SUBCOMMITTEE #3:
Health & Human Services

Chair, Senator Mark DeSaulnier

Senator Elaine K. Alquist
Senator Bill Emmerson

February 10, 2011

10:00 AM or
Upon Adjournment of Session

Room 4203
(John L. Burton Hearing Room)

(Diane Van Maren)

Item	Department	
0530	CA Health & Human Services Agency	Vote Only
4300	Department of Developmental Services Developmental Centers Community Services	

PLEASE NOTE:

Only those items contained in this agenda will be discussed at this hearing. *Please* see the Senate File for dates and times of subsequent hearings.

Issues will be discussed in the order as noted in the Agenda unless otherwise directed by the Chair.

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Vote Only Calendar (Pages 2 through 5)

0530 CA Health and Human Services (CHHS) Agency

1. Health Information Exchange Staffing at CHHS Agency

Budget Issue. The budget requests $369,000 (federal funds) to extend three limited-term positions to continue implementation of the Health Information Exchange. These positions include a Staff Services Manager I; Staff Services Manager II, and a Staff Counsel III.

Key functions include the following:

- Develop statewide health information exchange that is governed and implemented cooperatively by the public and private sectors, the goals of which are to address specified health outcomes that include individual and population health status elevation, prioritizes meaningful use requirements;
- Develop and enforces policy guidance requiring all statewide health information exchange participants to comply with a common set of privacy and security guidelines and policies;
- Develop and enforce vendor-agnostic statewide technical guidance requiring all statewide health information exchange participants to comply with a common set of protocols and standards;
- Coordinate an integrated approach with Medi-Cal and State public health programs to enable information exchange and support monitoring of provider participation in health information exchange as required for Medi-Cal meaningful use incentives.

CHHS Agency states these positions are presently being used to manage implementation of California's Health Information Exchange grant and in developing and managing issues related to the Health Insurance Portability and Accountability Act (HIPAA), including issues pertaining to privacy and security rules.

The CHHS Agency received a four-year $38.7 million federal grant for California's Health Information Exchange. The majority of these funds are to be available in the first two-years of the grant, based on the State's performance in spending funds and building health information exchange capacity.

Under California's Operational Plan, the CHHS Agency is the federal grantee and retains responsibility for administering the federal grant and ensuring all federal grant deliverables are met. CHHS Agency is to coordinate electronic health activities in the State and work with stakeholders, State departments, and the Legislature to support and recommend policy needs for health information technology in California.

"Cal eConnect" (CeC) is California's "Governance Entity" which is a non-profit responsible for meeting the requirements CHSS Agency sets in contract and subsequent amendments. CeC was selected through a Request for Information process.

According to the CHHS Agency, new deliverables will be added to support the next phase of activities as the project proceeds. Generally, CeC will be responsible for establishing ground rules by which health information can be exchanged appropriately among clinicians, hospitals, health plans, patients, and government agencies. The CHHS Agency positions work closely with the CeC.

Background: Health Information Technology for Economic and Clinical Health Act. Under HITECH, California's eligible providers and hospitals may be eligible for up to $4 billion in federal "Electronic Health Record" (EHR) incentive payments. Of this amount, up to $1.4 billion is expected to be administered by the DHCS Medi-Cal EHR Incentive Program.

To receive these payments eligible providers and hospitals must meet federal "meaningful use" requirements which are expected to increase in three specified stages over a five year period. Stage 1 requirements will apply to federal fiscal year 2010-11 and 2011-2012 and are currently being crafted in a federal rule making process. Stages 2 and 3 will apply to federal fiscal years beyond 2012.

It should be noted that the DHCS Medi-Cal Program is engaged in a planning process to coordinate the role of Health Information Exchange activities in improving health outcomes for Medi-Cal enrollees and is in the process of drafting a "Planning-Advance Planning Document" to guide its implementation of "meaningful use" and incentive payments to providers.

Background: Senate Bill 337 (Alquist), Statutes of 2009. Among other things, this statute requires the CHHS Agency to develop a Plan to ensure that health information technology capabilities are available, adopted and utilized statewide so that patients do not experience disparities in access to the benefits of this technology due to their age, race, ethnicity, language, income, insurance status geography or other factors.

In addition, it established the California Health Information Technology and Exchange Fund for purposes related to health information technology and exchange. Federal grant funds are to be deposited in this Fund, along with funds received from sources other than the General Fund. The CHHS Agency is also charged with identifying future funding sources in addition to federal funds and exclusive of General Fund support.

Subcommittee Staff Recommendation—Approve. The request is consistent with California's federal grant application and plan, as well as enabling State statute. No issues have been raised by the Legislative Analyst's Office (LAO) or Subcommittee staff.

2. Additional Health Information Exchange Support

Budget Issue. The CHHS Agency is proposing to establish a two-year limited-term Associate Governmental Program Analyst (AGPA) position to support the Deputy Secretary's operational activities coordinating and leading the California health information and technology exchange program (as discussed under item 1, above). An increase of $99,000 (federal funds) is requested for this two-year AGPA position.

The CHHS Agency contends this position is needed to provide assistance to the Deputy Secretary to provide research assistance; track and oversee assignments; review correspondence; screen appointment requests; and arrange for meetings.

Previously, resources were redirected from another section within CHHS Agency to provide support. However, due to its own program demands that section of CHHS Agency cannot continue to provide assistance to the Deputy Secretary.

Subcommittee Staff Recommendation—Deny. It is recommended to deny this request since it lacks workload justification, and other core positions have been provided for core health information exchange support (as discussed under item 1, above).

The Assembly Budget Subcommittee #1 denied this request. The Subcommittee staff recommendation conforms to this action.

3. Aging and Disability Resource Connection Federal Grant Support

Budget Issue. The budget requests an increase of $604,000 (federal funds) and extension of a Staff Services Manager II (to September 2012) to continue support and administration of two new federal grants focused on strengthening Aging and Disability Resource Connection services ADRC) in California.

The position will provide grant oversight and administration of program outcomes as required under the federal grants.

Of the total amount, $504,000 (federal funds) is for external contracts. These funds will be used to do the following:

- To expand the current ADRC hospital care transition programs to diverse and underserved communities at four ADRCs. The goal of this program is to reduce hospital readmission rates and to secure funding from partner hospitals for continuation of transition coach positions.
- To develop, pilot test and evaluate a comprehensive set of long-term options counseling standards with four local partner organizations and to establish uniform ADRC criteria and a designation process to enable continued ADRC expansion.

Two new federal grants will enable California to build on the initial investment in the Aging and Disability Resource Connection (ADRC) model by strengthening ADCR protocols, technical tools and services developed under previous grants.

Background: Aging and Disability Resource Connection (ADRC) Programs. These programs provide a coordinated entry point into the long-term care system for older adults and people with disabilities. Since 2004, California has launched sever ADRC partnerships covering 10 counties. This model uses the existing resources and expertise of local Area Agencies on Aging (AAA) and Independent Living Centers (ILC), while eliminating service and program overlaps. Through integration and partnership, ADRCs offer consumers a more coordinated system of long-term supports.

The federal Administration on Aging and Centers for Medicare and Medicaid Services (CMS) are recognizing the critical role of ADRCs in the long-term care continuum by directing federal funds to strengthen these services.

Subcommittee Staff Recommendation—Approve. This request is consistent with the federal grants and past State practices. No issues have been raised by the LAO or Subcommittee staff.

Department of Developmental Services

A. Overall Background (Pages 6 through 7)

Purpose and Description of Department. The Department of Developmental Services (DDS) administers services in the community through 21 Regional Centers (RC) *and* in state Developmental Centers (DC) for persons with developmental disabilities as defined by the provisions of the Lanterman Developmental Disabilities Services Act.

The purpose of the department is to: **(1)** ensure individuals receive needed services; **(2)** ensure the optimal health, safety, and well-being of individuals served in the developmental disabilities system; **(3)** ensure that services are provided by vendors, Regional Centers, and the Developmental Centers are of high quality; **(4)** ensure the availability of a comprehensive array of appropriate services and supports to meet the needs of consumers and their families; **(5)** reduce the incidence and severity of developmental disabilities through the provision of appropriate prevention and early intervention services; and **(6)** ensure services and supports are cost-effective.

Eligibility and Individual Program Plan Process. To be eligible for services, the disability must begin before the consumer's 18th birthday; be expected to continue indefinitely; present a significant disability; and be attributable to certain medical conditions, such as mental retardation, autism, and cerebral palsy.

Individuals with developmental disabilities have a number of residential options. Almost 99 percent receive community-based services and live with their parents or other relatives, in their own houses or apartments, or in group homes (various models) that are designed to meet their medical and behavioral needs.

Services and supports provided for individuals with developmental disabilities are coordinated through the *Individualized Program Plan (IPP) (or the Individual Family Service Plan if the consumer is an infant/toddler 3 years of age or under)*. The IPP is prepared jointly by an interdisciplinary team consisting of the consumer, parent/guardian/conservator, persons who have important roles in evaluating or assisting the consumer, and representatives from the Regional Center and/or state Developmental Center. Services included in the consumer's IPP are considered to be entitlements (court ruling).

In addition, as recognized in the Lanterman Act, differences (to certain degrees) may occur across communities (Regional Center catchment areas) to reflect the individual needs of the consumers, the diversity of the regions which are being served, the availability and types of services overall, access to "generic" services (i.e., services provided by other public agencies which are similar in charter to those provided through a Regional Center), and many other factors. This is intended to be reflected in the IPP process.

Background—Transitioning to Community Services. The population of California's Developmental Centers has decreased over time. The development of community services as an alternative to institutional care in California mirrors national trends that support the development of integrated services and the reduced reliance on state institutions.

The implementation of the Coffelt Settlement agreement resulted in a reduction of California's Developmental Center population by more than 2,320 persons between 1993 and 1998. This was accomplished by creating new community living arrangements, developing new assessment and individual service planning procedures and quality assurance systems.

The United States Supreme Court decision in *Olmstead v L.C., et al (1999)* stated that services should be provided in community settings when treatment professionals have determined that community placement is appropriate, when the individual does not object to community placement, and when the placement can reasonably be accommodated.

Agnews Developmental Center was closed to resident occupancy in 2010. DDS submitted its plan for the closure of Lanterman Developmental Center to the Legislature in 2010. DDS states that Lanterman Developmental Center is proceeding with a gradual transition of residents.

Summary of Governor's Budget. The budget proposes total expenditures of $4.454 billion ($2.395 billion General Fund) for the DDS, for a *net* decrease of $316.1 million (decrease of $110.1 million General Fund) over the revised current year for the entire developmental services system.

The budget reflects a net reduction of 6.6 percent overall as compared to the revised current-year, and a net reduction of 4.4 percent in General Fund expenditures.

The table below summarizes this information by program area.

Summary Table of Department of Developmental Services (DDS)

Program Component	**Revised 2010-11 Total Funds**	**20011-12 Total Funds**	**Difference**
Community Services	$4,126,757,000	$3,797,294,000	-$329,463,000
Developmental Center Program	$607,565,000	$618,127,000	+$10,562,000
Headquarters Support	$35,796,000	$38,607,000	+$2,811,000
TOTAL, All Programs	**$4,770,118,000**	**$4,454,028,000**	**-$316,090,000**
Regional Center Consumers	244,108	251,702	+7,594
Developmental Center Residents	1,979	1,783	-196

B. Governor's Proposed Reductions for 2011-12

The Governor proposes enactment of major cost-containment measures in 2011-12 to achieve a reduction of $750 million (General Fund), or an overall reduction to the Developmental Services System of *over* $1.169 billion (total funds).

As presently proposed, most of this reduction would occur in the Purchase of Services allocation provided to Regional Centers to obtain needed services and supports for people with developmental disabilities living in the community.

The table below provides a summary of the Administration's proposals.

$750 million General Fund Reduction to Developmental Services System

Governor's Proposals to Reduce by $750 million GF	**2011-12 General Fund**	**2011-12 Other Funds**
1. Alternative Funding through Fund Shifts		
Federal certification of Porterville Developmental Center	-$10 million	$10 million
More federal funds by expanding special federal 1915 (i) plan	-$60 million	$60 million
Continue redirection of Proposition 10 Funds for Early Start	-$50 million	$50 million
Use of federal "Money Follows the Person" Grant	-$5 million	$5 million
Subtotal: Alternative Funding through Fund Shifts	**-$125 million**	**$125 million**
2. Expenditure Reductions & Cost Containment		
Unspecified Reductions and Cost Containment, including Purchase of Services Standards	-$533.5 million	Undetermined but over -$470 million
Continue 4.25 percent payment reduction on RC Providers	-$76 million	-$66.9 million
Continue 4.25 percent reduction to RC Operations	-$15.5 million	-$7.2 million
Subtotal: Expenditure Reductions & Cost Containment	-$625 million	-$544.1 million At least
TOTAL General Fund Reduction	**-$750 million**	**-$419.1 million At least**

C. Issues for Discussion: Developmental Centers (Pages 9 to 14)

1. Adjustments to Developmental Centers—Revised Current Year & 2011-12

Background on State-Operated Developmental Centers. State Developmental Centers (DCs) are licensed and federally certified as Medicaid providers through the Department of Health Services. They provide direct services which include the care and supervision of all residents on a 24-hour basis, supplemented with appropriate medical and dental care, health maintenance activities, assistance with activities of daily living and training. Education programs at the DCs are also the responsibility of the DDS.

The DDS operates four Developmental Centers (DCs) — Fairview, Lanterman, Porterville and Sonoma. Porterville is unique in that it provides forensic services in a secure setting. In addition, the department leases Canyon Springs, a 63-bed facility located in Cathedral City. This facility provides services to individuals with severe behavioral challenges.

Overall Budget. The table below provides a summary of the revised current-year and budget year totals as proposed by the Administration. As noted below, there are adjustments reflected in both the current-year and budget year.

According to the information below, the average cost of a DC resident in 2010-11 is about $307,000, and for 2011-12 it is *$346,678* or $39,678 more per resident in the budget year.

Summary of Current Year & Budget Year for Developmental Centers

Developmental Centers	2010 Budget Act	Revised 2010-11	CY Difference	Proposed 2011-12	CY to BY Difference
Total Funding	$646,091,000	$607,565,000	-$38,526,000	$618,127,000	+$10,562,000
State Positions	6,237	6,211	-26	5,922	-289
Average Population	1,979	1,979	0	1,783	-196
Funds					
General Fund	$314,909,000	$282,785,000	-$32,124,000	$323,992,000	+$41,207,000
Federal Funds	$330,784,000	$324,408,000	-$6,386,000	$293,763,000	-$30,645,000
Lottery Fund	$398,000	$372,000	-$26,000	$372,000	--

A. Revised Current Year Adjustments. The revised 2010-11 reflects a *net* reduction of $38.5 million (total funds) and 27 positions as compared to the Budget Act of 2010 (October). DDS states the *key* changes for the *revised current year* are as follows:

- **Control Sections 3.90 and Control Section 3.91—Workforce Cap Plan and Contract Administrative Actions.** A combined reduction of $49.2 million ($16.9 million General Fund) was done to comply with salary reductions and statewide employee compensation adjustments from changes to collective bargaining agreements. In addition, related adjustments to operating expenses were also to occur.

- **Control Section 3.60—Retirement Adjustment.** The Department of Finance directed a statewide adjustment for State employee retirement expenditures. This resulted in an increase of $10.2 million ($5 million General Fund) for the Developmental Centers.

- **No Population Adjustment Reflected (Hand Out).** Subcommittee staff notes that the revised current-year has not been adjusted to reflect further population decreases. January data from the DDS shows that the actual census at the Developmental Centers has been *less* than estimated in the current-year for the *entire* year to-date (i.e., from July 2010 to January, 2011). The DDS revised current-year still assumes an average of 1,979 residents at the DCs.

  Subcommittee staff believes this assumptions needs to be recalculated to reduce staff and expenditures.

B. Budget Year Adjustments. The budget reflects a net increase of almost $10.6 million (increase of $41.2 million General Fund) as compared to the revised current year.

DDS states *key* changes for 2011-12 are as follows:

- **Loss of Federal Enhanced Funds from Federal ARRA Sunset.** DDS states an increase of $32.5 million (General Fund) is needed to backfill for the loss of federal enhanced funds obtained through the Medi-Cal Program due to the sunset of the American Recovery and Reinvestment Act (ARRA) effective June 30, 2011.

- **Lanterman Developmental Center Closure.** DDS proposes to *redirect* 88 positions (49 Level-of-Care positions and 39 Non-Level of Care positions) *and* $15 million ($6.6 million General Fund) that would be eliminated due to the population reduction at Lanterman to provide assistance with the transitioning of residents during the closure process.

  Subcommittee staff believes a partial redirection is warranted for the transition but not to the level proposed by the DDS. Additional information is necessary.

- **Population Adjustment.** As previously noted, Subcommittee staff believes both current-year *and* budget-year population adjustments are needed to realign resources.

  As noted in the table below, the actual census for the current-year has been below the estimated fiscal level *all* year to-date. Presently there are 41 fewer DC residents than estimated for the current year (1,939 residents compared to 1,979 residents).

  Further, this lower current-year population level should lower the base going into 2011-12 even further. DDS is only reflecting a reduction of $4.8 million ($2.6 million General Fund) based on 196 fewer DC residents. Subcommittee staff believes an additional reduction is warranted.

Facility & Resident Population	Actual Census (January 26,2011)	Current Year Budget (Not Revised)	Proposed 2011-12	Difference Current Year & 2011-12
Canyon Springs	47	56	55	-1
Fairview	407	413	386	-27
Lanterman	347	340	235	-105
Porterville	541	557	532	-25
Sonoma	596	613	575	-38
Total Average Population	**1,938**	**1,979**	**1,783**	**-196**

- **Porterville Developmental Center "Medicaid Certification" (Fund Shift).** Porterville has a Secure Treatment Program for about 260 individuals who have been judicially committed. Although many are Medi-Cal eligible, the State does *not* receive federal Medicaid (Medi-Cal) funds for this program due to lack of certification by the federal CMS. This is because the federal CMS requires certain treatment programming.

  DDS assumes a reduction of $10 million (General Fund) by obtaining federal funds for 90 residents in the Secure Treatment population. This fund shift is included as part of the $750 million (General Fund) reduction for 2011-12.

  However, in recent discussions with DDS, Subcommittee staff believes a $13 million (General Fund) reduction is achievable at Porterville for an *additional savings of $3 million (General Fund).* This is based on a revised estimate of the Medi-Cal eligible population at Porterville.

Subcommittee Staff Comment and Recommendation. *First*, it is recommended to direct the DDS to provide Subcommittee staff with an updated DC resident population projection for *both* the current year and 2011-12, including applicable staffing adjustments. This information needs to also include Lanterman. This information will be discussed in the Senate Budget Committee hearings next week.

Second, it is recommended to approve a $13 million (General Fund) reduction, and increase of $13 million (federal funds) to reflect the updated information regarding Porterville Developmental Center. This will save an additional $3 million (General Fund) as compared to the Governor's budget.

Questions. The Subcommittee has requested the DDS to respond to the following questions regarding *both* the revised current year adjustments and the 2011-12 adjustments:

1. DDS, Please provide a brief summary of the current-year adjustments.
2. DDS, Will revised DC population information be forthcoming?
3. DDS, Please provide a brief description of Porterville and the federal fund shift.

2. Capital Outlay: Developmental Centers Automatic Fire Sprinklers

Budget Issue. DDS requests an increase of $2 million (General Fund) for Preliminary Plans and Working Drawings to design a project to install automatic fire sprinklers in 13 buildings which house Nursing Facility and General Acute Care consumers in three Developmental Centers—Fairview, Porterville and Sonoma—in order to comply with federal requirements.

DDS states that the Developmental Centers have not had major fire/life safety upgrades since 1982. The fire systems at several of the Developmental Centers are over 50 years old, unreliable, and subject to breakdowns, failures, and false alarms.

DDS estimates total completion cost of the upgrade to be federally compliant is $13.4 million (General Fund). Construction costs would be reflected in 2012-13. Overtime, the cost of the fire sprinkler system would be 50 percent reimbursed through federal financial participation (Medi-Cal), which is collected through the “bed rate”. This reimbursement process is amortized over the life of the sprinkler system.

The Department of Public Health (DPH) who reviews fire/life safety requirements for the federal CMS has informed DDS that it will terminate federal Medicaid (Medi-Cal) certification and federal financial participation if compliance is not achieved by August 13, 2013. Without compliance, DDS is subject to lose significant federal funds.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a brief summary of the project and when it may be completed. Are federal funds at risk?

3. Capital Outlay: Fairview Developmental Center Fire Alarm System

Budget Issue. DDS requests an increase of $8.6 million (General Fund) through a "re-appropriation" for the construction phase of the Fairview Fire Alarm System Upgrade.

The fire alarm system upgrade was approved in the Budget Act of 2008 with $9 million (General Fund) for Preliminary Plans ($597,000), Working Drawings ($565,000) and Construction ($8.5 million). The system was approved to meet the current fire codes in consumer-utilized buildings at Fairview.

DDS states the outdated fire alarm system at Fairview DC affects the safety and quality of life of individuals living and working in the DC. For example, routinely fire and policy personnel are dispatched to living units to silence loud audible fire alarms. A complete upgrade of the system is necessary since replacement parts are no longer available for this 1970's system.

DDS states that there were several delays in completing the upgrade and this is why the re-appropriation is needed.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a brief summary of the project and why it is needed.

4. Sonoma Developmental Center Medical Gasses and Oxygen

Budget Issue. DDS requests an increase of $2.65 million (General Fund) for the Construction phase of this medical gasses and oxygen piping project.

This project was approved in the Budget Act of 2007 to address health and safety needs at Sonoma. The estimated costs included: Preliminary Plans ($381,000), Working Drawings ($423,000), and Construction ($4.8 million).

The project will install a new piping system to supply additional oxygen, medical air and suction, and a new oxygen storage tank. This will eliminate the use of portable suction machines and hazardous portable oxygen cylinders. Complete installation will bring Sonoma up to the current technology.

Sonoma is the only Developmental Center without a permanent piping oxygen outlet.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a brief summary of the project and why it is needed.
2. DDS, When is the project to be completed please?

D. Issues for Discussion: Community Services (Pages 15 to 30)

Background on Regional Centers. The DDS contracts with 21 not-for-profit Regional Centers which have designated catchment areas for service coverage throughout the state. Regional Centers are responsible for providing a series of services, including case management, intake and assessment, community resource development, and individual program planning assistance for consumers.

Regional Centers also purchase services for consumers and their families from approved vendors and coordinate consumer services with other public entities.

Generally, Regional Centers pay for services only if an individual does not have private insurance or they cannot refer an individual to so-called "generic" services that are provided at the local level by the state, counties, cities, school districts, and other agencies. For example, Medi-Cal services and In-Home Supportive Services (IHSS) are "generic" services because the RC does not directly purchase these services.

Regional Centers purchase services such as **(1)** residential care provided by community care facilities; **(2)** support services for individuals living in supported living arrangements; **(3)** Day Programs; **(4)** transportation; **(5)** respite; **(6)** health care; and many other types of services. Regional Centers purchase over 100 different services on behalf of consumers and are the payer of last resort.

Regional Center Expenditures Have Experienced Rapid Growth. The Legislative Analyst's Office (LAO) states that between 1999-2000 and 2009-2010, total expenditures for Regional Centers have more than doubled. The LAO believes the increase in costs is attributable to several factors. New medical technology, treatments, and equipment have broadened the scope of services available to the developmentally disabled. Other factors include increased life expectancy of consumers, increased diagnosis of autism and the comparatively higher costs of treating autism.

Background on Reductions from 2009 and 2010 *(Hand Out)*. In 2009 the prior Administration proposed a $334 million (General Fund) reduction. The Legislature restored $234 million (General Fund) of this amount in its February 2009 budget, thereby reducing expenditures by only $100 million (General Fund).

As part of this February action, the Legislature directed the DDS to convene a diverse "workgroup" to assist in developing a collaborative approach in identifying cost reductions and efficiencies. A total of 15 proposals were identified through this process and trailer bill language was developed which was discussed and amended in this Subcommittee.

Unfortunately, the State's fiscal status deteriorated further and the Legislature was compelled by the prior Administration to reduce by another $234 million (General Fund) to achieve their original proposal of reducing by $334 million (General Fund).

In addition to the $334 million (General Fund) reduction, with a corresponding federal fund decrease, the prior Administration vetoed an additional $50 million (General Fund) from the Early Start Program and directed the CA First Five Commission (Proposition 10 Funds) to provide supplemental support.

The *Hand Out* provides a summary prepared by the DDS in 2009 of the various reductions—about 25 different proposals.

It should be noted that some of these proposals did not achieve any savings, and other proposals achieved more savings than originally projected.

DDS states that the Regional Center Estimate package for 2011-12 incorporates all of these changes as part of their baseline process.

Background on Community Services Funding for 2011-12. As shown in the table below, a total of $3.797 billion ($2.047 billion General Fund) is proposed for 2011-12 to serve a total of 251,702 consumers.

Summary of Community Services Funding

Category	Revised 2010-11	2011-12	Difference
Regional Center Operations	$516,608,000	$523,827,000	+$7,662,000
Purchase of Services (POS)	$3,554,048,000	$3,766,870,000	+$212,822,000
Early Start—Other Departments	$20,095,000	$20,095,000	--
Prevention Program	$36,300,000	$20,003,000	-$16,297,000
System Wide Cost Containment	0	-$533,501,000	-$533,501,000
TOTAL Expenditures	**$4,126,608,000**	**$3,797,294,000**	**-$329,314,000**

This reflects a *net decrease* of $329.5 million ($153.1 million General Fund) compared to the revised current year. This net reduction reflects the following *key* proposals:

- Loss of Enhanced Federal ARRA Funds. An increase of $163.1 million (General Fund) is reflected due to the sunset of enhanced federal funds made available through the federal American Reinvestment and Recovery Act for Medi-Cal.
- Caseload and Utilization. An Increase of $165.8 million ($62.9 million General Fund) is reflected for 7,998 additional consumers and for increased utilization of services.
- Impacts of Reductions in Other Departments. An increase of $70.1 million ($54 million General Fund) is provided to reflect pending reductions in other departments that are considered "generic resources" and Regional Centers would therefore need to purchase the service.

This includes: **(1)** $5 million to reflect the reduction of the maximum monthly SSP grant to aged/disabled individuals to the maintenance-of-effort floor effective as of June 1, 2011; **(2)** $32.1 million to reflect the elimination of Adult Day Health Center services in Medi-Cal; and **(3)** $33 million to reflect costs associated with proposals regarding Medi-Cal co-payments. Subcommittee staff notes that these issues will be adjusted as necessary contingent upon actions taken in various departments.

- <u>Continuation of Prior Years Cost Containment.</u> As noted above about 25 different cost containment measures were permanently implemented in 2009 and 2010. Fiscal adjustments made for these issues are reflected in the baseline budget presented by the DDS.

- <u>Continuation of 4.25 Percent Reduction to Regional Center Operations</u>. A decrease of $22.7 million ($15.5 million General Fund) in Operations is assumed by extending the 4.25 percent reduction for one-year (through June 30, 2011).

- <u>Continuation of 4.25 Percent Reduction to Payments to Providers.</u> A decrease of $142.8 million ($76 million General Fund) in Purchase of Services is assumed by extending the 4.25 percent reduction on Provider Payments for one-year (through June 30, 2011).

- <u>Continuation of Proposition 10 Funding for the Early Start Program.</u> The budget assumes continuation of $50 million (Proposition 10 Funds) from the State Commission to support the Early Start Program (birth to 3 years of age). This has been provided the last two-years. These funds offset General Fund support and are counted towards the $750 million (General Fund) reduction amount.

- <u>New System Wide Cost Containment & Statewide POS Standards</u>. A decrease of $533.5 million (General Fund) is proposed by the DDS.

  This is literally the difference between the $750 million General Fund reduction "target" and those reductions which have already been identified for cost-shifts and savings (See Table on Page 8, above).

  Though DDS states this $533.5 million (General Fund) reduction would be "system wide", *most of the reduction would come from the Regional Center system.*

  Further, due to the availability of federal funds through Medi-Cal, this level of General Fund reduction would also result in a reduction of *at least* $470 million in federal funds, for a total of over $1 billion in total funds from this action alone.

- <u>Package of Trailer Bill Language Proposals.</u> The Administration is proposing substantial trailer bill language in response to the Bureau of State Audits report of 2010, as well as in response to audits recently conducted by the DDS.

  DDS states that components of this language *will save* General Fund and will count towards the $750 million (General Fund) reduction amount. *DDS is presently reviewing data and assumptions to discern what level of General Fund reduction can be achieved from these proposals.*

The trailer bill language proposals address the following topics:

- Regional Center contracts for direct services.
- Regional Center dispute resolution and third-party liability.
- Regional Center audits.
- Regional Center conflicts of interest
- Regional Center accountability and transparency

- New Federal Funds through DDS 1915 (i) State Plan Amendment. An increase of $60 million in federal funds to offset General Fund support is assumed by adding additional consumers and their related expenditures into the State's 1915 (i) State Plan Amendment as permitted under the federal Patient and Affordable Care Act of 2010. This savings is being applied towards the Administration's $750 million (General Fund) system wide reduction.
- New Federal Funds through "Money Follows the Person" Project. An increase of $5 million (federal funds) to offset General Fund support is assumed by using the "Money Follows the Person" (also known as California Community Transitions) federal grant. This savings is being applied towards the Administration's $750 million (General Fund) system wide reduction.

(Individual discussion items begin on the next page.)

1. New System Wide Cost Containment Proposal & Statewide POS Standards

Budget Issue. The Administration assumes a reduction of $533.5 million (General Fund) is achieved through implementation of Statewide Standards for the Purchase of Services, as well as through increased accountability and transparency as proposed through a series of trailer bill language proposals. (Discussed separately under Issue 2, below).

It is *unknown* what dollar reduction is to be achieved through the implementation of Statewide Standards for the Purchase of Services. But it is expected that most of the Administration's $533.5 million reduction would occur from this component.

DDS proposes *sweeping trailer bill language* to commence with Statewide Purchase of Services Standards which would add Section 4648.8 to the Welfare and Institutions Code as follows:

> Section 4648.8. Notwithstanding any other provision of law to the contrary:
>
> (a) To provide uniformity and consistency in the services, funding and administrative practices of Regional Centers throughout the State while ensuring consistency with Lanterman Act values and maintaining the entitlement to services, and to increase cost effectiveness, the DDS, with input from stakeholders, shall develop standards for Regional Centers to use when purchasing services for consumers and families.
>
> In developing these standards, DDS shall consider eligibility for the service; duration; frequency and efficacy of the service; services providers qualifications and performance; rates; parental and consumer responsibilities and self- directed service options. DDS shall also consider the impact of the standards, coupled with prior reductions in the service area, on consumers, families, and providers.
>
> DDS shall submit the standards to the Legislature by ________ with draft statutory language necessary to implement required changes. DDS shall include specific cost savings estimates associated with the standards.
>
> (b) Standards developed pursuant to this section may vary by service category and:
>
>> (1) Establish criteria and limits on the type, scope, amount, duration, location, and intensity of services and supports purchased by Regional Centers for consumers and their families.
>> (2) Prohibit the purchase of specified services.
>> (3) Change payment rates.
>> (4) Impact family and consumer responsibilities.

(c) In developing these standards, DDS shall consider provisions for limited individual exceptions to ensure the health and safety of the consumer or to avoid out-of-home placement or institutionalization.

(d) Standards developed pursuant to this section shall not:

(1) Endanger a consumer's health or safety.
(2) Compromise the State's ability to meet its commitments to the federal Centers for Medicare and Medicaid Services (CMS) for participation in the Home and Community-Based Services Waiver or other federal funding of services for persons with developmental disabilities.

DDS Process for Stakeholder Involvement in POS Statewide Standards. Under the Administration's proposal, DDS intends to have a Stakeholder process to *provide input* to the development of recommendations for POS Statewide Standards. DDS would then submit the standards to the *Legislature by June* (no specific date provided), along with "draft" statutory language necessary to implement required changes.

To begin the Stakeholder process, DDS made an anonymous online survey available on January 27th to solicit ideas on POS Statewide Standards. This survey is available until February 15th. DDS is seeking responses from consumers, family members, service providers, Regional Center staff, advocates and others. (DDS notified 40 Stakeholder Organizations).

Eight subject area Workgroups, consisting of 30-35 members each (1/3 family members, 1/3 providers, and 1/3 community and State advocates), will be convened at the end of February. The survey information will be provided to these Workgroups. DDS states the Workgroup process will take about *two-months* to complete. The Workgroups will include these subject areas:

- Behavioral Services
- Day Program, Supported Employment, and Work Activity Program Services
- Early Start Services
- Health Care and Therapeutic Services
- Independent Living and Supported Living Services
- Residential Services
- Respite and Other Family Supports
- Transportation

DDS states they will conduct *Public Forums* in May 2011 to present the *draft* of the Statewide POS Standards once the input from the eight Workgroups is obtained. Three Public Forums will be convened (Sacramento, Bay Area and Southern California).

DDS will then present the POS Statewide Standards to the *Legislature*, along with draft statutory language and related fiscal information. This is to occur sometime in *June* 2011.

Background on the Purchase of Services (POS). The table below provides a summary of the budget categories used for POS, not including community placement plan funds. This table reflects baseline funding *prior to the application* of the $533.5 million reduction.

Summary of Purchase of Services Categories *Prior* to $533.5 million GF Reduction

Service Category	2011-12 (Total Funds)	2011-12 (General Fund)
Community Care Facilities (CCFs)	$852,691,000	$474,965,000
Medical Facilities	$23,251,000	$23,251,000
Day Programs	$786,182,000	$410,424,000
Habilitation Services	$143,396,000	$95,153,000
Transportation	$228,921,000	$143,776,000
Support Services	$756,788,000	$414,378,000
In-Home Respite	$256,773,000	$141,393,000
Out-of-Home Respite	$59,430,000	$35,704,000
Health Care	$92,859,000	$82,801,000
Self-Directed Services	$0	$0
Miscellaneous	$486,798,000	$325,471,000
Quality Assurance Fees—ICF-DD	$7,936,000	$7,936,000
Total Baseline *(Prior to allocation of $533.5 million reduction)*	**$3,695,025,000**	**$2,155,252,000**

Subcommittee Staff Comment—Considerable Concerns. Subcommittee staff believes the overall $750 million General Fund reduction, and the backing-in to the as yet unidentified $533.5 million (General Fund) reduction, is *not* fully feasible due to several factors.

First, significant reductions have occurred within the Developmental Services system over the past several years. These reductions have included some eligibility changes, significant changes to services, increasing family cost-sharing, reducing rates, and related actions. As such, reductions of the magnitude that are proposed is not achievable if the Lanterman Act is to be maintained.

Second, in reviewing the POS budget categories noted above, there are some categories—such as Community Care Facilities, and other residential options—that will be difficult to reduce by very much.

Third, the continued reductions to "generic" services, such as Medi-Cal, IHHS and others, makes it more difficult for the Community-Based System to achieve savings. Costs increase in the Developmental Services System when "generic" services are not available.

Fourth, the proposed trailer bill is sweeping and provides little oversight by the Legislature. Development of Statewide POS Standards, which is a considerable undertaking, should involve a more comprehensive process.

Fifth, a significant amount of funding for Community Services is provided through the federal Medicaid Program. California has the Home and Community-Based Waiver which includes over 90,000 people with developmental disabilities. In addition, the 1915 (i) State Plan Amendment and the Money Follows the Person Grant also have federal requirements for the receipt of funds. It is unknown how the Statewide POS Standards would be viewed by the federal CMS or what requirements they may have.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a summary of the budget process and the concept behind developing Statewide Standards for the Purchase of Services.
2. DDS, How will the department aggregate and utilize the survey input received, and how will data be shared across the various Workgroups that are to be established? How will information be provided to the Legislature on the progress and outcomes of these Workgroups?
3. DDS, Would the Administration be providing additional trailer bill or policy bill language to the Legislature in June as part of your process?
4. DDS, How would the DDS and DHCS (State's Medicaid Agency) be working with the federal CMS to discern what federal limits or requirements would be necessary due to the Home and Community-Based Waiver requirements?

2. Package of Trailer Bill Proposals on Regional Centers

Budget Issue. DDS is proposing a package of trailer bill legislation to address substantial issues raised through a Bureau of State Audits Report (dated August 2010), as well as subsequent concerns identified by the DDS in their audits of certain Regional Centers and providers.

DDS states they are analyzing the fiscal effect of their proposals and intend on identifying cost-savings and cost-avoidance aspects which will be applied to offset their system wide $533.5 million (General Fund) reduction figure.

This package of trailer bill language addresses the following topics:

- A. Regional Center contracts for direct services.
- B. Regional Center dispute resolution and third-party liability.
- C. Regional Center audits.
- D. Regional Center conflicts of interest
- E. Regional Center accountability and transparency

A. Regional Center Contracts for Direct Services (85%). *First,* this language would require, notwithstanding any other provision of law, *all* Regional Center contracts or agreements with Service Providers in which rates are *determined through negotiations* between the Regional Center and the Service Provider shall expressly require that at least 85 percent of the Regional Center funds be spent on direct services. Direct service expenditures are those costs associated with the services being offered by the Provider. Funds spent on direct services shall not include any administrative costs. The language also defines the term administrative costs.

DDS notes that the 85 percent direct services requirement would *not* be applicable to services that have established rates as contained in existing State statute and regulation. It applies to *negotiated* contracts.

Second, it requires, notwithstanding any other provision of law, *all* contracts between the DDS and the Regional Centers have at least 85 percent of all funds be spent on direct services. For the purpose of this component, a direct service includes Service Coordinators, assessment and diagnosis, monitoring of consumer services and clinical services. Funds spent on direct services shall not include any administrative costs. The language also defines the term administrative costs.

Third, it requires Service Providers and Contractors, upon request, to provide Regional Centers with access to any documents, books, papers, computerized data consumer records or related information pertaining to the Service Providers' and Contractors' *negotiated* rates.

B. Regional Center Dispute Resolution and Third Party Liability. *First*, this language would authorize the DDS or Regional Centers to institute legal proceedings against a Third Party payer (insurance carrier) as a result of an injury in which the Third Party payer is liable. The language underscores that DDS and Regional Centers are the payers of last resort when Third Party payment is liable.

Second, the language provides for the DDS or Regional Center to recover the reasonable value for services provided as stated. It provides for the powers and duties of the DDS in recouping these amounts and is intended to parallel similar Third Party payer language as contained within the Medi-Cal Program, administered by the DHCS.

Third, it establishes procedures for the enforcement of a lien by the DDS or Regional Center upon a judgment or ward in favor of a consumer for a Third Party injury.

C. Non-Governmental Entity Audits. *First,* this language restricts Regional Centers from using the same accounting firm more than five times in every 10-year period.

Second, it requires non-governmental entities receiving payments from Regional Centers to contract with an independent accounting firm for an audit or review of financial statements as specified. This would *not* apply to payments made using usual and customary rates as contained in Title 17

Third, it requires Regional Centers to review the audit results and take any necessary action to resolve issues.

D. Regional Center Conflicts of Interest. This language requires DDS to adopt emergency regulations to establish standard conflict-of-interest reporting requirements regarding Regional Centers (board members, directors, and identified employees). Each Regional Center must submit a conflict-of-interest policy to DDS by July 1, 2011 and post this information on-line by August 2011.

By requiring that the statement be signed under penalty of perjury, this legislation imposes a State-Mandates local program by changing the definition of an existing crime.

E. Regional Center Accountability and Transparency. *First*, this language requires Regional Centers to annually submit to DDS documentation regarding the composition of their Board and that the Board is in compliance with specified statutory provisions. *Second*, it requires the Board to adopt written policy that requires contracts of $350,000 or more be discussed and approved by the Board. This information would be placed on its Internet Web site, along with many other provisions regarding public information policies and requirements.

Third, it would make certain persons or entities ineligible to be Regional Center vendors if convicted of prescribed crimes or have been found liable for fraud or abuse of civil proceedings within the previous 10 years. DDS states that this provision is in response to a *draft* federal CMS report on California's Medi-Cal Program ("Medicaid Integrity Program, California Comprehensive Program Integrity Review). Specifically, DDS must develop and promulgate significant changes to its existing Title 17 regulations governing Regional Center vendorization of Service Providers. DDS contends that changes are needed or there is a potential loss of about $1.6 billion in federal funds (Home and Community-Based Waiver). (The current Home and Community-Based Waiver expires as of September 30, 2011 and needs to be renewed.)

Fourth, the language provides for emergency regulation authority to amend provider and vendor eligibility and disclosure criteria to meet federal requirements.

Fifth, it requires the Department of Social Services and Department of Public Health to notify the DDS any administrative action initiated against a licensee serving consumers with developmental disabilities.

Background: Bureau of State Audit (BSA's) Concerns. In a Joint Hearing of the Senate Committee on Human Services and the Assembly Committee on Human Services in November 2010, a comprehensive discussion was had regarding the BSA's Report entitled *"Department of Developmental Services: A more uniform and transparent procurement and rate-setting process would improve the cost-effectiveness of Regional Centers" (August 2010).*

The BSA Report includes numerous recommendations, including that DDS should provide more oversight and issue more guidance to Regional Centers for preparing and adhering to written procedures regarding rate-setting, vendor selection, and procurement processes to ensure consumers receive high-quality, cost-effective services that meet the goals of the consumers and the Lanterman Act. It was also recommended that DDS monitor Regional Center's adherence to laws, regulations and new processes by enhancing the level of its reviews. The need for transparency in several areas was also of critical concern.

As discussed at the Joint Hearing, DDS has taken some steps to address issues identified in the Report, including issuing various directives and conducting some reviews and audits of their own. One outcome from this process was placing Inland Regional Center on probation in January 2011 and requiring special contract language. DDS contends trailer bill language is necessary to address remaining audit concerns and recommendations.

Subcommittee Staff Comment. This language was just recently provided and more discussion with constituency groups is warranted. DDS also needs to provide fiscal information regarding potential savings from these proposals.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a complete description of each of the proposal trailer bill pieces, including why it is necessary, what it would do, and key outcomes that are anticipated from proceeding with the language.

3. New Federal Funds through DDS 1915 (i) State Plan Amendment

Budget Issue. The budget assumes an increase of $60 million in federal funds to offset General Fund support by adding additional consumers and their related expenditures into the State's 1915 (i) State Plan Amendment as permitted under the federal Patient and Affordable Care Act of 2010. This savings is being applied towards the Administration's $750 million (General Fund) system wide reduction.

The 1915 (i) State Plan Amendment funds a broad array of Purchase of Service costs for eligible individuals. It includes all categories *except* for Medical Facilities, Transportation, Supported Employment and Self-Directed Services.

DDS states that total 1915 (i) expenditures for 2011-12 are estimated to be $321.6 million ($160.8 million General Fund).

The 1915 (i) State Plan Amendment is a newer method offered by the federal CMS for covering Home and Community-Based services for Medi-Cal enrollees who are *not* at risk for institutionalization as presently required under the State's federal Home and Community-Based Waiver administered by the DDS. Therefore, this provides California an additional opportunity to utilize federal fund support, in lieu of General Fund.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a *brief* description of the 1915 (i) and how it is different from the State's federal Home and Community-Based Waiver.
2. DDS, Could additional General Fund savings be identified here by identifying more eligible expenditures? Please explain.

4. New Federal Funds through "Money Follows the Person" Project.

Budget Issue. The budget proposes an increase of $5 million (federal funds) to offset General Fund support by using the "Money Follows the Person" (also known as California Community Transitions) federal grant. This savings is being applied towards the Administration's $750 million (General Fund) system wide reduction.

This federal grant provides 100 percent funding for specified administrative positions and certain Purchase of Services for the *first* 12-months of the eligible consumer who is relocating into the community from an institution (such as a Developmental Center).

In order to receive these funds, the community living arrangement must be in a 4-bed residential home or lower. DDS notes that Specialized Residential Homes are 4-beds or less and these homes provide specialized behavioral services.

Subcommittee Staff Comment—More Savings. DDS is only accessing a total of $8.5 million (federal funds) from this federal grant. Subcommittee staff believes that more General Fund savings can be identified by more fully utilizing these federal grant funds. Information from the DDS is to be forthcoming on this topic.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please briefly describe the use of these federal funds and who is eligible.
2. DDS, Are additional General Fund savings possible here please?

5. Continuation of the 4.25 Percent Reduction to Operations and POS

Budget Issue. The budget proposes to extend for one more year the 4.25 percent reduction to *both* Regional Center Operations and Provider Payments made for services. The trailer bill language extends the date to June 30, 2012.

A total reduction of $165.5 million ($91.5 million General Fund) is achieved from this action. This reduction is being applied towards the Administration's $750 million (General Fund) system wide reduction.

Of the total amount, $22.7 million ($15.5 million General Fund) is obtained from Operations, and $142.8 million ($76 million General Fund) is obtained from Provider Payments.

The existing exemptions for Supported Employment, the SSP supplement for independent living, and services with "usual and customary" rates as established in regulation are not proposed to change.

In addition, other services may be exempt for this reduction if a Regional Center demonstrates that a non-reduced payment is necessary to protect the health and safety of a consumer and the DDS has granted approval.

It should be noted that a 3 percent reduction was enacted beginning in February 2009 (SB X3 6, Statutes of 2009). This reduction level was increased to 4.25 percent by the previous Administration beginning in 2010. This proposal extends this action for another year.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a brief description of the proposal.
2. DDS, Has the DDS been monitoring the effect of this reduction and if so, what have been some of the consequences?

6. Budget Bill Language for Prevention Program

Budget Issue. The budget proposes Budget Bill Language to allow the DDS to transfer funds from the Prevention Program to the Purchase of Services. The proposed language is as follows:

> "Notwithstanding Section 26.00, the Department of Finance may authorize transfer of expenditure authority from Schedule (4) 10.10.080—Prevention Program to Schedule (2) 10.10.020—Purchase of Services to more accurately reflect expenditures in the Prevention and Early Start Programs.

DDS states 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.

Since the Prevention Program was established in 2009 as part of the cost containment actions, it has been difficult for the DDS to know whether infants and toddlers would be coming into this program or would be receiving services through the Early Start Program.

For 2011-12, it is assumed that 10,860 infants and toddlers will obtain services in the Prevention Program for expenditures of $20 million (General Fund). The proposed Budget Bill Language would provide DDS with flexibility to move funds from the Prevention Program to the Purchase of Services line for expenditure under the Early Start Program contingent upon the flow of caseload.

Background—Early Start and Prevention Program. Through the $334 million (General Fund) cost containment measures enacted in 2009, several changes were done to the Early Start Program, including a narrowing of program eligibility. Specifically, toddlers aged 24 months need to have a delay of 50 percent or greater in one domain or 33 percent or greater in two domains to enter into the Early Start Program. Previously, it was a delay of 33 percent or greater in one of the five domains.

Also as part of this framework, a Prevention Program was established for infants and toddlers who are "at risk" and are no longer eligible for the Early Start Program but can participate in a new non-Lanterman Act program.

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 in Early Start.

Questions. The Subcommittee has requested the DDS to respond to the following questions:

1. DDS, Please provide a brief explanation as to why this language is necessary.

7. Legislative Analyst's Office—Options (Hand Out)

LAO Options. The LAO has prepared two options to achieve savings in the community services program.

Option 1 is to expand the Family Cost Participation Program to include more services. By including more services the LAO believes a reduction of $10 million (General Fund) could be achieved. The additional services for families to have a share of cost in would include transportation services and Day Program expenditures.

The DDS notes that they too would be likely proposing changes to the Family Cost Participation Program as part of their Purchase of Services Standards process.

Option 2 is to implement a "means testing" for families 400 percent of poverty and above and only to families with children under 18 who are living at home. The LAO believes that 9,700 families would be impacted and that a reduction of $57 million (General Fund) could be achieved.

DDS notes that means testing is not a preferred approach for many reasons, including program administration, as well as the need to maintain families at home. One does not want families to not be supported at home and instead, choose to place their children in an out-of-home environment. Further, DDS notes that parental responsibilities and family income levels will be a consideration in their development of their Purchase of Services Standards process.

Background—Family Cost Participation Program. Under the Family Cost Participation Program established in 2005, families that meet the following conditions are identified for FCPP participation and pay a share of cost for Respite and Day Care services:

- Child has a developmental disability or is eligible for services under the Early Start Program;
- Children are ages 0 through 17 years old;
- Children live at home;
- Children are not Medi-Cal eligible; and
- Family income is at or above 400 percent of poverty.

Questions. The Subcommittee has requested the LAO to respond to the following question:

1. LAO, Please provide a brief summary of the LAO Options.