

Department of Developmental Services

2012 May Revision's Highlights



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DEPARTMENT OF DEVELOPMENTAL SERVICES MAY 2012 HIGHLIGHTS

PROGRAM HIGHLIGHTS

The Department of Developmental Services (the Department) is currently responsible under the Lanterman Developmental Disabilities Services Act (Lanterman Act) for ensuring that over 259,000 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. Proposed systemwide funding for Fiscal Year (FY) 2012-13 is \$4.7 billion (\$2.6 billion General Fund (GF)).

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 increase in FY 2012-13 to 255,972. The number of consumers living in state-operated residential facilities will decrease by the end of FY 2012-13 to 1,425.

As a result of the on-going fiscal crisis, the Department's budget has been reduced over the last several years through a variety of strategies such as accessing additional federal funds, reducing or suspending services; and changing eligibility for services. In FY 2009-10, the Department's budget was reduced by approximately \$334 million GF and an additional \$200 million GF in FY 2010-11. The Department's budget for FY 2011-12 was decreased by \$591 million GF, in addition to reductions achieved through statewide budget items (e.g. state workforce reductions). These reductions have kept the Department's budget relatively flat as overall consumer population continues to grow.

Due to lower than anticipated revenue projections, the Department of Finance announced on December 13, 2011, that the DDS Budget would be reduced by \$100 Million GF in accordance with Assembly Bill 121, Chapter 41, Statutes of 2011. The Department released its plan to achieve the savings on March 28, 2012, which can be found on the DDS website at www.dds.ca.gov.

The January 2012 Governor's Budget for FY 2012-13 includes the full year impact of the revenue trigger reduction for DDS of \$200 million GF. To obtain stakeholder input, the Department held six workgroups throughout the State in Los Angeles, Sacramento, San Diego, Riverside, Oakland and Fresno. Stakeholder organizations were invited to appoint individuals to the workgroups that represent their respective services or role in the provision of services to consumers. To ensure individuals who receive services and their families had the opportunity to participate, the Department asked the organizations to appoint consumer or family representatives to the workgroups.

In January, the full year reduction was reflected in the Regional Center Estimate as a systemwide reduction of \$200.0 million GF. The May Revision includes the proposed savings solutions and appropriately assigns them to the various budgets and fund sources, including associated reimbursements. The primary components of the reduction include:

- Maximization of federal funding through aggressive Home and Community Based Services (HCBS) waiver enrollment and participation in the Community First Choice Options funding – 1915(k).
- Implementation of Senate Bill 946 - Insurance coverage of certain behavioral health treatment for individuals with a diagnosis of autism.
- Redesigning services for individuals with challenging service needs, including reduced utilization and long-term reliance on Developmental Centers; reduced utilization of facilities not eligible for federal participation and out-of-state facilities; and realignment of resources to meet the needs of changing population and address health and safety concerns.
- Continuation of a 1.25 percent regional center and provider payment reduction.
- Redesign supported living assessments to eliminate the requirement for an independent assessment and require use of a standardized form for all consumers receiving Supported Living services for a net increase in savings.
- Additional cost savings and efficiencies including reduced “Downsizing” and “Gap” funds based on the decreased need and expanded use of technology to achieve efficiencies.

A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov.

The May Revision proposes a FY 2011-12 increase of \$46.9 million (\$4.6 million GF decrease). For FY 2012-13, the May Revision proposes an increase of \$73.2 million (\$27.0 million GF decrease) that is primarily due to maximizing the use of federal funds that reduces the amount of GF savings required to achieve the \$200.0 million savings.

COMMUNITY SERVICES PROGRAM

2011-12

To provide services and support to 249,532 persons with developmental disabilities in the community, the May Revision updates FY 2011-12 funding to \$4.0 billion total funds (\$2.2 billion GF). The May Revision includes an increase of \$46.9 million total funds (\$15.4 million GF decrease) for regional center operations (OPS) and purchase of services (POS). This is composed of:

Caseload and Utilization

\$46.5 million increase (\$18.1 million GF decrease) in regional center POS costs primarily due to updated caseload and expenditure data, including Home and Community Based Services (HCBS) waiver enrollment above budgeted levels.

Administrative Fees

\$0.1 million increase (\$0.3 million GF) in regional center OPS for Intermediate Care Facility-Developmentally Disabled (ICF-DD) State Plan Amendment Administrative (SPA) Fees to reflect updated expenditures. These expenditures are funded by reimbursements from Quality Assurance Fees (QAF), Transfer from Department of Health Care Services (DHCS).

Quality Assurance Fees (QAF)

\$0.3 million increase (\$0.0 million GF) in POS for to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Fund Shifts:

▪ **Money Follows the Person (MFP)**

There is a fund shift of \$2.1 million to reflect the new federal restrictions on the amount of MFP expenditures that may be reimbursed at 100 percent which alters the Federal Medical Assistance Percentage from 100 percent federal financial participation (FFP) to 75 percent FFP and 25 percent GF.

▪ **Targeted Case Management (TCM) Administration**

There is a fund shift of \$0.3 million to reflect decrease in Medicaid federal matching funds for TCM Administration as a result of a decrease in the cost allocation related to DDS' headquarters administrative case management assistance to the regional centers resulting in increased GF costs. The decrease in cost allocation is a result of reduced personnel services expenditures for Fiscal Year 2010-11.

2012-13

The 2012 May Revision projects the total community caseload at 255,972, as of January 31, 2013, and assumes a decrease of 87 consumers over the FY 2012-13 Governor's Budget. The May Revision also projects an increase of \$82.2 million TF (\$29.6 million GF decrease) due to updated reimbursement, expenditure and utilization change estimates, and proposed savings solutions. The regional center budget changes include:

Caseload and Utilization

\$29.3 million increase (\$63.3 million GF decrease) in regional center OPS and POS due to updated caseload and expenditure data, including \$61.0 million in GF savings achieved through aggressive HCBS waiver enrollment toward meeting the FY 2012-13 reduction amount.

Administrative Fees

\$0.1 million increase (\$0.3 million GF) in regional center OPS for ICF-DD SPA Administrative Fees to reflect updated expenditures. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Quality Assurance Fees (QAF)

\$0.4 million increase (\$0.0 million GF) in POS to reflect updated expenditures for day treatment and transportation costs of ICF-DD residents. These expenditures are funded by reimbursements from QAF, Transfer from DHCS.

Adjustment of the Payment Reduction

\$1.6 million increase (\$0.4 million GF decrease) in POS to update the amount associated with the scheduled sunset of the payment reduction on June 30, 2012.

Other Agency Costs

\$0.3 million increase (\$0.0 million GF) in Other Agency Costs to reflect implementation of a federal early start Race-to-the-Top grant that will fund activities focused on the early intervention system; participation in statewide efforts at the regional center, local education agency and family resource center level; and coordination of best practices in developmental and health screening at the local level.

Fund Shifts:

▪ **California First Five Commission**

Fund shift of \$40.0 million to reflect inclusion of California First Five Commission grant funding.

▪ **Money Follows the Person**

Fund shift of \$2.1 million to reflect the new federal restrictions on the amount of MFP expenditures that may be reimbursed at 100 percent as discussed earlier for current year.

- **Targeted Case Management Administration**

Fund shift of \$0.3 million to reflect decrease in Medicaid federal matching funds for TCM Administration as a result of a decrease in the in the cost allocation as discussed earlier for current year.

Savings Solutions

\$50.5 million increase (\$71.4 million GF) to reflect the changes to the Regional Center Estimate based on the proposed savings solutions associated with the full year trigger reduction, as described earlier. In January, the full \$200 million GF savings was shown in the Regional Center Estimate, but noted as a systemwide reduction. The Regional Center Estimate is adjusted to accurately reflect the proposals, as follows:

- Reduction in reimbursements associated with the proposed savings solutions in the regional center budget of \$20.8 million;
- A fund shift of \$61.0 million achieved through aggressive HCBS Waiver enrollments that restores the prior GF reduction; and
- An increase of \$10.4 million GF due to savings now reflected in the developmental centers' budget.

A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov.

DEVELOPMENTAL CENTERS PROGRAM

2011-12

To provide services and support for 1,759 residents in developmental centers (average in-center) the May Revision updates FY 2011-12 funding to \$569 million (\$304.3 million GF) and authorized positions to 5,570.5. There was a fund shift of \$10.8 million from Reimbursements to GF for denial of federal certification for a portion of the Porterville Developmental Center Secure Treatment Program (PDC STP) by the Centers for Medicare and Medicaid Services. There is no change in total funds from the Governor's Budget.

2012-13

For FY 2012-13, the May Revision projects 1,544 average in-center residents in developmental centers. Funding decreases to \$550.2 million (\$286.2 million GF) and authorized positions decreases to 5,156.5; a decrease of \$9.0 million (\$2.6 million GF increase), and decrease in 96.5 positions.

Adjustments:

- \$13.0 million GF fund shift from Reimbursement due to the recent denial of certification for PDC STP.
- \$9.1 million decrease (\$10.4 million GF) which represents the Developmental Center's portion of the savings solutions to achieve the \$200 million General Fund trigger reduction previously displayed in the Regional Center Estimate. A complete description of the savings solutions can be found on the DDS website at www.dds.ca.gov . The impact of these changes is not reflected in the Developmental Center admissions and placements contained in the Estimate.
- \$0.02 million Federal Fund transfer from the Federal Foster Grandparent/Senior Companion (FGP/SC) program in the developmental centers to the community services program.
- \$2.1 million increase (\$1.1 million GF) for the restoration of a portion of one-time OE&E reductions.
- \$0.9 million (\$0.5 million GF) decrease is composed of the following:
 - An increase of 11 residents mainly due to an adjustment in Lanterman's placement due to fewer placements in FY 2011-12.
 - A net reduction of 6.5 positions (-7.0 positions in Level of Care (LOC) and an increase of 0.5 positions in Non-Level of Care (NLOC)) reflects and update for population of 10.5 positions and CDER data adjustment of -17.0 positions. The CDER data adjustment and a new preferred program for individuals with both developmental and mental health diagnoses (dual diagnoses) was based on a recommendation by the Department of Finance – Office of State Audits and Evaluations.
- \$1.1 million (\$0.6 million GF) decrease compared to the Governor's Budget in Staff Support Costs/Resident Transition for the closure of the Lanterman Development Center. This reduction reflects updated expenditure needs.
- A decrease of 90.0 positions as required by Budget Letter 12-03, entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings." The adjustment reflects a reduction of positions to fund overtime costs.

LANTERMAN DEVELOPMENTAL CENTER CLOSURE UPDATE

The Department, working with regional centers, now anticipates the transition of approximately 70 Lanterman Developmental Center (Lanterman) residents to community living arrangements during FY 2011-12. The May Revision anticipates the transition of another 110 residents to community living arrangements in FY 2012-13. This does not change the total anticipated placements for the two years, but instead

adjusts the timing of the community placements. There is no change in funding for FY 2011-12 based on this adjustment. .

For FY 2012-13, Lanterman has a net increase of \$0.5 million and a net decrease of 4.0 positions from the January Governor's Budget. This change in costs and positions include the following adjustments: updates to Staff Support Costs / Resident Transition (net decrease of \$1.1 million); an increase of 21.0 positions and \$1.6 million (average in-center population increase of 10 consumers); and a decrease of 25.0 positions related to Budget Letter 12-03, entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings."

CAPITAL OUTLAY

No update to Capital Outlay for the May Revision.

HEADQUARTERS

2011-12

There is no update to Headquarters' budget for 2011-12 budget in the May Revision.

2012-13

Headquarters' 2012-13 budget continues to reflect \$38.5 million (\$24.5 million GF). Budget Letter 12-03 entitled "Adjust Budget Display to Reflect Actual Expenditures and Eliminate Salary Savings" adjust the authorized positions from 380.5 to 374.5. The adjustment reflects a reduction of 12.5 permanent positions to fund temporary help and overtime costs.

DEPARTMENT OF DEVELOPMENTAL SERVICES
2012-13 May Revision

FUNDING SUMMARY
(Dollars in Thousands)

	2011-12	2012-13	Difference
BUDGET SUMMARY			
COMMUNITY SERVICES	\$3,959,921	\$4,146,177	\$186,256
DEVELOPMENTAL CENTERS	569,041	550,202	-18,839
HEADQUARTERS SUPPORT	35,632	38,505	2,873
TOTALS, ALL PROGRAMS	\$4,564,594	\$4,734,884	\$170,290
FUND SOURCES			
General Fund	\$2,550,024	\$2,625,715	\$75,691
Reimbursements: Totals All	1,951,792	2,042,592	90,800
<i>Medicaid (aka HCBS) Waiver</i>	1,008,603	1,078,771	70,168
<i>Medicaid (HCBS) Waiver Administration</i>	11,179	9,584	-1,595
<i>Medicaid Administration (NHR)</i>	12,419	13,012	593
<i>Targeted Case Management</i>	131,916	139,065	7,149
<i>Targeted Case Management Admin.</i>	3,963	4,015	52
<i>Medi-Cal</i>	256,728	254,064	-2,664
<i>Title XX Block Grant</i>	225,060	225,060	0
<i>ICF-DD/State Plan Amendment</i>	49,650	52,798	3,148
<i>Quality Assurance Fees (DHCS)</i>	8,837	9,620	783
<i>Vocational Rehabilitation</i>	118	118	0
<i>California First Five Commission</i>	50,000	40,000	-10,000
<i>1915(i) State Plan Amendment</i>	165,500	183,362	17,862
<i>1915(k) Medicaid State Plan</i>	0	1,924	1,924
<i>Impacts from Other Departments FFP</i>	1,000	0	-1,000
<i>Money Follows the Person</i>	13,284	14,867	1,583
<i>Homeland Security Grant</i>	35	35	0
<i>Race to the Top</i>	0	286	286
<i>Other</i>	13,500	16,011	2,511
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Program Development Fund (PDF)	6,203	9,805	3,602
Mental Health Services Fund	1,133	1,129	-4
Developmental Disabilities Svs Acct	150	150	0
AVERAGE CASELOAD			
Developmental Centers	1,759	1,544	-215
Regional Centers	249,532	255,972	6,440
AUTHORIZED POSITIONS			
Developmental Centers	5,570.5	5,156.5	-414.0
Headquarters	380.5	374.5	-6.0

DEPARTMENT OF DEVELOPMENTAL SERVICES

2012-13 May Revision

(Dollars in Thousands)

	2011-12	2012-13	Difference
Community Services Program			
Regional Centers	\$3,959,921	\$4,146,177	\$186,256
Totals, Community Services	\$3,959,921	\$4,146,177	\$186,256
General Fund	\$2,222,720	\$2,314,964	\$92,244
Dev Disabilities PDF	5,926	9,523	3,597
Developmental Disabilities Svs Acct	150	150	0
Federal Trust Fund	51,986	52,006	20
Reimbursements	1,678,399	1,768,794	90,395
Mental Health Services Fund	740	740	0
Developmental Centers Program			
Personal Services	\$456,668	\$447,562	-\$9,106
Operating Expense & Equipment	112,373	102,640	-9,733
Total, Developmental Centers	\$569,041	\$550,202	-\$18,839
General Fund	\$304,271	\$286,242	-\$18,029
Federal Trust Fund	524	504	-20
Lottery Education Fund	453	453	0
Reimbursements	263,793	263,003	-790
Headquarters Support			
Personal Services	\$30,835	\$34,058	\$3,223
Operating Expense & Equipment	4,797	4,447	-350
Total, Headquarters Support	\$35,632	\$38,505	\$2,873
General Fund	\$23,033	\$24,509	\$1,476
Federal Trust Fund	2,329	2,530	201
PDF	277	282	5
Reimbursements	9,600	10,795	1,195
Mental Health Services Fund	393	389	-4
Totals, All Programs	\$4,564,594	\$4,734,884	\$170,290
Total Funding			
General Fund	\$2,550,024	\$2,625,715	\$75,691
Federal Trust Fund	54,839	55,040	201
Lottery Education Fund	453	453	0
Dev Disabilities PDF	6,203	9,805	3,602
Developmental Disabilities Svs Acct	150	150	0
Reimbursements	1,951,792	2,042,592	90,800
Mental Health Services Fund	1,133	1,129	-4
Caseloads			
Developmental Centers	1,759	1,544	-215
Regional Centers	249,532	255,972	6,440
Authorized Positions			
Developmental Centers	5,570.5	5,156.5	-414.0
Headquarters	380.5	374.5	-6.0