

Budget

FROM PAGE 1

fore," he said. "Nobody knows what we're going to do."

The intermediate care facilities that serve the disabled across the state are almost entirely funded through the Medi-Cal program. As a result, they will lose nearly all of their income when the state contingency fund runs out, said Gary Macomber, a Sacramento-based consultant who works with such facilities.

"Some of them can carry on for a week or two," he said. "Some will be in dire circumstances and not be able to make payroll."

Unlike nursing homes and hospitals, which also may have Medi-Cal funding delayed, homes for the disabled often are mom-and-pop-type operations that don't have large corporations to turn to for help or other funding sources such as Medicare.

"There is no ability to cost-shift or borrow money from another program," Macomber said. "So it's very problematic."

Zolno and Henry operate homes in Concord, Antioch, Pittsburg and Oakley. Each houses about six developmentally disabled children or adults in family-type settings. Many are quadriplegic and are fed through tubes in their stomachs. Some have cerebral palsy. Others have frequent seizures.

"They're beyond what their families can take care of," Zolno said.

When the funding stops, Zolno and Henry estimate they will lose about \$100,000 in income a week for their firm, New Way Services. They worry

about keeping staff members to care for their clients if they are unable to pay them.

The state has a \$1 billion contingency fund, plus \$1 billion in federal funding, to pay institutional Medi-Cal providers during such budget stalemates. Last year, the fund lasted until July 24. This year, it will run out of money about the same time, predicted Toby Douglas, deputy director of health care programs for the state Department of Health Care Services.

Two Democratic Assembly members, Cathleen Galgiani and Mervyn Dymally, have introduced emergency legislation to add to the contingency fund to ensure that homes for the disabled, adult day health care centers and other organizations continue to receive funding.

But both bills are stalled. Zolno accuses Senate President Pro Tem Don Perata, D-Oakland, of holding up the measures to pressure Republicans to reach an agreement.

"In the meantime, we have very vulnerable people whose lives can be affected here," Zolno said.

A spokesman for Perata denied that the measures were being held up as a political tactic, and he said Perata's focus is on ending the impasse.

"It's just the plain fact that the state is nearly out of cash," said spokesman Andrew Lamar. "As a policy, we're not going to be approving massive appropriations for programs like this until the budget is solved."

While Zolno worries about the stalemate, others are already feeling the pinch from previously approved cuts.

Howard Strause, owner of

Ridgecrest Pharmacy in Walnut Creek, is coping with a 10 percent reduction in Medi-Cal rates that went into effect July 1. He supplies medications to the people living in New Way Services homes.

"All of a sudden, I'm losing money on my prescriptions," said Strause, who operates one of the area's few remaining independently owned pharmacies.

A monthly supply of Seroquel, an anti-psychotic drug, costs him \$830, he said, but Medi-Cal pays him \$786.

He loses \$30 on a seizure control drug called Keppra that costs him \$554.

"Right now, I'm dipping into my savings but at some point I'll have to get a business loan," Strause said.

"I'm at a loss of what to do. My concern is the clients and their well-being. If I don't send a medication, these clients could end up in an emergency."

Last year, Gov. Arnold Schwarzenegger signed the state budget on Aug. 24, the third-longest budget stand-off in 30 years. The delay put funding on hold for hundreds of Medi-Cal providers, nursing homes, adult day care centers, child care agencies and others across the state.

This year, Zolno and Henry are hoping for a quick resolution.

State lawmakers "have got us all in the middle of this," Henry said. "This year is far more difficult than it ever has been. We're at the end of our rope here."

Reach Sandy Kleffman at 925-943-8249 or skleffman@bayareanewsgroup.com.



State budget impasse puts homes for disabled at risk

With contingency fund about to evaporate, owners say they can't get loans because of housing market

By Sandy Kleffman

STAFF WRITER

Few people are following the state budget impasse in Sacramento with as much anxiety as Steve Zolno, co-owner of 11 homes for disabled children and adults in Contra Costa County.

Hundreds of such homes across the state will be among the earliest casualties of the budget stalemate. Their funding will evaporate within the next week or two as a state contingency fund runs out of money.

Zolno and his business partner, Lupe Henry, are worried how they will continue caring for their fragile clients.

"It's not like we can cut corners," Henry said. "I can't tell my staff to come back in two weeks or reduce the amount of food we buy."

"We shouldn't have to be in the middle of their haggling," she added. "It's distressing and I think it's just unfair."

No quick resolution is in sight for the budget showdown as lawmakers grapple with an estimated \$15.2 billion deficit.



EDDIE LEDESMA/STAFF PHOTOS

NEW WAY SERVICES co-owners Lupe Henry, above left, and Steve Zolno are worried about what effect the state budget impasse will have on their clients, such as Krystal Coles, 18, top left, being attended to by staff member Marquita Gallon.

credit prompted by the national mortgage crisis has made it virtually impossible this year, Zolno said.

He has been trying to obtain a loan for three months.

"Nobody has seen anything like this be-

See BUDGET, Page 16