



# LOS ANGELES COUNTY COMMISSION ON HIV

STATE  
BUDGET CUTS  
BRIEF #3  
Update: June 9, 2009

## State Cuts Will Harm People with HIV/AIDS

### Significant Health Care Cuts Across the Board

In light of the estimated growing budget shortfall, Governor Arnold Schwarzenegger has released several proposed budget adjustments for the 2009/2010 fiscal year. The Governor's proposals include significant cuts to health and social service programs including Medi-Cal, Supplemental Security Income (SSI), In-Home Supportive Services (IHSS) and certain benefits for immigrants. Due to the potential consequences that implementation of these proposed cuts could have, Californians living with HIV/AIDS and their advocates must closely monitor budget developments as they occur for potential changes to disability income and health care benefits.

Intended to supplement *State Budget Cuts Brief #2 (Update: may 30, 2009)*, the following summary highlights proposed cuts to direct services—administered outside of the State Office of AIDS—that are commonly used by Californians living with HIV/AIDS.

This summary includes proposals made by the Governor in the May Revise and in the subsequent two proposals following the initial release of the May Revise.

### Supplemental Security Income (SSI):

- **Reduction to SSI monthly benefits:** Effective July 1, 2009, an individual's monthly benefit will be reduced by \$20 and will drop from \$870 to **\$850**. (Status: Approved)

- **Additional reduction to SSI rates:** Effective September 1, 2009, an individual's monthly benefit will be reduced an additional \$20 and will drop from \$850 to **\$830**. If passed, this will be the third monthly income reduction that SSI beneficiaries will have endured since May 1, 2009.

### Medi-Cal (Medicaid):

- **Elimination of coverage for certain Medi-Cal services, including adult dental, optometry, hearing aids, podiatry, chiropractic, acupuncture and some psychology services:** Although these cuts were approved by both the Governor and Legislature and were scheduled to take effect on July 1, 2009, a lawsuit filed by the California Primary Care Association could delay the implementation of these cuts. The Sacramento Superior Court has set a hearing date for June 12, 2009. Additional information will be provided as it is available.
- **Proposal to request a waiver from the Federal Government that would allow the State to reduce Medi-Cal eligibility:** Under current rules, the federal government restricts states from cutting Medicaid (Medi-Cal) eligibility if the state accepts Stimulus Funds directed to Medicaid budget relief. The Governor's proposal includes a plan to seek a federal waiver that would remove this restriction. Although the Governor does not specify the eligibility cuts he intends to recommend, previous recommendations have included reinstating Medi-Cal cost-sharing for certain groups

of disabled individuals by eliminating the Aged and Disabled Federal Poverty Level Medi-Cal program. At this time, the Federal Government has not agreed to grant the requested waiver.

- **Reduce Medi-Cal coverage for specific groups of qualified legal immigrants:** Effective October 1, 2009, this proposal would reduce Medi-Cal benefits for certain immigrant groups (20+) from full-scope Medi-Cal to emergency coverage only.
- **Eliminate “restricted/emergency” Medi-Cal coverage for undocumented immigrants:** Currently, undocumented immigrants can receive limited Medi-Cal coverage for life-saving treatment(s). This coverage would be eliminated under the Governor’s proposal.
- **Pharmacy reforms and anti-fraud efforts:** This proposal lowers drug costs by establishing a new prescription drug purchasing mechanism for high-cost drugs, including HIV medications. The proposal also seeks to generate cost-savings by enhancing anti-fraud efforts.
- **Reduce substance abuse treatment rates:** Proposal recommends reducing Medi-Cal substance abuse treatment rates by 10%.
- **Medi-Cal rate reduction:** Recommended rate reduction for private hospitals and skilled nursing facilities.

### **In-Home Supportive Services (IHSS):**

- **Eliminate domestic and related services for IHSS recipients who have “less severe” impairments:** Eliminates certain domestic services and increases cost-sharing for individuals who are considered moderately disabled for IHSS purposes. Individuals would be required to have a “Functional Index” score of 4.0 to qualify for IHSS.

by **Julie Cross**, *Benefits Consultant*

- **Reduce compensation for IHSS workers:** The Governor proposes an additional reduction to the state’s hourly wage contribution for IHSS workers. The proposal would reduce the state contribution to the minimum \$8.00 hourly rate. Counties have the option to make-up the difference of the lost funding from the State, but this is unlikely considering the current budget shortfalls that counties are facing.

### **Other Program Eliminations/Reductions:**

- **CalWORKs:** Eliminate support program for families and dependant children.
- **Cash Assistance Program for Immigrants (CAPI):** Eliminates CAPI and the associated food benefit.
- **Shifting of Proposition 99 tobacco tax funds:** The Governor proposes to move these funds to support the Medi-Cal program. Shifting Proposition 99 funds could disrupt other services supported by these funds including the Major Risk Medical Insurance Program, California’s insurance option for individuals with pre-existing health conditions.
- **Eliminate State funds for certain substance abuse programs:** Governor’s proposal includes elimination of state funds to the Substance Abuse Crime Prevention Act (Proposition 36).

Over the next few weeks, the Governor and Legislature will be making many critical decisions regarding the health and human service program funding. It is critical that consumers and advocates monitor the budget process to understand the impact that budget cuts could have on the services that people with HIV depend on for health care/disability income. The Los Angeles County Commission on HIV will provide you with additional budget information as it becomes available.