



**STATE OF WASHINGTON**  
**DEPARTMENT OF SOCIAL AND HEALTH SERVICES**

Health and Recovery Services Administration

626 8<sup>th</sup> Avenue, S.E. • P.O. Box 45502

Olympia, Washington 98504-5502

December 9, 2009

TO: Health and Recovery Services Administration (HRSA) All Staff

FROM: Doug Porter, Assistant Secretary

SUBJECT: 2010 Supplemental Budget Proposal

By now, many of you have heard or seen the outlines of the Governor's annual budget recommendations from earlier today. Like the Governor and Secretary Dreyfus, staff and supervisors across HRSA have expressed misgivings and despair at the severity of the cuts we need to make in order to slice our share of expenses to fit the \$2.6 billion revenue shortfall the state faces.

Although the Governor has pledged to restore several cuts: the General Assistance Unemployable program, maternity support services and children's coverage, as well as the Basic Health plan – the list of proposed cuts is long and painful.

- Eliminate the GA-U program for 20,000 clients, including medical, chemical dependency services and mental health benefits (\$118 million in state funds).
- Reduce by an additional one percent Mental Health Medicaid rates to the Regional Support Networks (\$1.2 million in state funds).
- Reduce RSNs administration from 10 percent to 9 percent (\$1.1 million in state funds).
- The three psychiatric hospitals – Western, Eastern, the Child Study and Treatment Center, along with MH headquarters – have eliminated 74 non-direct care positions (\$4.9 million in state funds).
- Lower Apple Health for Kids eligibility from 300 percent of FPL to 205 percent, canceling coverage for about 16,000 low-income children (\$11.6 million in state funds).
- Drop the state's maternity support program, which serves more than 50,000 high-risk pregnant women (\$28 million in state funds).
- Reduce funding for jail services (\$1.1 million).
- Cut county administrative costs for chemical dependency services by two percent (\$1.3 million in state funds).
- Eliminate substance abuse services for GA-U/ADATSA clients by reducing residential services to provide for additional low-income outpatient and detox services while preserving services to both pregnant women, parents with children, and Intravenous Drug Users (IVDU) (\$12.8 million in state funds including a \$4.0 million shift from Substance Abuse Prevention and Treatment).

- Cut non-emergent adult dental programs, along with the Medicaid-optional services for vision, hearing and hospice (\$23.5 million in state funds).
- Eliminate the Medicare Part D co-payment reimbursement program that has helped more than 85,000 elderly Medicaid clients afford their medicine (\$10.5 million in state funds).

The list also includes two key health activities that impact DSHS, even though they are operated by other agencies:

- Eliminate the Basic Health Program for 65,000 individuals (\$160.6 million).
- Eliminate early intervention and direct client services for 2,500 HIV and HIV-vulnerable clients (\$10.5 million).

The list goes on. Rates and Finance Division Director, Thuy Hua-Ly and her staff have prepared a grim spreadsheet that we are distributing with this memo. None of it is pretty and none of the proposed reductions are final. I encourage you to remember: this is not a sprint but a marathon, and the race is hardly a third over. Next, these proposed cuts go to the Legislature, where the Governor has said she will work for revenue enhancements that would buy back the highest priority programs on her list.

Finally, I think many staff in HRSA, in DSHS – in every state agency – will be asking themselves today whether this budget is fair. Let me acknowledge that many stakeholders and consumers will see inconsistencies and inequities in this budget. The Governor's budget office asked us months ago for our recommendations if we had to cut our spending by two percent – or by a full five percent. We provided our best estimate of that, but it is rarely possible to make an across-the-board cut with any precision. Some programs must be cut more, others must be cut less, and some federally-supported programs are mandatory and cannot be cut at all. This is how the budget world works – it is more art than science.

I believe our past efforts with POG (Priorities of Government), as well as our steering committee deliberations, have made a difference in how we approached the formidable budget challenges that enabled us to do the best job possible. There is much left to be done. Legislative committees will seek our advice. Our business partners, clients and stakeholders will depend on us for the facts they need to take these issues to the public. I encourage you to stay hopeful, to look forward to a reversal of fortune for our economy, for our state's recovering businesses, and for our vulnerable clients and their families.

In the meantime, I want you to know that, as Secretary Dreyfus said this afternoon during her Webinar, we have the right team in place to handle this situation. You have performed admirably under the stress of revenue shortfalls and cutbacks, and I look forward to carrying these efforts forward as we work to improve this budget in the months ahead.

Attachments