Staffing | | | | |
| 1. Client Program Coordinators | 7.00 | \$275,000 | 0.00 | \$0 |
| 2. Nurse Consultants | 3.00 | 356,000 | 3.00 | 356,000 |
| 3. Oral Health Care | 3.00 | 236,000 | 3.00 | 236,000 |
| 4. Subtotal Placement Continuation Staffing | | \$867,000 | | \$592,000 |
| C. Total (A + B) (Rounded) | 61.40 | \$5,114,087 | 29.90 | \$2,787,699 |
| | | \$5,114,000 | | \$2,788,000 |
| EXPENDITURES: | | | | |
| | | CY 2010-11 | | BY 2011-12 |
| TOTAL | | \$5,114,000 | | \$2,788,000 |
| General Fund | | \$2,921,000 | | \$1,074,000 |
| <i>General Fund Match</i> | | 850,000 | | 926,000 |
| <i>General Fund Other</i> | | 2,071,000 | | 148,000 |
| Reimbursements | | \$2,193,000 | | \$1,714,000 |
| <i>TCM</i> | | 262,000 | | 0 |
| <i>HCBS Waiver Administration</i> | | 311,000 | | 532,000 |
| <i>Medicaid Administration</i> | | 1,620,000 | | 1,182,000 |

Lanterman Developmental Center Closure (Operations)

| | CY 2010-11 | | BY 2011-12 | |
|---------------------------------------|--------------|--------------------|--------------|--------------------|
| | Positions | Cost | Positions | Cost |
| 1. Personal Services | | | | |
| (1) Resource Developer | 5.00 | \$425,000 | 5.00 | \$425,000 |
| (2) Quality Assurance/ Management | 3.00 | 255,000 | 3.00 | 255,000 |
| (3) Placement | 5.50 | 467,500 | 5.50 | 467,500 |
| (4) Oral Health Care Consultant | 8.00 | 624,000 | 8.00 | 624,000 |
| (5) Nurse Consultants | 4.50 | 382,500 | 4.50 | 382,500 |
| (6) Health Care Community Specialists | 8.00 | 1,006,000 | 8.00 | 1,006,000 |
| (7) Total Personal Services | 34.00 | \$3,160,000 | 34.00 | \$3,160,000 |
| 2. Operating Expenses | | | | |
| (1) Operating Expenses | | \$115,600 | | \$115,600 |
| (2) Rent | | 261,630 | | 261,630 |
| (3) Total Operating Expenses | | \$377,230 | | \$377,230 |
| 3. Total (A + B) (Rounded) | | \$3,537,230 | | \$3,537,230 |
| | | \$3,537,000 | | \$3,537,000 |

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------------------|-------------------|-------------------|
| TOTAL | \$3,537,000 | \$3,537,000 |
| General Fund | \$0 | \$0 |
| <i>General Fund Match</i> | 0 | 0 |
| <i>General Fund Other</i> | 0 | 0 |
| Reimbursements | \$3,537,000 | \$3,537,000 |
| Money Follows the Person Grant | 3,537,000 | 3,537,000 |

Federal Compliance

DESCRIPTION:

With the support of the Department of Health Care Services (the federally-recognized single state agency for Medicaid), the Department of Developmental Services utilizes federal funding combined with state General Fund (GF) expenditures to meet the mandate established by the Lanterman Developmental Disabilities Services Act. Services are provided to persons with developmental disabilities through a system of 21 not-for-profit agencies called regional centers (RC). Federal financial participation (FFP) in state programs is provided through the Home and Community-Based Services (HCBS) Waiver, and the Targeted Case Management (TCM) and Nursing Home Reform (NHR) programs.

There are both fiscal and program requirements placed on the RC that enable the State to receive federal funding. This workload includes ongoing tasks, such as reviewing choice statements, handling complex notice of action issues related to the HCBS Waiver, completing annual HCBS Waiver certification/recertification forms, preparing for program audits, determining billable services, reconciling data, ensuring records are maintained in accordance with applicable federal requirements for accuracy and completeness, reviewing case records, participating in training on HCBS Waiver policies and procedures, resolving eligibility/compliance issues, etc. In addition, the RC receive HCBS Waiver funding through the State Medicaid Plan for case management services and service coordination provided under the TCM and NHR programs. Both of these programs require documentation of services provided.

ASSUMPTIONS/METHODOLOGY:

CY 2010-11

BY 2011-12

- **HCBS Waiver**

\$21,135,000

\$21,135,000

Operations costs for HCBS Waiver activities in Current Year (CY) and Budget Year (YR) are based upon 6.5% of 1995-96 HCBS Waiver reimbursements of \$325,148,000. (100% GF)

- **Accelerated HCBS Waiver Enrollments**

\$1,728,000

\$1,771,000

Provides ongoing funding for accelerated enrollment of consumers into the HCBS Waiver. (100% GF)

Reason for Year-to-Year Change:

BY expenditures reflect more HCBS Waiver enrollments than CY.

- **Compliance with HCBS Waiver Requirements**

\$9,200,000

\$9,200,000

Provides funding to ensure the RC system maintains compliance with the HCBS Waiver. Functions include maintaining service coordinator-to-consumer caseload ratios at not more than 1:62; performing quarterly face-to-face monitoring of consumers residing in out-of-home living arrangements; clinical consultation, monitoring, and review of consumers' medications; and developing and annually reviewing Waiver consumers' individual program plans and Client Developmental Evaluation Reports. See the attachment on page E-2.3 for fiscal detail.

CY: \$3,309,000 GF Match, \$3,941,000 TCM, \$1,950,000 Medicaid Administration (MA).

BY: \$3,950,000 GF Match, \$3,300,000 TCM, \$1,950,000 MA.

Attachment

**Compliance with Home and Community-Based Services Waiver Requirements
(Operations)**

| | <u>Positions</u> | <u>Monthly Salary</u> | <u>Annual Salary</u> | <u>Annual Salary Cost</u> | <u>Benefit %</u> | <u>Annual Benefit Cost</u> | <u>Operating Expenses (OE) Annually PP</u> | <u>Rent Annually PP</u> | <u>Annual OE Total</u> | <u>Total Annual Salaries & OE (rounded)</u> |
|---------------|------------------|-----------------------|----------------------|---------------------------|------------------|----------------------------|--|-------------------------|------------------------|---|
| Service | | | | | | | | | | |
| Coordinators | 103.1 | \$3,512 | \$42,144 | \$4,345,046 | 32.2% | \$1,399,105 | \$4,248 | \$4,200 | \$870,989 | \$6,600,000 |
| Physicians | 9.0 | 9,443 | 113,316 | 1,019,844 | 29.5% | 300,854 | 7,632 | 5,388 | 117,180 | 1,400,000 |
| Psychologists | 13.7 | 4,824 | 57,888 | 793,066 | 28.4% | 225,231 | 5,688 | 4,416 | 138,425 | 1,200,000 |
| Totals | 125.8 | | | \$6,157,956 | | \$1,925,190 | | | \$1,126,594 | \$9,200,000 |

TOTAL EXPENDITURES:

\$9,200,000

FUNDING:

These positions are eligible for the following reimbursements: Targeted Case Management (TCM) CY: 59.71% federal financial participation (FFP) and BY: 50.0% FFP. Medicaid Administration is 75% FFP. The State General Fund portion is that which is non-FFP.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

BY reflects a decrease in the FFP due to the end of the enhanced Federal Medical Assistance Percentages provided under the American Recovery and Reinvestment Act.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------------------|--------------------|--------------------|
| TOTAL | \$9,200,000 | \$9,200,000 |
| General Fund | \$3,309,000 | \$3,950,000 |
| <i>General Fund Match</i> | <i>3,309,000</i> | <i>3,950,000</i> |
| <i>General Fund Other</i> | <i>0</i> | <i>0</i> |
| Reimbursements | \$5,891,000 | \$5,250,000 |
| <i>Medicaid Administration</i> | <i>1,950,000</i> | <i>1,950,000</i> |
| <i>TCM</i> | <i>3,941,000</i> | <i>3,300,000</i> |

Attachment
Increase in Case Managers to Meet Federal Audit Requirements
(Operations)

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---------------------------|---------------------------|
| A. Total Number of Budgeted HCBS Waiver-related Client Program Coordinator (CPC) Positions | 1,778.55 | 1,859.39 |
| B. Case Management Coverage Factor (e.g., immediate coverage for CPC vacancies) ^{a/} | x <u>5.2%</u> x | <u>7.0%</u> |
| C. Number of CPC Vacancies Related to HCBS Waiver Consumers (Item A x Item B) ^{b/} | 92.48 | 130.16 |
| D. CPC Salary | x <u>\$39,606</u> x | <u>\$39,606</u> |
| E. Total CPC Salary Expenditures (Item C x Item D) | \$3,662,763 | \$5,155,117 |
| F. Supervising Counselors (at 1:10 CPCs) | | |
| CY 92.48 x 1/10 = 9.25 | 9.25 | |
| BY 130.16 x 1/10 = 13.02 | | 13.02 |
| G. Supervising Counselor Salary | x <u>\$62,784</u> x | <u>\$62,784</u> |
| Total Supervising Counselor Salary Expenditures (Item F x Item G) | \$580,752 | \$817,448 |
| H. Secretary II (at 1:6 CPCs and Supervising Counselors) | | |
| CY 92.48 + 9.25 = 101.73 | | |
| 101.73 x 1/6 = 16.96 | 17.00 | |
| BY 130.16 + 13.02 = 143.18 | | |
| 143.18 x 1/6 = 23.86 | | 23.86 |
| I. Secretary II Salary | x <u>\$28,736</u> x | <u>\$28,736</u> |
| Total Secretary II Salary Expenditures (Item H x Item I) | \$488,512 | \$685,641 |
| J. Fringe Benefits | | |
| CPCs 23.7% | \$868,075 | \$1,221,763 |
| All Other Staff 23.7% | + <u>253,416</u> + | <u>356,232</u> |
| | \$1,121,490 | \$1,577,995 |
| K. Salary Savings | | |
| CPCs 1.0% | -\$45,308 | -\$63,769 |
| All Other Staff 5.5% | + <u>-72,747</u> + | <u>-102,263</u> |
| | -\$118,055 | -\$166,032 |
| L. Total Personal Services (Item E + Item G + Item J + Item I + Item K) | \$5,735,462 | \$8,070,169 |
| M. Operating Expenses | | |
| Professional Positions \$3,400 | \$345,882 | \$486,812 |
| Clerical Positions \$2,400 | 40,704 | 57,264 |
| Rent | | |
| CY 2010-11 \$8,086 | 959,727 | |
| BY 2011-12 \$8,086 | + <u> </u> + | <u>1,350,685</u> |
| Total Operating Expenses | \$1,346,313 | \$1,894,761 |
| N. Total Costs (Item L + Item M) | \$7,081,775 | \$9,964,930 |
| Rounded | <u>\$7,082,000</u> | <u>\$9,965,000</u> |
| | | |
| General Fund | \$2,853,000 | \$4,982,000 |
| General Fund Match | 2,853,000 | 4,982,000 |
| General Fund Other | 0 | 0 |
| Reimbursements | \$4,229,000 | \$4,983,000 |
| Targeted Case Management | 4,229,000 | 4,983,000 |

a/ Assume the vacancy percentage related to all CPCs applies to HCBS Waiver-related CPCs.

b/ Need to cover these vacancies to meet the CMS compliance audit recommendation.

Projects

DESCRIPTION:

This category of the regional center (RC) operating expenses includes various contracts, programs, and projects as described below:

ASSUMPTIONS/METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-----------------------------------|-----------------------------------|
| <ul style="list-style-type: none"> ● Information Technology Costs | \$3,972,000 | \$4,517,000 |
| <ul style="list-style-type: none"> ● RC Application Support ● Data Processing | <p>2,622,000</p> <p>1,350,000</p> | <p>3,167,000</p> <p>1,350,000</p> |
| 100% General Fund (GF) | | |
| <ul style="list-style-type: none"> ● Clients' Rights Advocacy | \$5,295,000 | \$5,420,000 |
| <p>The Department of Developmental Services (DDS) contracts with Disability Rights California for clients' rights advocacy services for RC consumers. 40% costs are eligible for Home and Community-Based Services (HCBS) Waiver Administration in Budget Year (BY) : 50% GF Match/50% federal financial participation (FFP).</p> <p>BY: \$3,252,000 GF Other, \$1,084,000 GF Match, \$1,084,000 HCBS Waiver Administration.</p> | | |
| <ul style="list-style-type: none"> ● Quality Assessment Contract | \$5,643,000 | \$5,965,000 |
| <p>Assembly Bill (AB) X4 9, Welfare and Institutions Code (WIC) 4571 consolidates the Life Quality Assessment and the Movers Study which sunset on June 30, 2009 into one improved quality assurance survey to measure consumer and family satisfaction, provision of services and personal outcomes. 40% costs are eligible for HCBS Waiver Administration for 9 months in BY : 50% GF Match/50% FFP.</p> <p>BY: \$4,175,000 GF Other, \$895,000 GF Match, \$895,000 HCBS Waiver Administration.</p> | | |
| <ul style="list-style-type: none"> ● Direct Support Professional Training | \$3,582,000 | \$3,582,000 |
| <p>WIC Section 4695.2, Statutes of 1998, mandates all direct support service professionals working in licensed community care facilities to complete two 35-hour competency-based training courses or pass challenge tests within the first two years of employment. DDS contracts with the Department of Education which in turn administers the training through the Regional Occupational Centers and Programs. 79% costs are eligible for HCBS Waiver Administration in Current (CY) and BY : 50% GF Match/50% FFP.</p> <p>CY and BY: \$752,000 GF Other, \$1,415,000 GF Match, \$1,415,000 HCBS Waiver Administration.</p> | | |

Projects

METHODOLOGY (continued):

CY 2010-11 BY 2011-12

- **Office of Administrative Hearings** \$3,900,000 \$3,400,000

Federal law requires DDS to have a process to adjudicate disputes involving Medicaid beneficiaries; both the fair hearing and mediation processes satisfy this requirement. DDS contracts with the Office of Administrative Hearings to: (1) conduct fair hearings to resolve conflicts between RC and their consumers. Section 4700 et seq. of the Lanterman Act requires RC to offer mediation to consumers whose services are proposed to be terminated, reduced, or suspended, and (2) provide mediation services. 40% costs are eligible for HCBS Waiver Administration in BY : 50% GF Match/50% FFP.

BY: \$2,040,000 GF Other, \$680,000 GF Match, \$680,000 HCBS Waiver Administration.

- **Wellness Projects** \$200,000 \$200,000

WIC Sections 4696 and 4646.5 contain requirements that are fulfilled through the Wellness Initiative. Project priorities are determined annually by a selection committee comprised of legislative staff, advocacy groups, consumers, RC representatives and the Community Services and Supports Division within DDS. The types of projects generally fall into the following categories: health professional training programs, medication reviews, health assessments, specialty clinics, telemedicine, resource development for persons with a dual diagnosis, training programs for parents and consumers, and dental health programs and services. This represents budget savings and funding to update the Autism Spectrum Disorder Guidelines. (100% GF)

- **Foster Grandparent/Senior Companion** \$1,719,000 \$1,719,000

Through these programs, men and women, 60 years of age and older, devote up to 20 hours a week to help people with developmental disabilities lead more independent and productive lives.

2010-11: \$1,159,000 GF, \$560,000 Federal Funds
2011-12: \$1,142,000 GF, \$577,000 Federal Funds

- **Special Incident Reporting/Risk Assessment** \$940,000 \$940,000

DDS contracts for the services of an independent specialized risk-assessment and mitigation contractor, possessing a multidisciplinary capacity, to conduct key activities such as data analysis, training, mortality reviews, site reviews, and to provide services related to protecting the health, safety and well-being of consumers. 40% costs are eligible for HCBS Waiver Administration in BY : 50% GF Match/50% FFP.

BY: \$564,000 GF Other, \$188,000 GF Match, \$188,000 HCBS Waiver Administration.

Projects

METHODOLOGY (continued):

CY 2010-11 BY 2011-12

| | | |
|--|-----------|-----------|
| <ul style="list-style-type: none"> ● Increased Access to Mental Health Services | \$740,000 | \$740,000 |
| <ul style="list-style-type: none"> ● Regional Best Practice Training | 270,000 | 270,000 |
| <ul style="list-style-type: none"> ● Statewide Training for Families, Service Providers, Service Coordinators, and Consumers | 270,000 | 270,000 |
| <ul style="list-style-type: none"> ● RC Technical Assistance and Liaison Support | 65,000 | 65,000 |
| <ul style="list-style-type: none"> ● Regional Planning Projects | 135,000 | 135,000 |
| 100% Mental Health Services Fund (MHSF) | | |
| <ul style="list-style-type: none"> ● Sherry S. Court Case <p style="padding-left: 20px;">In 1981 the Supreme Court ruled In Re Hop that before an adult is admitted to a developmental center, he/she must be afforded due process through a court hearing to determine if such a placement is warranted. Subsequently, in the Sherry S. case, the court ruled that a conservator or parent of an adult has authority to admit that adult through the Hop process. This estimate reflects the RC costs of processing Hop actions for RC consumers. (100% GF)</p> | \$534,000 | \$534,000 |
| <ul style="list-style-type: none"> ● 2003-04 FFP Enhancement, Phase II <p style="padding-left: 20px;">These costs are associated with legal support for federal program activities. (100% GF)</p> | \$500,000 | \$500,000 |
| <ul style="list-style-type: none"> ● University Enterprises, Inc. <p style="padding-left: 20px;">DDS contracts with University Enterprises, Inc. for statistical forecasting assistance in estimating RC costs. (100% GF)</p> | \$113,000 | \$113,000 |
| <ul style="list-style-type: none"> ● Affordable Housing <p style="padding-left: 20px;">In 1994, pursuant to the court decision commonly referred to as the Coffelt Settlement Agreement, funds were allocated to create affordable housing for persons with developmental disabilities. Funding was allocated on a per capita basis to four geographic regions throughout California to provide affordable housing to very low-income individuals receiving services from the RC. Annual loan forgiveness for the term of twenty years was stipulated to occur based on each project's compliance with the Standard and Regulatory Agreement. Fiscal review and site monitoring activities are required annually. Technical assistance on additional housing-related issues is obtained through an interagency agreement with the Department of Housing and Community Development as needed. (100% GF)</p> | \$94,000 | \$94,000 |

Projects

METHODOLOGY (continued):

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---------------------|---------------------|
| <ul style="list-style-type: none"> ● Cost Containment <p>2004-05 May Revision: This reflects savings that will be achieved through cost containment of RC Operations expenditures. (100% GF)</p> | -\$490,000 | -\$490,000 |
| <ul style="list-style-type: none"> ● Self-Directed Services (SDS): Training and Development <p>In anticipation of the SDS HCBS program implementation, funding will be used for a contractor to develop a training curriculum (including training materials) to train staff at all 21 RC and for maintenance of the methodology and calculation of the individual budget. (100% GF)</p> | \$200,000 | \$200,000 |
| <ul style="list-style-type: none"> ● Review of Senate Bill (SB) 1175 Housing Proposals <p>Chapter 617, Statutes of 2008, (SB 1175) permits DDS to approve RC housing proposals for consumers with special health care needs. This legislation requires a nonrefundable fee to be paid by housing developers to reimburse DDS' costs for review and approval of the proposals. \$150,000 is being appropriated for this purpose for CY and BY. Developmental Disabilities Services Account (DDSA).</p> | \$150,000 | \$150,000 |
| <ul style="list-style-type: none"> ● Extension of Denti-Cal Infrastructure for RC Funded Dental Services <p>This project will result in the ability of RC to use the expertise and Department of Health Care Services (DHCS) system for reviewing treatment plans and approving claims for dental services consistent with the DHCS Denti-Cal program. (100% GF).</p> | \$750,000 | \$750,000 |
| <ul style="list-style-type: none"> ● Homeland Security Grant Program (HSGP) <p>DDS' portion of the HSGP award will fund projects at specific RC that will include such things as equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.</p> | \$210,000 | \$210,000 |
| <ul style="list-style-type: none"> ● Savings Target | -\$3,500,000 | -\$3,500,000 |
| <ul style="list-style-type: none"> ● 4.25% Payment Reduction to RC Operations | -\$1,106,000 | -\$1,058,000 |
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$23,446,000 | \$23,986,000 |

Projects

EXPENDITURES:

CY 2010-11 BY 2011-12

| | | |
|-----------------------------------|--------------|----------------|
| TOTAL | \$23,446,000 | \$23,986,000 * |
| GF | \$20,371,000 | \$17,894,000 |
| <i>GF Match</i> | 1,415,000 | 7,415,000 |
| <i>GF Other</i> | 18,956,000 | 10,479,000 |
| Reimbursements | \$2,155,000 | \$5,155,000 |
| <i>HCBS Waiver Administration</i> | 1,415,000 | 4,415,000 |
| <i>MHSF</i> | 740,000 | 740,000 |
| DDSA | \$150,000 | \$150,000 |
| <i>SB 1175 Housing Proposals</i> | 150,000 | 150,000 |
| Federal Funds | \$770,000 | \$787,000 |
| <i>Foster Grandparent Program</i> | 560,000 | 577,000 |
| <i>HSGP</i> | 210,000 | 210,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Intermediate Care Facility-Developmentally Disabled State Plan Amendment Administrative Fees

DESCRIPTION:

To realize the federal financial participation (FFP) associated with the Intermediate Care Facility-Developmentally Disabled (ICF-DD) State Plan Amendment (SPA), there are administrative costs for Regional Centers (RCs) billing on behalf of the ICF-DD.

ASSUMPTIONS/METHODOLOGY:

Billing costs are 1.5% of the cost of day treatment and transportation.

Current Year (CY): Total billing costs are \$6 million RC administration .

- Purchase of Services (POS) costs for day treatment and transportation from 2007-08 through 2009-10 totals \$303.7 million. RC administration costs are 1.5% of the total or \$4.6 million.
- POS costs for day treatment and transportation for 2010-11 totals \$96.4 million. RC administration costs are 1.5% of the total or \$1.4 million.

Budget Year (BY): Total billing costs are \$1.5 million RC administration .

- POS costs for day treatment and transportation for 2011-12 totals \$97.9 million. RC administration costs are 1.5% of the total or \$1.5 million.

FUNDING:

The Federal Medical Assistance Percentages establishes the FFP for expenditures associated with Operations, which is 59.71 percent for CY and 50 percent for BY.

CHANGE FROM PRIOR ESTIMATE:

The estimate reflects the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

CY expenditures include costs associated with RC billing for services from 2007-08 to 2010-11. BY reflects only the ongoing annual costs.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------------------------------------|-------------------|-------------------|
| TOTAL | \$6,003,000 | \$1,468,000 |
| <i>FFP (Quality Assurance Fees)</i> | <i>3,445,000</i> | <i>734,000</i> |
| <i>General Fund Match</i> | <i>2,558,000</i> | <i>734,000</i> |

Table of Contents

SECTION E: ESTIMATE METHODOLOGIES (continued)

PURCHASE OF SERVICES

| | |
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| Medical Facilities | E-5.1 to E-5.2 |
| Day Programs | E-6.1 to E-6.3 |
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| Transportation | E-8.1 to E-8.2 |
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| | |
|-------------------------------------|--------|
| <i>QUALITY ASSURANCE FEES</i> | E-14.2 |
|-------------------------------------|--------|

Community Care Facilities

DESCRIPTION:

Pursuant to Health and Safety Code Section 1502 (a)(1), (4), (5), or (6) and Section 1569.2(k), Regional Centers (RC) contract with Community Care Facilities (CCFs). CCFs are licensed by the Department of Social Services (DSS) to provide 24-hour non-medical residential care to children and adults with developmental disabilities who are in need of personal services, supervision, and/or assistance essential for self-protection or sustenance of daily living activities.

ASSUMPTIONS:

- CCF Population and Expenditure Data Source: Purchase of Services (POS) Claims Data file, dated January 1, 2011. Data were adjusted for lag based on historical data.
- Supplemental Security Income/State Supplementary Program (SSI/SSP) payment is a grant received by persons in CCFs from the Social Security Administration (the "SSI" portion), along with a supplemental payment from the State (the "SSP" portion). For individuals who receive SSI/SSP (an estimated 94.9 percent of persons in CCFs), the RCs fund only the portion of the facility costs that is above the SSI/SSP level of payment (i.e., the "net" costs). Funds for the SSI/SSP grants are in the DSS budget. This factor is incorporated in the CCF estimate.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| ● Base: Actual FY 2009-10 expenditures were used to develop the Current Year (CY) base. For Budget Year (BY) the prior-year estimate, with the following adjustments, was used as the base: | \$793,243,000 | \$822,518,000 |
| ● Prior Year Costs | 800,777,000 | N/A |
| ● Bay Area Housing Project Adjustment To Base | 2,444,000 | |
| ● Less 1.25 % Payment Reduction | -9,978,000 | |
| ● Prior Year Estimate | | 842,687,000 |
| ● Less Community Placement Plan (CPP) One-Time Costs | | -19,516,000 |
| ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures | | -653,000 |
| ● SSI/SSP Increases Effective 1/1/12 : | \$0 | -\$143,000 |

The SSI/SSP rate is estimated to increase from \$961 to \$969 in January 2012.

Community Care Facilities

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| <ul style="list-style-type: none"> ● Utilization Change/Growth: | \$40,079,000 | \$28,284,000 |
| <ul style="list-style-type: none"> ● Caseload Growth <p style="margin-left: 20px;">These estimates were based on forecasting models specific to the November 2004 through October 2010 CCF caseload data.</p> <p style="margin-left: 20px;">An Auto Regressive Integrated Moving Average (ARIMA) model was used to forecast CCF caseload growth. The ARIMA procedure models a discrete time series as a function of constant, autoregressive terms, and moving-average terms.</p> <p style="margin-left: 20px;">Estimated Caseload Growth:</p> <p style="margin-left: 40px;">CY : 4,871 Person Months</p> <p style="margin-left: 40px;">BY : 4,813 Person Months</p> | 13,786,000 | 13,740,000 |
| <ul style="list-style-type: none"> ● Average Cost Increase: <p style="margin-left: 20px;">Reflects the costs of consumers needing higher levels of CCF care than in the past.</p> | 26,293,000 | 14,544,000 |
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | \$19,516,000 | \$25,557,000 |
| <ul style="list-style-type: none"> ● Negotiated Rate Reduction: <p style="margin-left: 20px;">Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the Welfare and Institutions Code to: (1) freeze rates negotiated by RCs for providers whose negotiated rates are not currently frozen, and (2) set median rates for new providers with whom the RCs may negotiate. The change from CY to BY reflects more of our savings are in the base.</p> | -\$10,151,000 | -\$5,076,000 |

Community Care Facilities

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|----------------------|----------------------|
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$842,687,000 | \$871,140,000 |

FUNDING:

CCF expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, 1915 (i) State Plan Amendment (SPA) and the Title XX Block Grant, which includes Social Services and Temporary Assistance to Needy Families (TANF). Based on actual 2009-10 billing data, approximately 79 percent of CCF expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount and 1915 (i) State Plan Amendment amount, 59.71 percent in CY and 50.0 percent in BY are federal financial participation (FFP). The State General Fund portion is that which is non-FFP.

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------|--------------------|--------------------|
| TOTAL | \$842,687,000 | \$871,140,000 * |
| GF | \$420,438,000 | \$513,580,000 |
| <i>GF Match</i> | <i>278,054,000</i> | <i>344,056,000</i> |
| <i>GF Other</i> | <i>142,384,000</i> | <i>169,524,000</i> |
| Reimbursements | \$422,249,000 | \$357,560,000 |
| <i>HCBS Waiver FFP</i> | <i>389,339,000</i> | <i>312,012,000</i> |
| <i>1915 (i) SPA</i> | <i>22,739,000</i> | <i>30,377,000</i> |
| <i>Title XX TANF</i> | <i>10,171,000</i> | <i>10,171,000</i> |
| <i>Money Follows the Person</i> | <i>0</i> | <i>5,000,000</i> |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Medical Facilities

DESCRIPTION:

Pursuant to the Health and Safety Code, Sections 1250, 1255.6, and 1255.7, among others, the regional centers (RCs) vendor Intermediate Care Facilities (ICFs) and Developmentally Disabled Continuous Nursing Care (DD/CNC) formerly known as ICF/DD-CN for consumers not eligible for Medi-Cal. ICFs are health facilities licensed by the Licensing and Certification Division of the State Department of Public Health (CDPH) to provide 24-hour-per-day services and certified for Medi-Cal reimbursement for services by State Department of Health Care Services (DHCS). The types of ICFs providing services for Californians with developmental disabilities are: ICF/DD (Developmentally Disabled), ICF/DD-H (Habilitative), ICF/DD-N (Nursing), and DD/CNC.

ASSUMPTIONS:

- Assumptions regarding caseload and facility growth for Current Year (CY) and Budget Year (BY) assumptions are based on 2010-11 May Revision Regional Center Survey.
- The daily rates for 4 to 6 bed and 7 to 15 bed ICFs for CY and BY are provided by the DHCS and are effective August 1, 2010, as follows:

\$185.68 for DD-Hs, \$211.87 for DD-Ns, \$424.92 for vent. Dep. DD/CNC and \$385.42 for Non-vent dep.

- Estimated New Consumers:

| | <u>CY</u> | <u>BY</u> |
|--------|-----------|-----------|
| DD-H | 55 | 58 |
| DD-N | 65 | 117 |
| DD/CNC | 8 | 8 |

- For CY and BY 2.0 percent of the consumers in Medical Facilities will not be funded by Medi-Cal; therefore, Department of Developmental Services (DDS) will pay their Medical Facility costs.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| • Base: Actual 2009-10 expenditures were used to develop the CY base. For BY the prior year estimate, with the following adjustments, was used as the base. | \$27,858,000 | \$28,059,000 |
| Prior-Year Adjusted Costs | 28,195,000 | 28,685,000 |
| Less 1.25% Payment Reduction | -337,000 | |
| Less Gap Resource Development in Base | | -452,000 |
| Less CPP One-Time Costs | | -155,000 |
| Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | | -19,000 |
| • Utilization Change/Growth: | \$220,000 | \$259,000 |

It is assumed that in CY and in BY 2.0 percent of the persons in medical facilities will not be funded by Medi-Cal; therefore, DDS will pay their Medical Facility costs.

Medical Facilities

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|---------------------|---------------------|
| METHODOLOGY (continued): | | |
| • Gap Resource Development: | \$452,000 | \$452,000 |
| • New Facilities: | 452,000 | 452,000 |
| <p>Gap is the time period between licensure and certification of small health facilities when Medi-Cal does not cover any person's facility costs.</p> <p>In CY and BY it is assumed 4 DD-H facilities will need gap funding for 2 consumers each for not more than 60 days, and 3 DD-N facilities will need gap funding for 2 consumers each for not more than 60 days.</p> | | |
| • CPP: | \$155,000 | \$181,000 |
| <p>These are costs for individuals moving from a developmental center into a Medical Facility. See CPP for the methodology detail.</p> | | |
| • TOTAL EXPENDITURES | \$28,685,000 | \$28,951,000 |

FUNDING:

Medical Facility expenditures are funded by the General Fund (GF).

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-----------------------|-------------------|-------------------|
| TOTAL | \$28,685,000 | \$28,951,000 * |
| GF | \$28,685,000 | \$28,951,000 |
| <i>GF Match</i> | 0 | 0 |
| <i>GF Other</i> | 28,685,000 | 28,951,000 |
| Reimbursements | \$0 | \$0 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Day Programs

DESCRIPTION:

Pursuant to Welfare and Institutions Code (WIC) Section 4648, among others, of the Lanterman Act, Day Programs are community-based programs for individuals served by a regional center (RC). Day Programs are available when those services are included in that person's Individual Program Plan or an infant's Individualized Family Service Plan. Day Program services may be at a fixed location or out in the community.

Types of services available through a Day Program include:

- Developing and maintaining self-help and self-care skills.
- Developing the ability to interact with others, making one's needs known and responding to instructions.
- Developing self-advocacy and employment skills.
- Developing community integration skills such as accessing community services.
- Improving behaviors through behavior management.
- Developing social and recreational skills.

ASSUMPTIONS:

- Day Program Consumer and Expenditure Data Source: Purchase of Services (POS) Claims Data file, dated March 1, 2011. Data was adjusted for lag based on historical data.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| <ul style="list-style-type: none"> • Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For Budget Year (BY), the prior-year estimate, with the following adjustments, was used for the base: <ul style="list-style-type: none"> • Prior Year Costs 752,493,000 • Prior Year Estimate N/A • Less Community Placement Plan (CPP) One-Time Costs 758,269,000 • Less 1.25% Payment Reduction -3,757,000 • Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. -8,994,000 • N/A • -625,000 | \$743,499,000 | \$753,887,000 |
| <ul style="list-style-type: none"> • Utilization Change/Growth: | \$11,602,000 | \$24,331,000 |
| Caseload Growth: | 7,118,000 | 19,839,000 |
| Estimated Caseload Growth: | | |
| CY: 5,312 Person Months | | |
| BY: 18,047 Person Months | | |

Day Programs

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|----------------------|----------------------|
| <p><i>Average Cost Increase:</i> Reflects the cost of new community-based day programs.</p> <p>CY base net costs of \$752,493,000 (Less prior Minimum Wage Increases and Health and Safety) were multiplied by 0.6 percent to project an average cost increase of \$4,484,000. The 0.6 percent is based on the estimated increase in the average cost per person per month from 2008-09 to 2009-10. BY base net costs of \$758,269,000 were also multiplied by 0.6 percent to project an average cost increase of \$4,492,000.</p> | 4,484,000 | 4,492,000 |
| <ul style="list-style-type: none"> • CPP: See CPP methodology for detail. | \$3,757,000 | \$4,364,000 |
| <ul style="list-style-type: none"> • Negotiated Rate Reduction: <p>Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to: (1) freeze rates negotiated by RC's for providers whose negotiated rates are not currently frozen, and (2) set median rates for new providers with whom the RC's may negotiate. The change from CY to BY reflects more of the savings are in the base.</p> | -\$589,000 | -\$295,000 |
| <ul style="list-style-type: none"> • TOTAL EXPENDITURES | \$758,269,000 | \$782,287,000 |

Day Programs

FUNDING:

Day Program expenditures are funded by the General Fund (GF), ICF-DD State Plan Amendment (SPA), Home and Community-Based Services (HCBS) Waiver, 1915(i) SPA, the Title XX Block Grant, which includes Social Services and Temporary Assistance to Needy Families (TANF), and the Early Start Grant. Based on actual 2009-10 billing data, approximately 51 percent of Day Program expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount and 1915(i) SPA amount, 59.71 percent in CY and 50 percent BY is federal financial participation (FFP). The State GF portion is that which is non-FFP.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------------------------|-------------------|-------------------|
| TOTAL | \$758,269,000 | \$782,287,000 * |
| GF | \$361,038,000 | \$422,260,000 |
| <i>GF Match</i> | 222,536,000 | 292,593,000 |
| <i>GF Other</i> | 138,502,000 | 129,667,000 |
| Reimbursements | \$380,360,000 | \$343,156,000 |
| <i>HCBS Waiver FFP</i> | 234,409,000 | 187,853,000 |
| <i>1915 (i) State Plan Amendment</i> | 48,742,000 | 65,110,000 |
| <i>Title XX Social Services</i> | 48,497,000 | 48,497,000 |
| <i>Title XX TANF</i> | 2,064,000 | 2,064,000 |
| <i>ICF-DD SPA</i> | 46,648,000 | 39,632,000 |
| Federal Funds | \$16,871,000 | \$16,871,000 |
| <i>Early Start Grant</i> | 16,871,000 | 16,871,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Habilitation Services Program

DESCRIPTION:

This estimate reflects the resources necessary for the Department of Developmental Services (DDS) to administer the Habilitation Services Program (HSP), as required in Section 2, Chapter 13 (commencing with Section 4850) of Division 4.5 of the Welfare and Institutions Code (WIC). These services currently are provided chiefly by the regional center under the authorization of the Lanterman Act (WIC 19350[b]), and are authorized under Section 4850.1 of Chapter 13 of Division 4.5 of the WIC.

Work Activity Program (WAP):

WAP is provided, for the most part, in a sheltered setting. Services can include work experiences in integrated group settings within the community.

These services are provided to individuals with developmental disabilities who are RC consumers. Caseload growth is impacted by referrals from the RC's. Services as identified in the RC's Individual Program Plan are purchased for individuals for as long as long as necessary. WAP is paid on a per-consumer-day basis.

Supported Employment Program (SEP):

SEP provides opportunities for persons with developmental disabilities to work, through integrated settings and with support services provided by community rehabilitation programs. These services enable consumers to learn necessary job skills and maintain employment. SEP provides services for individually employed consumers (Individual Placements), as well as consumers employed in group settings (Group Placements).

The caseload is affected by RC's referring consumers for supported employment from WAP, day programs, schools or other programs. Caseload is also impacted by employment opportunities within the community and the ability of consumers to obtain and maintain employment. These factors are critical as these services are only purchased when the consumer is employed.

For SEP, the Department of Rehabilitation Vocational Rehabilitation (VR) program provides (1) services leading to job development and placement and (2) the initial support services necessary for a person to become stable on the job. Once the person has learned the job tasks, is performing the job at a consistent level and needs minimal support services, the funding is transitioned to the RC for a minimum of 60 days prior to closure of the consumer's VR program case. This assures that the consumer's stability is maintained for at least 60 days prior to VR case closure. The RC continues to provide SEP throughout the term of employment. Consumers who are unsuccessful in the VR program have their cases closed and usually returned to regional center-funded WAP services.

Habilitation Services Program

DESCRIPTION (continued):

Group Placement:

Group placements occur in the community (integrated setting) and they consist of small groups of three to eight individuals with disabilities. These groups will work at an employer's work site or rotate work assignments such as janitorial services or landscaping crews. The SEP services that are provided, include job skills training, supervision of work performed, and other on-the-job support services. These services enable the individuals to continue in employment. Generally, the services are provided full-time for all hours the individuals are in the work setting. VR funds the intake fee for new consumers and the first three to six months of a group placement. After stabilization, the consumer is transitioned to RC funding.

Individual Placement:

Individual placements provide for individualized employment in the community. Consumers are traditionally hired directly by the employer, and are expected to become more independent over time. Individual placement includes job skills training, supervision of work performed, and other ancillary support services, both on and off the job, that enable the individual to continue in employment. The number of service hours provided is generally greater early in the job placement and decrease as the individual learns the job and is able to perform the job functions more independently. The initial, more intensive, job coaching services, as well as the intake and placement fees, are paid by VR. The RC funds the job coaching once the consumer has stabilized (usually at a 20 percent intervention for 60 days).

ASSUMPTIONS:

- Habilitation Services Expenditure Data Source:
Purchase of Services (POS) Claims Data file, dated March, 2011.
Data was adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|---------------------|---------------------|
| Work Activity Program: | \$56,205,000 | \$54,698,000 |
| • Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For Budget Year (BY), the prior-year estimate, with the following adjustments, was used as the base. | \$56,476,000 | \$56,185,000 |
| • Prior Year Costs | 58,163,000 | N/A |
| • Prior Year Estimate | N/A | 56,205,000 |
| • Less 1.25% payment Reduction | -1,687,000 | N/A |
| • Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | N/A | 7,000 |

Habilitation Services Program

METHODOLOGY (continued):

CY 2010-11

BY 2011-12

Work Activity Program (continued):

- **Utilization Change/Growth:**

-\$271,000

-\$1,487,000

WAP expenditure data for the period November 2004 through October 2010 were used to update CY and BY. A multiple input transfer function model was used to forecast utilization change/growth. Unlike the simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model.

Habilitation Services Program

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|----------------------|-------------------------------|
| Supported Employment Program: | \$88,798,000 | \$89,181,000 |
| HSP Group Placement: | \$68,819,000 | \$69,255,000 |
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the CY base. For BY, the prior-year estimate, with the following adjustments, was used as the base. | \$67,063,000 | \$68,651,000 |
| <ul style="list-style-type: none"> ● Prior Year Costs ● Prior Year Estimate ● Less CPP One-Time Costs | 67,063,000 0 0 | N/A 68,819,000 -168,000 |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: | \$1,588,000 | \$409,000 |
| <p>HSP Group Placement expenditure data for the period November 2004 through October 2010 were used to update CY and BY. A multiple input transfer function model was used to forecast utilization change/growth. Unlike the simple ARIMA model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. One intervention variable was statistically significant. Starting July 2006, this intervention was assumed to be related to the 3 percent rate increase for providers combined with the budgetary augmentation to increase the SEP job coach rate, increasing the hourly rate from \$27.62 to \$34.24.</p> | | |
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | \$168,000 | \$195,000 |

Habilitation Services Program

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|----------------------|----------------------|
| HSP Individual Placement: | \$19,979,000 | \$19,926,000 |
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the CY base. For BY, the prior-year estimate, with the following adjustments, was used as the base. <ul style="list-style-type: none"> ● Prior Year Costs ● Prior Year Estimate | \$20,225,000 | \$19,979,000 |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: | \$20,225,000 | N/A |
| | N/A | 19,979,000 |
| <p>Monthly SEP Individual Placement expenditure data from November 2004 through October 2010 were used to update CY and BY. A multiple input transfer function model was used to forecast utilization change/growth. Unlike the simple ARIMA model, the transfer function model accounts for the recent program changes/rate increases so that “normal growth” could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. One intervention variable was statistically significant: Starting July 2006, this intervention was assumed to be related to the 3 percent rate increase for providers combined with the budgetary augmentation to increase the SEP job coach rate, increasing the hourly rate from \$27.62 to \$34.24.</p> | -\$246,000 | -\$53,000 |
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$145,003,000 | \$143,879,000 |

Habilitation Services Program

FUNDING:

Habilitation Services expenditures are funded by the General Fund (GF), HCBS Waiver, Title XX Block Grant, which includes Social Services and Temporary Assistance for Needy Families (TANF) and the 1915(i) State Plan Amendment (SPA). Based on actual 2009-10 billing data, approximately 60 percent, 39 percent, and 24 percent of WAP, SEP Group, and SEP Individual Placement expenditures, respectively, are eligible for the HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50.0 percent in BY is federal financial participation (FFP). The State GF portion is that which is non-FFP.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|------------------------|-------------------|-------------------|
| TOTAL | \$145,003,000 | \$143,879,000 * |
| GF | \$94,622,000 | \$97,717,000 |
| <i>GF Match</i> | 33,994,000 | 46,161,000 |
| <i>GF Other</i> | 60,628,000 | 51,556,000 |
| Reimbursements | \$50,381,000 | \$46,162,000 |
| <i>HCBS Waiver FFP</i> | 39,562,000 | 31,704,000 |
| <i>Title XX TANF</i> | 1,000 | 1,000 |
| <i>1915(i) SPA</i> | 10,818,000 | 14,457,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Transportation

DESCRIPTION:

Pursuant to Welfare and Institutions Code (WIC), Sections 4501, 4502, 4512, and 4646, (Lanterman Act), regional centers (RC) contract with vendors to provide services and supports to all qualifying regional center consumers.

Transportation services are provided so persons with a developmental disability may participate in programs and/or other activities identified in their Individual Program Plan. A variety of sources may be used to provide transportation including: public transit and other providers; specialized transportation companies; day programs and/or residential vendors; and family members, friends, and others. Transportation services may include help in boarding and exiting a vehicle as well as assistance and monitoring while being transported.

ASSUMPTIONS:

Transportation Expenditure Data Sources:

Purchase of Service (POS) Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---|--|
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: <ul style="list-style-type: none"> ● Prior Year Costs ● Prior Year Estimate ● Less Community Placement Plan (CPP) One-Time Costs ● Less 1.25% Payment Reduction ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. ● Utilization Change/Growth: | \$212,199,000 \$214,754,000 N/A N/A -2,555,000 N/A | \$214,840,000 N/A 215,727,000 -708,000 N/A -179,000 |
| | \$3,009,000 | \$6,641,000 |

CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 Transportation expenditure data (excluding CPP placement).

A multiple input transfer function model was used to forecast utilization change/growth. Unlike the simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. A one-time intervention was identified as being significant in April 2008. An additional intervention was identified June through September 2008 due to an increase in gasoline prices.

| | | |
|---|-----------|-----------|
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | \$708,000 | \$822,000 |
|---|-----------|-----------|

Transportation

METHODOLOGY (continued):

CY 2010-11 BY 2011-12

- **Negotiated Rate Reduction:** -\$189,000 -\$95,000

Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to (1) freeze rates negotiated by RC's for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC's may negotiate. The change from CY to BY reflects more of the savings are in the base.

- **TOTAL EXPENDITURES** **\$215,727,000 \$222,208,000**

FUNDING:

Transportation expenditures are funded by the Home and Community-Based Services (HCBS) Waiver, Title XX Block Grant, which includes Social Services and Temporary Assistance for Needy Families (TANF), Vocational Rehabilitation (DOR), Intermediate Care Facility - Developmentally Disabled State Plan Amendment (ICF-DD SPA), and General Fund (GF). Based on actual 2009-10 HCBS Waiver billing data, approximately 54 percent of Transportation expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY is federal financial participation (FFP). The GF portion is that which is neither FFP, ICF-DD SPA, nor DOR.

EXPENDITURES:

CY 2010-11 BY 2011-12

| | | |
|----------------------------------|---------------|-----------------|
| TOTAL | \$215,727,000 | \$222,208,000 * |
| GF | \$123,861,000 | \$146,833,000 |
| <i>GF Match</i> | 57,815,000 | 69,193,000 |
| <i>GF Other</i> | 66,046,000 | 77,640,000 |
| Reimbursements | \$91,866,000 | \$75,375,000 |
| <i>HCBS Waiver FFP</i> | 74,741,000 | 59,896,000 |
| <i>Title XX Social Services</i> | 5,280,000 | 5,280,000 |
| <i>Title XX TANF</i> | 785,000 | 785,000 |
| <i>Vocational Rehabilitation</i> | 118,000 | 118,000 |
| <i>ICF-DD SPA</i> | 10,942,000 | 9,296,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Support Services

DESCRIPTION:

Pursuant to Welfare and Institution Code (WIC) Sections 4501, 4502, 4512, 4646, 4648 and 4689, among others, of the Lanterman Act, regional centers (RC) contract with vendors to provide services and supports to all qualifying RC consumers. Support Services include a broad range of services to adults who choose to live in homes they themselves own or lease in the community.

Included in the Support Services expenditures are Independent Living Supplement (ILS) payments to adults who are in supported/independent living (SL/IL) settings and receiving Supplementary Security Income/State Supplementary Portion (SSI/SSP) grant payments. RC's supplement the reduction in the SSP portion of the SSI/SSP grant to assure that consumers will be able to remain in these settings instead of having to move into community care facilities.

ASSUMPTIONS:

Support Services Expenditure Data Source:
Purchase of Service Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: | \$667,573,000 | \$701,903,000 |
| <ul style="list-style-type: none"> ● Prior Year Costs | 675,946,000 | N/A |
| <ul style="list-style-type: none"> ● Prior Year Estimate | N/A | 707,033,000 |
| <ul style="list-style-type: none"> ● Less Community Placement Plan (CPP) One-Time Costs | N/A | -4,317,000 |
| <ul style="list-style-type: none"> ● Less 1.25% Payment Reduction | -8,373,000 | N/A |
| <ul style="list-style-type: none"> ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | N/A | -813,000 |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: | \$42,136,000 | \$45,204,000 |

CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 Support Services expenditure data (excluding CPP placement).

A multiple input transfer function model was used to forecast utilization change/growth. Unlike a simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. Four interventions/events were found to be statistically significant. An intervention related to the three percent rate increase was found to be statistically significant beginning in July 2006. An intervention related to the three percent payment reduction began February 2009. Additional interventions were related to the Trailer Bill in July 2009 and implementation of the Prevention Program in October of 2009.

Support Services

METHODOLOGY (continued):

- **CPP:** See CPP methodology for detail.
- **Independent Living Supplement:**

| <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------------------|-------------------|
| \$4,317,000 | \$5,296,000 |
| \$345,000 | \$308,000 |

Based on Client Master File data as of February 2, 2011, it is estimated the following consumers will live in SL/IL arrangements. Of these totals, based on the 2011-12 May Revision RC Survey (March 2011), estimated persons who are part of a couple, who will receive their monthly supplemental payment of \$53.14, as well as the remainder who will receive their monthly payments of \$41.60 as individuals, are also displayed. All consumers are assumed to receive their payments in each month of the fiscal year. Prior year costs remain in the base, therefore only the incremental costs are added.

| | <u>CY</u> | <u>BY</u> |
|-----------------------|---------------|---------------|
| Total SL/IL Consumers | 22,060 | 22,660 |
| Part of a Couple | - 1,251 | - 1,316 |
| Individuals | <u>20,809</u> | <u>21,344</u> |

- **Negotiated Rate Reduction:**

| | |
|--------------|--------------|
| -\$7,338,000 | -\$3,669,000 |
|--------------|--------------|

Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to: (1) freeze rates negotiated by RC's for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC's may negotiate. The change from CY to BY reflects more of the savings are in the base.

- **TOTAL EXPENDITURES**

| | |
|----------------------|----------------------|
| \$707,033,000 | \$749,042,000 |
|----------------------|----------------------|

FUNDING:

Support Services expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, the Title XX Block Grant, which includes Social Services and Temporary Assistance to Needy Families (TANF), 1915(i) State Plan Amendment (SPA), and the Early Start Grant. Based on actual 2009-10 billing data, approximately 68 percent of Support Services expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY, is federal financial participation (FFP). The State GF portion is that which is non-FFP.

Support Services

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------|-------------------|-------------------|
| TOTAL | \$707,033,000 | \$749,042,000 * |
| GF | \$329,660,000 | \$417,982,000 |
| <i>GF Match</i> | 206,729,000 | 260,059,000 |
| <i>GF Other</i> | 122,931,000 | 157,923,000 |
| Reimbursements | \$376,842,000 | \$330,529,000 |
| <i>HCBS Waiver FFP</i> | 279,182,000 | 223,734,000 |
| <i>Title XX Social Services</i> | 56,632,000 | 56,632,000 |
| <i>Title XX TANF</i> | 13,837,000 | 13,837,000 |
| <i>1915(i) SPA</i> | 27,191,000 | 36,326,000 |
| Federal Funds | \$531,000 | \$531,000 |
| <i>Early Start Grant</i> | 531,000 | 531,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

In-Home Respite

DESCRIPTION:

Pursuant to Welfare and Institutions Code (WIC) Section 4648, among others, of the Lanterman Act, regional centers (RC) contract with vendors to provide services and supports to all qualifying RC consumers. In-Home Respite includes those services that are intermittent or regularly scheduled temporary non-medical care and/or supervision services provided in the consumer's home, except for the provision of incidental medical services as expressly allowed in statute.

ASSUMPTIONS:

In-Home Respite Expenditure Data Source:
Purchase of Service (POS) Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|---|---|
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: <ul style="list-style-type: none"> ● Prior Year Costs ● Prior Year Estimate ● Less Community Placement Plan (CPP) One-Time Costs ● Less 1.25% Payment Reduction ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | <p>\$206,811,000</p> <p>209,436,000</p> <p>N/A</p> <p>N/A</p> <p>-2,625,000</p> <p>N/A</p> | <p>\$221,540,000</p> <p>N/A</p> <p>221,860,000</p> <p>-23,000</p> <p>N/A</p> <p>-297,000</p> |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: <p>CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 In-Home Respite expenditure data (excluding CPP placement).</p> <p>A multiple input transfer function model was used to forecast utilization change/growth. Unlike a simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. Six interventions/events were found to be statistically significant. Two interventions were identified beginning October 2004 and December 2004, assumed to be related to the vouchered respite regulation changes. A third intervention beginning January 2007, and a fourth intervention beginning January 2008, were assumed to be related to the minimum wage increases. Additional interventions were related to the Trailer Bill in July 2009 and implementation of the Prevention Program in October of 2009.</p> | <p>\$15,032,000</p> | <p>\$16,690,000</p> |
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | <p>\$23,000</p> | <p>\$27,000</p> |

In-Home Respite

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|----------------------|----------------------|
| <ul style="list-style-type: none"> ● Negotiated Rate Reduction: <p style="margin-left: 40px;">Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to: (1) freeze rates negotiated by regional centers for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC's may negotiate. The change from CY to BY reflects more of the savings are in the base.</p> | -\$6,000 | -\$5,000 |
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$221,860,000 | \$238,252,000 |

FUNDING:

In-Home Respite expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, the Title XX Block Grant, which includes Social Services and Temporary Assistance for Needy Families (TANF), 1915(i) State Plan Amendment (SPA), and the Early Start Grant. Based on actual 2009-10 billing data, approximately 61 percent of In-Home Respite expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY, is federal financial participation (FFP). The State GF portion is that which is non-FFP.

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------|-------------------|-------------------|
| TOTAL | \$221,860,000 | \$238,252,000 |
| GF | \$97,400,000 | \$127,086,000 |
| <i>GF Match</i> | 56,868,000 | 70,984,000 |
| <i>GF Other</i> | 40,532,000 | 56,102,000 |
| Reimbursements | \$124,023,000 | \$110,729,000 |
| <i>HCBS Waiver FFP</i> | 77,820,000 | 62,364,000 |
| <i>Title XX Social Services</i> | 24,019,000 | 24,019,000 |
| <i>Title XX TANF</i> | 15,727,000 | 15,727,000 |
| <i>1915(i) SPA</i> | 6,457,000 | 8,619,000 |
| Federal Funds | \$437,000 | \$437,000 |
| <i>Early Start Grant</i> | 437,000 | 437,000 |

Footnote: The Cost Containment proposals identified in Section G, Cost Containment Measures pursuant to W&IC Section 4620.3 do not apply to In-Home Respite Services.

Out-of-Home Respite

DESCRIPTION:

Pursuant to Welfare and Institution Code (WIC) Section 4648, among others, of the Lanterman Act, regional centers (RC) contract with vendors to provide services and supports to all qualifying RC consumers. Out-of-Home Respite includes supervision services that are provided in licensed residential and day care facilities.

ASSUMPTIONS:

Out-of-Home Respite Expenditure Data Source:
Purchase of Service (POS) Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|--|---|
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: <ul style="list-style-type: none"> ● Prior Year Costs ● Prior Year Estimate ● Less Community Placement Plan (CPP) One-Time Costs ● Less 1.25% Payment Reduction ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | <p>\$50,362,000</p> <p>50,992,000</p> <p>N/A</p> <p>N/A</p> <p>-630,000</p> <p>N/A</p> | <p>\$52,882,000</p> <p>N/A</p> <p>53,006,000</p> <p>-73,000</p> <p>N/A</p> <p>-51,000</p> |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: <p>CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 Out-of-Home Respite expenditure data (excluding CPP placement).</p> <p>A multiple input transfer function model was used to forecast utilization change/growth. Unlike a simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. Two interventions/events were found to be statistically significant. An intervention related to the three percent payment reduction began February 2009. Another intervention related to the implementation of the Trailer Bill began July 2009.</p> | <p>\$3,896,000</p> | <p>\$3,253,000</p> |
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | <p>\$73,000</p> | <p>\$84,000</p> |

Out-of-Home Respite

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---------------------|---------------------|
| <ul style="list-style-type: none"> • Negotiated Rate Reduction: <p style="margin-left: 20px;">Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to: (1) freeze rates negotiated by RC's for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC's may negotiate. The change from CY to BY reflects more of the savings are in the base.</p> | -\$1,325,000 | -\$663,000 |
| <ul style="list-style-type: none"> • TOTAL EXPENDITURES | \$53,006,000 | \$55,556,000 |

FUNDING:

Out-of-Home Respite expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, the Title XX Block Grant, which includes Social Services and Temporary Assistance for Needy Families (TANF), 1915(i) State Plan Amendment (SPA), and the Early Start Grant. Based on actual 2009-10 billing data, approximately 52 percent Out-of-Home Respite expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY, is federal financial participation (FFP). The State General Fund portion is that which is non-FFP.

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------|-------------------|-------------------|
| TOTAL | \$53,006,000 | \$55,556,000 |
| GF | \$26,884,000 | \$32,517,000 |
| <i>GF Match</i> | 11,236,000 | 13,568,000 |
| <i>GF Other</i> | 15,648,000 | 18,949,000 |
| Reimbursements | \$25,966,000 | \$22,883,000 |
| <i>HCBS Waiver FFP</i> | 16,227,000 | 13,004,000 |
| <i>Title XX Social Services</i> | 5,384,000 | 5,384,000 |
| <i>Title XX TANF</i> | 3,932,000 | 3,932,000 |
| <i>1915(i) SPA</i> | 423,000 | 563,000 |
| Federal Funds | \$156,000 | \$156,000 |
| <i>Early Start Grant</i> | 156,000 | 156,000 |

Footnote: The Cost Containment proposals identified in Section G, Cost Containment Measures pursuant to W&IC Section 4620.3 do not apply to Out-of-Home Respite Services.

Health Care

DESCRIPTION:

Pursuant to Welfare and Institutions Code (WIC) Sections 4646 and 4648, among others, of the Lanterman Act, regional centers (RC) contract with vendors to provide services and supports to all qualifying RC consumers. Health Care services include those that are medical/health care-related.

ASSUMPTIONS:

Health Care Expenditure Data Source:
Purchase of Service (POS) Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---|--|
| <ul style="list-style-type: none"> ● Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: <ul style="list-style-type: none"> ● Prior Year Costs ● Budget Year Base ● Less Community Placement Plan (CPP) One-Time Costs ● Less 1.25% Payment Reduction ● Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | \$77,139,000 78,044,000 N/A N/A -905,000 N/A | \$87,509,000 N/A 88,351,000 -637,000 N/A -205,000 |
| <ul style="list-style-type: none"> ● Utilization Change/Growth: CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 Health Care expenditure data (excluding CPP placement). A multiple input transfer function model was used to forecast utilization change/growth. Unlike a simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. An intervention related to Medicare Part D and Medi-Cal Dental Cap was found to be statistically significant beginning in January 2006. An additional intervention related to the implementation of the Prevention Program began in October of 2009. | -\$826,000 | \$2,549,000 |
| <ul style="list-style-type: none"> ● CPP: See CPP methodology for detail. | \$637,000 | \$740,000 |

Health Care

METHODOLOGY (continued):

CY 2010-11 BY 2011-12

- **Negotiated Rate Reduction:** -\$571,000 -\$286,000

Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the WIC to: (1) freeze rates negotiated by RC's for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC may negotiate. The change from CY to BY reflects more of the savings are in the base.

- **TOTAL EXPENDITURES** **\$76,379,000 \$90,512,000**

FUNDING:

Health Care expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, the Title XX Block Grant, which includes Temporary Assistance for Needy Families (TANF), 1915(i) State Plan Amendment (SPA), and the Early Start Grant. Based on actual 2009-10 billing data, approximately 10 percent of Health Care expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY is federal financial participation (FFP). The State GF portion is that which is non-FFP.

EXPENDITURES:

CY 2010-11 BY 2011-12

| | | |
|--------------------------|--------------|----------------|
| TOTAL | \$76,379,000 | \$90,512,000 * |
| GF | \$66,515,000 | \$81,507,000 |
| <i>GF Match</i> | 3,628,000 | 4,517,000 |
| <i>GF Other</i> | 62,887,000 | 76,990,000 |
| Reimbursements | \$6,333,000 | \$5,474,000 |
| <i>HCBS Waiver FFP</i> | 4,975,000 | 3,987,000 |
| <i>Title XX TANF</i> | 956,000 | 956,000 |
| <i>1915(i) SPA</i> | 402,000 | 531,000 |
| Federal Funds | \$3,531,000 | \$3,531,000 |
| <i>Early Start Grant</i> | 3,531,000 | 3,531,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Miscellaneous Services

DESCRIPTION:

Pursuant to Welfare and Institutions Code (WIC) Section 4648, among others, of the Lanterman Act, regional centers (RC) contract with vendors to provide services and supports to all qualifying RC consumers. Miscellaneous Services comprise those services which cannot be otherwise classified in the other Purchase of Services (POS) budget categories. They include, among others: tutors, special education teachers aides, recreational therapists, speech pathologists, mobility training specialists, and counseling.

ASSUMPTIONS:

Miscellaneous Services Expenditure Data Source:
Purchase of Service (POS) Claims Data file dated March 1, 2011.
Data were adjusted for lag based on 2007-08 expenditures.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---|---|
| <ul style="list-style-type: none"> Base: Actual 2009-10 expenditures were used to develop the Current Year (CY) base. For the Budget Year (BY), the prior year estimate, with the following adjustments, was used as the base: <ul style="list-style-type: none"> Prior Year Costs Prior Year Estimate Less Community Placement Plan (CPP) One-Time Costs Less 1.25% Payment Reduction Less net adjustment for the 4.25% Payment Reduction, the net adjustment is based upon the updated 2011-12 estimated expenditures. | \$387,825,000 392,886,000 N/A N/A -5,061,000 N/A | \$403,874,000 N/A 427,843,000 -23,597,000 N/A -372,000 |
| <ul style="list-style-type: none"> Utilization Change/Growth: CY and BY were estimated based on forecasting models specific to the November 2004 through October 2010 Miscellaneous expenditure data (excluding CPP placement). A multiple input transfer function model was used to forecast utilization change/growth. Unlike a simple Auto Regressive Integrated Moving Average (ARIMA) model, the transfer function model accounts for the recent program changes/rate increases so that "normal growth" could be reflected exclusive of these program changes/rate increases that should not be replicated in a forecasting model. An intervention related to the three percent rate increase was found to be statistically significant beginning in July 2006. Another intervention related to the minimum wage increase began January 2008. Additional interventions were related to the Trailer Bill in July 2009 and implementation of the Prevention Program in October of 2009. | \$32,001,000 | \$37,829,000 |
| <ul style="list-style-type: none"> CPP: See CPP methodology for detail. | \$23,597,000 | \$27,356,000 |

Miscellaneous Services

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|----------------------|----------------------|
| <ul style="list-style-type: none"> ● Negotiated Rate Reduction: <p>Chapter 3, Statutes of 2008, Third Extraordinary Session, (ABX 3 5), amended the Welfare and Institutions Code to (1) freeze rates negotiated by RC for providers whose negotiated rates were not frozen at the time of enactment, and (2) set median rates for new providers with whom the RC may negotiate. The change from CY to BY reflects more of the savings are in the base.</p> | -\$15,580,000 | -\$7,790,000 |
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$427,843,000 | \$461,269,000 |

FUNDING:

Miscellaneous Services expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver, the Title XX Block Grant, which includes Social Services and Temporary Assistance to Needy Families (TANF), 1915(i) State Plan Amendment (SPA), the Early Start Grant, Program Development Funds, and California Children and Families First Trust Fund. Based on actual 2009-10 billing data, approximately 28 percent of Miscellaneous Services expenditures are eligible for HCBS Waiver reimbursement. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY is federal financial participation (FFP). The GF portion is that which is non-FFP.

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| TOTAL | \$427,843,000 | \$461,269,000 * |
| GF | \$255,911,000 | \$301,674,000 |
| <i>GF Match</i> | 48,472,000 | 59,499,000 |
| <i>GF Other</i> | 207,439,000 | 242,175,000 |
| Reimbursements | \$159,612,000 | \$147,275,000 |
| <i>HCBS Waiver FFP</i> | 68,226,000 | 54,676,000 |
| <i>Title XX Social Services</i> | 8,091,000 | 8,091,000 |
| <i>Title XX TANF</i> | 29,684,000 | 29,684,000 |
| <i>1915(i) SPA</i> | 3,611,000 | 4,824,000 |
| <i>California First Five Commission</i> | 50,000,000 | 50,000,000 |
| Federal Funds | \$9,717,000 | \$9,717,000 |
| <i>Early Start Grant</i> | 9,717,000 | 9,717,000 |
| Program Development Funds | \$2,603,000 | \$2,603,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Self-Directed Services

DESCRIPTION:

Welfare and Institutions Code 4685.7 established Self-Directed Services (SDS), authorizing the Department of Developmental Services (DDS) to administer SDS contingent on the approval of a Home and Community-Based Services (HCBS) Waiver. Originally approved in the Budget Act of 2005 (Chapter 38, Statutes of 2005), SDS has been included in the Governor's Budget each subsequent fiscal year as one of California's cost containment initiatives.

The Department of Health Care Services, the single-state agency responsible for administering the Medicaid program in California, submitted DDS' SDS HCBS Waiver Application to the Centers for Medicare and Medicaid Services (CMS) on April 2, 2008. Approval of the SDS HCBS Waiver is pending further discussion with the federal administration. The regulations will conform to the approved waiver and are subject to a required 45-day public comment. As a result, enrollment has been postponed until CMS approves the SDS HCBS Waiver.

IMPLEMENTATION DATE:

Implementation is pending approval of the SDS HCBS Waiver by CMS.

FUNDING:

SDS will be funded by the SDS HCBS Waiver, HCBS Waiver, and General Fund (GF).

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|------------------------|-------------------|-------------------|
| TOTAL | \$0 | \$0 |
| GF | \$0 | \$0 |
| <i>GF Match</i> | <i>0</i> | <i>0</i> |
| <i>GF Other</i> | <i>0</i> | <i>0</i> |
| Reimbursements | \$0 | \$0 |
| <i>SDS HCBS Waiver</i> | <i>0</i> | <i>0</i> |
| <i>HCBS Waiver</i> | <i>0</i> | <i>0</i> |

Quality Assurance Fees (Intermediate Care Facility-Developmentally Disabled Costs)

DESCRIPTION:

To realize the federal financial participation (FFP) associated with the Intermediate Care Facility-Developmentally Disabled (ICF-DD) State Plan Amendment (SPA), there are administrative costs for the ICF-DD, and Quality Assurance Fees (QAF) the ICF-DD must remit to the Department of Health Care Services (DHCS) for these supplemental payments.

ASSUMPTIONS/METHODOLOGY:

Billing costs are 1.5% of the cost of day treatment, transportation, and regional center administration fees for ICF-DD. QAF are set by DHCS.

Current Year (CY): Total billing costs are \$6.1 million ICF-DD administration and \$24.3 million QAF.

- Purchase of Services (POS) costs for day treatment and transportation from 2007-08 through 2009-10 totals \$303.7 million. ICF-DD administration costs are 1.5% of the total or \$4.6 million. QAF set by DHCS are \$18.5 million.
- POS costs for day treatment and transportation for 2010-11 totals \$96.4 million. ICF-DD administration costs are 1.5% of the total or \$1.5 million. QAF set by DHCS are \$5.8 million.

Budget Year (BY): Total billing costs are \$1.5 million ICF-DD administration and \$7 million QAF.

- POS costs for day treatment and transportation for 2011-12 totals \$97.9 million. ICF-DD administration costs are 1.5% of the total or \$1.5 million. QAF set by DHCS are \$7 million.

FUNDING:

100 percent reimbursement to the Department of Developmental Services transferred from DHCS.

CHANGE FROM PRIOR ESTIMATE:

The estimate reflects the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

CY expenditures include costs associated with ICF-DD billing for services from 2007-08 to 2010-11. BY reflects only the ongoing annual costs.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| TOTAL | \$30,366,000 | \$8,491,000 |
| <i>QAF Admin Fees (Transfer from DHCS)</i> | <i>30,366,000</i> | <i>8,491,000</i> |

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PREVENTION PROGRAME-15

Prevention Program

DESCRIPTION:

The Prevention Program provides safety net services (intake, assessment, case management, and referral to generic agencies) for eligible children from birth through 35 months. These are children who are at substantially greater risk for a developmental disability than the general population but who would otherwise be ineligible for services through the California Early Intervention Services Act pursuant to Title 14 (commencing with Government Code, Section 95000) or services provided under the Lanterman Developmental Disabilities Services Act (Lanterman Act - commencing with Welfare and Institution Code, Section 4500) due to prior cost saving measures.

ASSUMPTIONS:

This estimate assumes an unduplicated number of children served of 8,900 children for 2010-11 and an unduplicated number of children served of 10,860 children for 2011-12.

CHANGE FROM PRIOR ESTIMATE:

Additional detail on the proposal to reduce the Prevention Program can be found in Section G, Cost Containment Measures pursuant to Welfare and Institutions Code Section 4620.3 of this estimate.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------|-------------------|-------------------|
| GF | \$18,150,000 | \$12,003,000 * |
| Prevention Program | 18,150,000 | 12,003,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

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COMMUNITY PLACEMENT PLAN..... E-16.1 to E-16.11

Community Placement Plan

DESCRIPTION:

CPP efforts have been refocused in 2010-11 and 2011-12 to achieve a safe and successful transition of individuals with developmental disabilities from Lanterman Developmental Center (DC) to other appropriate living arrangements as determined through the individualized planning process. A summary of the CPP funds associated with Lanterman DC closure is available on page E - 16.11. This estimate is based on projected costs and historical experience derived from individualized assessments of community services and supports needs, and reflects what is actually needed to place an individual from a developmental center into the community and to deflect individuals who have been referred to a DC for potential admission. Community Placement Plans (CPPs) are developed through negotiations with each regional center (RC) and are based on individualized planning efforts. It should be noted that due to the late budget in Current Year, RC's were delayed in the implementation of their CPP plans. It is possible this delay in implementation could affect CPP placement activities.

This estimate reflects Operations and Purchase of Service (POS) resources needed to:

- Work with the DCs and families in identifying individuals for movement
- Deflect the admission of individuals to a DC.
- Facilitate movement from a DC.
- Stabilize current community living arrangements.

Regular CPP funding covers these Operations and POS categories:

OPERATIONS:

Personal Services:

- **Resource Development:** Positions needed to develop community living arrangements for consumers moving from DCs into the community. These positions are critical to developing living arrangements that will safely meet the challenges of people moving into the community.
- **Assessment:** Positions needed to identify DC residents ready for placement in community living arrangements. Proper comprehensive assessment is critical to safe and successful community placement and should minimize re-admission to a DC and/or unstable and cost-inefficient community placement.
- **Placement:** Positions for placement activities. Individuals in the DCs have, on average, more complex "unique" placement needs that will be addressed by these staff.
- **Crisis Service Teams:** Positions for crisis services which include a behavioral team, a clinical team and an emergency response team.

Operating Expenses:

Costs for office space, furniture, computers, travel, training and rent are included.

Community Placement Plan

DESCRIPTION (continued):

PURCHASE OF SERVICES:

- **Start-Up:** These costs are related to development of new facilities/programs and program expansion.
- **Assessment:** Individualized and comprehensive identification of consumer supports and services needed for stabilized community living.
- **Placement:** Funds cost of Consumers' move into community settings based on consumer-specific information.
- **Deflection:** Placement POS for residential costs of facilities developed with Current Year CPP start-up to deflect admission from a DC. These facilities are developed based on a comprehensive analysis of DC admission data, current trends in needed services specific to the RC, and other local issues.

ASSUMPTIONS:

- Department of Health Care Services approved rates used for:
 - Intermediate Care Facilities/Developmentally Disabled – Nursing Facilities
 - Intermediate Care Facilities/Developmentally Disabled – Habilitation Facilities

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------------------------------------|---------------------|---------------------|
| • OPERATIONS TOTAL | \$12,472,000 | \$12,787,000 |
| • PURCHASE OF SERVICES TOTAL | \$52,951,000 | \$64,622,000 |
| • TOTAL EXPENDITURES | \$65,423,000 | \$77,409,000 |

See pages E-16.4 to E-16.10 for detail.

FUNDING:

CPP expenditures are funded by the General Fund (GF), Home and Community-Based Services (HCBS) Waiver and Money Follows the Person Grant. Of the HCBS Waiver eligible amount, 59.71 percent in CY and 50 percent in BY is federal financial participation (FFP). The State General Fund portion is that which is non-FFP.

Community Placement Plan

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| TOTAL | \$65,423,000 | \$77,409,000 * |
| RC Operations | \$12,472,000 | \$12,787,000 |
| RC Purchase of Services | \$52,951,000 | \$64,622,000 |
| <i>Community Care Facilities</i> | 19,516,000 | 25,557,000 |
| <i>Medical Facilities</i> | 155,000 | 181,000 |
| <i>Day Programs</i> | 3,757,000 | 4,364,000 |
| <i>Work Activity Program</i> | 0 | 0 |
| <i>Supported Employment Program: Group Placement</i> | 168,000 | 195,000 |
| <i>Supported Employment Program: Individual Placement</i> | 0 | 0 |
| <i>Transportation</i> | 708,000 | 822,000 |
| <i>Support Services</i> | 4,317,000 | 5,296,000 |
| <i>In-Home Respite</i> | 23,000 | 27,000 |
| <i>Out-of-Home Respite</i> | 73,000 | 84,000 |
| <i>Health Care</i> | 637,000 | 740,000 |
| <i>Miscellaneous Services</i> | 23,597,000 | 27,356,000 |
| | | |
| FUND SOURCES: | | |
| TOTAL | \$65,423,000 | \$77,409,000 |
| General Fund | \$49,373,000 | \$50,156,000 |
| <i>General Fund Match</i> | 10,831,000 | 18,920,000 |
| <i>General Fund Other</i> | 38,542,000 | 31,236,000 |
| Reimbursements | \$16,050,000 | \$27,253,000 |
| <i>HCBS Waiver FFP</i> | 16,050,000 | 17,253,000 |
| <i>Money Follows the Person Grant</i> | 0 | 10,000,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

**COMMUNITY PLACEMENT PLAN
OPERATIONS AND PURCHASE OF SERVICES
CY & BY**

Regular CPP costs have been updated in the 2011-12 May Revision as follows:

| | CY 2010-11 | | | BY 2011-12 | | |
|--|-----------------------------|-----------------------------|-------------------------------|--------------------------------|--------------------------------|-----------------------|
| | November Estimate | May Revision | Difference | November Estimate | May Revision | Difference |
| I. OPERATIONS | \$12,787,000 | \$12,472,000 | -\$315,000 | \$12,787,000 | \$12,787,000 | \$0 |
| II. PURCHASE OF SERVICES | | | | | | |
| A. Start-Up | \$25,975,000 | \$22,082,000 | -\$3,893,000 | \$25,975,000 | \$25,975,000 | \$0 |
| B. Assessment | 501,000 241 consumers | 758,000 241 consumers | \$257,000 0 consumers | 501,000 241 consumers | 501,000 186 consumers | \$0 -55 consumers |
| C. Placement | 26,690,000 239 consumers | 22,981,000 203 consumers | -\$3,709,000 -36 consumers | 26,690,000 197 consumers *1 | 26,690,000 197 consumers *1 | \$0 0 consumers *1 |
| D. Deflection | 11,456,000 125 consumers | 7,130,000 101 consumers | -\$4,326,000 -24 consumers | 11,456,000 125 consumers | 11,456,000 93 consumers | \$0 -32 consumers |
| E. SUBTOTAL POS (A + B + C + D) | \$64,622,000 | \$52,951,000 | -\$11,671,000 | \$64,622,000 | \$64,622,000 | \$0 |
| III. TOTAL CPP (I. + II.E.) | \$77,409,000 | \$65,423,000 | -\$11,986,000 | \$77,409,000 | \$77,409,000 | \$0 |

*1 - of the 197 consumers in placement, 100 are from LDC

COMMUNITY PLACEMENT PLAN

Operations

Current Year

| Current Year | | | |
|--------------|------|-----------|------|
| Regular CPP | | Total CPP | |
| Positions | Cost | Position | Cost |

A. Staffing**1. Personal Services**

| | | | | |
|-------------------------------------|-------|-------------|--------------|--------------------|
| a. Development | 50.83 | \$4,391,000 | 50.83 | \$4,391,000 |
| b. Quality Assurance/ Management | 12.51 | 1,213,000 | 12.51 | 1,213,000 |
| c. Assessment | 13.88 | 1,494,000 | 13.88 | 1,494,000 |
| d. Placement | 55.46 | 4,442,000 | 55.46 | 4,442,000 |
| e. Crisis Services Teams | 6.13 | 1,137,699 | 6.13 | 1,137,699 |

| | | | | |
|----------------------------|--------|--------------|---------------|---------------------|
| f. Total Personal Service: | 138.81 | \$12,677,699 | 138.81 | \$12,677,699 |
|----------------------------|--------|--------------|---------------|---------------------|

2. Operating Expenses

| | | | | |
|----------------------------------|--|-------------|--|--------------------|
| a. Operating Expenses | | \$467,000 | | \$467,000 |
| b. Rent | | 1,074,000 | | 1,074,000 |
| c. Training, Travel, Consultants | | 155,000 | | 155,000 |
| d. Total Operating Expenses | | \$1,696,000 | | \$1,696,000 |

**3. Subtotal Staffing
(Rounded)**

| | | |
|--|--------------|---------------------|
| | \$14,373,699 | \$14,373,699 |
| | \$14,374,000 | \$14,374,000 |

B. Budget Balancing Reduction

| | | |
|-----------------------|--------------|---------------------|
| Reduce CPP Operations | -\$1,902,000 | -\$1,902,000 |
|-----------------------|--------------|---------------------|

C. Total (A+B)

| | | |
|--|--------------|---------------------|
| | \$12,472,000 | \$12,472,000 |
|--|--------------|---------------------|

COMMUNITY PLACEMENT PLAN

Operations

Budget Year

| Budget Year | | | |
|-------------|------|-----------|------|
| Regular CPP | | Total CPP | |
| Positions | Cost | Position | Cost |

A. Staffing**1. Personal Services**

| | | | | |
|-------------------------------------|-------|-------------|--------------|--------------------|
| a. Development | 52.20 | \$4,488,000 | 52.20 | \$4,488,000 |
| b. Quality Assurance/ Management | 12.85 | 1,239,200 | 12.85 | 1,239,200 |
| c. Assessment | 14.25 | 1,526,600 | 14.25 | 1,526,600 |
| d. Placement | 56.95 | 4,539,500 | 56.95 | 4,539,500 |
| e. Crisis Services Teams | 6.30 | 1,162,578 | 6.30 | 1,162,578 |

| | | | | |
|----------------------------|---------------|---------------------|----------------------|----------------------------|
| f. Total Personal Service: | <u>142.55</u> | <u>\$12,955,878</u> | <u>142.55</u> | <u>\$12,955,878</u> |
|----------------------------|---------------|---------------------|----------------------|----------------------------|

2. Operating Expenses

| | | | | |
|----------------------------------|--|----------------|--|-----------------------|
| a. Operating Expenses | | \$476,800 | | \$476,800 |
| b. Rent | | 1,097,290 | | 1,097,290 |
| c. Training, Travel, Consultants | | <u>158,800</u> | | <u>158,800</u> |
| d. Total Operating Expenses | | \$1,732,890 | | \$1,732,890 |

**3. Subtotal Staffing
(Rounded)**

| | | |
|--|--------------|---------------------|
| | \$14,688,768 | \$14,688,768 |
| | \$14,689,000 | \$14,689,000 |

B. Budget Balancing Reduction

| | | |
|-----------------------|---------------------|----------------------------|
| Reduce CPP Operations | <u>-\$1,902,000</u> | <u>-\$1,902,000</u> |
|-----------------------|---------------------|----------------------------|

C. Total (A+B)

| | | |
|--|---------------------|----------------------------|
| | <u>\$12,787,000</u> | <u>\$12,787,000</u> |
|--|---------------------|----------------------------|

Community Placement Plan
Purchase of Services
Summary of Costs by POS Category
Current Year

For the 2011-12 May Revision, Regular CPP costs are updated with the following.

| CPP Activity | # of Consumers | Living Arrangement | | | | Day Programs | Work Activity Program | Supported Employment Program | | Transportation | Support Services | In-Home Respite | Out-of-Home Respite | Health Care | Misc. | CY 2010-11 Total POS |
|---|----------------|---------------------------|----------------------------|------------------------------|--------------------|--------------------|-----------------------|------------------------------|------------|------------------|--------------------|-----------------|---------------------|------------------|---------------------|----------------------|
| | | Community Care Facilities | Adult Family Home Agencies | Intermediate Care Facilities | Supported Living | | | Group | Individual | | | | | | | |
| | | | | | | | | | | | | | | | | |
| A. Start-Up a/ | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$22,082,000 | \$22,082,000 |
| B. Assessment | 241 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$758,000 | \$758,000 |
| C. Placement | 203 | \$13,019,000 | \$0 | \$155,000 | \$2,421,000 | \$3,757,000 | \$0 | \$168,000 | \$0 | \$708,000 | \$1,263,000 | \$23,000 | \$73,000 | \$637,000 | \$757,000 | 22,981,000 |
| D. Deflection b/ | 125 | \$6,497,000 | \$0 | \$0 | \$633,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,130,000 |
| E. 2011-12 MAY REV 2011-12 TOTAL | | \$19,516,000 | \$0 | \$155,000 | \$3,054,000 | \$3,757,000 | \$0 | \$168,000 | \$0 | \$708,000 | \$1,263,000 | \$23,000 | \$73,000 | \$637,000 | \$23,597,000 | \$52,951,000 |
| F. 2011-12 NOV EST 2011-12 TOTAL | | \$25,557,000 | \$0 | \$181,000 | \$3,829,000 | \$4,364,000 | \$0 | \$195,000 | \$0 | \$822,000 | \$1,467,000 | \$27,000 | \$84,000 | \$740,000 | \$27,356,000 | \$64,622,000 |
| G. DIFFERENCE | | -\$6,041,000 | \$0 | -\$26,000 | -\$775,000 | -\$607,000 | \$0 | -\$27,000 | \$0 | -\$114,000 | -\$204,000 | -\$4,000 | -\$11,000 | -\$103,000 | -\$3,759,000 | -\$11,671,000 |

a/ Start-Up Cost: This is related to start-up funds needed for new facilities/programs, program expansion, and program continuations.

b/ A "deflection" is defined as a person who is in a community setting and who is deflected away from placement in a developmental center.

Community Placement Plan
Purchase of Services
Summary of Costs by POS Category
Budget Year

For the 2011-12 May Revision, Regular CPP costs are updated with the following.

| CPP Activity | # of Consumers | Living Arrangement | | | | Day Programs | Work Activity Program | Supported Employment Program | | Transportation | Support Services | In-Home Respite | Out-of-Home Respite | Health Care | Misc. | CY 2010-11 Total POS |
|---|----------------|---------------------------|----------------------------|------------------------------|--------------------|--------------------|-----------------------|------------------------------|------------|------------------|--------------------|-----------------|---------------------|------------------|---------------------|----------------------|
| | | Community Care Facilities | Adult Family Home Agencies | Intermediate Care Facilities | Supported Living | | | Group | Individual | | | | | | | |
| A. Start-Up a/ | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,975,000 | \$25,975,000 |
| B. Assessment | 186 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$501,000 | \$501,000 |
| C. Placement | 197 | \$15,118,000 | \$0 | \$181,000 | \$2,812,000 | \$4,364,000 | \$0 | \$195,000 | \$0 | \$822,000 | \$1,467,000 | \$27,000 | \$84,000 | \$740,000 | \$880,000 | \$26,690,000 |
| D. Deflection b/ | 93 | \$10,439,000 | \$0 | \$0 | \$1,017,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,456,000 |
| E. 2011-12 MAY REV 2011-12 TOTAL | | \$25,557,000 | \$0 | \$181,000 | \$3,829,000 | \$4,364,000 | \$0 | \$195,000 | \$0 | \$822,000 | \$1,467,000 | \$27,000 | \$84,000 | \$740,000 | \$27,356,000 | \$64,622,000 |
| F. 2011-12 NOV EST 2011-12 TOTAL | | \$25,557,000 | \$0 | \$181,000 | \$3,829,000 | \$4,364,000 | \$0 | \$195,000 | \$0 | \$822,000 | \$1,467,000 | \$27,000 | \$84,000 | \$740,000 | \$27,356,000 | \$64,622,000 |
| G. DIFFERENCE | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

a/ Start-Up Cost: This is related to start-up funds needed for new facilities/programs, program expansion, and program continuations.

b/ A "deflection" is defined as a person who is in a community setting and who is deflected away from placement in a developmental center.

Community Placement Plan
Purchase of Services
Cost and Service Utilization Assumptions for Placements
Current Year

For the 2011-12 May Revision, Regular CPP costs are assumed to be the following.

| Living Arrangement | # of Consumers | % of Total | Consumer Months | Living Arrangement | | | | Day Programs | Work Activity Program | Supported Employment Program | | Transportation | Support Services | In-Home Respite | Out-of-Home Respite | Health Care | Misc. | Total |
|--|----------------|-------------|-----------------|---------------------|----------------------------|------------------------------|-------------------------|----------------------|-----------------------|------------------------------|-------------------|-------------------|--------------------|-----------------|---------------------|----------------------|--------------------------------|---------------------|
| | | | | CCF | Adult Family Home Agencies | Intermediate Care Facilities | Supported Living | | | Group | Individual | | | | | | | |
| Regular CPP | | | | | | | | | | | | | | | | | | |
| ● Community Care Facilities (CCF) | | | | | | | | | | | | | | | | | | |
| ● Residential Facilities | 28 | 14% | 199 | \$1,782,000 | | | | \$666,000 | | | \$90,000 | \$300,000 | | \$6,000 | \$22,000 | \$151,000 | \$3,017,000 | |
| ● Specialized Residential Facilities (SRF) | 134 | 66% | 879 | \$10,914,000 | | | | \$2,535,000 | \$168,000 | | \$493,000 | \$850,000 | | \$33,000 | \$551,000 | \$375,000 | \$15,919,000 | |
| ● Intermediate Care Facilities (ICF) | 12 | 6% | 51 | | | \$155,000 | | \$150,000 | | | \$19,000 | \$70,000 | | \$9,000 | \$15,000 | \$83,000 | \$501,000 | |
| ● Supported Living Avg Cost/Consumer Mo | 22 | 11% | 133 | | | | \$2,421,000 \$18,203 | \$360,000 \$2,707 | | | \$90,000 \$677 | \$42,000 \$316 | | \$3,000 \$23 | \$48,000 \$361 | \$148,000 \$1,113 | \$3,112,000 \$23,397 | |
| ● Other (Own Home, etc.) | 7 | 3% | 21 | \$323,000 | | | | \$46,000 | | | \$16,000 | \$1,000 | \$23,000 | \$22,000 | \$1,000 | \$0 | \$432,000 | |
| TOTAL | 203 | 100% | 1,283 | \$13,019,000 | \$0 | \$155,000 | \$2,421,000 | \$3,757,000 | \$0 | \$168,000 | \$0 | \$708,000 | \$1,263,000 | \$23,000 | \$73,000 | \$637,000 | \$757,000 | \$22,981,000 |

Community Placement Plan
Purchase of Services
Cost and Service Utilization Assumptions for Placements
Budget Year

For the 2011-12 May Revision, Regular CPP costs are assumed to be the following.

| Living Arrangement | # of Consumers | % of Total | Consumer Months | Living Arrangement | | | | Day Programs | Work Activity Program | Supported Employment Program | | Transportation | Support Services | In-Home Respite | Out-of-Home Respite | Health Care | Misc. | Total |
|--|----------------|-------------|-----------------|---------------------|----------------------------|------------------------------|--------------------|--------------------|-----------------------|------------------------------|------------|------------------|--------------------|-----------------|---------------------|------------------|---------------------|---------------------|
| | | | | CCF | Adult Family Home Agencies | Intermediate Care Facilities | Supported Living | | | Group | Individual | | | | | | | |
| Regular CPP | | | | | | | | | | | | | | | | | | |
| ● Community Care Facilities (CCF) | | | | | | | | | | | | | | | | | | |
| ● Residential Facilities | 27 | 14% | 199 | \$2,069,000 | | | | \$774,000 | | | \$104,000 | \$349,000 | | \$7,000 | \$26,000 | \$176,000 | \$3,505,000 | |
| ● Specialized Residential Facilities (SRF) | 130 | 66% | 879 | \$12,674,000 | | | | \$2,944,000 | \$195,000 | | \$574,000 | \$987,000 | | \$38,000 | \$640,000 | \$436,000 | \$18,488,000 | |
| ● Intermediate Care Facilities (ICF) | 12 | 6% | 51 | | | \$181,000 | | \$174,000 | | | \$22,000 | \$81,000 | | \$10,000 | \$17,000 | \$96,000 | \$581,000 | |
| ● Supported Living | 21 | 11% | 133 | | | | \$2,812,000 | \$418,000 | | | \$104,000 | \$49,000 | | \$4,000 | \$56,000 | \$172,000 | \$3,615,000 | |
| Avg Cost/Consumer Mo | | | | | | | \$21,143 | \$3,143 | | | \$782 | \$368 | | \$30 | \$421 | \$1,293 | \$27,179 | |
| ● Other (Own Home, etc.) | 7 | 3% | 21 | \$375,000 | | | | \$54,000 | | | \$18,000 | \$1,000 | \$27,000 | \$25,000 | \$1,000 | \$0 | \$501,000 | |
| TOTAL | 197 | 100% | 1,283 | \$15,118,000 | \$0 | \$181,000 | \$2,812,000 | \$4,364,000 | \$0 | \$195,000 | \$0 | \$822,000 | \$1,467,000 | \$27,000 | \$84,000 | \$740,000 | \$880,000 | \$26,690,000 |

COMMUNITY PLACEMENT PLAN
Lanterman Developmental Center Closure Share of Funds
CY & BY

CPP efforts have been refocused in 2010-11 and 2011-12 to achieve a safe and successful transition of individuals with developmental disabilities from Lanterman Developmental Center (LDC) to the community. This chart reflects the CPP costs dedicated to the LDC closure.

| | CY 2010-11 | BY 2011-12 |
|--|--------------|--------------|
| I. OPERATIONS | \$8,738,000 | \$8,738,000 |
| II. PURCHASE OF SERVICES | | |
| A. Start-Up | 18,870,000 | 18,870,000 |
| B. Assessment | 332,000 | 332,000 |
| C. Placement | 17,604,000 | 17,604,000 |
| D. Deflection | 0 | 5,133,000 |
| E. SUBTOTAL POS (A + B + C + D) | \$36,806,000 | \$41,939,000 |
| III. TOTAL CPP (I. + II.E.) | \$45,544,000 | \$50,677,000 |

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SECTION E: ESTIMATE METHODOLOGIES (continued)

FUND SOURCES

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General Fund

DESCRIPTION:

The General Fund (GF) is the main operating fund of the State.

ASSUMPTIONS/METHODOLOGY:

| | | | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-----------|-----------|------------------------|------------------------|
| ● GF Match: | | | \$1,042,859,000 | \$1,303,243,000 |
| This portion of GF is required to use as a match to reimbursements received from the Department of Health Care Services (DHCS). These reimbursements are originally funded by the federal government and passed through DHCS (the federally-recognized single state agency for Medicaid). The federal financial participation (FFP) costs are established by utilizing the Federal Medical Assistance Program (FMAP) percentages. They are as follows: | | | | |
| FMAP % of GF Match | <u>CY</u> | <u>BY</u> | | |
| <i>Home and Community-Based Services (HCBS) Waiver</i> | 40.29% | 50.00% | 799,242,000 | 918,247,000 |
| <i>HCBS Waiver Administration</i> | 50.00% | 50.00% | 5,801,000 | 7,613,000 |
| <i>Medicaid Administration</i> | 25.00% | 25.00% | 4,439,000 | 4,079,000 |
| <i>Targeted Case Management (TCM)</i> | 40.29% | 50.00% | 104,295,000 | 132,492,000 |
| <i>TCM Administration</i> | 50.00% | 50.00% | 3,573,000 | 3,647,000 |
| <i>SDS HCBS Waiver Administration</i> | 50.00% | 50.00% | 430,000 | 0 |
| <i>Intermediate Care Facility/Developmentally Disabled (ICF/DD) State Plan Amendment (SPA)</i> | 40.29% | 50.00% | 38,859,000 | 48,928,000 |
| <i>1915(i) SPA</i> | 40.29% | 50.00% | 81,230,000 | 164,907,000 |
| <i>TCM SPA</i> | 40.29% | 50.00% | 2,432,000 | 3,066,000 |
| <i>ICF-DD SPA Administration Fees (Quality Assurance)</i> | | | 2,558,000 | 734,000 |
| <i>Money Follows the Person Grant</i> | | | 0 | 2,294,000 |
| <i>Impacts from Other Departments FFP</i> | | | 0 | 16,036,000 |
| <i>1915(k) Medicaid State Plan</i> | | | 0 | 1,200,000 |
| ● GF Other: | | | \$1,106,026,000 | \$986,857,000 |
| These costs consist of the remainder of total regional center expenditures not included in the GF Match, Reimbursements, Program Development Fund, Developmental Disabilities Services Account, Mental Health Services Fund, California First Five Commission or Federal Funds. | | | | |

FUNDING:

These GF are reflected in the Operations and Purchase of Services sections of the estimate.

CHANGE FROM PRIOR ESTIMATE:

The expenditures have been updated using the most current available data.

| | | | |
|-----------------------------|--|------------------------|------------------------|
| ● TOTAL EXPENDITURES | | \$2,148,885,000 | \$2,290,100,000 |
| Total General Fund | | \$2,148,885,000 | \$2,290,100,000 |
| <i>GF Match</i> | | \$1,042,859,000 | \$1,303,243,000 |
| <i>GF Other</i> | | \$1,106,026,000 | \$986,857,000 |

Reimbursements
Summary of Reimbursements and General Fund (GF) Match

| REIMBURSEMENTS a/ | 2011-12 May Revision CY 2010-11 | 2011-12 May Revision BY 2011-12 |
|--|--|--|
| A. Home and Community-Based Services (HCBS) Waiver | \$1,983,723,000 | \$1,863,328,000 |
| 1. Reimbursement (from DHCS) = CY 59.71 % and BY 50% | 1,184,481,000 | 945,081,000 |
| 2. DDS GF Match =CY 40.29% and BY 50% (Purchase of Services) | 799,242,000 | 918,247,000 |
| B. HCBS Waiver Administration | \$11,603,000 | \$16,717,000 |
| 1. Reimbursement (from DHCS) = 50% + Control Section 3.91 FFP | 5,802,000 | 9,104,000 |
| 2. DDS GF Match = 50% (Operations) | 5,801,000 | 7,613,000 |
| C. Medicaid Administration | \$17,755,000 | \$16,315,000 |
| 1. Reimbursement (from DHCS) = 75% | 13,316,000 | 12,236,000 |
| 2. DDS GF Match = 25% (Operations) | 4,439,000 | 4,079,000 |
| D. Targeted Case Management (TCM) | \$258,861,000 | \$264,984,000 |
| 1. Reimbursement (from DHCS) = CY 59.71 % and BY 50% | 154,566,000 | 132,492,000 |
| 2. DDS GF Match =CY 40.29% and BY 50% (Operations) | 104,295,000 | 132,492,000 |
| E. Targeted Case Management Administration | \$7,146,000 | \$7,294,000 |
| 1. Reimbursement (from DHCS) = 50% | 3,573,000 | 3,647,000 |
| 2. DDS GF Match = 50% (Operations) | 3,573,000 | 3,647,000 |
| F. Title XX Block Grant | \$225,060,000 | \$225,060,000 |
| 1a. Social Services (from DSS) = 100% | 147,903,000 | 147,903,000 |
| 1b. Temporary Assistance for Needy Families (TANF) (from DSS) = 100% | 77,157,000 | 77,157,000 |
| 2. DDS GF Match (Purchase of Services) | 0 | 0 |
| G. Self-Directed Services Home and Community Based Services Waiver Administration | \$861,000 | \$0 |
| 1. Reimbursement (from DHCS) = 50% | 431,000 | 0 |
| 2. DDS GF Match = 50% (Operations) | 430,000 | 0 |
| H. ICF/DD State Plan Amendment | \$96,449,000 | \$97,856,000 |
| 1. Reimbursement (from DHCS) = CY 59.71 % and BY 50% | 57,590,000 | 48,928,000 |
| 2. DDS GF Match =CY 40.29% and BY 50% (Purchase of Services) | 38,859,000 | 48,928,000 |
| I. Quality Assurance Admin Fees(Transfer from DHCS) | \$36,369,000 | \$10,693,000 |
| 1. Reimbursement (from DHCS) | \$33,811,000 | \$9,959,000 |
| 2. DDS GF Match (Purchase of Services & Operations) | \$2,558,000 | \$734,000 |
| J. Vocational Rehabilitation (VR) | \$118,000 | \$118,000 |
| 1. VR Reimbursement (from DOR) 100% | 118,000 | 118,000 |
| 2. DDS GF Match (Purchase of Services) | 0 | 0 |
| K. TCM State Plan Amendment | \$6,037,000 | \$6,133,000 |
| 1. Reimbursement = CY 59.71 % and BY 50% | 3,605,000 | 3,067,000 |
| 2. DDS GF Match =CY 40.29% and BY 50% (Operations) | 2,432,000 | 3,066,000 |
| L. 1915 (j) State Plan Amendment | \$201,613,000 | \$329,814,000 |
| 1. Reimbursement (from DHCS) = CY 59.71 % and BY 50% | 120,383,000 | 164,907,000 |
| 2. DDS GF Match =CY 40.29% and BY 50% (Purchase of Services) | 81,230,000 | 164,907,000 |
| M. Money Follows the Person Grant | \$3,537,000 | \$17,712,000 |
| 1. Reimbursement (from DHCS) = 100% | 3,537,000 | 15,418,000 |
| 2. DDS GF Match (Operations / POS) | 0 | 2,294,000 |
| N. California First Five Commission | \$50,000,000 | \$50,000,000 |
| 1. Reimbursement = 100%; | 50,000,000 | 50,000,000 |
| 2. DDS GF Match (Purchase of Services) | 0 | 0 |
| O. Homeland Security Grant | \$210,000 | \$210,000 |
| 1. Reimbursement (from DHCS) = 100% | 210,000 | 210,000 |
| 2. DDS GF Match (Operations) | 0 | 0 |
| P. Impacts from Other Departments FFP | \$0 | \$2,073,000 |
| 1. Reimbursement (from DHCS) | 0 | 16,037,000 |
| 2. DDS GF Match (Purchase of Services) | 0 | 16,036,000 |
| Q. 1915(k) Medicaid State Plan | \$0 | \$2,400,000 |
| 1. Reimbursement (from DHCS) | 0 | 1,200,000 |
| 2. DDS GF Match (Purchase of Services) | 0 | 1,200,000 |
| R. TOTAL | \$2,899,342,000 | \$2,940,707,000 |
| 1. Reimbursements | \$1,856,483,000 | \$1,637,464,000 |
| 2. Total GF Match | \$1,042,859,000 | \$1,303,243,000 |

a/ Reimbursements are funds received via other state agencies.

Home and Community-Based Services Waiver

DESCRIPTION:

The Home and Community-Based Services (HCBS) Waiver program enables the Department of Developmental Services (DDS) to provide a broad array of HCBS to eligible individuals who, without these services, would require the level of care provided in an intermediate care facility for the developmentally disabled.

KEY DATA/ASSUMPTIONS:

Data Source: Medicaid Waiver Total Billed Dollar Amounts and Client Counts report, dated March 3, 2011 for the period of July 2010 - December 2010.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|------------------------|------------------------|
| ● Base: | \$1,919,388,000 | \$1,954,877,000 |
| ● Current Year (CY) | | |
| Total estimated expenditures based on 2010-11 billing data for the period of July 2010 - December 2010 times 2 | 1,939,787,586 | |
| Less 2009-10 Community Placement Plan (CPP) Placements | -20,400,000 | |
| ● Budget Year (BY) | | |
| Total Estimated prior-year HCBS Waiver Expenditures | | 1,983,723,000 |
| Less CY CPP Placements | | -19,582,000 |
| ● Annual Growth (New RC Consumers) | \$38,369,000 | \$45,799,000 |
| ● CY | | |
| ● 2010-11 Annual Growth | 12,305,000 | |
| Add 6 months of annual growth costs in CY for 1,540 consumers who will be new to the Regional Center (RC) system and added to the HCBS Waiver in CY (1,540 x \$17,000 (annual cost/consumer) x .47 (phase-in factor) = \$12,305,000). | | |
| ● 2009-10 Annual Growth Continuation | 26,064,000 | |
| ● BY | | |
| 2011-12 Annual Growth | | 24,535,000 |
| Add 6 months of annual growth costs in BY for 2,532 consumers who will be new to the RC system and added to the HCBS Waiver in BY (2,532 x \$17,000 (annual cost/consumer) x .57 (phase-in factor) = \$24,535,000). | | |
| ● 2010-11 Annual Growth Continuation | | 21,264,000 |
| ● Increase of Waiver Base Growth | \$5,733,000 | \$20,098,000 |
| ● CY Increase of Waiver Base Growth | 5,733,000 | |
| ● BY Increase of Waiver Base Growth Continuation | | 9,909,000 |
| ● BY Increase of Waiver BaseGrowth | | 10,189,000 |

Home and Community-Based Services Waiver

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|---|
| <ul style="list-style-type: none"> ● CPP The annual cost for the total number of HCBS Waiver-eligible CPP placements in each living arrangement was multiplied by the respective percent of costs eligible for HCBS Waiver for each Purchase of Services (POS) budget category. | \$19,582,000 | \$23,297,000 |
| <ul style="list-style-type: none"> ● CY Total HCBS Waiver-billable costs for 167 Waiver-eligible consumers: | 19,582,000 | |
| <ul style="list-style-type: none"> ● BY Total HCBS Waiver-billable costs for 162 new Waiver-eligible consumers: | | 23,297,000 |
| <ul style="list-style-type: none"> ● Placement/Deflection Continuation: The annual estimated Placement/Deflection Continuation costs for the total number of HCBS Waiver-eligible placements in each living arrangement was multiplied by the respective percent of costs eligible for HCBS Waiver for each POS budget category. | \$16,650,000 | \$16,650,000 |
| <ul style="list-style-type: none"> ● CY and BY <ul style="list-style-type: none"> ● Total HCBS Waiver-billable costs for 146 Waiver-eligible consumers | 16,650,000 | 16,650,000 |
| <ul style="list-style-type: none"> ● Social Security Income/State Supplementary Payment Increase/RC Savings | \$0 | -\$113,000 |
| <ul style="list-style-type: none"> ● 1.25% Payment Reduction | -\$15,999,000 | |
| <ul style="list-style-type: none"> ● BY 1.25 Incremental Payment Reduction | | -\$548,000 |
| <ul style="list-style-type: none"> ● Revised Major Assumptions: <ul style="list-style-type: none"> ● Fiscal Management Services for Participant-Directed Services | \$0 | \$1,763,000 |
| <ul style="list-style-type: none"> ● Legislative Changes <ul style="list-style-type: none"> ● Cost Containment Measures ● Large Residential Facilities | | -161,600,000 -165,000,000 \$3,400,000 |
| <ul style="list-style-type: none"> ● TOTAL EXPENDITURES | \$1,983,723,000 | \$1,900,223,000 * |
| <ul style="list-style-type: none"> ● Federal Medical Assistance Percentage (FMAP) (59.71% effective CY and 50% effective BY) year to year FMAP change due to the sunset of ARRA | 59.71% | 50.00% |
| <ul style="list-style-type: none"> ● Total Federal Financial Participation (FFP) | \$1,184,481,000 | \$950,112,000 |
| <ul style="list-style-type: none"> ● General Fund (GF) Match | \$799,242,000 | \$950,111,000 |

Home and Community-Based Services Waiver

METHODOLOGY (continued):

FUNDING:

HCBS Waiver reimbursements fund a broad array of Purchase of Services (POS) costs for eligible individuals. The expenditure of HCBS Waiver reimbursements are in all of the POS budget categories, except Medical Facilities.

CHANGE FROM PRIOR ESTIMATE:

The CY and BY estimates reflect the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

The BY estimate reflects the additional growth in HCBS Waiver billables, offset by a decrease in FFP due to the sunset of American Recovery and Reimbursement Act in June 2011.

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Home and Community-Based Services Waiver**Estimated Distribution in Purchase of Services****EXPENDITURES:**

| | FYI Only Estimated % of Costs Billable to HCBS Waiver | % of Actual 2009-10 Waiver Expenditures by Budget Category | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|--|---|------------------------|------------------------|
| TOTAL ESTIMATED HCBS WAIVER-BILLABLE EXPENDITURES | | | \$1,983,723,000 | \$1,900,223,000 |
| <i>GF Match</i> | | | 799,242,000 | 950,111,000 |
| <i>FFP (from DHCS)</i> | | | 1,184,481,000 | 950,112,000 |
| <i>FMAP</i> | | | 59.71% | 50.0% |
| Purchase of Services | | | | |
| Community Care Facilities | 79% | 32.87% | 652,050,000 | 624,024,000 |
| <i>GF Match</i> | | | 262,711,000 | 312,012,000 |
| <i>FFP</i> | | | 389,339,000 | 312,012,000 |
| Day Programs | 51% | 19.79% | 392,579,000 | 375,705,000 |
| <i>GF Match</i> | | | 158,170,000 | 187,852,000 |
| <i>FFP</i> | | | 234,409,000 | 187,853,000 |
| Work Activity Program | 60% | 1.80% | 35,707,000 | 34,172,000 |
| <i>GF Match</i> | | | 14,386,000 | 17,086,000 |
| <i>FFP</i> | | | 21,321,000 | 17,086,000 |
| Supported Employment Placement (SEP) / Group | 38% | 1.30% | 25,788,000 | 24,680,000 |
| <i>GF Match</i> | | | 10,390,000 | 12,340,000 |
| <i>FFP</i> | | | 15,398,000 | 12,340,000 |
| SEP / Individual | 23% | 0.24% | 4,761,000 | 4,556,000 |
| <i>GF Match</i> | | | 1,918,000 | 2,278,000 |
| <i>FFP</i> | | | 2,843,000 | 2,278,000 |
| Transportation | 54% | 6.31% | 125,173,000 | 119,793,000 |
| <i>GF Match</i> | | | 50,432,000 | 59,897,000 |
| <i>FFP</i> | | | 74,741,000 | 59,896,000 |
| Support Services | 68% | 23.57% | 467,564,000 | 447,467,000 |
| <i>GF Match</i> | | | 188,382,000 | 223,733,000 |
| <i>FFP</i> | | | 279,182,000 | 223,734,000 |
| In-Home Respite | 61% | 6.57% | 130,331,000 | 124,729,000 |
| <i>GF Match</i> | | | 52,511,000 | 62,365,000 |
| <i>FFP</i> | | | 77,820,000 | 62,364,000 |
| Out-of-Home Respite | 52% | 1.37% | 27,177,000 | 26,009,000 |
| <i>GF Match</i> | | | 10,950,000 | 13,005,000 |
| <i>FFP</i> | | | 16,227,000 | 13,004,000 |
| Health Care | 10% | 0.42% | 8,332,000 | 7,974,000 |
| <i>GF Match</i> | | | 3,357,000 | 3,987,000 |
| <i>FFP</i> | | | 4,975,000 | 3,987,000 |
| Miscellaneous | 28% | 5.76% | 114,262,000 | 109,351,000 |
| <i>GF Match</i> | | | 46,036,000 | 54,675,000 |
| <i>FFP</i> | | | 68,226,000 | 54,676,000 |

Revised Major Assumptions:

| | |
|--|-----------|
| Fiscal Management Services for Participant-Directed Services | 1,763,000 |
| <i>GF Match</i> | 881,000 |
| <i>FFP</i> | 882,000 |

Home and Community-Based Services Waiver Administration

DESCRIPTION:

The Home and Community-Based Services (HCBS) Waiver enables the Department of Developmental Services (DDS) to provide a broad array of home and community-based services to eligible individuals who, without these services, would require the level of care provided in an intermediate care facility for the developmentally disabled. These HCBS Waiver Administration funds are for the proper and efficient administration of the HCBS Waiver.

ASSUMPTIONS/METHODOLOGY:

Training for Direct Support Professional (DSP) Staff:

Welfare and Institutions Code Section 4695.2, Statutes of 1998, mandates all DSPs working in licensed community care facilities (CCFs) to either pass competency tests or satisfactorily complete each of two consecutive 35-hour training segments within two years of the date of hire. The testing and training program is conducted through an Interagency Agreement (IA) with the Department of Education (DOE). This estimate of Operations costs covers the costs of challenge tests, training and the IA with DOE.

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| <ul style="list-style-type: none"> ● Training for DSP Staff <ul style="list-style-type: none"> ● Current Year(CY) and Budget Year(BY): Total cost of DSP Training is \$3,582,000 ● 79% of the consumers residing in CCFs are HCBS Waiver eligible; therefore, it is assumed that 79% of the DSP Training costs are eligible for HCBS Waiver Administration reimbursement. $\\$3,582,000 \times .79 = \\$2,830,000$ ● The FFP portion of the HCBS Waiver Administration-eligible costs is 50%. $\\$2,830,000 \times .50 = \\$1,415,000$ ● These costs are reflected in the DSP Training estimate, under Operations, Projects. | \$2,830,000 | \$2,830,000 |

Collection of Federal Financial Participation (FFP) for Contracted Services

Regional center staff will renegotiate contracts with vendors, liaison with the Department of Developmental Services experts on changes required to expand and enhance existing billing options, train vendors and regional center personnel involved in the billing process to key enter necessary attendance and other required billing data from paper invoices submitted by vendors, and review, adjust and/or correct attendance data after it is uploaded to the Uniform Fiscal System to assure proper payment to vendors. These resources will allow the State to collect HCBS Waiver Administration reimbursements.

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| <ul style="list-style-type: none"> ● Staffing for Collection of FFP for Contracted Services <ul style="list-style-type: none"> ● CY 2010-11 <ul style="list-style-type: none"> ● Total cost of Staffing for Collection of FFP for Contracted Services is \$2,228,000. ● 37% of the total community population is HCBS Waiver eligible. ● Therefore 37% of the total costs would be FFP + General Fund (GF) Match. $\\$2,228,000 \times .37 = \\$824,000$ ● $\\$824,000 \times .5 = \\$412,000$ FFP | \$824,000 | \$824,000 |

Home and Community-Based Services Waiver Administration

ASSUMPTIONS/METHODOLOGY (continued):

- **BY 2011-12**
 - Total cost of Staffing for Collection of FFP for Contracted Services is \$2,228,000.
 - 36% of the total community population is HCBS Waiver eligible.
 - Therefore 36% of the total costs would be FFP + GF Match.
 $\$2,228,000 \times .36 = \$802,000$
 - $\$802,000 \times .5 = \$401,000$ FFP
- These costs are reflected under Operations, Staffing.

FFP Enhancement (Related to 2003-04 Enhancing FFP Budget Change Proposal):

The Centers for Medicare & Medicaid Services (CMS) approved rate-setting methodology for the Targeted Case Management (TCM) program distributes administrative costs previously included in TCM to other programs.

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|--|
| ● FFP Enhancement (related to 2003-04 Enhancing FFP BCP): | \$7,867,000 | \$7,992,000 |
| ● Total RC Administrative Costs for CY \$7,867,000 and for BY \$7,992,000 | | |
| ● The FFP portion of total HCBS Waiver Administration-eligible costs is 50%. | | |
| $\$7,867,000 \times .50 = \$3,934,000$ | | $\$7,992,000 \times .50 = \$3,996,000$ |

2007-08 Legislative Augmentation: Resources for Health Care Community Specialists

Reimbursement related to Agnews Ongoing workload Health Care Community Specialists positions were moved from Medicaid Administration (MA) to HCBS Waiver Administration. 98% of the total personal services and operating expenses for the above positions were eligible for waiver.

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|--------------------------------------|
| ● 2007-08 Legislative Augmentation: Resources for Health Care Community Specialists | \$622,000 | \$1,064,000 |
| ● Total personal services and operating expenses Costs for CY \$635,000 and BY \$1,086,000 | | |
| ● 98% of Agnews Consumers are HCBS Waiver eligible | | |
| ● Therefore 98% of the CY and BY costs would be CY \$622,000 and BY \$1,064,000 | | |
| ● The FFP portion of total costs is 50%. | | |
| $\$622,000 \times .50 = \$311,000$ | | $\$1,064,000 \times .50 = \$532,000$ |

New Major Assumptions

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| ● Federal Medicaid Requirments for RC Vendeded Providers | \$0 | \$984,000 |
| ● BY Total Costs \$984,000 | | |
| ● The FFP portion of total costs is 50%. | | |
| $\$984,000 \times .50 = \$492,000$ | | |

2011-12 Legislative Augmentation: Additional FFP for Projects

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| ● BY Total Costs \$6,000,000 | \$0 | \$6,000,000 |
| ● The FFP portion of total costs is 50%. | | |
| $\$6,000,000 \times .50 = \$3,000,000$ | | |

Home and Community-Based Services Waiver Administration

ASSUMPTIONS/METHODOLOGY (continued):

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| <u>Less 4.25% Payment Reduction</u> | | |
| • CY and BY 4.25% Payment Reduction | -\$540,000 | -\$960,000 |

FUNDING:

Funding for HCBS Waiver Administration reimbursement is 50% FFP and 50% General Fund.

CHANGE FROM PRIOR ESTIMATE:

No Change

REASON FOR YEAR-TO-YEAR CHANGE:

The reimbursement amounts reflect the most current available data and rates information.

EXPENDITURES:

| | | |
|----------|--------------|----------------|
| TOTAL | \$11,603,000 | \$18,734,000 * |
| FFP | 5,802,000 | 9,367,000 |
| GF Match | 5,801,000 | 9,367,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

Medicaid Administration

DESCRIPTION:

Clinical Support Teams and Senate Bill (SB) 1038 Health Reviews

Clinical support teams ensure the regional centers' (RC) ability to adequately monitor the health care of consumers with severe behavior and/or medical problems; to provide health-related consultation to these consumers, their families, providers and other community health professionals; to ensure careful and complete mortality reviews for these consumers' deaths; and to ensure health care access and advocacy for these consumers.

In addition, clinical support teams complete yearly reviews of medications, health care plans and behavioral plans for all consumers in community care facilities and in supported and independent living arrangements. Clinical teams also review circumstances leading to all deaths of these consumers.

Pursuant to SB 1038 (Chapter 1043, Statutes of 1998), RC physicians and nurses (with clerical support) provide medical reviews for the remainder of the community consumers who are not getting medical reviews from the clinical support teams. These activities are eligible for federal Medicaid Administration (MA) reimbursement.

Compliance with Home and Community-Based Services (HCBS) Waiver Requirements

RC physicians and psychiatrists perform activities, including clinical consultation, monitoring and review of consumers' medications, to ensure the RC system maintains compliance with the HCBS Waiver.

Agnews Ongoing Workload (AOW)

Consistent with passage of Assembly Bill 1378 (Chapter 538, Statutes of 2005) AOW employees will provide clinical support services to ensure the health and well being of Agnews residents as they transition into the community consistent with the Department of Developmental Services' (DDS) Interagency Agreement for MA with the Department of Health Care Services.

Nurse consultants will monitor consumer health care plans and health care for Agnews residents living in SB 962 homes. One dental coordinator at each of the Bay Area RC (RC of the East Bay, San Andreas RC and Golden Gate RC) will promote and coordinate dental resources for Agnews residents that have moved into the community.

State employees in the community may participate in all MA activities, including clinical support teams, SB 1038 health reviews, and compliance with HCBS Waiver requirements.

ASSUMPTIONS:

- The cost of providing health reviews is provided to DDS by the RC's each year.

Medicaid Administration

METHODOLOGY:

- Current Year (CY) and Budget Year (BY) total costs for Clinical Support Teams and SB 1038 Health Reviews are based on 2008-09 data collected from the RC's (\$18,296,000).
 - Of the consumers receiving health reviews, 72% are Medicaid eligible; therefore, it is assumed that 72% of costs are eligible for MA reimbursement ($\$18,296,000 \times .72 = \$13,173,000$).
 - The Federal Financial Participation (FFP) portion of total MA-eligible costs is 75% ($\$13,173,000 \times .75 = \$9,880,000$).
- Staffing for Compliance with HCBS Waiver Requirements-CY and BY
 - Total personal services and operating costs related to MA are estimated to be \$2,600,000.
 - 100% of these costs are eligible for MA because related staff will be working only with HCBS Waiver consumers.
 - The FFP portion of total MA-eligible costs is 75% ($\$2,600,000 \times .75 = \$1,950,000$).
- Agnews Ongoing Workload-CY and BY
 - Nurse Consultants
 - CY
 - Total personal services and operating costs related to MA are estimated to be \$356,000.
 - Consistent with the CPP assumptions, 98% of these costs are eligible for MA ($\$356,000 \times .98 = \$349,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$349,000 \times .75 = \$262,000$).
 - BY
 - Total personal services and operating costs related to MA are estimated to be \$189,000.
 - Consistent with the CPP assumptions, 98% of these costs are eligible for MA ($\$189,000 \times .98 = \$185,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$185,000 \times .75 = \$139,000$).
 - State Employees in the Community
 - CY
 - Total personal services and operating costs related to MA are estimated to be \$1,815,000.
 - Consistent with the Community Placement Plan (CPP) assumptions, 98% of these costs are eligible for MA ($\$1,815,000 \times .98 = \$1,779,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$1,779,000 \times .75 = \$1,334,000$).
 - BY
 - Total personal services and operating costs related to MA are estimated to be \$1,016,000.
 - Consistent with the Community Placement Plan (CPP) assumptions, 98% of these costs are eligible for MA ($\$1,016,000 \times .98 = \$996,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$996,000 \times .75 = \$747,000$).
 - Dental Coordinators
 - CY
 - Total personal services and operating costs related to MA are estimated to be \$278,000.
 - Consistent with the CPP assumptions, 98% of these costs are eligible for MA ($\$278,000 \times .98 = \$272,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$272,000 \times .75 = \$204,000$).
 - BY
 - Total personal services and operating costs related to MA are estimated to be \$236,000.
 - Consistent with the CPP assumptions, 98% of these costs are eligible for MA ($\$236,000 \times .98 = \$231,000$).
 - The FFP portion of total MA-eligible costs is 75% ($\$231,000 \times .75 = \$173,000$).

Medicaid Administration

METHODOLOGY: (continued)

- 4.25% Payment Reduction
 - CY Total personal services and operating costs related to this reduction for MA are estimated to be -\$827,000.
 - It is assumed that 100% of these costs are eligible for MA.
 - The FFP portion of this reduction for MA-eligible costs is 75% ($-\$827,000 \times .75 = -\$620,000$).
 - BY Total personal services and operating costs related to this reduction for MA are estimated to be -\$764,000.
 - It is assumed that 100% of these costs are eligible for MA.
 - The FFP portion of this reduction for MA-eligible costs is 75% ($-\$764,000 \times .75 = -\$573,000$).

- CY and BY Target Savings
 - Total personal services and operating costs related to MA are estimated to be -\$270,000.
 - It is assumed that 100% of these costs are eligible for MA.
 - The FFP portion of total MA-eligible costs is 75% ($-\$270,000 \times .75 = -\$203,000$).

FUNDING:

The MA reimbursement is 75% FFP and 25% General Fund (GF). These MA funds are reflected in Operations Core Staffing, Compliance with HCBS Waiver Requirements estimate, and AOW.

CHANGE FROM PRIOR ESTIMATE:

The reimbursement amounts reflect the most current personal services data.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-----------------|-------------------|-------------------|
| TOTAL | \$17,755,000 | \$16,415,000 |
| <i>FFP</i> | 13,316,000 | 12,336,000 |
| <i>GF Match</i> | 4,439,000 | 4,079,000 |

Targeted Case Management

DESCRIPTION:

The Targeted Case Management (TCM) program provides Medicaid federal matching funds for case management services provided by regional centers (RC) for specific client groups. There are approximately 152,000 Medi-Cal eligible persons in the RC system. Federal legislation enacted in 1986 defined these case management services as services which "...will assist individuals...in gaining access to needed medical, social, educational, and other services." This means that the cost for most of the RC case manager's time spent on Medi-Cal eligible developmentally disabled persons is eligible for federal financial participation (FFP).

ASSUMPTIONS:

Source data is from the TCM RC Billed Units report dated March 2, 2011 for the period Dec. 2009 -Nov. 2010.

METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| <ul style="list-style-type: none"> ● Base: TCM expenditures are based on actual TCM billable units for a 12-month period (Dec. 2009 - Nov. 2010) multiplied by the RC TCM rates effective July 2010 and adjusted for California Price Index for Current Year (CY) and Budget Year (BY). | \$270,472,000 | \$274,771,000 |
| <ul style="list-style-type: none"> ● Agnews Ongoing Workload (AOW) <ul style="list-style-type: none"> ● CY : Placement Continuation: Client Program Coordinators (CPC). <ul style="list-style-type: none"> ● The total personal services and operating expenses for CPC is \$267,000. ● Approximately 98% of the total cost is eligible for TCM reimbursement (\$267,000 x .98 = \$262,000). | \$ 262,000 | \$0 |
| <ul style="list-style-type: none"> ● RC Service Coordination Enhancement | \$ 2,657,000 | \$ 2,711,000 |
| <ul style="list-style-type: none"> ● 4.25% Operations Funding Reduction | -\$14,530,000 | -\$12,498,000 |
| <ul style="list-style-type: none"> ● TOTAL TCM-ELIGIBLE COSTS: | \$258,861,000 | \$264,984,000 |

Targeted Case Management

FUNDING:

TCM reimbursements fund RC Operations costs for: (1) the case management services provided by CPC, Secretaries for CPCs, Supervising Counselors for CPCs, (2) Health Insurance Portability and Accountability Act Privacy Officers (reflected under Operations, Staffing), (3) the Compliance with Home and Community-Based (HCBS) Waiver Requirements estimate, (4) AOW, and (5) the Case Managers to Meet HCBS Waiver Requirements.

CHANGE FROM PRIOR ESTIMATE:

The reimbursement amounts reflect the most current billable units, TCM rates, and RC personnel costs.

REASON FOR YEAR-TO-YEAR CHANGE:

CY and BY reflects the same assumption for 4.25% Operations funding reduction. FFP will decrease in BY due to the end of the enhanced Federal Medical Assistance Percentages provided under the American Recovery and Reinvestment Act.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--------------------|-------------------|-------------------|
| TOTAL | \$258,861,000 | \$264,984,000 |
| FFP | 154,566,000 | 132,492,000 |
| General Fund Match | 104,295,000 | 132,492,000 |

Targeted Case Management Administration

DESCRIPTION:

The Targeted Case Management (TCM) program provides Medicaid federal matching funds for case management services for specific client groups. There are approximately 152,000 Medi-Cal eligible persons in the regional center (RC) system. Federal legislation enacted in 1986 defined case management services as services which "...will assist individuals...in gaining access to needed medical, social, educational, and other services." This means that the cost for most of the RC case manager's time spent on Medi-Cal eligible developmentally disabled persons and the cost of providing administrative support to the case management program are both eligible for federal financial participation (FFP). These TCM Administration funds are for the proper and efficient administration of the TCM.

ASSUMPTIONS:

- TCM Administration reimbursements in the Current (CY) and Budget Year (BY) will be \$3,573,000 and \$3,647,000 respectively.
- Source of Data: Department of Developmental Services' (DDS) Fiscal Systems - California State Accounting and Reporting System.

METHODOLOGY:

Utilizing a time survey, DDS gathers records of time spent by DDS headquarters personnel providing administrative case management assistance to the RC. These surveys are used to allocate headquarters salaries, wages and benefits and a portion of DDS' statewide cost allocation related to administrative case management support.

| <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------------------|-------------------|
| \$7,146,000 | \$7,294,000 |

FUNDING:

Funding for TCM Administration reimbursement is 50% FFP and 50% General Fund (GF). TCM Administration funds are reflected in the Core Staffing estimate, under Operations.

CHANGE FROM PRIOR ESTIMATE:

This estimate reflects the most current available payroll data.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-----------------|-------------------|-------------------|
| TOTAL | \$7,146,000 | \$7,294,000 |
| <i>FFP</i> | 3,573,000 | 3,647,000 |
| <i>GF Match</i> | 3,573,000 | 3,647,000 |

Targeted Case Management State Plan Amendment

DESCRIPTION:

The Department of Developmental Services (DDS), in conjunction with the Department of Health Care Services (DHCS), submitted a State Plan Amendment (SPA) seeking federal financial participation (FFP) for the cost of Targeted Case Management (TCM) services for Intermediate Care Facility-Developmentally Disabled residents. The SPA was approved December 20, 2010 with an effective date of July 1, 2010 by the Centers for Medicare and Medicaid Services.

IMPLEMENTATION DATE:

July 1, 2010.

ASSUMPTIONS/METHODOLOGY:

This proposal will generate \$3.3 million in federal financial participation (FFP) in Current Year (CY) and \$2.8 million in Budget Year (BY).

FUNDING:

The Federal Medical Assistance Percentages establishes the FFP, which is 59.71 percent in CY and 50 percent in BY. These funds are reflected under Operations, Staffing.

CHANGE FROM PRIOR ESTIMATE:

Reflects the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

No change in estimated total expenditures. The FFP is 59.71 percent in CY and 50 percent in BY.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------|-------------------|-------------------|
| TOTAL | \$6,037,000 | \$6,133,000 |
| <i>FFP</i> | 3,605,000 | 3,067,000 |
| <i>General Fund Match</i> | 2,432,000 | 3,066,000 |

Title XX Block Grant

DESCRIPTION:

Social Services: The State has received federal Title XX Block Grant funds for social services since 1981. Each state has wide discretion in determining the range of services to be provided and how the funds are to be distributed. There is no state match requirement for these funds. In California, the program is administered by the California Department of Social Services (DSS). Federal statute establishes five service goals:

1. Achieving or maintaining economic self-support to prevent, reduce or eliminate dependency;
2. Achieving or maintaining self-sufficiency, including the reduction or prevention of dependency;
3. Preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
4. Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and,
5. Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Temporary Assistance for Needy Families (TANF): These Title XX Block Grant funds are available for regional center expenditures for children under age 18 whose family income is less than 200 percent of the income official poverty line (as defined by the federal Office of Management and Budget) applicable to a family of the size involved.

KEY DATA/ASSUMPTIONS:

The Department of Developmental Services portion of the Title XX Block Grant is determined by the DSS.

FUNDING:

The Title XX Block Grant is determined by the DSS.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

Title XX Block Grant

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|----------------------|----------------------|
| TOTAL TITLE XX BLOCK GRANT | \$225,060,000 | \$225,060,000 |
| SOCIAL SERVICES | \$147,903,000 | \$147,903,000 |
| ESTIMATED DISTRIBUTION IN RC PURCHASE OF SERVICES | | |
| <i>Day Programs</i> | 48,497,000 | 48,497,000 |
| <i>Habilitation Services</i> | 0 | 0 |
| <i>Transportation</i> | 5,280,000 | 5,280,000 |
| <i>Support Services</i> | 56,632,000 | 56,632,000 |
| <i>In-Home Respite</i> | 24,019,000 | 24,019,000 |
| <i>Out-of-Home Respite</i> | 5,384,000 | 5,384,000 |
| <i>Miscellaneous Services</i> | 8,091,000 | 8,091,000 |
| TANF | \$77,157,000 | \$77,157,000 |
| ESTIMATED DISTRIBUTION IN RC PURCHASE OF SERVICES | | |
| <i>Community Care Facilities</i> | 10,171,000 | 10,171,000 |
| <i>Day Programs</i> | 2,064,000 | 2,064,000 |
| <i>Habilitation Services</i> | 1,000 | 1,000 |
| <i>Transportation</i> | 785,000 | 785,000 |
| <i>Support Services</i> | 13,837,000 | 13,837,000 |
| <i>In-Home Respite</i> | 15,727,000 | 15,727,000 |
| <i>Out-of-Home Respite</i> | 3,932,000 | 3,932,000 |
| <i>Health Care</i> | 956,000 | 956,000 |
| <i>Miscellaneous Services</i> | 29,684,000 | 29,684,000 |

Self-Directed Services Home and Community Based-Services Waiver Administration

DESCRIPTION:

Implementation of the Self-Directed Services (SDS) program is contingent on the Department of Developmental Services applying for and receiving approval of a Centers for Medicare & Medicaid Services (CMS) SDS Home and Community-Based Services (SDS HCBS) Waiver. This waiver will allow participants to receive an individual budget allocation that will result, in the aggregate, in a cost savings to the General Fund (GF). SDS HCBS Waiver Administration funds are for the proper and efficient administration of the SDS HCBS Waiver. The SDS HCBS Waiver will significantly impact the regional centers' (RC) administrative workload through increased efforts in the following areas:

- Providing comprehensive pre-service and ongoing training to RC consumers and service providers.
- Ensuring determinations are made appropriately regarding SDS participant eligibility.
- Fairly and equitably determining participant individual budget allocations and re-assessing when needed.
- Ensuring financial management service entities are vendorized.
- Obtaining background checks of prospective service providers, at the consumer's request, as required by CMS.
- Ensuring quality services and supports are provided in a manner that is consistent with the Individual Program Plan and individual budget allocation.
- Ensuring the consumer's health and safety is protected and specifying emergency back-up plans for each consumer.
- Ensuring service providers meet the requisite qualifications as specified in the Waiver.

Ultimately, increased staff time, fiscal services monitoring and program monitoring will be required of the RC. Therefore, the cost containment opportunity will require staff to ensure that RC appropriately administer this unique service delivery, obtaining maximum revenue through appropriate service claiming and administrative effort.

IMPLEMENTATION DATE:

Implementation is pending approval of the SDS HCBS Waiver by CMS.

ASSUMPTIONS/METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| • RC Operations Costs for SDS HCBS Waiver Administration Estimated Current Year (CY) and Budget Year (BY) personal services and operating costs. | \$861,000 | \$861,000 |
| • TOTAL SDS HCBS WAIVER ADMINISTRATION-ELIGIBLE COSTS | \$861,000 | \$861,000 |

Self-Directed Home and Community Based-Services Waiver Administration

FUNDING:

Funding for SDS HCBS Waiver Administration is 50 percent federal financial participation (FFP) and 50 percent GF. SDS HCBS Waiver Administration expenditures are reflected in the Operations estimate, Staffing for SDS HCBS Waiver.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-----------------|-------------------|-------------------|
| TOTAL | \$861,000 | \$861,000 |
| <i>FFP</i> | 431,000 | 431,000 |
| <i>GF Match</i> | 430,000 | 430,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures. While budgeted as General Fund (GF) and federal financial participation (FFP), the cost containment measures acknowledge the entire amount as 100% GF as DDS was not able to claim the FFP.

Intermediate Care Facility-Developmentally Disabled State Plan Amendment

DESCRIPTION:

In 2007, the Department of Developmental Services (DDS), in conjunction with the Department of Health Care Services (DHCS), submitted a State Plan Amendment (SPA) seeking federal financial participation (FFP) in the day program and transportation services of Intermediate Care Facility-Developmentally Disabled (ICF-DD) residents. DDS reached agreement with the Centers for Medicare and Medicaid Services (CMS) on the mechanism to achieve the already budgeted FFP for 2007-08 through 2010-11, which was reflected in the 2010-11 Budget Bill Trailer Language. The SPA was approved April 14, 2011 by CMS.

IMPLEMENTATION DATE:

July 1, 2007.

ASSUMPTIONS/METHODOLOGY:

The total expenditures for adult day treatment and non-medical transportation services received by regional center consumers residing in an ICF are based on actual expenditures for 2007-08 through 2009-10, and estimated expenditures for 2010-11 and 2011-12. This estimate assumes retroactive billing in 2010-11 for costs incurred in 2007-08 through 2009-10, and will allow DDS to draw down FFP retroactive to 2007-08, and annually thereafter.

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|---------------------|---------------------|
| • Estimated day and transportation costs. | \$94,449,000 | \$97,855,000 |
| Total Expenditures | \$94,449,000 | \$97,855,000 |

FUNDING:

The Federal Medical Assistance Percentages establishes the FFP, which is 59.71% in CY and 50% in BY. Expenditures related to this reimbursement are reflected under Purchase of Services-Day Programs and Transportation.

Intermediate Care Facility-Developmentally Disabled State Plan Amendment

CHANGE FROM PRIOR ESTIMATE:

The estimate reflects the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

BY expenditures are estimated slightly higher than CY. FFP decreases from 59.71% in CY to 50% in BY.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------|-------------------|-------------------|
| | \$94,449,000 | \$97,855,000 |
| <i>FFP</i> | <i>57,590,000</i> | <i>48,928,000</i> |
| <i>General Fund Match</i> | <i>38,859,000</i> | <i>48,927,000</i> |

Quality Assurance Fees (Regional Center Costs and Intermediate Care Facility- Developmentally Disabled Costs)

DESCRIPTION:

To realize the federal financial participation (FFP) associated with the Intermediate Care Facility-Developmentally Disabled (ICF-DD) State Plan Amendment (SPA), there are administrative costs for regional centers (RC) billing on behalf of the ICF-DD, administrative costs for the ICF-DD, and Quality Assurance Fees (QAF) the ICF-DD must remit to the Department of Health Care Services (DHCS) for these supplemental payments.

ASSUMPTIONS/METHODOLOGY:

Billing costs are 1.5% of the cost of day treatment and transportation for both RC and ICF-DD. QAF are set by DHCS.

Current Year (CY): Total billing costs: \$6 million RC administration, \$6.1 million ICF-DD administration, and \$24.3 million QAF.

- Purchase of Services (POS) costs for day treatment and transportation from 2007-08 through 2009-10 totals \$303.7 million. RC and ICF-DD administration costs are each 1.5% of the total or \$9.2 million. QAF set by DHCS are \$18.5 million.

POS costs for day treatment and transportation for 2010-11 totals \$96.4 million. RC and ICF-DD administration costs are each 1.5% of the total or \$2.9 million. QAF set by DHCS are \$5.8 million.

Budget Year (BY): Total billing costs: \$1.5 million RC administration, \$1.5 million ICF-DD administration, and \$7 million QAF.

- POS costs for day treatment and transportation for 2011-12 totals \$97.9 million. RC and ICF-DD administration costs are each 1.5% of the total or \$3 million. QAF set by DHCS are \$7 million.

FUNDING:

These reimbursements are reflected in the Quality Assurance Fees estimates.

CHANGE FROM PRIOR ESTIMATE:

Reflects the most current data available.

REASON FOR YEAR-TO-YEAR CHANGE:

CY expenditures include costs associated with RC billing for services from 2007-08 to 2010-11. BY reflects only the ongoing annual costs.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------|-------------------|-------------------|
| TOTAL | \$36,369,000 | \$10,693,000 |
| <i>FFP</i> | 33,811,000 | 9,959,000 |
| <i>General Fund Match</i> | 2,558,000 | 734,000 |

Vocational Rehabilitation/Work Activity Program

DESCRIPTION:

The Vocational Rehabilitation/Work Activity Program (VR/WAP) was started in 1989-90 for consumers enrolled in the Habilitation Services Program (HSP). HSP provides habilitation services identified in the Lanterman Act as an entitlement service for regional center (RC) consumers and is funded by the Home and Community-Based Services Waiver and General Fund (GF). Administration of HSP was transferred from the Department of Rehabilitation (DOR) to the Department of Developmental Services (DDS) on July 1, 2004. HSP has two main service components: sheltered workshop services provided in a WAP and supported employment services provided in an integrated community setting. The rationale of the VR/WAP is that federally funded VR services could assist WAP clients to move out of sheltered workshop environments into community integrated supported employment. DDS provides transportation services to and from VR/WAP.

ASSUMPTIONS:

This program is only open to HSP consumers enrolled in a WAP. The projected VR/WAP caseload for Current Year (CY) and Budget Year (BY) is estimated to be 359 consumers.

FUNDING:

VR/WAP is cost neutral to DDS.

RC transportation dollars are reimbursed from DOR which uses GF to generate federal VR funds. Upon enactment of the State Budget Act, DOR authorizes an advance of VR dollars (75% of the total DDS dollars transferred) back to DDS. DDS then redirects the advance amount to increase the transportation expenditure authority to RC's. RC's continue to purchase transportation throughout the year, except that for VR/WAP participants, invoices are now submitted to DOR for the amount of transportation costs incurred for each participant. These invoices serve as documentation on how VR funds are being used and for DOR to track offsets to the advance until the advance is depleted. Thereafter, DOR makes monthly reimbursements to DDS based on subsequent invoices until the remaining 25% is reimbursed.

This VR funding is reflected in the Purchase of Service Transportation estimate.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$118,000 | \$118,000 |

1915(i) State Plan Amendment

DESCRIPTION:

Section 6086 of the Deficit Reduction Act of 2005, (Public Law 109-171) established an optional Medicaid benefit giving states a new method for covering Home and Community-Based (HCBS) services for Medicaid beneficiaries beginning in January 2007. To date only a few other states have exercised this option for mental health benefits delivery. The Department of Developmental Services (DDS) in a joint effort with the Department of Health Care Services, submitted a 1915(i) State Plan Amendment (SPA) to cover habilitation, respite, and other services allowable under a 1915 (i) SPA.

ASSUMPTIONS:

DDS expects \$201.6 million in expenditures in Current Year (CY) and \$321.6 million in Budget Year (BY).

FUNDING:

1915(i) SPA funds a broad array of purchase of service (POS) costs for eligible individuals. The 1915(i) SPA expenditures are in all of the POS budget categories except Medical Facilities, Transportation, Supported Employment and Self-Directed Services. 1915(i) expenditures are funded by federal financial participation (FFP) determined by the Federal Medical Assistance Percentage (FMAP) and General Fund (GF). In CY, the FMAP is 59.71% and 50% in BY.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

BY expenditures will increase by \$120 million (\$60 in FFP) due to inclusion of additional consumers and related expenditures to the 1915(i) SPA currently under review by the Centers for Medicare and Medicaid consistent with recent federal healthcare reforms. The increased FFP in BY will be offset by a decrease in the FMAP from 59.71% to 50%.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------------|-------------------|-------------------|
| Total SPA Eligible Expenditures | \$201,613,000 | \$321,613,000 * |
| <i>FFP</i> | 120,383,000 | 160,807,000 |
| <i>GF Match</i> | 81,230,000 | 160,806,000 |

* It should be noted that this methodology page does not reflect all 2011-12 cost containment measures.

1915 (i) State Plan Amendment

Estimated Distribution in Purchase of Services

EXPENDITURES:

| | % of Actual Expenditures by Budget Category | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|--|-------------------|-------------------|
| TOTAL ESTIMATED 1915(i) SPA ELIGIBLE EXPENDITURES | | \$201,613,000 | \$321,613,000 |
| <i>GF Match</i> | | \$81,230,000 | \$160,806,000 |
| <i>FFP</i> | | \$120,383,000 | \$160,807,000 |
| | | | |
| Community Care Facilities | 18.89% | 38,082,000 | 60,754,000 |
| <i>GF Match</i> | | 15,343,000 | 30,377,000 |
| <i>FFP</i> | | 22,739,000 | 30,377,000 |
| | | | |
| Day Programs | 40.49% | 81,632,000 | 130,220,000 |
| <i>GF Match</i> | | 32,890,000 | 65,110,000 |
| <i>FFP</i> | | 48,742,000 | 65,110,000 |
| | | | |
| Habilitation-Work Activity Program | 8.99% | 18,118,000 | 28,914,000 |
| <i>GF Match</i> | | 7,300,000 | 14,457,000 |
| <i>FFP</i> | | 10,818,000 | 14,457,000 |
| | | | |
| Support Services | 22.59% | 45,538,000 | 72,652,000 |
| <i>GF Match</i> | | 18,347,000 | 36,326,000 |
| <i>FFP</i> | | 27,191,000 | 36,326,000 |
| | | | |
| In-Home Respite | 5.36% | 10,814,000 | 17,238,000 |
| <i>GF Match</i> | | 4,357,000 | 8,619,000 |
| <i>FFP</i> | | 6,457,000 | 8,619,000 |
| | | | |
| Out-of-Home Respite | 0.35% | 709,000 | 1,126,000 |
| <i>GF Match</i> | | 286,000 | 563,000 |
| <i>FFP</i> | | 423,000 | 563,000 |
| | | | |
| Health Care | 0.33% | 673,000 | 1,061,000 |
| <i>GF Match</i> | | 271,000 | 530,000 |
| <i>FFP</i> | | 402,000 | 531,000 |
| | | | |
| Miscellaneous | 3.00% | 6,047,000 | 9,648,000 |
| <i>GF Match</i> | | 2,436,000 | 4,824,000 |
| <i>FFP</i> | | 3,611,000 | 4,824,000 |
| | 100.0% | | |

Money Follows the Person Grant

DESCRIPTION:

The Department of Health Care Services administers California's Money Follows the Person (MFP) Grant. The federal MFP Grant (also known as California Community Transitions) provides federal funding for eligible services needed to assist consumers in transitioning to the community from institutions.

ASSUMPTIONS:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| The MFP Grant will fund following regional center services. | | |
| Lanterman Developmental Center Closure | \$3,537,000 | \$3,537,000 |
| Community Placement Plan(CPP) Purchase of Services(POS) | | \$6,667,000 |
| CPP Operations(OPS) | | \$5,000,000 |

FUNDING:

The MFP Grant reimbursement is 100% for specified, Centers for Medicare and Medical Services approved administrative positions, for the first twelve months of eligible consumer services following relocation into the community from an institution. It is 75% for CPP POS and for 100% CPP OPS. This funding is reflected in Lanterman Developmental Center Closure, CPP OPS and CPP POS.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

Budget Year (BY) includes an additional \$5 million FFP and \$1.6 million GF Match for CPP, POS and an additional \$5 million FFP and \$5 million GF Match for CPP, OPS

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---------------------------|-------------------|-------------------|
| TOTAL | \$3,537,000 | \$15,204,000 * |
| <i>FFP</i> | \$3,537,000 | \$13,537,000 |
| <i>General Fund Match</i> | \$0 | \$1,667,000 |

It should be noted that this methodology page does not reflect all 2011-12 cost containment measures

Homeland Security Grant Program

DESCRIPTION:

The Homeland Security Grant Program (HSGP), administered by the California Emergency Management Agency, is comprised of five interconnected grants that support the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.

ASSUMPTIONS/METHODOLOGY:

The Department of Development Services' (DDS) portion of the HSGP award is determined by the U.S. Department of Homeland Security Federal Emergency Management Agency and will fund equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events at specific regional centers.

CY 2010-11

BY 2011-12

\$210,000

\$210,000

FUNDING:

The HSGP award is 100% federal funds and is reflected under Operations, Projects.

CHANGE FROM PRIOR ESTIMATE:

The estimate reflects the most current data available.

EXPENDITURES:

CY 2010-11

BY 2011-12

TOTAL

\$210,000

\$210,000

California First Five Commission

DESCRIPTION:

The California First Five Commission, was enacted in 1998. The ultimate goal of this Act is to enhance the health and early growth experiences of children (ages 0-5), enabling them to be more successful in school and to give them a better opportunity to succeed in life. Pursuant to Health and Safety Code Section 130105, the California First Five Commission was established to provide funding for research and development, education, training and other functions specified in the California First Five Commission Act of 1998.

ASSUMPTIONS/METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| The California First Five Commission will fund regional center services. | \$50,000,000 | \$50,000,000 |

FUNDING:

For the purpose of this estimate, the costs associated with this funding are reflected in the Miscellaneous Services estimate, under Purchase of Services.

CHANGE FROM PRIOR ESTIMATE:

The estimate reflects the most current data available.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$50,000,000 | \$50,000,000 |

Program Development Fund/Parental Fees

DESCRIPTION:

Parents of children under the age of 18 years who receive 24-hour out-of-home services provided by the State or purchased with State funds through a regional center are required to pay a fee depending on their ability to pay. All parental fees collected are remitted to the State Treasury for deposit into the Program Development Fund (PDF). The purpose of the PDF is to provide resources needed to initiate new programs which are consistent with the State Plan (Welfare and Institutions Code Sections 4677, 4782, and 4785).

ASSUMPTIONS:

PDF amounts are based on the most recent information regarding available funds.

FUNDING:

The purpose of the PDF shall be to provide resources needed to initiate new programs, consistent with approved priorities for program development in the State Plan. Expenditure of PDF funds is reflected in the Purchase of Services, Miscellaneous Services estimate.

CHANGE FROM PRIOR ESTIMATE:

The Current Year (CY) and Budget Year (BY) amounts are based on estimated revenue collection.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$2,603,000 | \$2,603,000 |

Developmental Disabilities Services Account

DESCRIPTION:

The Developmental Disabilities Services Account is being used as a depository for application fees collected by the Department of Developmental Services (DDS) related to the review of housing proposals pursuant to Senate Bill (SB) 1175 (Chapter 617, Statutes of 2008).

ASSUMPTIONS:

DDS expects to receive housing proposals totaling \$150,000 in application fees in the Current Year (CY) and the Budget Year (BY).

FUNDING:

These costs are reflected in the Review of SB 1175 Housing Proposals, under Operations, Projects.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$150,000 | \$150,000 |

Mental Health Services Fund

DESCRIPTION:

Initiative Statute (Proposition 63) imposes an additional tax on taxable income over \$1 million to provide funds to counties to expand services and develop innovative programs and integrated service plans for mentally ill children, adults and seniors. Consistent with the requirements of the Mental Health Services Act (MHSA - Proposition 63), the Department of Developmental Services, in consultation with the Department of Mental Health, identifies best practice models and provides training to enhance the effectiveness of the regional center and county mental health service systems to better identify and provide a competent response for those consumers who are dually diagnosed (i.e. have a developmental disability and a mental illness).

ASSUMPTIONS/METHODOLOGY:

Funding will be used to implement services and trainings to more effectively address consumers who are dually diagnosed. Specifically, these funds will provide the following ongoing components at the local level:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| • Regional Best Practice Training | \$270,000 | \$270,000 |
| • Statewide Training for Families, Service Providers, Service Coordinators, and Consumers | 270,000 | 270,000 |
| • Regional Center Technical Assistance and Liaison Support | 65,000 | 65,000 |
| • Regional Planning Projects | <u>135,000</u> | <u>135,000</u> |
| • TOTAL EXPENDITURES | \$740,000 | \$740,000 |

FUNDING:

These funds are reflected in the Increased Access to Mental Health Services estimate, under Operations, Projects.

CHANGE FROM PRIOR ESTIMATE:

No change.

REASON FOR YEAR-TO-YEAR CHANGE:

No change.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$740,000 | \$740,000 |

Early Start Part C Grant, Federal Funds

DESCRIPTION:

Part C of the federal Individuals with Disabilities Education Act (IDEA) provides federal grant funding for states to develop and operate early intervention programs for families and their children with developmental delays, disabilities, or conditions, which place them at high risk of disabilities from birth to under age 3 years. The program, known as Early Start in California, is administered according to federal Department of Education (DOE) regulations, found in Title 34 of the Code of Federal Regulations, Sections 303.1 through 303.654. The program is also administered according to State regulations found in Title 17 of the California Code of Regulations, Sections 52000 through 52175. California has Developmental Services (DDS) to act as its lead agency for preparing the annual grant application and for receiving and administering the federal funds. DDS allocates a significant portion of the federal funding to regional centers (RC) for local program operation. Also, DDS has an interagency agreement with DOE to provide funding for local education agency programs and services, in accordance with the California Early Intervention Services Act, contained in Title 14 of the Government Code (GC), Sections 95000 through 95029.

KEY DATA/ASSUMPTIONS:

Current Year (CY): Federal Office of Special Education Programs (OSEP) grant award letter, dated July 14, 2010.

Budget Year (BY): Federal OSEP grant not awarded until July 2011.

METHODOLOGY:

CY 2010-11 BY 2011-12

The Part C IDEA Grant funds are used to pay costs for the additional federal requirements imposed by the Part C program. Funds are disbursed in this order (1) other agencies, and (2) RC Purchase of Services (POS). Services and costs for this age group are identified below. Costs for POS expenditures are already included in the forecasts for each of the POS budget categories, in the POS section of the estimate.

| | |
|--|-------------------------------------|
| <ul style="list-style-type: none"> ● Other Agencies | <p>\$20,095,000 \$20,095,000</p> |
| <p>DOE: Additional federal requirements include shorter time lines for conducting evaluation, assessment and program plan development, provision of year-round services, service coordination and administrative services, and provision of services to children with solely low incidence disabilities in regions where such services to this age group were not provided prior to Part C implementation.</p> | <p>14,435,000 14,435,000</p> |
| <p>System Requirements: Funding is required for public awareness and a comprehensive system of personnel development, mediation and due process hearings conducted by the State Office of Administrative Hearings, and collaboration with Department of Health Care Services' Children's Medical Services.</p> | <p>2,910,000 2,910,000</p> |

Early Start Part C Grant, Federal Funds

| METHODOLOGY (continued): | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| <p>Family Resource Centers (FRC): Funds pay for services that are provided by 33 contractors. Services, which are specified in GC 95024(d)(2), include parent-to-parent support, information dissemination, public awareness and family professional collaboration activities.</p> | 2,750,000 | 2,750,000 |
| <ul style="list-style-type: none"> ● RC POS <p>The remaining Part C Grant funds, after funding DOE and FRC system requirements, are used for POS. The following estimates are based on the proportion of total POS expenditures in 2009-10 by budget category.</p> | \$31,243,000 | \$31,243,000 |
| <p>Day Programs</p> | 16,871,000 | 16,871,000 |
| <p>Support Services</p> | 531,000 | 531,000 |
| <p>In-Home Respite</p> | 437,000 | 437,000 |
| <p>Out-of-Home Respite</p> | 156,000 | 156,000 |
| <p>Health Care</p> | 3,531,000 | 3,531,000 |
| <p>Miscellaneous Services</p> | 9,717,000 | 9,717,000 |
| <ul style="list-style-type: none"> ● TOTAL DISBURSEMENTS | \$51,338,000 | \$51,338,000 |

FUNDING:

The annual Part C Grant is independently determined by OSEP. It is 100% federal funds and requires a Maintenance of Effort from the state.

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|----------------------|-------------------|-------------------|
| TOTAL | \$51,338,000 | \$51,338,000 |
| Grant | 51,338,000 | 51,338,000 |

Foster Grandparent Program Federal Funds

DESCRIPTION:

The Foster Grandparent Program (FGP) gives men and women, 60 years of age and older, the opportunity to serve their community by sharing their time and attention with children under the age of 22 years who have developmental disabilities. Foster grandparents volunteer in community schools, developmental centers, Head Start centers, foster homes and pre-schools. (See Operations, Projects, for more detail on the total regional center costs for this program.)

ASSUMPTIONS/METHODOLOGY:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|--|-------------------|-------------------|
| ● FGP Grant | \$560,000 | \$577,000 |
| The FGP grant is used as a fund source for specified operations costs in five regional centers: Valley Mountain, Tri-Counties, Kern, Central Valley and San Andreas. | | |
| ● TOTAL EXPENDITURES | \$560,000 | \$577,000 |

FUNDING:

These federal funds are reflected in the Foster Grandparent/Senior Companion Programs estimate, under Operations, Projects.

CHANGE FROM PRIOR ESTIMATE:

BY grant will increase.

REASON FOR YEAR-TO-YEAR CHANGE:

Anticipated BY grant increase.

EXPENDITURES:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|-------|-------------------|-------------------|
| TOTAL | \$560,000 | \$577,000 |

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SECTION F: IMPACT FROM OTHER DEPARTMENTS

IMPACT FROM OTHER DEPARTMENTSF-1 to F-2

Impact from Other Departments

DESCRIPTION:

Reductions to the Department of Social Services (DSS) and Department of Health Care Services (DHCS) programs that directly impact the Department of Developmental Services (DDS) include: State Supplementary Payment (SSP) Grants, Medi-Cal Adult Day Health Care Program (ADHC), and Medi-Cal co-payments and service. With the funding reductions of these services from the DSS and DHCS, regional centers (RC) will become the payer of these services for DDS consumers, and will see an increase to their Purchase of Services (POS) expenditures commensurate with the elimination of these services previously provided by DSS and DHCS.

Additional funding is required to ensure necessary services are available to the DDS consumers impacted by the reduction of these services.

ASSUMPTIONS:

| | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|---------------------|
| <ul style="list-style-type: none"> Reduce the SSP to the Maintenance of Effort Floor (MOE): This increase reflects the reduction of the maximum monthly DSS SSP grant to aged/disabled individuals to the MOE floor effective July 1, 2011. Existing policy requires DDS to supplement any reductions to the SSP payment rate so consumers may remain in an independent/supported living setting. This estimate is based on an impact to 21,293 consumers. | \$0 | \$5,008,000 |
| <ul style="list-style-type: none"> Elimination of ADHC Services: The BY estimate maintains funding to fund reductions in ADHC services that would be paid for by RC's. This estimated is based on services provided to an average of 1,521 consumers per week. | \$0 | \$32,074,000 |
| <ul style="list-style-type: none"> In-Home Support Services (IHSS): Potentially, there are over 52,000 Department consumers who could be impacted by the proposed reduction in assessed hours, the elimination of domestic and related services, and the elimination of services for recipients without physician certification. However, the fiscal impact is unknown at this time. | \$0 | Unknown |
| <ul style="list-style-type: none"> Medi-Cal Caps and Co-pays: This increase, effective October 1, 2011, reflects costs associated with DHCS' Medi-Cal reductions to co-payments and service limits. The budget for 2011-12 reflects the nine-month impact. | \$0 | \$18,000,000 |
| <ul style="list-style-type: none"> TOTAL EXPENDITURES | \$0 | \$55,082,000 |

FUNDING:

Expenditures are funded by the General Fund (GF), and Impact from Other Departments.

CHANGE FROM PRIOR ESTIMATE:

These proposals will not be implemented until July 2011, therefore, no impact to CY.

REASON FOR YEAR-TO-YEAR CHANGE:

These changes are effective in BY.

Impact from Other Departments

| EXPENDITURES: | <u>CY 2010-11</u> | <u>BY 2011-12</u> |
|---|-------------------|-------------------|
| TOTAL | \$0 | \$55,082,000 |
| GF | \$0 | \$39,045,000 |
| <i>GF Match</i> | 0 | 16,037,000 |
| <i>GF Other</i> | 0 | 23,008,000 |
| Reimbursements | \$0 | \$16,037,000 |
| <i>Impacts from Other Departments FFP</i> | 0 | 16,037,000 |

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SECTION G: COST CONTAINMENT MEASURES PURSUANT TO WELFARE & INSTITUTIONS CODE SECTION 4620.3

DEPARTMENT OF DEVELOPMENTAL SERVICES PROPOSALS TO ACHIEVE \$174 MILLION GENERAL FUND SAVINGS

| | |
|---------------------------------------|------|
| Introduction | G-1 |
| Next Steps | G-4 |
| Proposals for Achieving Savings | G-5 |
| Draft Proposals Summary Chart | G-26 |

**DEPARTMENT OF DEVELOPMENTAL SERVICES
PROPOSALS TO ACHIEVE \$174 MILLION GENERAL FUND SAVINGS
MAY 2011**

INTRODUCTION

The Department of Developmental Services (the Department) is responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that more than 246,000 persons with developmental disabilities receive the services and support they require to lead more independent and productive lives and to make choices and decisions about their lives.

California provides services and supports to individuals with developmental disabilities in two ways: the vast majority of people live in their families' homes or other community settings and receive state-funded services that are coordinated by one of 21 non-profit corporations known as regional centers. A small number of individuals live in four state-operated developmental centers and one state-operated community facility. The number of consumers with developmental disabilities in the community served by regional centers is expected to grow in Fiscal Year (FY) 2011-12 to 251,702. The number of consumers living in state-operated residential facilities will decrease by the end of FY 2011-12 to 1,691.

As a result of the on-going fiscal crisis in California over the last few years, the Department's budget, along with the budgets for many other state departments, has been reduced. To address prior fiscal pressures, service rates established by statute or by the Department have been frozen for many years and rates negotiated by the regional centers were limited in 2008 with the establishment of median rate caps for new providers. During the development of the FY 2009-10 and FY 2010-11 Governor's Budgets, the Department with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members, and legislative staff developed proposals to reduce or restrict General Fund (GF) growth in the Department's budget. In FY 2009-10, the Department developed proposals that resulted in approximately \$334 million in GF savings and an additional \$200 million in FY 2010-11. Savings proposals impacted both the developmental centers and regional centers, and included a variety of strategies such as restructuring, reducing or suspending various services; restricting eligibility for certain services; and maximizing other available funding sources, primarily federal funds. Most proposals achieved some or all of the savings, with changes to respite exceeding the savings anticipated. In addition to these proposals, payments for regional center operations and to providers of consumer services were reduced by 3 percent in FY 2009-10 and 4.25 percent in FY 2010-11.

Due to continuing and significant pressure on the GF, the Department's budget for FY 2011-12 was decreased by \$576.9 million GF, in addition to other reductions achieved through statewide budget items (e.g. state workforce reductions). Most of the changes necessary to achieve the savings have been identified and adopted by the Legislature. The reductions made to the Department's budget, totaling \$402.9 million GF, will be achieved through continuation of the 4.25 percent payment reduction for regional center operations and purchase of services, additional federal and other alternative funding, administrative cost limits for regional centers and service providers, enhanced auditing, third-party collections and accountability measures, reduced funding for developmental centers, reduced funding for the Prevention Program primarily serving infants and toddlers at risk of a developmental disability, and additional regional center operations reductions.

In addition to reductions in community services, the developmental center budget has continued to decline through closure of state-operated facilities, living unit consolidations, delays in infrastructure repairs, and through cost saving personnel initiatives. In the FY 2011-12 budget, the developmental centers budget was decreased through additional residence consolidations; staffing reductions; delay in infrastructure repairs; additional federal funding; an unallocated reduction; and statewide budget items such as hiring freezes, furloughs, and wage reductions. The Department's headquarters budget has also decreased significantly over the last several years and for the FY 2011-12 budget is impacted by the statewide budget items referenced previously.

This left \$174 million in GF reductions to be achieved through proposals developed by the Department and submitted to the Legislature for consideration by May 15, 2011. These proposals must be adopted by the Legislature before they can be implemented.

Consistent with the Department's on-going efforts to better align its budget with actual expenditures, a review of the most current expenditure information has identified a savings of \$55.6 million GF available in FY 2011-12 that further reduces the amount necessary to be achieved through legislative proposals. This review of expenditure information also identified \$30 million of one-time savings in the current year that will bridge the costs associated with implementation delays of the various proposals to be submitted to the Legislature for the budget year.

To achieve the \$174 million savings, the Department considered reductions in headquarters and regional center operations. The Department identified reductions of \$39.3 million associated with contracts administered by the Department, proposals for increased federal financial participation, and additional reductions in regional center operations funding. After accounting for these

proposed reductions, \$79.1 million remains to be achieved through other proposals. All of the proposals are presented later in this document.

Throughout the process, there were many ideas and concepts that were discussed that have significant benefits to our system, but either could not be achieved within the short timeframe or would not generate immediate savings in the budget year. For example, the workgroups discussed: the need to reform the rate-setting systems; the potential benefit to restructuring the service codes used for billing; the need for more direct service providers doing background checks, coupled with increased training and vendorization changes; the value of having a designated benefits coordinator at each regional center; the need for federal, state and local governments to improve coordination of programs and funding; and the benefits and efficiencies of using technology advancements. The Department is committed to pursuing these ideas in the future, as the State's fiscal situation stabilizes and focus can be shifted to long-term improvements in the delivery of services.

PROCESS FOR DEVELOPING PROPOSALS

As the Department bridges this fiscal crisis, we remain committed to maintaining the Lanterman Act entitlement to community-based services and the preservation of the individualized planning process mandated in the Lanterman and Early Intervention Services Acts. For the development of the savings proposals, also referred to in statute as best practices, the Department has undertaken a significant effort to ensure full input was received from consumers, family members, advocates, service providers, regional centers, and the community.

Initial input was received through a statewide survey that was made available through the Department's website, as well as e-mails and letters from over 9,000 interested individuals and organizations. Eight workgroups were subsequently established to provide advice to the Department on savings proposals in the topic areas of behavioral services; day/supported employment/work activity program services; Early Start Program services; health care and therapeutic services; independent and supported living services; residential services; respite services; and transportation services. Representation on each of the eight workgroups included consumers, family members, service providers, advocacy organizations and regional center representatives. The representatives were selected by six statewide organizations with broad interest in regional center services¹, the Association of Regional Center Agencies², statewide organizations who

¹ Statewide organizations with broad interest appointed a consumer/family member, a service provider and an organization representative. These organizations included Disability Rights California, State Council on Developmental Disabilities, People First of California, The ARC of California, State Employees International Union, and California Disability Community Action Network.

² ARCA appointed an organization representative, a regional center employee involved in direct service delivery and an Executive Director or Board Member of a regional center.

represent service providers in the specific topic areas³, and three organizations representing other aspects of our system⁴. Legislative staff also attended the workgroup meetings. The workgroup meetings began in March and continued through mid-April and included over 70 hours of discussion. The Department greatly appreciates the active participation of the workgroup members and their efforts to maintain the system while bridging these difficult budget times.

The savings proposals are intended to provide more uniformity and consistency in the administrative practices and services of the 21 regional centers, promote appropriateness of services, maximize efficiency of funding, and improve cost effectiveness. The Department considered the following in the development of the savings proposals: eligibility, duration, frequency, efficacy, community integration, service provider qualifications and performance, rates, parental and consumer responsibilities, and self-directed service options.

Changes in services based on the proposals will continue to be made through the individual program plan (IPP) or individualized family services plan (IFSP) processes. Consideration was given to the impacts of prior reductions in the specific service areas on consumers, families, and providers. For example, respite services were significantly impacted by the reductions made in 2009-10 to the extent there are no proposals directly associated with this service area.

PUBLIC FORUMS

Following completion of the efforts by the eight workgroups, the Department developed 13 savings proposals based on the discussions in the topic area workgroups, survey results, and other input received from the community. The Department will present these proposals at three public forums to be held in Los Angeles on May 5, 2011; Sacramento on May 6, 2011; and Oakland on May 9, 2011. Additional input from the community will be received and considered, especially regarding the impacts of the proposals. Accessibility by teleconference will be provided at each of the forums for those individuals interested in providing input, but who are unable to attend the meetings in person.

NEXT STEPS

Following the public forum meetings, the Department will finalize the proposals and provide them to the Legislature by May 15, 2011, for their consideration.

³ Topic specific organizations appointed a consumer/family member, a service provider and an organization representative.

⁴ These organizations appointed one representative and included the DDS Consumer Advisory Committee, University Centers of Excellence in Developmental Disabilities and an association representing individuals in Developmental Centers (CASHPCR)

The Department is still drafting the associated statutory language necessary to implement some of the proposals which will be made available before or on May 15, 2011. For any proposals impacting consumer services in their IPP, the Department's proposed legislation will include language regarding exemption processes, where appropriate. The proposals will not be implemented until approved by the Legislature.

PROPOSALS FOR ACHIEVING SAVINGS

1. INCREASING FEDERAL FUNDS FOR REGIONAL CENTER PURCHASED CONSUMER SERVICES.

Summary:

Federal financial participation in the funding of regional center consumer services is a critical component of the State's budget. Currently, federal funding comprises nearly \$1.7 billion of the funding for regional center services. Through this proposal additional federal financial participation in the delivery of regional center consumer services is achieved, with a corresponding decrease in needed State GF dollars.

The Department, through the regional center system, operates a federally approved 1915 (c) Home and Community-Based Services Waiver with a projected 91,933 enrollees in FY 2011-12. Federal reimbursements for the Waiver program in FY 2011-12 are \$1.032 billion (includes Waiver services, clinical teams at regional centers, and administrative costs) per the January 2011 budget. The Department submitted a 1915 (i) State Plan Amendment (SPA) to the federal government in December 2009, with an October 1, 2009 effective date. Through this SPA, the Department will receive federal financial participation in the funding of services received by active regional center consumers (an estimated 40,000) with Medi-Cal benefits who do not meet the level of care criteria for the Waiver. The January 2011 budget reflects an estimated \$160.8 million in federal reimbursement for regional center expenditures associated with the 40,000 consumers projected for coverage under this federal program. Federal funding is also received for the cost of day and transportation services provided to regional center consumers residing in intermediate care facilities. The January 2011 budget includes an estimated \$52.8 million in federal reimbursements associated with the cost of these services for the approximately 7,000 regional center consumers residing in these facilities. The Department receives federal funding through the Money Follows the Person (MFP) Grant related to Lanterman Developmental Center Closure. MFP funding is available to assist individuals in transitioning out of institutions as federally defined, and provides 12 months of service funding upon relocation into a community setting, at an enhanced federal share.

Workgroup participants discussed possible new funding options through the federal 1915 (k) Community Living Options which becomes available to states in October 2011, as well as ways to expand receipt of federal funding through the Department's Home and Community-based Waiver, the 1915(i) SPA, and the federal MFP Grant in which the Department participates. This proposal assumes increased federal funding in all of these areas. Workgroup members also recommended consumers and families provide a copy of their Medi-Cal, Medicare, and insurance cards at the time of the IPP to ensure federal and other resources are maximized. The Department's proposal includes this recommendation.

Savings:

FY 2011-12 savings

Total Funds (TF): \$0 (fund shift)
GF: \$20,932,000

FY 2012-13 savings

TF: \$0 (fund shift)
GF: \$22,515,000

This proposal assumes more federal funding in the Department's budget by adding Voucher – Nursing Services to the Waiver, claiming federal money at an enhanced federal match for the first 12 months of services under the MFP Grant for consumers moving from intermediate care, nursing and subacute facilities to integrated community living arrangements, capturing an additional 6 percent of federal funding for 12 months under the 1915 (k) option for eligible consumer services if such services are added to the State Medicaid Plan, receiving federal matching funds for the purchase of infant development programs for Early Start consumers with Medi-Cal and obtaining additional federal funding based on updated expenditures for the 1915 (i) SPA.

Implementation:

This proposal will be effective upon approval of the Legislature. The Department will include in its Waiver renewal request the addition of Voucher- Nursing Services for federal approval, effective October 1, 2011. Implementation of the proposals relative to the 1915 (k) option and obtaining federal financial participation for Early Start infant development programs will require approval of the federal government. Legislation will be needed to require the submittal of benefit cards.

2. DECREASING DEPARTMENT OF DEVELOPMENTAL SERVICES HEADQUARTERS CONTRACTS

Summary:

The Department contracts with a number of organizations to implement programs and projects that provide support, services, and technical assistance across all regional centers. In FY 2011-12, the Department's budget includes \$24.1 million (\$21.0 million GF) for system wide contracts. In addition to statewide reductions to the headquarters' budget, such as hiring freezes, furloughs, and wage reductions, the Department proposes to reduce six contracts and discontinue two non-mission critical projects, as follows:

Information Technology: The Department's contract with the state-operated data center for support of data systems and data processing will be reduced from \$4,517,000 to \$3,972,000, consistent with a similar reduction made in the current year due to operational efficiencies. This proposal will save \$545,000 GF.

Clients' Rights Advocacy: The Department's contract with Disability Rights California to provide consultation, representation, training, investigation, and compliance with clients' rights will be held at the current year funding level of \$5.295 million for a savings of \$250,000 (\$200,000 GF).

Quality Assessment: The Department contracts with independent organizations to conduct surveys and analyses of consumers and family members about satisfaction with services and personal outcomes. This project will be reduced to \$3.235 million. In FY 2009-10, the Department achieved GF savings of \$2.287 million by consolidating the Life Quality Assessment and Movers Study into one improved quality assurance project. This proposal will save \$530,000 (\$424,000 GF).

Direct Support Professional Training (DSPT): The Department contracts with the California Department of Education to administer the DSPT training and testing through the Regional Occupational Programs. This contract will be reduced from \$3.582 million to \$3.442 million. This reduction will not affect the Department's ability to schedule DSPT trainings at Lanterman Developmental Center for staff that choose to work in the community. This proposal will save \$140,000 (\$85,000 GF).

Office of Administrative Hearings: The Department contracts with the Office of Administrative Hearings to conduct fair hearings required by the Lanterman Act and mediation and fair hearing services required by the California Early Intervention Services Act. The current year level of funding, \$3.15 million, will be maintained without affecting the rights of consumers and families to the fair

hearing and mediation processes. This proposal will save \$250,000 (\$200,000 GF).

Special Incident Reporting/Risk Management: In order to maintain and increase federal Home and Community-Based Services Waiver funding, the Department contracts with an independent entity to conduct data analysis, training, site reviews, and provides data, training, and analytical services that mitigate and reduce special incidents. The Department will prioritize the work of this contractor such that federal concerns are addressed while achieving savings. This contract will be reduced from \$940,000 to \$840,000 and achieve savings of \$100,000 GF.

Self-Directed Services - Training and Development: The Department will reprioritize existing resources to develop and conduct the anticipated training associated with the Self-Directed Services Waiver, if and when it is approved by the federal government. The Waiver was submitted in 2008. This proposal will save \$200,000 GF.

Savings:

FY 2011-12 savings

TF: \$2,015,000
GF: \$1,754,000

FY 2012-13 savings

TF: \$2,015,000
GF: \$1,754,000

Implementation:

These proposals will be effective upon approval of the Legislature. No statutory changes are required.

3. REDUCTIONS AND EFFICIENCY IN REGIONAL CENTER OPERATIONS FUNDING

Summary:

The Department contracts with 21 private, nonprofit regional centers to provide, among other activities specified in law, intake and assessment and life long voluntary case management services to eligible individuals pursuant to the Lanterman Act. Regional centers were created in statute to provide fixed points of contact in the community for persons with developmental disabilities and their families so they may have access to the services and supports best suited to them throughout their lifetime. In FY 2011-12, the regional centers are expected

to serve over 246,000 consumers. The law requires that 85 percent of a regional center's operations funding is used for the provision of direct services.

Regional centers play a critical role in the Department's ability to receive and maintain federal funding for the delivery of consumer services. Currently, nearly \$1.7 billion in federal funding is included in the budget for regional center services. It is through the regional center system that the Department meets the federal requirements for the approved Home and Community-Based Services Waiver program. Regional centers are responsible for ensuring that eligible consumers who want to participate on the Waiver are enrolled, service providers meet the qualifications for providing Waiver services, individual program plans are developed and monitored, consumer health and welfare is addressed, and financial accountability is assured. Regional centers also play a similar role in meeting the federal requirements for the Department's receipt of federal funding in the day and transportation services of approximately 7,000 consumers residing in intermediate care facilities, and the 1915 (i) SPA under review by the Centers for Medicare and Medicaid Services.

The workgroup participants called for reductions to regional center operations as a component of the Department's reduction proposals. There was discussion regarding the implementation of efficiencies that would reduce regional center funding and staffing needs. This proposal achieves reductions through the implementation of provider electronic billing; the elimination of regional center staff positions⁵; funding for one-time costs associated with office relocations or modifications; and funding allocated to regional centers for accelerated enrollment of new Waiver participants (since under the 1915 (i) SPA the Department will receive federal funding for services to virtually all of the remaining Medi-Cal beneficiaries served by the regional centers who reside in non-institutional settings as defined by the federal government, and are not otherwise covered by another federal program). In addition, the proposal assumes an unallocated reduction to the operations budget.

Reductions to regional center operations of \$13.7 million were a component of proposals to achieve the \$334 reduction in FY 2009-10. Funding was eliminated for triennial quality assurance reviews, one-time funding was reduced for office relocations and modifications, and funding associated with the eligibility changes in the Early Start Program and implementation of the Prevention Program was eliminated. In addition, the FY 2011-12 budget for regional center operations was reduced by actions already taken by the Legislature totaling \$27.7 million (\$27.4 million GF) including continuation of the 4.25 percent payment reduction,

⁵ Regional center staff-related reductions include elimination of the positions associated with implementation of the Self-Directed Services Waiver for which federal approval has been pending since 2008; savings associated with the Department's overestimated need for community placement plan resources; and rollback of prior year staffing increases.

administrative cost limits, auditing requirements, conflict of interest requirements, staffing reductions, and increased federal funding.

Savings:

FY 2011-12 savings

TF: \$14,565,000

GF: \$14,132,000

FY 2012-13 savings

TF: \$15,881,000

GF: \$15,015,000

The savings will be achieved through staff reductions, efficiencies, and an unallocated reduction in operations.

Implementation:

This proposal will be effective upon approval of the Legislature. Legislation will be needed to implement the electronic billing administrative efficiencies.

4. COMMUNITY PLACEMENT PLAN FUNDING

Summary:

As described in Welfare and Institutions Code section 4418.25, the Department has a statutory responsibility to ensure that individuals with developmental disabilities live in the least restrictive setting, appropriate to their needs. The law establishes a Community Placement Plan (CPP) process designed to assist regional centers in providing the necessary services and supports for individuals to move from developmental centers. It also provides the resources necessary to stabilize the community living arrangements of individuals who are at risk of placements in a developmental center (deflection).

Under the CPP process, each regional center develops and submits an annual CPP to the Department based on the needed resources, services, and supports for consumers moving from a developmental center, as well as the resources needed to prevent developmental center admission. The Department requests CPP funding through the budget process. CPP has to be implemented in accordance with the plan approved by the Department.

CPP has resulted in more people moving from, and reduced admissions to, the developmental centers. In the past five years, regional centers have facilitated

the placement of 1,168 consumers and have reduced admissions. For example, in FY 2005-06, 66 consumers were admitted to developmental centers. Thirty-four consumers were admitted in FY 2009-10.

The Department closed Agnews Developmental Center in FY 2008-09 and the state-operated community facility, Sierra Vista, in FY 2009-10. The Department is in the process of closing Lanterman Developmental Center.

As part of the planning process, regional centers must forecast the dates consumers will move into the community as well as when resources will come on line. Often new vendors are needed and development of individualized resources, especially licensed residential arrangements, can take longer than anticipated. Consequently, the Department and each regional center are continuously harmonizing the amount of funds needed to implement the CPP.

The Department has conducted an extensive analysis of the funds budgeted, allocated, and expended and has determined that CPP can be reduced by \$10 million (\$7.3 million GF) by funding CPP closer to the amount actually needed in the current and immediately prior FYs. Of this amount, \$315,000 is reflected in the proposal to reduce regional center operations funding. This will result in maintaining the level of placements, deflections, start-up activities, and the operational resources needed to design and implement the very individualized CPP. This reduction will not impact the Department and regional center efforts to facilitate consumers moving from a developmental center or prevent admissions to a developmental center.

There were no changes to the CPP in the FY 2009-10 budget reduction process. CPP was not the subject of workgroup discussion.

Savings:

FY 2011-12 savings⁶

TF: \$9,685,000

GF: \$6,966,000

FY 2012-13 savings⁶

TF: \$9,685,000

GF: \$6,966,000

Implementation:

This proposal will be effective upon approval of the Legislature.

⁶ The remaining \$315,000 GF is reflected in the proposal, Reductions and Efficiency in Regional Center Operations Funding.

5. RATE EQUITY AND NEGOTIATED RATE CONTROL

Summary:

The rate setting methodologies for services funded by regional centers are specified in law. These methodologies include: negotiations resulting in a rate that does not exceed the regional center's median rate for that service, or the statewide median, whichever is lower, and the provider's usual and customary rate (U&C), which means the rate they charge the members of the general public to whom they are providing services. A 4.25 percent payment reduction to regional center funded services went into effect July 1, 2010 (a 3 percent reduction was previously in effect commencing February 2009), but did not apply to service providers with a U&C rate. The intent of the U&C exemption was for businesses that serve the general public without specialty in services for persons with developmental disabilities. This proposal clarifies that the exemption to the 4.25 percent payment reductions does not apply to providers specializing in services to persons with developmental disabilities. This proposal also calls for the Department to update the calculation of the regional center and statewide median rates, established as part of the 2008-09 budget reductions, applicable to new vendors providing services for which rates are set through negotiation. The proposal only impacts providers who were not previously impacted by the 4.25 percent payment reduction and new providers of negotiated rate services.

This proposal is consistent with workgroup discussions regarding the U&C modification and suggestions that any rate changes be focused on new or higher rate providers.

Savings:

FY 2011-12 savings

TF: \$6,008,000
GF: \$3,432,000

FY 2012-13 savings

TF: \$14,312,000
GF: \$ 9,568,000

The savings associated with the 4.25 percent payment reduction was calculated by reviewing service codes that included providers who will no longer be exempted from this payment reduction.

To estimate the savings associated with updating the median rates, the Department used existing rate data and recalculated the median rates for a sample of service codes.

Implementation:

This proposal will be effective upon approval of the Legislature. The 4.25 percent payment reduction can be implemented immediately and the Department will update the median rates used by regional centers for new providers of applicable services effective October 1, 2011.

6. ANNUAL FAMILY PROGRAM FEE

Summary:

An annual family program fee in the amount of \$150 or \$200, depending on family income, will be assessed for families of consumers receiving services from the regional centers who meet the following criteria:

- The child is under age 18.
- The child lives at home.
- The child is not eligible for Medi-Cal.
- The family's income is at or above 400 percent of the Federal Poverty Level (FPL) based upon family size.
- The child or family receives services beyond eligibility determination, needs assessment, and case management. Families of consumers who only receive respite, day care, and/or camping services are also excluded under the Annual Family Program Fee if assessed separately in the Family Cost Participation Program (FCPP).

Savings:

FY 2011-12 savings

TF: \$3,600,000

GF: \$3,600,000

FY 2012-13 savings

TF: \$7,200,000

GF: \$7,200,000

It is estimated that there will be 35,000 families eligible for the Annual Family Program Fee.

There will be an exemption process outlined in statute for families with special circumstances.

Implementation:

This proposal will be effective upon approval of the Legislature. The annual family program fee will be assessed by regional centers at the time of the development of the IPP/IFSP, and annually thereafter. Legislation will be required for implementation and federal approval may be required for consumers in the Early Start Program.

7. MAINTAINING THE CONSUMER'S HOME OF CHOICE – MIXED PAYMENT RATES IN RESIDENTIAL FACILITIES WITH ALTERNATIVE RESIDENTIAL MODEL (ARM) RATES**Summary:**

Rather than a consumer having to leave their preferred residential living arrangement because their service and support needs have changed, this proposal allows for regional center payment of a lower rate that meets the needs of the individual while leaving intact the higher level of services and support for the other individuals residing in that home and the facility's ARM service level designation.

Current regulations for ARM facilities (Title 17, Section 56902) allow regional centers to negotiate a level of payment for its consumers that is lower than the vendored rate established by the Department (ARM rate). However, the vendor must still provide the same level of service (i.e. staffing ratios and hours, and consultant services) for which they are vendored (i.e. the designated ARM service level for the facility). This proposal would allow, pursuant to the consumer's IPP, and a contract between the regional center and residential provider, a lower payment rate for a consumer whose needs have changed but wants to maintain their residency in the home, without impacting the facility's ARM service level designation.

This concept was discussed in the Residential Services Workgroup for potential cost savings.

The majority of consumers living in 24-hour residential care reside in ARM facilities. The FY 2011-12 budget includes \$852.7 million to fund residential services for over 21,000 consumers living in over 4,700 community care facilities.

In the FY 2009-10 adopted budget reduction proposals, residential services were impacted by the implementation of the Uniform Holiday Schedule for Day Programs. When programs impacted by the holiday schedule were closed, residential facilities had associated increased staffing costs.

Savings:**FY 2011-12 savings**

TF: \$2,255,000

GF: \$1,364,000

FY 2012-13 savings

TF: \$4,176,000

TF: \$2,526,000

This estimate assumes approximately 450 consumers residing in service level 4 ARM facilities are determined through their IPP to no longer need the level of service provided by that facility through its assessed rate, want to remain in their home, and a lower level of payment (within the existing ARM rate structure) would be negotiated and established in contract. Assumptions were made regarding the reduction levels of payment dependent on the ARM service level in which the consumer resided.

Implementation:

This proposal will be effective upon approval of the Legislature. For the consumer, a change in the level of residential services would be done through the IPP process, and subsequently through a contract between the regional center and residential service provider.

8. MAXIMIZE UTILIZATION OF GENERIC RESOURCES - EDUCATION SERVICES**Summary:**

Publicly funded school services are available to regional center consumers to age 22. The Lanterman Act requires the use of generic services to meet the needs of the consumers, as applicable, and further states that regional centers shall pursue all possible sources of funding for consumers receiving regional center services, including school districts (Welfare and Institutions Code section 4659). The California Education Code addresses education and related services to pupils ages 18 to 22 years of age. The Education Code lists services provided by the school system, including orientation and mobility services, school transition services, specialized driver training instruction, specifically designed vocational education and career development, and transportation. For consumers who remain eligible for services through the public school system, this proposal requires the regional centers to use the generic education resources in lieu of purchasing day program, work/employment, independent living, and associated transportation services on their behalf. Regional centers may encourage schools to use existing vendors to meet consumer needs.

Workgroup participants recommended greater reliance on the educational system for services, as appropriate. Participants expressed the need to maximize service provision through the mandated transition plan for individuals with special education needs.

The budget reductions in FY 2009-10 required regional centers to use generic educational services for minor school aged children, with exceptions in statute.

Savings:

FY 2011-12 savings

TF: \$13,696,000

GF: \$10,236,000

FY 2012-13 savings

TF: \$18,188,000

GF: \$13,593,000

The savings estimate uses actual 2009-10 data for consumers 18 to 22 years of age who are receiving services corresponding to this proposal. The assumption was made that 50 percent of consumers aged 18 to 22 will not have a certificate of completion or diploma and will receive needed services through the generic resource - public education system. The estimate assumes the use of generic education resources will be addressed through the IPP for consumers currently receiving the identified services through the regional center.

Implementation:

This proposal will be effective upon approval of the Legislature. The IPPs of consumers 18 to 22 years of age receiving regional center funded day, independent living, and/or associated transportation services potentially impacted by the implementation of this proposal will need to be reviewed to determine eligibility for the generic educational services. Changes to existing plans will be done through the IPP process.

9. SUPPORTED LIVING SERVICES: MAXIMIZING RESOURCES

Summary:

Supported Living Services (SLS) is a community living option that supports adult consumers who choose to live in homes they control through ownership, lease, or rental agreement. In supported living, a consumer pays for living expenses (e.g. rent, utilities, food, and entertainment) out of Social Security Income, work earnings or other personal resources. The regional center pays the vendor to

provide the SLS. The consumer may also receive other kinds of publicly-funded services like Medi-Cal, mental health services, vocational services, and In-Home Supportive Services (IHSS).

It is estimated that for FY 2011-12, 9,803 consumers will receive SLS at a total cost of approximately \$383 million. In the past five years, the number of consumers using SLS has increased by 33 percent and expenditures have grown by 83 percent.

During workgroup meetings, participants discussed ways to maximize regional center funded services while maintaining the individualized nature of SLS. One proposed strategy is to apply a feature used for IHSS services. Consumers who share a household with other adults likely also share common tasks. Savings for SLS could be accomplished through identifying shared tasks that can be provided at the same time and by the same direct support professional, provided each person's needs is met. Identifying, during IPP meetings, shared tasks, such as meal preparation and clean up, menu planning, laundry, shopping, general household tasks, and errands, would enable the SLS provider to provide efficiencies in SLS services.

A second area of discussion among participants was how the amount and type of SLS service is determined. Currently, most providers conduct this assessment as an important component of getting to know the consumer they will be supporting. The workgroup discussed the value of conducting an independent assessment when service needs are significant, while preserving the need for the provider to have a comprehensive understanding of the type and amount of services needed.

To maximize resources in SLS, this proposal would, similar to what is done in IHSS, require regional centers to assess during IPP meetings whether there are tasks that can be shared by consumers who live with roommates. Secondly, to minimize the possibility of 'over' supporting a person, an independent needs assessment will be required for all consumers who have SLS costs that exceed the statewide or regional center mean, whichever is lower. The assessment would be completed by an entity other than the SLS agency providing service and be used during IPP meetings to determine the services provided are necessary and sufficient and that the most cost effective methods of service are utilized.

As part of FY 2009-10 reductions, SLS achieved savings of \$22.9 million in Total Funds and \$15.1 million in GF. Savings were associated with SLS vendors helping consumers get IHSS within five days of moving into supported living; regional centers reviewing SLS rates and only supplementing consumer's rent in extraordinary circumstances; and having consumers using SLS who share a home use the same SLS provider if possible.

Savings:**FY 2011-12 savings**

TF: \$9,948,000

GF: \$5,461,000

FY 2012-13 savings

TF: \$19,896,000

GF: \$10,924,000

For shared tasks, it is estimated that 40 percent of the total costs of SLS are for consumers who share housing with at least one other adult and, among those house mates, approximately 10 percent of tasks can be shared. Since any changes will be made through the IPP process, it is estimated that 50 percent of savings will be realized in FY 2011-12, with full savings achieved in FY 2012-13.

For assessments, 33.4 percent of SLS population is over the statewide or regional center annual average SLS cost and these 33.4 percent SLS consumers share 80.9 percent of the total SLS costs. It is estimated that 5 percent of the total SLS cost for those above the SLS annual average mean would be saved by requiring an independent assessment of existing SLS consumers. Since any changes will be made through the IPP process, it is estimated that 50 percent of savings for existing SLS consumers will be realized in FY 2011-12 with full year savings in FY 2012-13.

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature. Changes to an individual's SLS will be made through the IPP process.

10. INDIVIDUAL CHOICE DAY SERVICES**Summary:**

Over the past several years there has been extensive community discussion regarding best practices for delivery of day services. Consumers, family members, regional center staff, and vendors publicly testified that the current array of day services options is insufficient to meet changing consumer needs. Young consumers want the opportunity to attend college and to develop the job skills necessary to get stable employment. Other adults want the opportunity to contribute to their community through volunteerism or simply have the flexibility to tailor when, where, and how often they attend a day program. A number of consumers want the opportunity to direct their day services.

Twenty-five percent of the regional center purchase of service budget is spent on Day Program and Habilitation Services (i.e., work services.) The Department estimates expenditures of nearly \$930 million in FY 2011-12 for these programs.

To achieve savings in FY 2009-10, the Department proposed three strategies that impacted day program services: expansion of the Uniform Holiday Schedule, an option for reduced programming for Seniors, and Custom Endeavor Option (CEO) to allow for more individualized services. The proposed GF savings were Uniform Holiday Schedule \$16.3 million; Senior Option \$1 million; and CEO \$12.7 million. However, only the Uniform Holiday Schedule change achieved savings. No savings were achieved for the Senior or CEO Options.

During recent workgroup meetings, the Senior and CEO Options, and the barriers associated with implementing them, were discussed. The workgroup members conveyed to the Department that savings were difficult to achieve due to regulatory restrictions on staffing ratios, not being able to backfill if a consumer chose a different option, and the difficulty of implementing the options within the current rate structure. Workgroup participants advised the Department to review individualized day program service options and address the barriers surrounding fixed staffing ratios and operating costs when proposing any individual choice options. The Residential Services workgroup raised concerns about the practice of some day programs ending the program day very early and returning consumers to their residence after a few hours, thereby shifting costs.

The Department considered the input from the workgroups and community concerning the importance of consumers having alternative choices to traditional day programs in its development of the FY 2011-12 proposals. Two of the proposals presented by the Department address the community's eagerness for greater consumer choice in day services. These proposals also deal with the barriers expressed by providers in implementing the FY 2009-10 proposals.

Tailored Day Program Service Option (TDS): TDS is designed to meet the needs of consumers who choose a program focused on their individualized needs and interests to develop or maintain employment and/or volunteer activities. In this option, a consumer can choose to attend fewer program days or choose the hours of participation. The consumer can also choose how to participate in the program. Through the IPP process, the consumer, vendor, and regional center can create a program tailored to the consumer's needs. Once the type and amount of service desired by the consumer is determined, the regional center and vendor can negotiate the appropriate hourly or daily rate. Vendors will have service designs to meet the needs of the consumers. Staffing may be adjusted but must meet all health and safety requirements for the consumer and meet the consumer's tailored needs. The TDS is in lieu of any other day program service. Regional centers will be able to pay the provider a higher rate for customized services as long as the required savings are achieved and the vendor will no

longer be prohibited from backfilling the day program slot. TDS will replace the Senior and CEO Options currently in statute.

Vouchered Community-Based Training Service Option (VCTS): VCTS is designed for consumers and/or parents who choose to directly hire a support worker to develop functional skills to achieve community integration, employment or participation in volunteer activities. A Financial Management Services entity will be available to assist the consumer and/or parent in payroll activities. Consumers who choose this option will have up to 150 hours of services each quarter. The VCTS is in lieu of any other day program service.

Modified Full and Half-Day Program Attendance Billing: To ensure maximization of existing resources and to address concerns of residential providers, the proposal would modify the current billing for day programs that bill a daily rate to be consistent with the Work Activity Program (WAP) full and half-day billing requirements. WAP billing requires a minimum of two hours attendance and provides for half-day billing. Currently, California regulations governing the provision of day programs are silent on what constitutes a full or half-day for billing purposes. Programs could shorten their service day to less than four hours and still receive payment for a full day. This proposal would ensure the consumer is receiving the level of services purchased. This requirement will not apply to TDS or VCTS services.

Savings:

FY 2011-12 savings

TF: \$12,839,000
GF: \$ 9,629,000

FY 2012-13 savings

TF: \$16,477,000
GF: \$12,358,000

The consumer choice day program and modified billing proposals combined are designed to achieve the expected but unachieved savings associated with the Senior and CEO Options enacted in the 2009-10 budget process.

Tailored Day Program (TDP) Service Option: This proposal assumes 5 percent of consumers will choose this option in lieu of their current day program. It also assumes the regional center can negotiate the program service but not pay a rate that exceeds the regular rate associated with four days per week if the vendor has a daily day program rate or the equivalent of 4/5 of the hours for a consumer who is utilizing a vendor with an hourly rate prior to entering into a TDP.

Vouchered Community-Based Training Service Option: This proposal assumes 2 percent of consumers in day programs, look alike day programs, and work activity programs will choose this option in lieu of their current day program. This proposal establishes a rate of \$13.47 per hour, including employer related taxes, and a maximum of 50 hours per month of service. The rate assumes a \$12 per hour wage to the support worker. The rate includes transportation needed to provide the service. The estimated savings assumes a cost associated with a financial management services entity to assist the consumer and/or parent in payroll activities.

Modified Full and Half-Day Program Attendance Billing: This proposal assumes that 15 percent of consumers in daily rate day programs would be reduced by a half day each month based on their attendance.

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature. Implementation of the TDS and VCTS options will be individualized and phased in through the IPP process.

11. MAXIMIZING RESOURCES FOR BEHAVIORAL SERVICES

Summary:

Behavioral Services are services that provide instruction and environmental modifications to promote positive behaviors and reduce behaviors that interfere with learning and social interaction. Behavioral Services can include designing, implementing and evaluating teaching methods, consultation with specialists, and behavioral interventions. It can also include training for consumers and/or parents on the use of behavioral intervention techniques and home-based behavioral intervention programs that are implemented by parents for their children. Department regulations establish the qualifications for the various professionals delivering these services.

This proposal would require parents to verify receipt of Behavioral Services provided to their child. This proposal would also authorize the Department to promulgate emergency regulations to establish a new service to allow regional centers to contract with paraprofessionals, with certain educational or experiential qualifications and acting under professional supervision, to provide behavioral intervention services.

Spending on Behavioral Services has increased steadily. Last year, nearly \$249 million was spent to provide services to over 20,000 consumers. This year, the Department anticipates spending over \$291 million on Behavioral Services.

During recent workgroup meetings, participants discussed whether having parents confirm the provision of Behavioral Services would reduce the unintended occurrence of incorrect billings. Behavioral Services provided to children are often frequent in occurrence, increasing the possibility of inaccurate billings.

Additionally, workgroup members felt that allowing qualified paraprofessionals to provide intervention services could result in cost savings. Participants considered that undergraduates studying in a field relevant to behavioral intervention and other individuals with experience working with people with developmental disabilities could, with sufficient supervision and training, provide some intervention services. Because these workers would be paraprofessionals, the rate of pay could be lower while maintaining the quality and consistency of the service.

In FY 2009-10, the Department implemented statute calling for regional centers to purchase Behavioral Services consistent with evidence-based practices and addressing the role of parents in the treatment plan. The usefulness of an intervention plan is now reviewed on a regular basis to ensure goals and objectives are met. These strategies were estimated to save \$21 million in GF (\$30 million in Total Funds). Savings were partially achieved.

Savings:

FY 2011-12 savings

TF: \$4,893,000

GF: \$3,852,000

FY 2012-13 savings

TF: \$4,893,000

GF: \$3,852,000

It is estimated that total expenditures for Behavioral Services would be reduced by 1 percent through parental verification.

It is estimated that 25 percent of the existing service costs will be associated with the paraprofessional service. The paraprofessional rate will be established at 75 percent of the regional center's median rate for Behavior Management Assistant.

Implementation:

This proposal will be effective upon approval of the Legislature. Statutory changes will be required to implement the parental verification. Regulations will be developed to add the paraprofessional services.

12. TRANSFER REDUCED SCOPE PREVENTION PROGRAM TO THE FAMILY RESOURCE CENTERS

Summary:

The Prevention Program was established on October 1, 2009, to provide services in the form of intake, assessment, case management, and referral to generic agencies for those infants and toddlers, 0 to 2 years of age, who are not eligible for Early Start services but who are at risk for developmental delay. The program was established subsequent to changing eligibility for the Early Start program to what is required for receipt of grant funding under the federal Individuals with Disabilities Education Act (IDEA), Part C. Prevention Program services are provided through the regional centers.

As of March 2011, there were 3,258 children in the Prevention Program. Regional centers are funded through a block grant, based on caseload. In FY 2010-11, \$18,150,000 of GF was allocated. The Prevention Program is currently budgeted at \$12 million for FY 2011-12.

This proposal would decrease the required functions of the Prevention Program to information, resource, outreach, and referral; transfer responsibility for these functions to Family Resource Centers (FRC); and reduce funding to \$4.5 million in FY 2011-12 and \$2 million in FY 2012-13. Since approximately 3,200 children remain in the Prevention Program, this proposal assumes \$2.5 million for regional centers to complete services to the existing caseload and \$2 million for FRCs to serve new referrals. Beginning July 1, 2012, the program would be completely transferred to the FRCs through a contract between the Department and the Family Resource Center Network of California, or a similar entity.

Regional centers will continue to provide all infants and toddlers with intake, assessment, and evaluation for the Early Start Program. Infants and toddlers ineligible for the Early Start Program would be referred to the FRCs.

The workgroup participants discussed the under utilization of the Prevention Program and suggested review for cost and program effectiveness.

In FY 2009-10, budget savings of \$54.5 million were achieved through narrowing the criteria for eligibility for the Early Start Program to what is required for the federal IDEA, Part C funding. Additional legislation was passed to discontinue the provision of non-federally required services. Parents were also required to use private insurance, if available, for services.

Savings:

FY 2011-12 savings

TF: \$7,500,000

GF: \$7,500,000

FY 2012-13 savings

TF: \$10,000,000

GF: \$10,000,000

The savings assumes a transition period for individuals currently in the Prevention Program and referral of new infants and toddlers to FRCs.

Implementation:

This proposal will be effective upon approval of the necessary statutory changes by the Legislature.

13. ENHANCING COMMUNITY INTEGRATION AND PARTICIPATION – DEVELOPMENT OF TRANSPORTATION ACCESS PLANS

Summary:

Current law provides that regional centers will not fund private, specialized transportation services for an adult consumer who can safely access and utilize public transportation when that transportation modality is available and will purchase the least expensive transportation modality that meets a consumer's needs as set forth in the IPP/IFSP. To maximize consumer community integration and participation and to address barriers to the most integrated transportation services, a transportation access plan would be developed at the time of the IPP, for consumers for whom the regional center is purchasing specialized transportation services or vendored transportation services from the consumer's day, residential or other provider receiving regional center funding to transport the consumer to and from day programs, work and/or day activities. The plan would address the services needed to assist the consumer in developing skills to access the most inclusive transportation option that can meet the consumer's needs. The Transportation Workgroup recommended the requirement for the development of transportation access plans.

The FY 2009-10 reduction proposals resulted in annual savings of \$39.9 million in Total Funds and \$36.6 million in General Funds in the area of transportation. In addition to the statutory provision above regarding the funding of private, specialized transportation services, the law specifies that the regional centers may now only fund transportation for a minor child living in the family residence if

the family provides sufficient written documentation to demonstrate that it is unable to provide transportation for the child.

Savings:

FY 2011-12 savings

TF: \$1,473,000

GF: \$1,075,000

FY 2012-13 savings

TF: \$2,945,000

GF: \$2,150,000

Savings assumes 1.5 percent of consumers will access more inclusive forms of transportation. Transportation Access Plans will be developed during the IPP process, as applicable. The estimate assumes the IPPs are staggered evenly over the FY commencing July 1, 2011.

In addition to this proposal, transportation savings are also identified in the "Individual Choice Day Services" proposal and the "Maximize Utilization of Generic Resources - Education Services" proposal.

Implementation:

This proposal will be effective upon approval of the Legislature. Through the IPP process, transportation access plans will be developed for consumers as appropriate.

Draft Proposals Summary Chart

| | 2011-12 | | Annual | |
|--|----------------|----------------|----------------|----------------|
| | TF | GF | TF | GF |
| Reduced Expenditure Savings that Allow Reduction in Savings Required through Proposals | \$ 55,603,000 | \$ 55,603,000 | \$ 55,603,000 | \$ 55,603,000 |
| 1. Increasing Federal Funding for Regional Center Purchased Consumer Services | \$ - | \$ 20,932,000 | \$ - | \$ 22,515,000 |
| • Add Voucher - Nursing Services to the HCBS Waiver | \$ - | \$ 528,000 | \$ - | \$ 528,000 |
| • Money Follows the Person for Residents of Institutional Settings | \$ - | \$ 1,881,000 | \$ - | \$ 3,464,000 |
| • Enhanced Funding from 1915(k) Medicaid State Plan | \$ - | \$ 1,200,000 | \$ - | \$ 1,200,000 |
| • Obtain Federal Funding for Infant Development Program | \$ - | \$ 13,223,000 | \$ - | \$ 13,223,000 |
| • 1915(i) New Expenditures | \$ - | \$ 4,100,000 | \$ - | \$ 4,100,000 |
| 2. Decreasing Department of Developmental Services Headquarters Contracts | \$ 2,015,000 | \$ 1,754,000 | \$ 2,015,000 | \$ 1,754,000 |
| • Information Technology | \$ 545,000 | \$ 545,000 | \$ 545,000 | \$ 545,000 |
| • Clients' Rights Advocacy | \$ 250,000 | \$ 200,000 | \$ 250,000 | \$ 200,000 |
| • Quality Assessment | \$ 530,000 | \$ 424,000 | \$ 530,000 | \$ 424,000 |
| • Direct Support Professional Training | \$ 140,000 | \$ 85,000 | \$ 140,000 | \$ 85,000 |
| • Office of Administrative Hearings | \$ 250,000 | \$ 200,000 | \$ 250,000 | \$ 200,000 |
| • Risk Management | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| • Self Directed Services Training | \$ 200,000 | \$ 200,000 | \$ 200,000 | \$ 200,000 |
| 3. Reduction and Efficiency in Regional Center Operations Funding | \$ 14,565,000 | \$ 14,132,000 | \$ 15,881,000 | \$ 15,015,000 |
| • Self Directed Services Waiver Reduced Staffing | \$ 861,000 | \$ 861,000 | \$ 861,000 | \$ 861,000 |
| • Community Placement Plan Reduced Staffing | \$ 315,000 | \$ 315,000 | \$ 315,000 | \$ 315,000 |
| • Roll Back of Prior Year Staffing Increase | \$ 1,902,000 | \$ 1,902,000 | \$ 1,902,000 | \$ 1,902,000 |
| • Reduced Accelerated Waiver Enrollment Funding | \$ 1,771,000 | \$ 1,771,000 | \$ 1,771,000 | \$ 1,771,000 |
| • Administrative Efficiency - Electronic Billing Process to All Providers | \$ 1,316,000 | \$ 883,000 | \$ 2,632,000 | \$ 1,766,000 |
| • Eliminate One-Time Costs for Office Relocations and Modifications | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| • Unallocated Reduction | \$ 5,400,000 | \$ 5,400,000 | \$ 5,400,000 | \$ 5,400,000 |
| Proposals Associated with Purchase of Consumer Services | \$ 71,897,000 | \$ 53,115,000 | \$ 107,772,000 | \$ 79,137,000 |
| 4. Community Placement Plan Funding | \$ 9,685,000 | \$ 6,966,000 | \$ 9,685,000 | \$ 6,966,000 |
| 5. Rate Equity and Negotiated Rate Control | \$ 6,008,000 | \$ 3,432,000 | \$ 14,312,000 | \$ 9,568,000 |
| 6. Annual Family Program Fee | \$ 3,600,000 | \$ 3,600,000 | \$ 7,200,000 | \$ 7,200,000 |
| 7. Maintaining the Consumer's Home of Choice - Mixed Payment Rates in Residential Facilities with Alternative Residential Model (ARM) Rates | \$ 2,255,000 | \$ 1,364,000 | \$ 4,176,000 | \$ 2,526,000 |
| 8. Maximize Utilization of Generic Resources - Education Services | \$ 13,696,000 | \$ 10,236,000 | \$ 18,188,000 | \$ 13,593,000 |
| 9. Supported Living Services: Maximize Resources | \$ 9,948,000 | \$ 5,461,000 | \$ 19,896,000 | \$ 10,924,000 |
| 10. Individual Choice Day Services | \$ 12,839,000 | \$ 9,629,000 | \$ 16,477,000 | \$ 12,358,000 |
| 11. Maximizing Resources for Behavioral Services | \$ 4,893,000 | \$ 3,852,000 | \$ 4,893,000 | \$ 3,852,000 |
| 12. Transfer Reduced Scope Prevention Program to the Family Resource Centers | \$ 7,500,000 | \$ 7,500,000 | \$ 10,000,000 | \$ 10,000,000 |
| 13. Enhancing Community Integration and Participation - Development of Transportation Access Plans | \$ 1,473,000 | \$ 1,075,000 | \$ 2,945,000 | \$ 2,150,000 |
| Total Reductions | \$ 144,080,000 | \$ 145,536,000 | \$ 181,271,000 | \$ 174,024,000 |