



CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

2004-2005 Budget Proposal Summary

January 2004



Health and Human Services Agency 2004-05 Budget Proposal Summary

Table of Contents

Overview	Page 2
Governor's Budget & HHSA.....	Page 3
Budget Solutions	Page 4
Reforms and Accountability	Page 7
Other Solutions	Page 14
Program Enhancements.....	Page 17

Health and Human Services Agency

Overview

The Health and Human Services Agency (HHSA) oversees an array of departments and boards that provide essential services to many of California's most vulnerable and at-risk residents. Services provided through Medi-Cal, the CalWORKs program, and the Regional Centers touch the lives of millions of Californians and provide access to critical services that promote their health, well-being and ability to function in society.

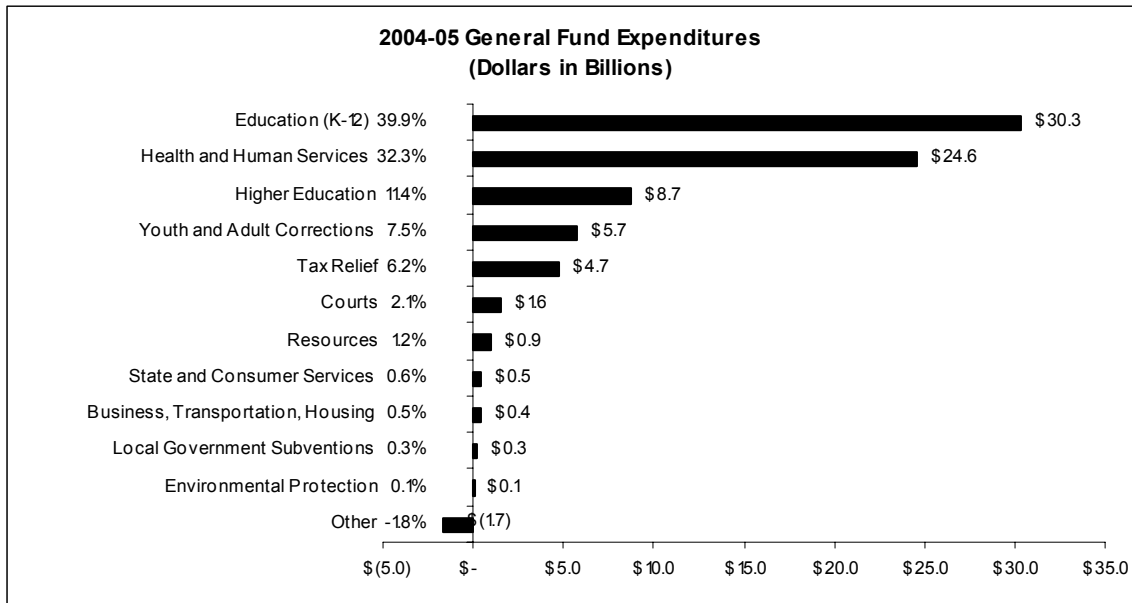
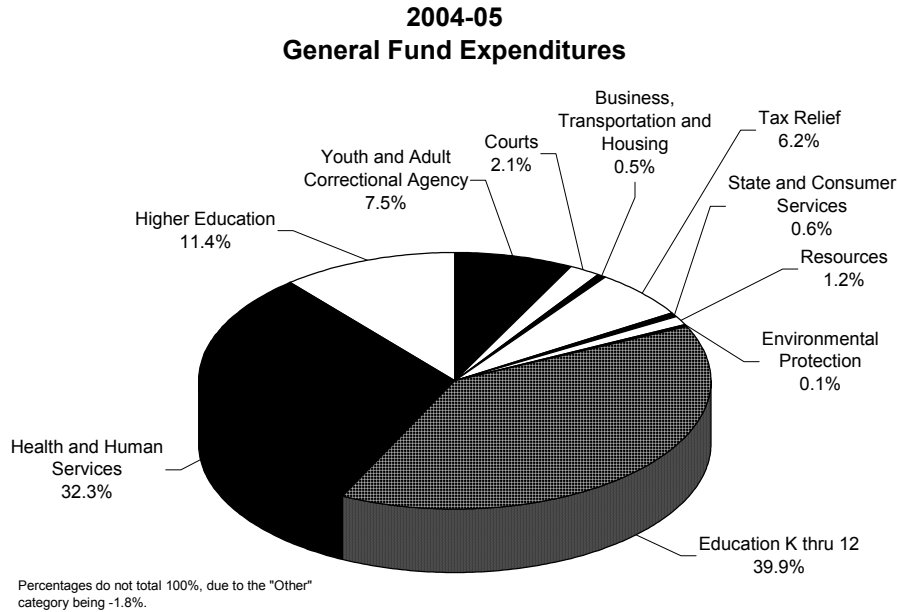
While we recognize health and human services are critical, we also recognize that these programs represent the biggest cost drivers in the State budget. The new Administration is challenged to balance the twin imperatives of maintaining essential services to our state's most vulnerable and at-risk residents, while implementing strategies to better manage and control program costs over the long term. Guided by the following principles, the Governor's Budget for 2004-05 proposes to restructure and reform a number of HHSA programs.

- **Maintain essential services to those most in need**
For example, the Administration's budget maintains the entitlement to necessary services for the developmentally disabled, and maintains Medi-Cal coverage for all "mandatory" and "optional" beneficiaries. The budget proposal increases Medi-Cal caseloads by more than 290,000 in fiscal year 2004-05.
- **Recognize children as a priority investment**
For example, the Administration's budget proposes to continue recent reforms to facilitate enrollment of eligible children in Continuous Eligibility for Children, Accelerated Enrollment for Children, CHDP Gateway to Medi-Cal, and Express Lane Eligibility, which serve to reduce the number of uninsured children in California, ensure continuity of medical care and improve children's school readiness.
- **Promote personal responsibility**
For example, Medi-Cal reforms anticipate requiring recipients to minimally share in the cost of care, resulting in better utilization of medical services.
- **Promote work participation**
For example, the Administration's CalWORKs proposal facilitates a shorter transition from welfare to work, bringing more Californians into the workforce.
- **Enhance program effectiveness and accountability**
For example, the Administration's budget takes aim at fraud and abuse and raises accountability in programs like Medi-Cal and In-Home Supportive Services.

Governor's Budget for 2004-05

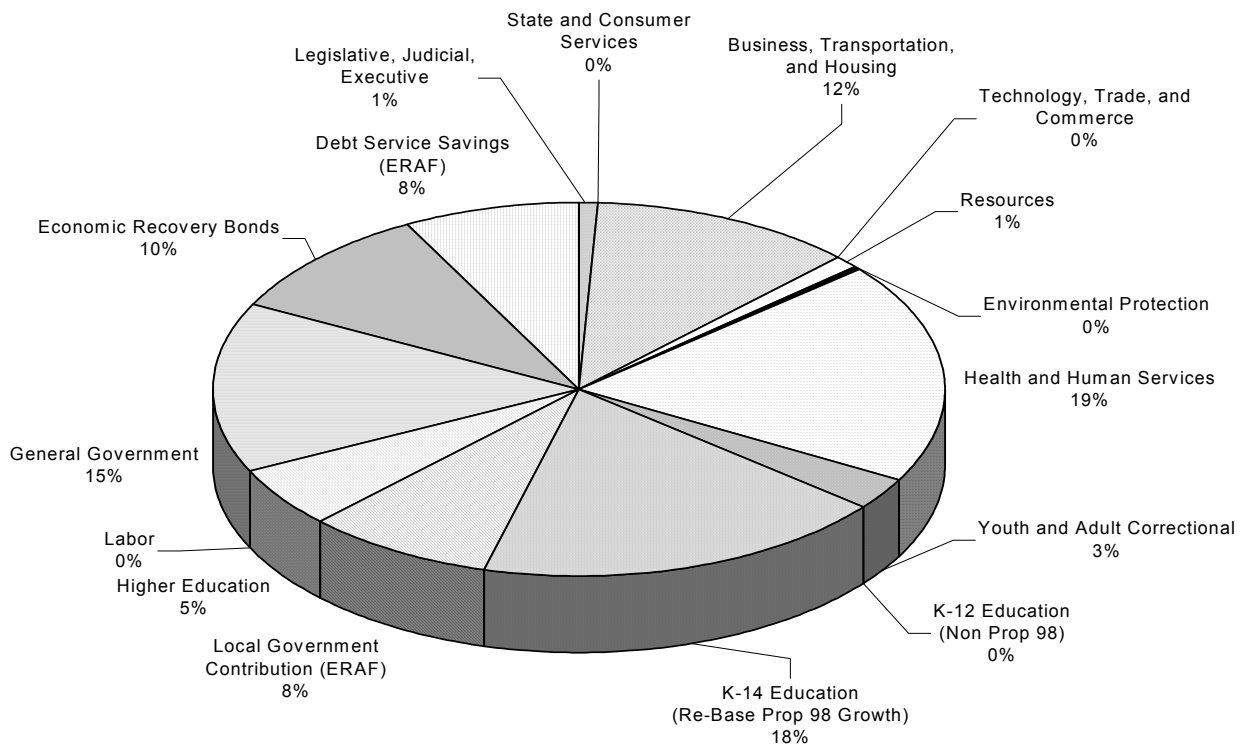
Health and Human Services Agency Portion

After Education, Health and Human Services traditionally is the second largest appropriation of the General Fund. Since 1998-99, General Fund support for the HHSA grew from \$16.1 billion (27.8%) of the budget to \$24.6 billion (32.3%).

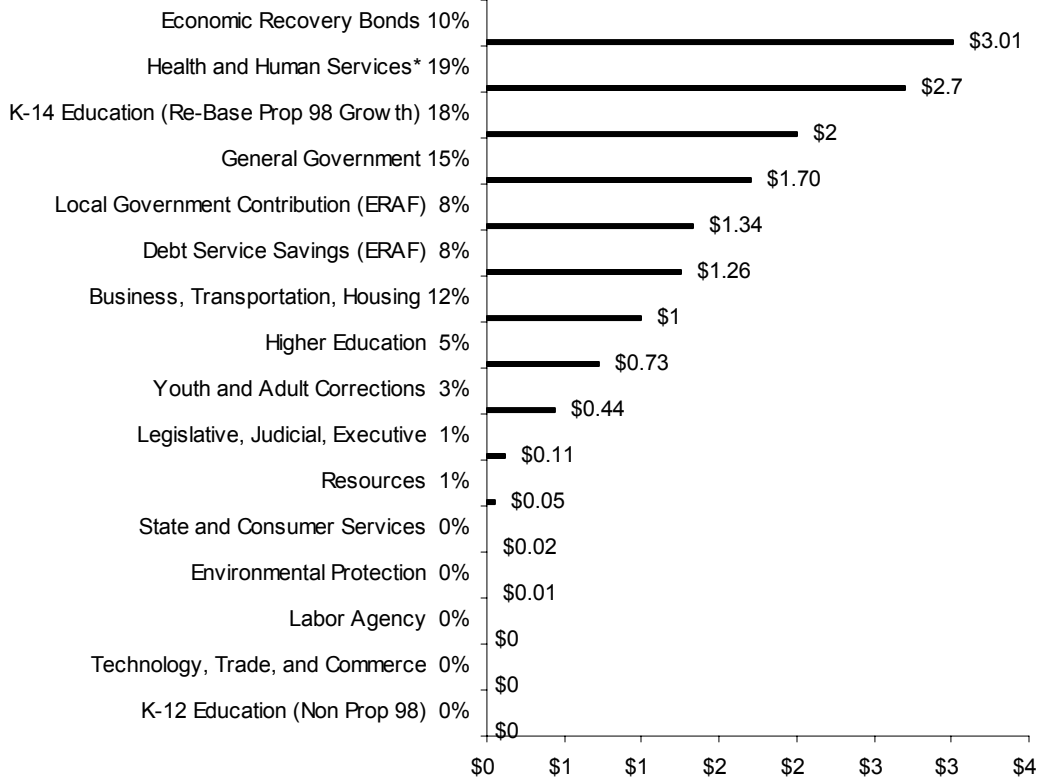


Budget Solutions

Solutions By Agency
(Dollars in Millions)



**2004-05 General Fund Solutions
(Dollars in Billions)**



**2004-05 HHS General Fund Solutions
(Dollars in Billions)**

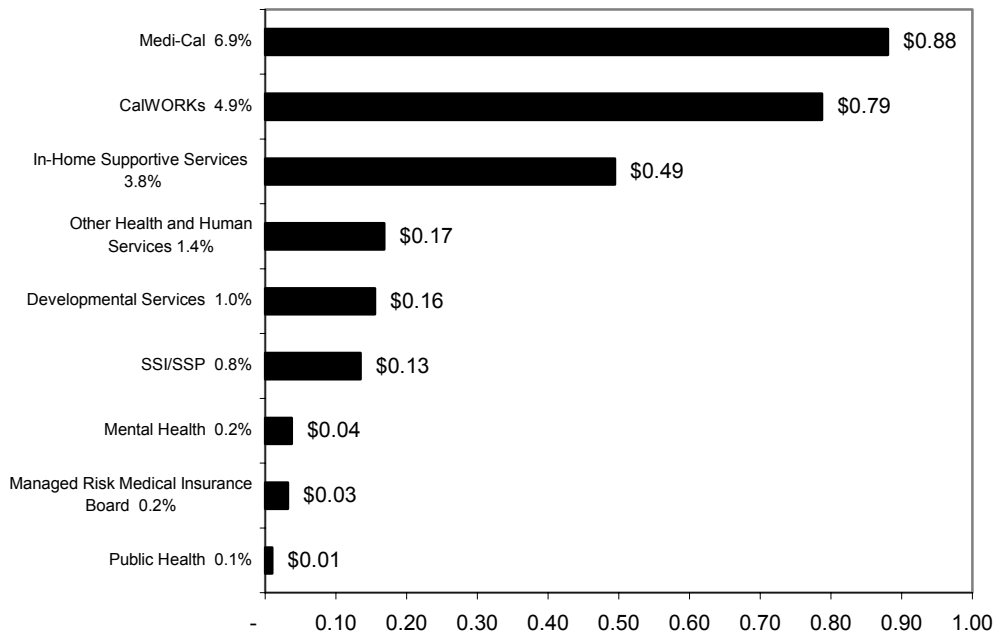
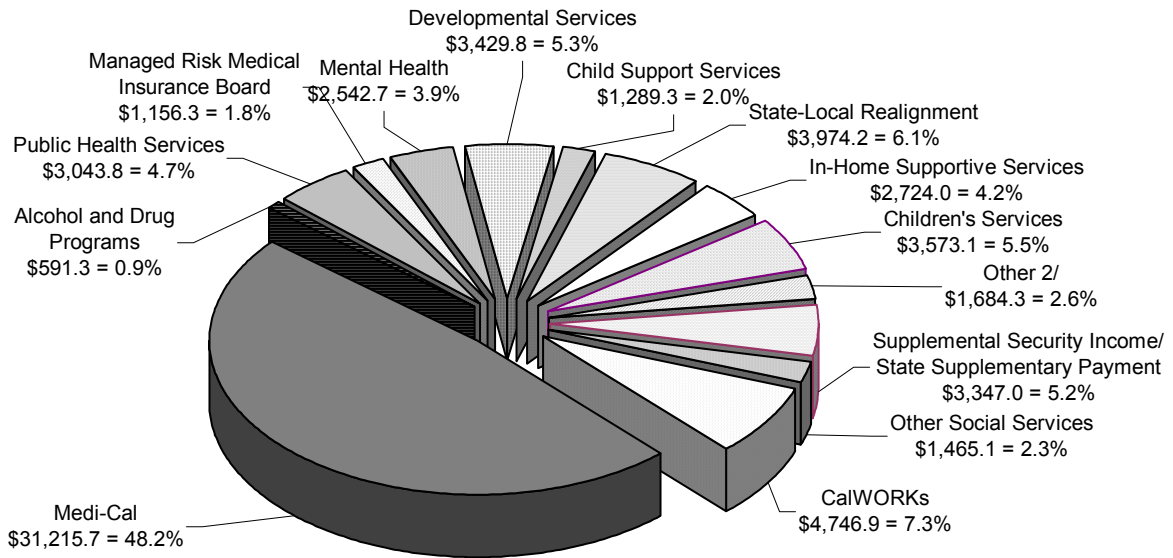


Figure HHS-1

Health and Human Services Proposed 2004-05 Funding^{1/}

All Funds (Dollars in Millions)



^{1/} Totals \$64,783.5 million for support and local assistance. This figure includes reimbursements of \$4,993.7 million and excludes county funds that do not flow through the State budget and enhanced federal funding.

^{2/} Includes Health and Human Services Agency, Department and Commission on Aging, Departments of Rehabilitation and Community Services and Development, Health and Human Services Agency Data Center, Office of Statewide Health Planning and Development, State Independent Living Council, Emergency Medical Services Authority, California Children and Families Commission, State Council and Area Boards on Developmental Disabilities, and California Workforce Investment Board, and setasides.

Reforms and Accountability

The State's fiscal challenges compel the Administration to bring a long overdue focus on and attention to HHSA's major entitlement programs.

Through a series of far-reaching structural reforms, the Administration is striking a reasonable and responsible balance between the provision of much-needed services to those most in need while ensuring that necessary services are delivered as efficiently and effectively as possible.

In applying the key principles outlined in the overview to the development of the budget, the Administration identified programmatic reforms in Medi-Cal, CalWORKs, Regional Centers, Healthy Families and Foster Care.

The Administration is committed to engaging a diversity of stakeholders in further development of these proposals and will seek constructive input from consumers, providers, the Legislature and others.

Medi-Cal

Medi-Cal General Fund expenditures grew \$3.1 billion, or 41 percent, between 1998-99 and the 2003 Budget Act. A significant portion is attributed to an increase in overall caseload due to Medi-Cal eligibility expansions for the aged, disabled, working parents and children.

While such trends are unsustainable and unacceptable, so too are the approaches employed in previous years that sought to control increasing Medi-Cal costs by eliminating large numbers of people from Medi-Cal and/or reducing optional benefits. Instead, to protect the long-term viability of Medi-Cal and its ability to provide necessary medical services to eligible low-income residents, Medi-Cal must be restructured and reformed to provide the State with flexibility to meet essential needs of beneficiaries at costs that are affordable to the State.

The following key policy objectives serve as the foundation for the Administration's Medi-Cal reforms:

- Protect eligibility.
- Provide necessary medical services.
- Align benefits and co-payments with private sector plans.
- Promote personal responsibility.
- Maximize cost-effective service delivery mechanisms.

The Administration proposes to restructure the Medi-Cal program to ensure the continued provision of health care services to the more than 6.8 million eligible Californians in a more rational and affordable manner. Towards that end, the State will pursue a federal waiver that will include the following components:

- **Simplification** - The State may simplify Medi-Cal eligibility by aligning Medi-Cal's eligibility standards and processes with CalWORKs (for children and families) and the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program (for the aged, blind and disabled).

- **Multi-Tiered Benefit/Premium Structure** - With a federal waiver, California could structure a tiered program that provides comprehensive benefits to federally mandated populations and basic benefits to optional eligibles, with more comprehensive benefits available to those willing to pay premiums. Offering consumers health care options will promote personal responsibility and ensure an effective use of services.
- **Co-Payments** - The State may require co-payments from Medi-Cal beneficiaries for various services, which will also promote personal responsibility in the utilization of health care services.
- **Conform Benefits to Private Plans** - The State may conform the basic Medi-Cal benefits package to that of private health plans. Additionally, the Administration may seek federal flexibility to reform mental health benefits for children so that essential needs are met at costs affordable to the State.
- **Managed Care Reform** - The State may expand managed care into additional counties, review and reform managed care reimbursement policy to ensure access and appropriate utilization, and encourage enrollment of the aged, blind and disabled into managed care.

Medi-Cal Cost Savings as a Result of Reforms:

Due to the time needed to obtain a Medicaid waiver, and redesign and restructure a program as large and complex as Medi-Cal, the 2004-05 budget proposal does not include any savings for Medi-Cal reform. Considerable savings are anticipated in 2005-06.

CalWORKs

Since the inception of CalWORKs in January 1998, caseload has declined by nearly 35 percent and the number of working recipients has increased from less than 20 percent in 1996 to nearly 50 percent in 2002. Notwithstanding this progress, additional program reforms can further strengthen CalWORKs by placing a greater emphasis on work participation and personal responsibility.

The following key policy objectives serve as the foundation for the Administration's CalWORKs reforms:

- Strengthen the focus on employment to maximize participation in the workforce.
- Maintain essential services necessary to transition recipients to the workforce.
- Remain within available federal and state Maintenance-of-Effort requirements.

Key components of the Administration's CalWORKs reform include:

- **Enhance Work Participation Requirements** - Within 60 days of the receipt of aid, require families to devote at least 20 hours a week to core work activities.
 - ◊ Requiring more specific work-related activities will promote earlier employment, reduce reliance on public assistance and enhance California's ability to meet increased federal work participation requirements.
- **Reduce Sanctioned Grants 25 Percent After One Month of Noncompliance** - Reduce the child-only grant by 25 percent for families that fail to meet work participation requirements within one month of being sanctioned. Thirty-seven other states totally eliminate this grant for non-compliant families.
 - ◊ A stronger penalty for failing to meet program requirements will reinforce the principle that parents have a responsibility to take advantage of the services designed to help them become self-sufficient and self-supporting; parents who fail to participate will be held accountable for their actions.
- **Reduce Safety Net Grants by 25 Percent** - Reduce the child-only safety net grant provided to non-working families that have reached their lifetime time limit (60 months). California and New York are the only large states providing safety net grants.
 - ◊ Reducing safety net grants to non-working families who have exceeded their 60-month time limit will provide an incentive for parents to seek and secure work, while still providing a basic level of assistance for support of children in the home.
- **Suspend CalWORKs Grant COLA** - Maintain grants at the levels established after the proposed five percent reduction and provide families with employment services, child care, Food Stamps and Medi-Cal.
 - ◊ With some of the highest grant levels in the nation, maintaining CalWORKs grants at the proposed 2003-04 levels recognizes the need to prioritize funding to move recipients into the workforce.

CalWORKs Costs Savings as a Result of Reforms and Solutions:

The Administration's CalWORKs reforms, along with the Governor's mid-year budget proposal to reduce grants by five percent, will result in combined savings of \$787 million.

Regional Centers

Since 1998-99, Regional Centers' funding has grown by \$1.1 billion General Fund, or 166 percent. Program costs have grown 244 percent over the past 10 years while caseload has grown 70 percent. This growth is attributed to increases in caseload, utilization of services, costs per consumer and costs associated with community placement plans.

The Administration's budget maintains California's nation-leading commitment to support individuals with developmental disabilities while advancing long-overdue cost containment strategies. This package represents a fair and equitable approach that respects the Lanterman Developmental Disabilities Services Act entitlement, avoids waiting lists, does not impose categorical reductions or enrollment caps, and does not compromise the basic integrity of the program or continued federal financial participation.

The following key policy objectives serve as the foundation for the Administration's reforms:

- Everyone who is eligible should be entitled to receive necessary services for their health and safety.
- There should be a share-of-cost for those who can afford to pay.
- Necessary services should be provided in the least costly manner possible.
- Individuals with developmental disabilities should have the opportunity to live in the most integrated and least restrictive setting possible.

Some of the key elements of this proposal are summarized below:

- **Standardize the Purchasing of Services** - Develop and implement uniform statewide purchase of service standards that will set parameters for Regional Centers' and consumers' planning teams.
- **Streamline Operations Budgets** - While minimizing the impact on consumers, the Administration will seek to minimize administrative and managerial costs.
- **Institute Co-payments for Those Who Can Afford to Pay** - Review options for developing an enrollment fee/co-payment system for consumers who can best afford to pay.

Regional Centers Cost Savings as a Result of Reforms:

The Administration expects that these reforms will save \$100 million.

Healthy Families

The Healthy Families program is a subsidized health insurance program for children in families with low-to-moderate income who are ineligible for no-cost Medi-Cal. Since its inception in 1998, the Healthy Families program has grown to provide coverage to over 732,000 children.

Due to the severity of the state's current fiscal condition, the Administration's budget proposes to implement in the near term, a cap on Healthy Families enrollment through fiscal year 2004-05 to help control cost increases associated with the growth in this program. To better contain costs over the longer term, the Administration proposes to establish a two-tiered benefit structure for children with family incomes between 201 percent and 250 percent of the federal poverty level (FPL). Under this proposal, children with monthly family incomes between \$2,544 and \$3,180 (for a family of three) who are enrolled in the program would be offered a choice of benefit packages. A basic benefit package that excludes dental and vision coverage would be offered at current premium levels. A comprehensive package with all benefits would be offered at a higher monthly premium.

Healthy Families Cost Savings as a Result of Reforms and Caps:

Due to the need to notify subscribers of the new benefit options, the two-tiered benefit proposal would not be implemented until 2005-06, with anticipated savings of \$31.5 million. Thus, no savings are assumed for 2004-05. This proposal would result in increased administrative costs of \$750,000 (\$263,000 General Fund) in the budget year to modify the Healthy Families administrative system.

The cap on new enrollment would not result in current year savings due to the increased administrative costs to maintain the waiting list, but is expected to result in budget year General Fund savings of \$31.5 million.

Foster Care

General Fund costs for Foster Care have grown by \$95.7 million, or 23 percent, from 1998-99 to the 2003 Budget Act. However, caseload declined by 9 percent during the same period. Program growth is attributed to cost-of-living adjustments (COLAs), rate increases for Group Homes and increased placements in higher-cost foster family agencies (FFAs) and Group Homes.

The Administration's proposed changes include Foster Care program reforms to promote the care of more children in a family home environment and to shorten the period of time children spend in foster care, particularly in the more restrictive placements such as group homes. The Administration will more fully develop program reforms in concert with interested parties. A more detailed plan will be included in the May Revise.

The following key policy objectives serve as the foundation for the Administration's Foster Care reforms:

- Assure placement of children in settings appropriate to their needs, particularly family home environments.
- Reduce costs, maximize cost-effectiveness and achieve program efficiencies through flexible funding focused on preventative measures.
- Maximize federal revenues where possible.

Proposed changes in Foster Care to advance policy objectives include the following:

- **Establish Performance-Based Contracts for Foster Care** - Require the higher-cost, high-growth foster care providers (FFAs and Group Homes) to operate under performance-based contracts, requiring them to meet federal and State outcome measures as a condition of payment.
- **Restructure Foster Care Rates** - Restructure the rates paid by the State for all foster care facilities to encourage counties to increase the use of less-restrictive, less-costly placements and to establish a standard statewide rate for other high-cost, specialized foster care services and payments.
- **Flexible Funding Waiver** - Pursue a federal waiver to apply federal foster care funds for flexible child welfare purposes, including prevention of child abuse and neglect, and intensive services to keep children with their birth parents, reduce out-of-home placements and enhance permanency. Federal law currently restricts the use of foster care funds to cover only those costs related to the care and supervision of foster children, thereby inhibiting the State's ability to target these funds to those children and families most in need and to provide preventative services.

Foster Care Cost Savings as a Result of Reforms:

These proposals are expected to save approximately \$20 million in 2004-05, and increasing amounts in subsequent years.

Fraud and Abuse

The elimination of fraud and abuse within Health and Human Services continues to be imperative. Now more than ever, the State can no longer bear the burden of unscrupulous providers and consumers at the expense of reduced services to those with genuine needs.

Anti-fraud reforms will generate cost savings, cost avoidance and, more importantly, ensure that services created for and offered to some of the State's most vulnerable residents are utilized as intended.

Medi-Cal

Activities to Prevent Fraud and Abuse - Fraud, waste and abuse will be reduced in the Medi-Cal program by:

- Closing loopholes that allow people with resources to prevent the state from recovering assets from their estates;
- Expanding audits of non-contract hospital cost reports, home offices, and billings;
- Expanding the Medi-Cal Anti-fraud Program to include beneficiary confirmations;
- Expanding the Medi-Cal Anti-fraud Program to include a provider feedback program;
- Implementing counterfeit-proof prescription pads;
- Improving the pre-checkwrite review process;
- Restricting certain medical tests to specialty-trained physicians.

In-Home Supportive Services (IHSS)

Improving Accountability and Service Delivery - IHSS accountability and service delivery will be improved by:

- Assuring quality through a needs assessment to improve quality and reduce over-authorization of service hours.

Other Solutions

In keeping with the principles set forth in the overview, the following reductions, revenue enhancements and fund shifts are proposed to curtail the growth in State expenditures compared to available revenues.

ISSUE	GENERAL FUND SAVINGS 2003-04 and 2004-05 (dollars in millions)
<u>Medi-Cal:</u>	
10 Percent Medi-Cal Provider Rate Reduction (mid-year proposal)	\$623.1
Quality Improvement Assessment Fee on Medi-Cal Managed Care Plans (revenue)	75.0
Reduce Interim Rates by 10 Percent for Cost Reimbursed Acute Care Hospitals	49.1
Recoupment of Overpayment from Federal Government - Federally Qualified Health Centers (FQHCs)	47.1
Rescind Wage Adjustment Rate Program (mid-year proposal)	46.0
Revise Rate Methodology for FQHC and Rural Health Clinics	36.0
Adult Day Health Care (ADHC) Reform	12.7
Control County Administration Costs	10.0
Increase Hospital Billing Audits	1.4

ISSUE	GENERAL FUND SAVINGS 2003-04 and 2004-05 (dollars in millions)
<p><u>Mental Health:</u></p> <p>Update Statewide Maximum Allowances of Mental Health Medi-Cal Services</p> <p>Transfer Responsibility for Children's System of Care Program to Counties and Maintain State's Commitment to Children's Mental Health Through Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)</p> <p>Sexually Violent Predator Reform Proposals</p>	<p>\$40.0</p> <p>20.0</p> <p>13.5</p>
<p><u>Developmental Services:</u></p> <p>Transfer Title XX Grant Funding to Developmental Services</p> <p>Unallocated Reduction to Regional Center Administration</p>	<p>48.0</p> <p>6.5</p>
<p><u>Child Support Services:</u></p> <p>Continue a County Share of the Alternative Federal Penalty</p> <p>Eliminate County Share of Child Support Collections</p>	<p>55.0</p> <p>39.4</p>

ISSUE	GENERAL FUND SAVINGS 2003-04 and 2004-05 (dollars in millions)
<p><u>Social Services:</u></p> <p>Eliminate In-Home Supportive Services Residual Program (mid-year proposal) \$454.6</p> <p>Reduce Funding for Juvenile Probation 134.3</p> <p>Transfer Maximum Amount of Federal Funds for CalWORKs to Achieve General Fund Savings in IHSS, CWS, and Foster Care 112.6</p> <p>Reduce State Funding for Worker Wages and Benefits in the In-Home Supportive Services Program 98.0</p> <p>Suspend January 2005 State COLA for SSI/SSP 72.2</p> <p>Suspend January 2005 Federal COLA for SSI/SSP 62.5</p> <p>Effect of Child Care Reform on CalWORKs Stage 1 41.8</p> <p>Reduce Funding for Tribal TANF Programs 30.5</p> <p>Eliminate Domestic Services and Related IHSS in Shared Living Situations with Family Members 26.3</p>	
<p><u>Various Programs:</u></p> <p>Cap enrollments into various health and human service programs (mid-year proposal) 61.6</p> <p>Block Grant to Counties for Various Health and Social Service Programs for Immigrants 6.6</p>	

Program Enhancements

Department of Health Services

Public Health

- **Richmond Laboratories:** \$1.3 million (\$424,000 GF) to install and maintain IT systems to complete the merger to one State laboratory and research facility at the Richmond campus.
- **Vital Records:** \$1.6 million special funds and 5.7 personnel years for the Vital Records Statewide Database to provide automatically redacted copies of vital records to public parties.
- **Electronic Death Registration System:** \$388,000 in special funds to automate vital statistics to help address identity theft and related fraud.
- **Bioterrorism Prevention:** \$108.9 million and 94.8 personnel years to enhance California's preparedness and response to bioterrorism, outbreaks of infectious diseases, and other public health threats and emergencies. Funding will provide for the completion of preparedness planning and assessment functions, development of operational plans for the Strategic National Stockpile (a national repository of pharmaceuticals and medical supplies designed to supplement and re-supply State and local health agencies in the event of a national emergency within the US or its territories), detailed training and tools to perform epidemiological investigations, enhancements to surveillance and laboratory capacities, development of a risk communication system, delivery of ongoing training of public health and health care providers, continued buildout of the DHS health alert network, and development of a local assistance program with substantial resources directed to local health jurisdictions. It will also focus on the capacity and ability of hospitals, emergency medical systems, and poison control centers to respond to bioterrorism events.

Medi-Cal

- Spending is projected to be \$31.2 billion (\$11.6 billion GF), which reflects a GF increase of \$1.6 billion – 16.2 percent above the 2003 Budget Act. This GF increase primarily reflects the costs of using one-time savings in FY 2003-04 from the accrual-to-cash accounting change within the Medi-Cal program, and the enhanced FMAP received in FY 2003-04 as a result of section 401(a) of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003.
- Comparatively, data from 2001 shows California served about 15.3 percent of state residents, exceeded only by New York. California also has one of the lowest average cost-per-recipient rates in the nation -- \$4,607 per beneficiary, versus the national average of \$5,475 per beneficiary in federal fiscal year 2001. California has achieved this rate primarily through negotiated hospital and drug rebate contracts, a high-level of utilization review, extensive prepayment controls, extensive anti-fraud efforts, and conservative provider rate reimbursements.
- California provides more optional Medi-Cal services than any other large state to categorically eligible and to medically needy persons. Currently, Medi-Cal provides more comprehensive benefits than most employer-funded comprehensive health care programs.

Health Insurance Portability and Accountability Act (HIPAA)

- Federal law requires administrative simplification, revised security procedures, and fraud control to improve the availability of health insurance to working families and their children. The Governor's Budget proposes \$65 million (\$18.5 million GF) to continue HIPAA compliance efforts.

Emergency Medical Services Authority

- **Hospital Bioterrorism Preparedness Program**: The Governor's Budget proposes that \$6 million in federal grant funds be used to increase the hospital, community clinic, and emergency medical system capacity to respond to injuries and illnesses that result from incidents of bioterrorism, develop mutual aid plans to serve areas not currently covered by EMS agencies in the event of acts of bioterrorism, and enhance the capability of the California Poison Control System to report data suggestive of bioterrorism actions to State and local health departments in a timely manner.

Department of Mental Health

- Overall, the Governor's Budget includes \$2.5 billion (\$910.7 million GF), a net increase of \$373.4 million (\$39 million GF) above the 2003 Budget Act for mental health programs.
- **Community Mental Health Services Managed Care**: Managed care allows counties to manage treatment services effectively at a local level and provides a fiscal incentive for counties to stay within an annual State-issued allocation. The Governor's Budget proposes an increase of \$10 million (\$5.1 million GF) to reflect increased caseload in the managed care program.
- **Preadmission Screening and Residential Review Program**: Through this program, individuals admitted to nursing homes are evaluated to determine if specialized mental health treatment alternatives available in communities at lower costs, can better meet their needs. An increase of \$1.9 million (\$470,000 GF) is proposed for program expansion.

Department of Developmental Services

- **Regional Centers**: The Governor's Budget proposes \$2.7 billion (\$1.8 billion GF) to support regional centers. This includes support for the transfer of the Habilitation Services Program (HSP) from the Department of Rehabilitation on July 1, 2004.

Department of Alcohol and Drug Programs

- **Performance Partnership Grants**: The Governor's Budget includes an increase of \$260,000 federal funds to collect outcome data as part of the federal government's Performance Partnership funding process. By October 2004, California will be required to collect data in "core" indicator areas and implement a continuous quality improvement framework to assess the State's performance against objectives developed by the federal government in consultation with the states.
- **Drug Medi-Cal**: In 2004-05, an estimated 67,000 individuals will receive substance abuse treatment services, including: perinatal treatment, narcotic treatment, and outpatient drug free therapy. Because these programs may prevent more severe health and legal problems, the Governor's Budget includes an increase of \$3.1 million GF above the 2003 Budget Act for Drug Medi-Cal services.

Office of Statewide Health Planning and Development

- **Health Care Professionals for Medically Underserved Areas**: The Governor's Budget provides a total of \$4.1 million for scholarships and loan repayment grants to provide support to students and practicing healthcare professionals who agree to practice a minimum of one year in these areas of the State.
- The Governor's Budget includes an additional \$650,000 Registered Nurse Education Fund to increase the scholarship and loan repayment amounts awarded to registered nurses and registered nursing students.
- For the first time, the Administration is providing support for licensed mental health practitioners of \$206,000 Mental Health Practitioner Education Fund for loan repayment

awards, and \$131,000 Vocational Nurse Education Fund for scholarships and loan repayments for vocational nurses and vocational nursing students.

California Department of Aging

- **Long-Term Care Ombudsman Program**: The Administration proposes additional funding to expand the Long-Term Care Ombudsman Program. The Governor's Budget reflects total funding of \$12.3 million, an increase of \$2.3 million in federal Medicaid reimbursements. This funding will enable the Long-Term Care Ombudsman Program to enhance the State's presence in approximately 6,400 residential care facilities for the elderly.

Department of Social Services

- **Total TANF Reserve**: The Governor's Budget includes a \$158.4 million TANF reserve to be available for unanticipated needs, in part to mitigate the impact of federal TANF reauthorization, which could significantly increase the work participation rate requirements.
- **Supplemental Security Income (SSI)/State Supplementary Payment (SSP)**: Overall, grant payment standards will remain at the current levels of \$790 for an individual and \$1,399 for a couple. These grant levels reflect a 2.1 percent federal Cost-of-Living Adjustment that was passed through to the State effective January 2004. California continues to provide the highest level of cash grants to SSI/SSP recipients among the ten most populous states.
- **Community Care Licensing**: The Governor's Budget proposes \$124.9 million (\$42.2 million GF) for licensing activities that promote the health, safety, and quality of life of each person living in community care facilities. This is an \$11 million (\$7 million GF), or 9.7 percent, increase from the 2003 Budget Act.

Health and Human Services Data Center

- **Welfare Client Data System**: The Governor's Budget includes \$91.6 million (\$28.3 million GF) to continue the implementation of this system in 18 counties. This represents an increase of \$5 million (\$2.4 million GF), to reflect delays caused by a number of federally-mandated application changes.
- **Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) System**: The Governor's Budget includes \$15.6 million (\$3.4 million GF) for maintenance and operation costs (M&O) associated with this single-county system. This represents an increase of \$1.4 million (\$309,000 GF), due to extending ongoing M&O costs through June 2005.
- **Consortium IV**: The Governor's Budget includes \$89.7 million (\$26.8 million GF) to continue implementation of this system in four counties. This represents an increase of \$35.6 million (\$12.8 million GF) due to the inclusion of previously deferred scheduled activities.