

SUBCOMMITTEE #3: Health & Human Services

Chair, Senator Mark DeSaulnier

Senator Elaine K. Alquist
Senator Bill Emerson



May 10, 2012
Agenda II - Outcomes

5160 Department of Rehabilitation (DOR)

1. Rehabilitation Appeals Board

Approved (3-0) the Administration's proposal to change the appeals process so that impartial hearing officers review appeals, rather than the Rehabilitation Appeals Board. **Correspondingly**, approved modifications to the proposed trailer bill language intended to safeguard the due process rights and needs of appellants (including unrepresented parties). The language, which will be refined as part of the trailer bill process and will rely in large part on examples from statutes that apply to developmental services and special education appeals processes, will:

- Provide for appeals to be heard by impartial hearing officers who have no conflict of interest and who are knowledgeable about federal and state laws and regulations applicable to DOR services and the Vocational Rehabilitation program.
- Require DOR to contract with another department, office, or entity for the provision of independent hearing officers.
- Provide that the time and place of the hearing be agreed upon by the appellant and the hearing officer and be reasonably convenient to the appellant and their designated representative, if applicable. This may include conducting all or part of the fair hearing by alternatives other than in person, if agreed upon by the appellant and if the alternative means allows for full participation.
- Provide, among other procedural allowances and requirements, that the hearings will not be conducted according to the technical rules of evidence and those related to witnesses and that all testimony shall be under oath.
- Outline basic procedural and adjudication expectations for hearing officers, including the consideration of presentation of viewpoints about the issues of disagreement, examination of the evidence presented during the hearing, and issuance of a decision including findings and grounds to the parties within 30 days of the completion of the hearing.
- Provide for training of hearing officers to include, but not be limited to, information on protecting the rights of consumers at administrative hearings, emphasizing how to fully develop the appeal record with consumers who are representing themselves or who are represented by another who may also require additional support.
- Permit implementation by emergency regulations until January 1, 2014, after which time implementation should be completed using the regular rule-making process and review by the Office of Administrative Law.

1. Child Health & Safety Fund
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Approved (3-0) the Governor's proposal to redirect \$501,000 in Child Health & Safety Fund resources as additional support for day care licensing activities. **Correspondingly**, approved technical changes to the proposed trailer bill language to specify this dollar amount and to embed the change into the section of the statute that currently addresses other licensing activities. As a result, specified licensing activities would receive 50 percent plus \$501,000 in funding before the remaining funds would be distributed to the other specified programs.

2. Moratorium on Group Home Rate-Setting

Approved (3-0) the Administration's proposal to make the moratorium and exceptions framework permanent. Also approved the Administration's proposal to narrow the allowable exceptions with respect to RCLs one through nine. However, refined this second part of the action to apply the new restrictions temporarily (for the 2012-13 fiscal year) and in a more limited way. Specifically, no exceptions will be allowable with respect to the establishment of new RCL one through nine group homes or approval of capacity increases for existing providers of homes at those levels. As a result, the existing exceptions process would continue to be available to group homes with an RCL of one to nine during 2012-13 for the purposes of seeking a change in rate classification only. The intent is to gain experience with these new restrictions before making a decision about whether to extend or make them permanent. This action would conform to action recently taken by the Assembly on this issue.

1. Los Angeles Eligibility Automated Determination, Evaluation & Reporting (LEADER) Replacement System (LRS)

Held open the overall budget for LRS and the C-IV migration, and took the following actions:

- 1) Adopted (3-0) the requirement for a cost-reasonableness assessment to be conducted with respect to whether the costs proposed by the vendor for migrating C-IV into the new LRS system are within range of reasonableness based on the proposed project requirements and risks, among other factors.
- 2) Adopted (3-0) supplemental reporting language directing the Administration to conduct regularly scheduled briefings with legislative staff, and to offer updates during budget Subcommittee hearings, as efforts to develop LRS and migrate C-IV continue.
- 3) Repealed (2-1, Emmerson no) outdated trailer bill language regarding eligibility system streamlining from 2009 (in Chapter 7 of that year's statutes, as described in the agenda).

1. Proposed Repeal of Mandate Related to Counsel in Conservatorship Proceedings
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Rejected (2-1, Emmerson no) the proposed trailer bill language to repeal these sections of statute.

1. Revenue Stabilization

Item included for informational purposes

2. Child Support Automation

Item included for informational purposes

3. Suspension of County Share

Governor's Budget Request: The Governor's 2012-13 Budget includes a suspension of Child Support collections in 2012-13. The suspension is accompanied by trailer bill language. The county share of collections is estimated to be \$34.5 million in 2012-13. Under this proposal, the entire non-federal portion of child support collections will benefit the General Fund on a one-time basis, much like the proposal adopted in 2011-12.

Item Held Open

4. Health Insurance Incentives

Governor's Budget Request: The Administration, through trailer bill language, proposes to eliminate the requirement to provide an incentive to LCSAs of \$50 per case for obtaining third-party health coverage/insurance for cases that have never had - and/or have lapsed - coverage/insurance rather than pursuing an additional time-limited extension.

Staff Recommendation: Reject proposed trailer bill language and suspend health insurance incentives for three more years.

Staff Recommendation Approved 3-0

5. Performance Incentives

Governor's Budget Request: The Administration proposes, through trailer bill language, to eliminate statute which states that the top ten performing LCSAs, as defined per Family Code Section 17704, are to receive an incentive equal to five percent of the state's share of their LCSA's assistance recoupment. Additionally, the request, through trailer bill language, asks that the department provide no further incentive funds to be transferred to the LCSAs.

Staff Recommendation: Reject trailer bill language and suspend performance incentives for three more years.

Staff Recommendation Approved 3-0

6. Investment Authority

Governor's Budget Request: The administration has requested an amendment to Family Code (FC) section 17311.5 in order to provide specific investment authority to DCSS. The trailer bill language accompanying this request provides investment authority to the department. DCSS holds funds for the child support payments it has disbursed to the participants of the child support program until such time as

they are negotiated. The non-negotiated child support payments are held in an Investment Sweep Account (ISA) outside the state treasury.

Staff Recommendation: Adopt proposed trailer bill language for 2012-13 only, with review after the one year regarding its extension or permanent nature. In addition, staff recommends that the Subcommittee direct the administration to begin a discussion with Banking and Finance policy staff regarding this issue to obtain counsel and advice on the propriety of the proposal in the budget and whether such a change should be sought permanently as part of a policy bill.

Staff Recommendation Approved 3-0