



**Executive Officer's Report  
May 1, 2013 Meeting**

**DATE:** April 22, 2013

**TO:** Children and Families Commission of Orange County

**FROM:** Christina Altmayer, Executive Director

A handwritten signature in black ink that reads "Christina Altmayer".

**SUBJECT:** Executive Officer's Report

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The following is the Executive Officer's Report for May 1, 2013.

**A. Informational Items**

Financial Highlights (included in Attachment 1)

**B. Legislative Update on the proposed Federal Tobacco Tax**

County Commissions and the First 5 Association are monitoring President Obama's budget plan for 2014 that includes the expansion of early education. The proposed Preschool for All program will be funded by raising the federal tax on cigarettes from \$1.01 to \$1.95 per pack. If authorized, the new tax is expected to raise \$8 billion in 2014 and will fund the biggest expansion of early childhood education since Head Start was created in 1964. The President's budget proposal includes the following early care and education components:

- Establishes a federal-state partnership to support the implementation of high-quality preschool programs for children 4-years old and under. The federal government would provide funding through a cost sharing model with states to serve all children from low and moderate income families.
- Establishes competitive preschool development grants to help improve states' ability to implement high quality preschool programs.
- Creates a new Early Head Start-Child Care Partnership that would expand the availability of early learning programs that meet the highest standards of quality for infants and toddlers.
- Provides additional funding to strengthen services for children currently enrolled in the Early Head Start program.
- Supports the extension and expansion of evidence based voluntary home visiting.

While the proposed increase is a federal tax increase, there is some question about whether California would see any change in funding. Depending on the program design, California may not meet the minimum funding criteria and therefore be ineligible for program expansion funding.

Commissioners

Executive Director

**C. Recognition from the Government Finance Officers Association (GFOA)**

The Children and Families Commission of Orange County has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for fiscal year ended June 30, 1012. The Commission’s Comprehensive Annual Financial Report (CAFR) was judged by an impartial panel of governmental finance professionals and staff from the GFOA’s Technical Services Center. This award conveys that the Commission CAFR is recognized as a high quality demonstration of financial accountability that clearly communicates its financial story.

**D. Healthy Families Transition**

Commission staff continues to monitor the transition of approximately 75,000 children in Orange County from Healthy Families to Medi-Cal. As discussed at the April meeting, this will impact how families access primary and specialty medical care as well as oral health services. Over the last few months, Commission staff and community partners have been monitoring the transition that is scheduled to take place in phases. Implementation of the first phase started in January. Key concerns related to the transition include:

<b>Concern</b>	<b>Description</b>
Outreach and Education	Families have many questions about the transition and what they need to do to ensure that they do not lose coverage. Community providers also would like updated information to help support the families to ensure a successful transition.
Gaps in Covered Benefits	Effective July 1, 2012 SB946 authorized health plans to cover Applied Behavioral Analysis (ABA) therapy, a behavioral intervention, for children with Autism or similar concerns. Medi-Cal was exempted from this requirement. Children who are covered by the Healthy Families Program and benefitting from ABA services will no longer be eligible to receive these services under Medi-Cal.
Provider Networks	Provider networks to provide medical, dental, mental health and vision services may change. In addition to the health services component of Healthy Families being transitioned to CalOptima, the mental health component of services is transitioning to County Behavioral Health Services.
Children with Special Needs	Lucille Packard Foundation for Children released an issue brief related to children with special health care needs and the need for care coordination and continuity of care for the complex medical issues.

To address these concerns, Commission staff and community partners, including CalOptima, have been working to educate school nurses, health workers and other front line service providers about the transition and strategies to support families. Recently, the Health Funders Partnership, of which the County Health Care Agency and the Commission are partners, approved an initial allocation of \$10,000 to support community education and awareness efforts. The coverage issues and challenges are beginning to be recognized by the State

Legislature. Senator Correa, for example, spoke about the identified gap in ABA coverage during the April 18 town hall meeting related to Autism. Commission staff has been working on a Special Health Access Policy Report to provide an overview of the changing landscape of access to health insurance and services for children with a particular focus on the 0-5 population. The report is scheduled to be available for the Commission in June.

**E. Follow-up from the April Commission Meeting - Denti-Cal Program**

At the April meeting, Commissioner Nguyen requested further information on how the Healthy Families transition is impacting dental services. Impacted families will be required to seek care from a Denti-Cal credentialed dentist. This will become a significant barrier to oral health services as there has been a 40% decline from 2003 to 2010 in the number of dentist that accept Denti-Cal in California.

A significant reason for the decline in Denti-Cal providers is that California's reimbursement rates to Denti-Cal dentists are among the lowest in the nation, according to a January 2013 report by The Children's Partnership, a nonprofit that studies dental care in California. According to a Denti-Cal representative, statewide, 27% of specialists take Denti-Cal in comparison to only 14% of general dentists. The Orange County Dental Society estimated that there are 360 general dentists and 23 pediatric dentists that take Denti-Cal. There remains a significant issue with access as many of these dentists have limited or capped the number of Denti-Cal patients that they will accept in their practice.

Healthy Smiles has been aggressively watching this issue and maintains referral relationships with community clinics, dental clinics, and private practices that accept Denti-Cal (as well as others that implement a sliding fee schedule).

**F. June Commission Planning Meeting**

As a reminder, the annual Commission Planning meeting will take place at 8:00 a.m. at the Costa Mesa Hilton hotel. The meeting will feature Paul Tough, New York Times journalist and editor as well as a discussion of early interventions to address childhood obesity.

**ATTACHMENT:**

1. Financial Highlights

# Financial Highlights As of March 31, 2013

## Comparison of Budget vs. Actual Fiscal Year 2012-13 Unaudited Period Ending 03/31/13

	<u>FY 2012-13 Amended Budget</u>	<u>FY 2012-13 Actual Expenses</u>	
<b>Financing Sources</b>			
Tobacco Tax Revenue	\$27,971,800	\$16,561,936	59.2%
Interest Earnings	150,000	235,386	156.9%
Other Revenue	<u>1,448,126</u>	<u>1,155,280</u>	74.9%
<b>Revenue Total</b>	<b>\$29,569,926</b>	<b>\$17,952,602</b>	
<b>Expenses</b>			
Healthy Children	\$18,497,394	\$7,676,470	41.5%
Strong Families	3,619,500	1,936,432	53.5%
Early Learning	6,841,025	1,289,566	18.9%
Capacity Building*	<u>3,165,355</u>	<u>1,523,037</u>	48.1%
<b>Program Services</b>	<b>\$32,123,274</b>	<b>\$12,425,505</b>	
Admin. Functions**	<u>3,212,908</u>	<u>2,150,843</u>	
<b>Total Operating Exp.</b>	<b>\$35,336,182</b>	<b>\$14,576,348</b>	

\*Includes Evaluation costs of \$469,079

\*\*Administrative costs and functions are defined by State Commission guidelines (Fiscal Memo No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenses of \$2,150,843 and encumbrances of \$558,463 were 7.67% of the Fiscal Year 2012-13 Amended Budget of \$35,336,182 and are projected to be 8.92% at year end.

### Total Encumbrances as of March 31, 2013

Healthy Children	\$20,144,108
Strong Families	\$2,535,594
Early Learning	\$5,620,386
Capacity Building	\$2,750,602
Admin. Functions	\$558,463

## Revenue and Cash Balance Update

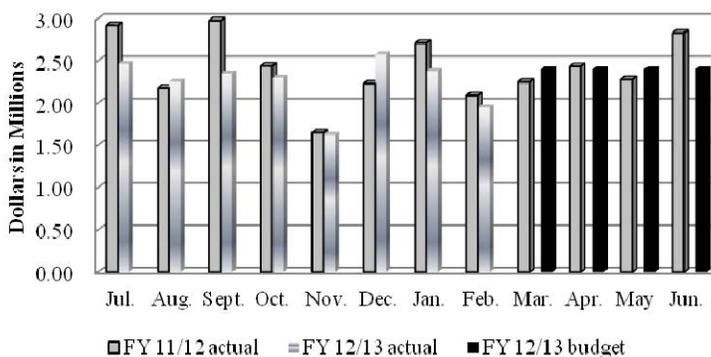
The Commission's total Tobacco Tax Revenue through February 2013 as reported by First 5 California is \$17,899,886. Prop 10 revenues for July - February are now 4.02% lower than the estimated budget plan of \$18.65 million. As of March 31, 2013, tobacco revenue has been received through January 2013.

Interest earnings for July 2012 through February 2013 are \$235,386. Other revenue of \$1,155,280 includes grant revenues for the VISTA program, CARES Plus, MAA, ARRA Health Research reimbursements, and other miscellaneous revenue items.

## Catalytic Funding Update

As of March 31, 2013, \$7.8 million has been disbursed and \$32 million was encumbered.

Fiscal Year 2011-12 & 2012-13 Tobacco Monthly Revenues



## Forecasted Fiscal Year 2012-13 Ending Fund Balance

*From Commission Long Term Financial Plan*

Beginning Fund Balance, July 1, 2012	\$78,716,844
Forecasted Revenue	29,569,926
Budgeted Program Expenses	(32,123,274)
Budgeted Administrative Expenses	(3,212,908)
Catalytic Projects	<u>(55,000,000)</u>
<b>Projected June 30, 2013 Fund Balance</b>	<b>\$17,950,588*</b>

\*based on Commission action through March 2013