



California Dialysis Council

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TO: CDC Members
FROM: Michael Arnold, Legislative Advocate
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NEWS UPDATE

Re: California Budget Update – Clarification on Proposed Dialysis Cut

The Administration has now provided additional official information the proposal to eliminate the "state only" dialysis program created under Section 14142 of the Welfare and Institutions Code. As we have previously indicated, this program now serves only 75 to 80 individuals who have income or assets which are high to allow them to qualify for the regular Medi-Cal program.

Attached is a fact sheet from the Department of Health Care Service page 25 from the Budget Conference Committee's briefing book. Also attached is a copy of the Welfare and Institutions Code Section creating the program which is targeted for repeal by this proposal.

The Budget Conference Committee is expected to take up this issue today or tomorrow.

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**California Department of Health Care Services
Proposed Trailer Bill Legislation**

End State Only Dialysis and Parenteral Hyperalimentation Programs and Related Services

FACT SHEET

Background

The Dialysis only program was added by the Statutes of 1974. Subsequent amendments added the Parenteral Hyperalimentation program. Parenteral hyperalimentation is a procedure in which nutrients and vitamins are provided to an individual intravenously in liquid form through a vein. These Special Treatment Programs (STP) provide dialysis, parenteral hyperalimentation and related services to individuals who would qualify for federally funded Medi-Cal benefits except for income and resources in excess of the federally funded Medi-Cal limits up to a net worth value of \$250,000. There are approximately 75 to 80 monthly eligibles in the Dialysis program and approximately five monthly eligibles in the Parenteral Hyperalimentation program.

The proposed Trailer Bill Language would eliminate these state-only programs. It is unlikely that beneficiaries in these programs would shift to other federally funded Medi-Cal programs without first reducing their income/resources to the levels required in the federally funded Medi-Cal program. Those that do shift to a Medically Needy program will have a very large share of cost.

There are a small number of beneficiaries enrolled in the STPs who are also enrolled in the Genetically Handicapped Persons Program (GHPP) because their condition is genetically linked. When the STPs are eliminated, costs for the GHPP program will increase for this small group.

Why is this change needed (i.e., what problem is the language trying to address)?

This change is needed to address the state's structural budget deficit by obtaining budget year program savings and reducing long term costs.

- **Summary of arguments in support**

This proposal will save the costs associated with the eliminated state-only funded programs.

Potential for opposition, if yes, why.

It is likely that the beneficiaries of these state-only programs will be opposed to this proposal because of the significant impact this will have on them. In order to qualify for federally-funded Medi-Cal benefits, they will have to spend down their resources and may still be subject to a large share-of-cost.

Is there a BCP associated with this language (yes or no)? No.

Issue	Description	2009 Budget Act	May Revise	Comments
923	Eliminate Certain "State Only" Programs. The May Revision proposes elimination of the following:		-34,368,000 TBL	The State's Medi-Cal Program provides certain health care services funded solely with General Fund support. Often times these services are provided to a special population or for a certain medical condition. The elimination of State reimbursement for ancillary health services provided in IMDs is a unique issue since generally individuals in an IMD are not Medi-Cal eligible due to federal law. However, the DHCS has been repaying the federal government for claims because the Department of Mental Health was not properly posting these claims to distinguish for the proper billing, which should be county-operated indigent health care, and not the State. AB 1183, Statutes of 2008 (health trailer bill) provided clarifying language regarding this area. For the BCCTP, this would mean that individuals with breast or cervical cancer could not receive treatment services. The special dialysis program, established in the early 1970s serves a small number of individuals who, without services, would probably become eligible for emergency Medi-Cal services due to dialysis needs. The IV and non-digestive nutrition program provides services to about 5 individuals and is a very unique program.
	<ol style="list-style-type: none"> 1. Payment for ancillary health services provided in Institutions for Mental Disease (IMD) for a reduction of \$14.2 million (GF). 2. Elimination of low-income women over 65 years, men and other low-income individuals with partial health coverage from the Breast and Cervical Cancer Treatment Program (BCCTP) for a reduction of \$11 million (GF). 3. Elimination of specific non-emergency services, including the BCCTP and postpartum care, from individuals without documentation status for a reduction of \$8.8 million (GF). 4. Eliminate the dialysis program as administered under Section 14140 of Welfare & Institutions Code for a reduction of \$410,000 (GF). 5. Eliminate IV and non-digestive nutrition for savings of \$47,000. 			

CALIFORNIA CODES
WELFARE AND INSTITUTIONS CODE
SECTION 14140-14144.5

14140. The following definitions shall apply to the provisions of this article:

(a) "Net worth" means:

(1) Personal property, which consists of cash, savings accounts, securities, and similar items; notes, mortgages and deeds of trust; the cash surrender value of life insurance on the life of the applicant or beneficiary, on the life of the spouse or any member of the family, except as provided in Section 11158; motor vehicles, except one which meets the transportation needs of the person or family; any other property or equity other than real estate, except that property specified in subdivisions (1), (2) and (3) of Section 11155.

(2) Real property, including any interest in land of more than nominal interest which does not constitute the home of the applicant for aid under this chapter. The home of the applicant shall be exempt from consideration as net worth under this section to the extent of ten thousand dollars (\$10,000) in assessed valuation, as assessed by the county assessor.

(3) "Income" which consists of the sum of adjusted gross income as used for purposes of the Federal Income Tax Law.

(b) "Family unit" means:

(1) In the case of an unmarried patient under 21 years of age living with his parent or parents, the patient and his parents.

(2) In the case of a married patient under 21 years of age, the patient and his spouse.

(3) In the case of a patient over 21, the patient, and if married, the patient's wife.

14141. Net worth liability shall be determined as of the time of the initial **dialysis** or parenteral hyperalimentation treatment and shall be reevaluated each year by the department.

14142. Notwithstanding Section 14005.4 or 14005.7, a person who is otherwise eligible for **dialysis** and related services under Section 14005.4 or 14005.7, except for his or her income and resource eligibility, is eligible for **dialysis** and related services under Medi-Cal pursuant to this article, as follows:

(a) A person in a family unit with a net worth of less than five thousand dollars (\$5,000) shall not be liable to pay for **dialysis** and related services.

(b) A person in a family unit with a net worth of five thousand dollars (\$5,000) or above shall pay 2 percent of the cost of **dialysis** and related services for each five thousand dollars (\$5,000) of net worth, up to a maximum net worth of two hundred fifty thousand dollars (\$250,000). Persons in a family unit with a net worth above two hundred fifty thousand dollars (\$250,000) shall not be eligible to receive **dialysis** under Medi-Cal.

14142.5. Notwithstanding Section 14005.4 or 14005.7, a person requiring parenteral hyperalimentation and related services is eligible for these services under Medi-Cal pursuant to this section, as follows:

(a) A person in a family unit with a net worth of less than five thousand dollars (\$5,000) shall not be liable to pay for parenteral hyperalimentation and related services.

(b) A person in a family unit with a net worth of five thousand dollars (\$5,000) or above shall pay 2 percent of the cost of parenteral hyperalimentation and related services for each five thousand dollars (\$5,000) of net worth, up to a maximum net worth of two hundred fifty thousand dollars (\$250,000). Persons in a family unit with a net worth above two hundred fifty thousand dollars (\$250,000) shall not be eligible to receive parenteral hyperalimentation under Medi-Cal.

14143. The health care benefits and services specified in this article, to the extent that such benefits and services are neither provided under any other federal or state law nor provided nor available under other contractual or legal entitlements of the person, shall be provided to any **dialysis** or parenteral hyperalimentation patient who is a resident of this state and is made eligible by the provisions of this article. After such **dialysis** or parenteral hyperalimentation patient has utilized such contractual or legal entitlements, the percentages of payment liability under Section 14142 shall then be applied to the remaining cost of **dialysis** or parenteral hyperalimentation.

14144. The provisions of this article do not apply to indigent **dialysis** or parenteral hyperalimentation patients who are otherwise eligible for Medi-Cal or to any person eligible for renal **dialysis** under the provisions of Public Law 92-603 (H.R. 1).

14144.5. Notwithstanding any provision of this article or of any other statute to the contrary, any person who is eligible under Section 14005.4 or 14005.7 for **dialysis**, parenteral hyperalimentation, and related services and who is employed and individually earning an amount which exceeds the minimum needs standard, and who receives **dialysis** services either through a self-**dialysis** unit of a **dialysis** clinic or through home **dialysis** or who receives parenteral hyperalimentation services through self-parenteral hyperalimentation, shall be eligible for **dialysis**, parenteral hyperalimentation, and related services under Medi-Cal pursuant to this article and shall, after utilizing other contractual or legal entitlements pursuant to Section 14143, be liable to pay only the amounts specified in subdivision (b) of Section 14142, except that such percentage obligations shall be 1 percent for each five thousand dollars (\$5,000) of family unit net worth up to a maximum net worth of five hundred thousand dollars (\$500,000). Persons eligible for services under this section shall not be subject to Section 14144.