

ISSUE	FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE	
Health & Human Services Chapter					
HHS 01	Transform Eligibility Processing	Med-Cal, CalWORKs, and Food Stamp eligibility processing performed by counties is not efficient, does not provide the appropriate level of service, and lacks accuracy.	The Governor should pursue legislation to centralize and consolidate eligibility processing and reporting requirements for Medi-Cal, CalWORKs, and Food Stamps at state level. Public health agreements should be simplified and emphasize public health outcomes. Information technology should be used to facilitate timely review of local health department funding applications, invoices and reports.	(\$1,000,000)	\$4,018,243,000
HHS 02	Realigning the Administration of Health and Human Service Programs	The quality of indigent health care and children's services can be improved through a realignment of state and county program responsibilities. Realignment will improve program effectiveness and more clearly delineate authority and accountability for program outcomes or performance while potentially reducing program costs.	The Governor should convene a working group to plan for realignment to: relieve counties of the responsibility for indigent health care and transfer responsibility to the state; realign responsibility for administration and non-federal funding of the In-Home Supportive Services to the state; realign state-administered and funded mental health services to the counties; and realign child welfare services to give full responsibility for non-federal program and funding to the counties.	\$0	\$0
HHS 03	Improve the Performance and Reduce the Cost of California's Child Support Program	California's Child Support Program continues to perform below the national average in critical federal performance measures placing the program at risk for fiscal sanctions and reduced federal incentive dollars. Additionally, there is a wide disparity in the performance at the local level which contributes to the state's overall performance.	Legislation is necessary to require child support services at the local level to be provided under contract and permit competitive bidding by public or private entities to administer local child support programs. The Department of Child Support Services should develop specific contractual requirements including performance, cost effectiveness and customer service standards. Such improvements should promote family self-sufficiency and reduce expenditure of public funds.	\$0	\$86,720,000

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HHS 04	Simplify California's Subsidized Child Care System to Deliver Better Service to Families	California's subsidized child care system is unnecessarily cumbersome and complicated. The state should simplify the system to reduce unnecessary administrative hassles and to serve families and children better.	Merge CalWORKs Stages 1 and 2, giving the Department of Social Services responsibility for CalWORKs child care until the family leaves aid. When the family leaves aid, the California Department of Education (CDE) would assume responsibility for child care. Further, the state should consolidate CDE child care contracts from 17 to 10 (eliminate state-federal differences, eliminate Latchkey).	CBE	CBE
HHS 05	Improving Protection for Children Receiving Child Care from Unlicensed Providers	Current child care trust line procedures do not adequately protect children. Data from criminal or child abuse backgrounds is delayed and may allow for individuals with these backgrounds to be in a position of providing care for children until such time as data is received.	For license-exempt providers, limit reimbursement for subsidized child care to 60 days unless the criminal background check comes back clear. Do not begin payments to any such provider if their application states that they have been convicted of a crime.	\$0	\$0
HHS 06	Foster Care Criminal Background Checks	The state contracts with 43 counties to administer the licensed foster care program, and reimburses the counties for the costs. Because counties cannot share criminal history information, people required to undergo a criminal background check must undergo the check again if they move to, or care for a child from, another county.	The Department of Health and Human Services should not contract with counties to conduct criminal background checks for licensed foster homes.	\$0	\$0

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HHS 07	Increase Subsidized Child Care Quality	California's subsidized child care system does not systematically assess the quality of child care provided or link higher reimbursement levels to care that meets higher standards.	The state should reduce the reimbursement rate for license-exempt care to 50 percent of the family child care home ceiling; require health and safety training for all license-exempt providers and increase their reimbursement rate to 60 percent. Also, it should establish increasing levels of child care quality (4-5 levels) and as soon as the budget permits, tie increased reimbursement rates to the higher levels of care.	\$0	\$216,987,000
HHS 08	State Leadership Needed to Repair a Foster Care System in Crisis	California's foster care system presents enormous challenges: confusing funding streams, seemingly inequitable rates, lack of qualified social workers, too few foster homes, and a fragmentation of services.	The Governor should designate state leadership for foster care, vested with the responsibility and authority to coordinate efforts across state agencies to resolve issues, and encourage accountability. The state leadership should work to develop a foster care report card detailing individual county performance.	\$0	\$0
HHS 09	Finding Permanent Homes for Foster Children	About 7,000 children in temporary foster homes need a permanent home because they cannot be returned to their parents. The state application process is lengthy and complex and does not facilitate timely and necessary adoptions. This protracted process exacerbates wait times for children wanting permanent homes and is particularly of concern for children above the age of 10. California fails to receive federal dollars because of the low rate of adoptions of older children and these children, once released from foster care, are less likely to succeed than children with permanent homes.	The state should improve its efforts to increase the number of children who are permanently placed to avoid these children ending up homeless and jobless. The Department of Health and Human Services should develop a series of public service announcements, advertise the photo listing of adoptable children to state employees and establish pilot teams to simplify the processing of adoptions applications. The state should also establish a workgroup to explore whether privatizing adoptions would improve outcomes.	\$0	(\$604,000)

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HHS 10	Align State Law Regarding the \$50 Child Support Disregard Payments	Effective October 1, 1996 the federal government repealed law which required states to pay the first \$50 of a child support collection directly to TANF recipients. California has continued these payments using state general funds.	The Department of Child Support Services or its successor entity should pursue a legislative amendment to repeal Family Code Section 17504 which requires payment of the \$50 disregard payment to TANF recipients.	CBE	CBE
HHS 11	Use Technology to Promote Ease of Use and Improve Efficiency in the Women, Infants and Children (WIC) Supplemental Nutrition Program	The WIC Program currently provides benefits through a manual process that is costly and inefficient to recipients and the business community.	California WIC should implement an electronic benefits transfer (EBT) system under its authority in current law and pursue USDA grants and private/public funding partnerships to ensure a cost neutral or cost savings EBT solution.	CBE	CBE
HHS 12	Simplify Public Health Funding Agreements	The California Department of Health Services enters into multiple, separate local assistance contracts with local health departments for public health services, which are unnecessarily burdensome and complex.	Amend the Health and Safety Code to authorize public health allocations, exempt from the Public Contract code; combine public health contracts where feasible; simplify agreements around public health outcomes; and pursue web-based mechanisms to simplify processing and approval of public health agreements.	CBE	CBE
HHS 13	Create a State Public Health Officer to Strengthen Public Health in California	California's public health system has been criticized for not providing necessary leadership to protect the public's health.	Establish a state public health officer in statute, with a competitive salary, to lead public health functions in California.	\$0	(\$1,100,000)
HHS 14	Make California's HIV Reporting System Consistent with its AIDS Reporting System, and Improve AIDS Reporting	California uses a code-based system for reporting HIV cases and a name-based system for reporting AIDS cases. The code-based system is less accurate, more labor intensive and complex than the name-based system and risks the loss of federal funding.	Amend the Health and Safety Code to expressly permit name-based HIV reporting for public health purposes; repeal the current HIV reporting regulations, which require a non-name code; and amend disease reporting regulations to add laboratory reporting of low CD4+ counts.	CBE	CBE

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HHS 15	Consolidate the State's Mental Health and Alcohol and Drug Programs to Better Serve Californians	Alcohol and drug programs and mental health programs could better serve Californians when combined into a behavioral health functional area.	Within Department of Health and Human Services, establish a Behavioral Health functional area. This will improve coordination of county-administered services to persons suffering from both mental illness and substance use disorders.	\$0	\$7,412,000
HHS 16	Protect California's Children by Implementing a Statewide Online Immunization Registry	California law requires children to be immunized before they begin school. Many of California's children come from un-insured or under-insured families and may not see a doctor before their second birthday. Even those immunized may not have those records properly recorded.	The Governor should direct the Department of Health Services to develop a statewide web-based online immunization registry system by July 1, 2005. The Governor should work with the Legislature to ensure funding. The registry should ensure compliance with the federal Health Insurance Privacy and Portability Act (HIPPA).		
HHS 17	City-Level Mental Health Programs Are Outdated, Inconsistent With Laws	Although by law, counties must provide mental health services to residents, two city programs continue to receive state funds to deliver services directly, outside the legal purview and oversight of the county.	Eliminate the two remaining city-level mental health programs and reallocate funds to their respective counties.	\$0	\$0
HHS 18	Relocate the Vocational Rehabilitation Program to Improve Employment Outcomes of People with Disabilities	California's Vocational Rehabilitation Program is not doing as well as other states' programs in obtaining jobs for people with disabilities.	Move the Vocational Rehabilitation Program to the new Department of Labor and Economic Development. This would move the state toward the goal of integrating employment and training opportunities for individuals with disabilities.	\$0	\$10,948,000

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ISSUE		FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
HHS 19	Standardize Criminal Background Reviews in Health and Human Services Agency	Departments that serve similar clients or patients have significantly different standards for an employee's or operator's criminal background check. The state should have consistent standards, prohibiting dangerous individuals from providing care to a child or adult receiving care through Health and Human Services.	A list of crimes that bar licensure, employment or certification in a facility should be created and proposed for legislation. Other improvements should be sought to ensure consistency of standards and to ensure that care providers do not pose a risk to patients in state facilities.	(\$4,200,000)	(\$32,424,000)
HHS 20	Maximize Revenue Collections in the Department of Health Services	The current Department of Health Services fee and fine collection systems are not centrally controlled, are expensive and fail to collect all fees due to the state.	The Department of Health Services should centralize all revenue collections and pursue a web-based automated system for fee and fine collections.	CBE	CBE
HHS 21	Consolidate Licensing and Certification Functions	Multiple agencies are responsible for HHS licensing and certification, resulting in inconsistent and inefficient administration and oversight of these functions.	Consolidate licensing and certification functions affecting delivery of health and human services. Among other things, centralized databases would help to protect consumers from providers that have been banned from delivering services in any consumer setting.	\$0	\$66,452,000
HHS 22	Issue Fee-Supported Licenses Without Delay	DHS should process fee-supported licenses more quickly, so that the facilities and individuals who must have those licenses can get to work and patient safety can be maintained.	DHS should re-establish lost positions and fill vacant positions to the level needed to eliminate the backlog, using temporary staff as much as possible. DHS should seek legislation to establish a special fund for its licensing and certification activities.	\$0	\$0

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ISSUE		FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
HHS 23	Streamline Oversight Requirements for Conducting Medical Survey/Audits of Health Plans	Conducting medical surveys/audits of health plans helps ensure that persons enrolled in a health plan receive high quality, necessary medical care. Some health plans, however, undergo costly, duplicative routine medical surveys/audits conducted by state and private entities.	The state should sponsor legislation to authorize the use of results from private accrediting organizations where they are equivalent to or exceed the state's standards regarding medical surveys/audits of health plans and take steps that requires the DMHC and the DHS/Medi-Cal or their respective successor organizations to eliminate duplicative functions related to conducting medical surveys/audits of health plans.	CBE	CBE
HHS 24	Intermediate Care Facilities for Individuals with Developmental Disabilities not Benefiting from Full Federal Participation	California can increase federal funding under Medi-Cal by redefining the program services provided by Intermediate Care Facilities for Individuals with Disabilities.	Change the definition of program services for Intermediate Care Facilities for Individuals with Disabilities.	\$0	\$152,250,000
HHS 25	Obtain Best Prices on Durable Medical Equipment	The Department of Health Services can reduce Medi-Cal expenditures on durable medical equipment by competitively bidding for the purchase of these items.	The Department of Health Services should contract for the purchase of all durable medical equipment by competitive bid, with a limited number of providers.	\$6,600,000	\$59,400,000
HHS 26	Maximize Federal Funding by Shifting Medi-Cal Costs to Medicare	The state can save Medi-Cal program dollars by having clients also enroll in Medicare, which will then cover most of the health care costs for these clients. This will save Medi-Cal program dollars without adversely clients.	DHS should enter into a public-private partnership with EDS, under the cost sharing terms of the contract to process Medi-Cal claims, to proactively identify and enroll high-cost Medi-Cal clients into the Medicare program.	\$0	\$18,528,000
HHS 27	Automate Identification of Other Health Coverage for Medi-Cal Beneficiaries	The manual process to identify Other Health Coverage (OHC) for Medi-Cal beneficiaries is inefficient, causing huge backlogs and lost opportunities to avoid expenditures by the Medi-Cal program.	Automate the process to identify OHC by having a contractor initiate monthly data matches with carriers and the Medicare program. Immediately disembroil Medi-Cal managed care beneficiaries with OHC to achieve significant savings.	\$0	\$214,800,000

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HHS 28	Improve Integrity in Medi-Cal Through the Use of Smart Cards	Smart card technology can be employed to reduce unnecessary utilization and identify potential fraud and abuse before the claim is paid.	DHS or its successor should develop and analyze a baseline study of the different components in Medi-Cal fraud to determine whether the type of fraud occurring is the type of fraud that would be prevented by smart cards. If so, DHS should develop a plan to implement smart cards for the Medi-Cal program.	(\$75,000)	\$77,675,000
HHS 29	Redirect Medi-Cal Hospital Disproportionate Share Payments from Hospitals that are not Providing Core Medi-Cal Services	No single entity focuses on the total payments received by hospitals for services from various Medi-Cal funding sources to insure Medi-Cal payments are consistent with state policy goals of preserving core hospital functions and continuation of adequate hospital services.	Legislation should be enacted to amend disproportionate share hospital (DSH) statutes to discontinue payments to hospitals which do not provide desirable core services or which are not developing credible plans to meet seismic safety requirements.	\$0	\$0
HHS 30	Centralize Medi-Cal Treatment Authorization Process	The Medi-Cal field offices located throughout the state do not use current technology that would enhance processing of the huge volume of treatment authorization requests (TAR). In addition, the Medi-Cal TAR processing function should be centralized to better manage the workload and achieve savings in administrative and facility costs.	The Department of Health Services should ensure automation of the TAR process scheduled for July 2005. The Field Office TAR processing function should be centralized into one location in an area with low cost of living. Medical case management staff should be co-located at health facilities.	\$0	\$13,720,000

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ISSUE		FINDING	RECOMMENDATION	FY 2004-05	5 YEAR CUMULATIVE
HHS 31	Medi-Cal Fraud Targeting Misses Mark	Taxpayer dollars are wasted and access to care is threatened in California's Medicaid (Medi-Cal) program because of burdensome and ineffective anti-fraud strategies used to sign-up or enroll providers.	The Department of Health Services or its successor should complete the Medi-Cal enrollment error rate study by November 2004. A pilot department should be chosen which should select and then transfer a business process to interagency electronic document management. The Department should adopt anti-fraud and abuse strategies that are data-driven, targeted and specifically related to the error rate study findings and based upon the Sparrow model. The Department should also revamp the provider enrollment process to focus on identified fraud target and reduce administrative processes. A call center for provider enrollment should be established from staff savings achieved in other areas of provider enrollment.	CBE	CBE
HHS 32	Transfer the In-Home Supportive Services Program to the Department of Health Services	The In-Home Supportive Services program is currently located in the California Department of Social Services (CDSS). Given the potential to reduce General Fund expenditures by capturing additional federal Medicaid dollars and making the program more efficient, the State of California should transfer the program to the Department of Health Services (DHS), the single state agency for Medicaid.	Transfer the IHSS program to the Department of Health Services or its successor entity, the same department that operates the Medi-Cal Program. This will increase efficiency of service delivery. This would also allow for more integrated benefit determinations. It would eliminate work that is redundant of existing Medi-Cal review.	CBE	CBE
HHS 33	Eliminate Dual Capitation for Medicare/Medi-Cal Health Plans	The entire health care costs for some Medi-Cal clients is paid for twice when they are enrolled in both a Medi-Cal HMO and a Medi-Cal health plan.	DHS should modify the current policy on continuity of care when a health plan is being capitated for a client who is later identified as having other health insurance. Then DHS should take steps to terminate the payment to the Medi-Cal health plan, as appropriate.	\$629,000	\$9,113,000

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