

MIDYEAR BUDGET CUTS UPDATE

A sharp decline in revenues the past month has compelled Gov. Arnold Schwarzenegger to call lawmakers back for a special lame duck session to help close a new, gaping \$11 billion shortfall, which has opened up in the 2008-09 budget. Schwarzenegger is proposing a mix of cuts and revenues to close the gap. The cuts come on top of \$10 billion already cut out of this year's spending plan, which was signed in mid-September.

The governor has proposed the following cuts, effective December 1. The cuts will be considered in a Special Session in November, by the "lame duck" legislature, before the new session, and new members, convene on December 1st. The cuts include:

ELIGIBILITY

Ability to obtain coverage

Governor's Midyear Reduction Proposal

What it would do	Savings/Costs	# people impacted
Deny low-income working parents coverage directly: Parents earning very low wages, between \$13,000 and \$18,000 a year (individual and family of three, respectively) would no longer be eligible for Medi-Cal coverage. A family of three would need to earn less than \$1050 a month and work fewer than 100 hours a month in order to qualify.	2008-09 savings: \$2.6 million FF¹ lost: \$2.6 million	2008-09 26,000 parents 2009-10 182,000 parents
	2009-10 savings \$88.2 million FF lost: \$88.2 million	Full implementation: 429,000 parents
	Ongoing savings after 2011-12: \$342.5 million	
Deny benefits for legal immigrants: For the few low income legal immigrants who qualified and currently receive comprehensive Medi-Cal benefits (including dental and prescription drugs), the only coverage that would be available would be: emergency, pregnancy, some long-term and some cancer care.	2008-09 savings: \$9.4 million 2009-10 savings: \$144.4 million	80,600 legal immigrants

BENEFITS

Ability to use benefits

What it would do	Savings/Costs	# people impacted
Eliminate Medi-Cal benefits. Adults would no longer be able to access dental care, see an optometrist, fill eyeglass prescriptions, obtain hearing aids, get speech therapy, treat sores caused by incontinence, or see a podiatrist, chiropractor, acupuncturist, or psychologist. Only services provided by a physician can be covered.	2008-09 savings: \$19.7 million FF lost: \$19.7 million 2009-10 savings \$129.9 million FF lost: \$129.9 million	2.5 million adults

¹ FF=Federal matching funds

RETENTION

Ability to stay on coverage

What it would do	Savings/Costs	# people impacted
Institute a monthly cut-off: Imposes monthly eligibility requirements for undocumented immigrants to access emergency care.	2008-09 savings: \$4.8 million	2008-09 3,700 individuals
	2009-10 savings: \$73.5 million	Full implementation 22,000 individuals

COST

Ability to afford coverage

What it would do	Savings/Costs	# people impacted
Force low-income seniors, blind and disabled to pay more: Couples who earn more than \$1,400 per month (\$870 for singles) would have to pay a share of cost for Medi-Cal.	2008-09 savings: \$14.3 million	73,000 aged, blind and disabled Californians
	FF lost: \$14.3 million	
	2009-10 savings: \$184.8 million	
	FF lost: \$184.8 million	
	Ongoing savings: \$212.8 million	

PROVIDERS

Ability to access care

What it would do	Savings/Costs	# people impacted
Reduce public hospital funding: Shifts money from county-run hospitals treating low-income and uninsured to programs for disabled children, cancer treatment and adult long-term care.	2008-09 savings: none	
	2009-10 savings: \$54.2 million	

Total Additional General Fund Reductions Proposed: \$50.8 million**Total Additional Federal Funds that could be lost:** \$16.9 million**Cuts already approved in 2008-09 budget**

- **Total General Fund Reductions:** \$443 million
- **Total Federal Funds lost:** \$357.7 million