

## **California's Budget for FY 2014-15: Impact on Alameda County Seniors and Services**

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**On June 20, 2014, Governor Brown signed the state budget for fiscal year 2014-15.** The budget is based on a conservative forecast of the state's economy, and focuses on paying down debt, making several large infrastructure investments, depositing \$1.6 billion into the Budget Stabilization Account, and ending the year with a reserve of \$450 million. (For details, see California Budget Project's summary at [www.cbp.org](http://www.cbp.org) )

While the budget makes select increases in education and health and human services, it largely ignores the urgent need to reverse the deep cuts made over the last six years to supportive and health care services for seniors. This short-sighted thinking will undermine the success of the Coordinated Care Initiative, and it denies seniors effective resources that could help them meet the challenges of aging.

**The following summarizes the elements in the state's FY 2014-15 budget that would directly impact seniors and senior services in Alameda County.**

### **A** DULT DAY SERVICES

The new budget maintains the 2011 rate cut to Medi-Cal's CBAS reimbursement for Adult Day Health Care, a rate level that is unsustainable and continues to force ADHC providers across the state to close their doors. The budget did not reinstate Older Californians' Act funding for Adult Day Care or Alzheimer's Day Care Resource Centers that was eliminated in 2009.<sup>i</sup> In Alameda County, Adult Day programs provide day-time care for over 600 frail adults.

### **A** DULT PROTECTIVE SERVICES

The budget includes \$150,000 in state general funds to create one permanent, full-time position within the Department of Social Services to serve as dedicated APS liaison to the federal government, provide leadership on statewide APS policy issues, and provide support to county APS programs.

### **C** ALWORKS BENEFITS FOR KIN CAREGIVERS

The new budget includes \$30 million in new state funds for foster children living with grandparents or other relatives. These funds will provide state foster care benefits to relatives who currently only receive CalWORKs for the foster children in their care because the children are not eligible for federal foster care benefits under outdated Title IV-E rules.<sup>ii</sup>

This policy change will improve the lives of foster children whose relative caregivers currently struggle to meet their needs with below-poverty CalWORKs benefits (\$369 per month). These families will instead receive \$820 per month, or more if the children have special needs. Counties must opt in to the new program by October 1, 2014. Once counties opt in, the program will start January 1, 2015.

## **C**OMMUNITY CARE LICENSING

The new budget includes \$7.5 million in funding for quality improvement for the state's Community Care Licensing agency that licenses and oversees both day care and residential facilities for children and adults in California. The allocation is a response to several highly publicized failures by the agency to pursue noncompliant providers and ensure the safety of residents during facility closures. The investment is intended to improve timely response and, over time, increase the frequency of inspections. It will be partly funded through a 10% increase in licensing fees.<sup>iii</sup>

## **C**OORDINATED CARE INITIATIVE

The new budget projects a state General Fund savings for the CCI of \$20.3 million in 2014-15 (far less than the \$150 million savings that the Governor predicted in January). The budget reflects current launch dates, including Alameda County's January 2015 start of enrollment into CCI for most Dual Eligibles and other seniors and people with disabilities who have Medi-Cal.<sup>iv</sup> The budget also assumes a \$14.1 million cost to implement Department of Health Care Services' new rules regarding enrollment into Cal MediConnect for Medicare Advantage Plan members.

**In Alameda County**, over 60,000 seniors and people with disabilities will be affected in some way by the Coordinated Care Initiative, and over 31,000 will be eligible for CalMediConnect. (Go to [seniorservicescoalition.org](http://seniorservicescoalition.org) for more information on the Coordinated Care Initiative.) The CCI and Cal MediConnect will not address the needs of an estimated 26,000 more seniors who are not poor enough to be eligible for Medi-Cal, but lack adequate resources to meet basic needs or to bounce back from a medical or financial crisis.<sup>v</sup>

## **I**N-HOME SUPPORTIVE SERVICES

In his January budget proposal, the Governor responded to the new federal rules that require overtime pay for domestic workers, proposing a ban on overtime that would have had serious consequences for both IHSS consumers and workers. Legislators rejected that proposal, and the new state budget allows overtime pay to go into affect beginning January 2015. Paying overtime to IHSS workers – as well as paying for travel time, trainings, and wait time for medical appointments – is estimated to increase state spending by \$172.2 million in 2014-15. The new overtime policy contains the following limits:

- IHSS workers will not be allowed to work more than 66 hours each week, minus the 7% cut to consumer hours, no matter how many consumers they work for (effectively limiting workers to 61 hours per week). The policy does not allow for any exceptions.
- IHSS consumers will be limited as to how many hours of service they may use in a week. This is not a reduction in hours. For the first time, the authorized total monthly hours will be divided into a weekly amount.

In addition, the Governor's proposed budget maintains the 7% cut to hours for IHSS recipients.<sup>vi</sup>

**In Alameda County**, over 19,000 seniors, children and adults with disabilities rely on nearly 18,000 IHSS workers to help them live safely in the community.<sup>vii</sup>

**MEDI-CAL**  
The new budget continues the 10% provider rate cuts that went into effect in 2011, but abandons the state's attempt to recoup those cuts retroactively back to 2011 for some providers (physicians, clinics, medical transportation, and intermediate care facilities for people with developmental disabilities). The new budget also includes \$187.2 million in state general fund dollars for rate increases for Medi-Cal managed care plans.

In addition, the budget maintains the May 2014 restoration of some of the Medi-Cal adult dental services that were cut in 2010 (including basic exams, fluoride treatments, crowns, root canal therapy, and complete dentures). It does not address the need to restore other "optional benefits" that were eliminated in 2009 – services such as audiology, podiatry, incontinence creams and washes and speech therapy – all interventions that are essential for many people living with chronic conditions.

**MULTI-PURPOSE SENIOR SERVICES PROGRAM**  
The state budget does not include the \$5.1 million restoration for MSSP that advocates sought. Restoration would have added 100 case management slots in Alameda County and over 2,700 slots statewide, preparing this awesomely affective program to continue managing Medi-Cal's highest risk population as MSSP becomes part of Managed Care Plans under the Coordinated Care Initiative.

In Alameda County, we face a critical shortage of MSSP slots – only 380 slots between the two MSSP providers in Oakland and Fremont. Hundreds of eligible seniors wait, and often die or enter nursing homes while on the wait list.

**OLDER CALIFORNIANS ACT PROGRAMS**  
The state's new budget does not restore Older Californians Act funding. Advocates had sought \$25 million to partially restore funding that was eliminated over a period of six years beginning in 2004 for programs that include Alzheimer's Day Care Resource Centers, Brown Bag, Caregiver Resource Centers, Respite services, Linkages, Foster Grandparents, Senior Companions, Ombudsman and Senior Employment Program. Although the Assembly Budget Committee approved \$1.3 million in funding for select programs, and an additional \$3.8 million for the Long Term Care Ombudsman Program, the funding did not make it through final Conference Committee negotiations.

The impact of the gradual elimination of state funding for Older Californians Act programs meant the loss of over 200 case management slots for (Linkages Program) and over \$550,000 in funding each year for the last 5 years.<sup>viii</sup>

**PROGRAMS OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)**  
The new budget provides \$1.8 million in additional state funding for Medi-Cal reimbursement for PACE (to be matched dollar for dollar with federal funds). Although this is significantly less than the partial restoration to 2012 levels that SSC and other advocates had sought, the reimbursement rate adjustment will grow to \$8 million in additional funding over

subsequent budget years. In Alameda County, Center for Elders' Independence and On Lok Lifeways provide PACE services to over 750 frail older adults who are eligible for skilled nursing facility care.

## **SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM**

The 2014-15 budget does not restore the state's Cost Of Living Adjustment to SSI/SSP, but it does allow the federal COLA to flow through so that grant levels will increase slightly in January 2015. Currently, the 2014 SSI/SSP maximum grant level is \$877 a month for individuals. This is \$30 lower than it was five years ago, 90% of the current federal poverty level, and far below the Elder Economic Security Standard for Alameda County seniors, leaving many SSI recipients struggling to meet their most basic needs.<sup>ix</sup> In Alameda County, over 54,000 seniors and adults with disabilities rely on SSI/SSP.

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<sup>i</sup> Elimination of ADCRC funding in 2009 combined with cuts in prior years resulted in a total loss of \$120,000 in annual funding for services in Alameda County.

<sup>ii</sup> Title IV-E federal foster care benefits are available only for children removed from families whose income is so low that they would have qualified for aid under the 1996 AFDC income limits.

<sup>iii</sup> Of the \$7.5 million in new funding for Community Care Licensing, \$5.8 million is General Fund money.

<sup>iv</sup> The other seven counties are Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara. These counties are all on separate schedules to launch all or part of their CCI programs.

<sup>v</sup> The Elder Economic Security Standard Index, developed by UCLA Center on Health Policy Research and the Insight Center, estimates that over 71,000 seniors in Alameda County don't have enough income to cover basic needs. Only about 44,000 of those seniors are covered by Medi-Cal and will have access to coordinated care and LTSS services in the Coordinated Care Initiative.

<sup>vi</sup> The cut is the result of a settlement of two lawsuits – one filed in 2011 that blocked the state from implementing a 20% across-the-board reduction in IHSS hours, the other filed in 2009 that blocked the termination or reduction of IHSS for many recipients based on their functional index score. Under the settlement, the state instituted a temporary 8% cut starting in July 2013. The settlement included plans to adjust to a 7% cut in July 2014, and to restore the total cut hours as early as the spring of 2015 if the State obtains federal approval of a provider fee which could bring significant new federal revenue to California.

<sup>vii</sup> A County report from 2010 indicated that 6,269 individuals were authorized for between 100 and 280 hours per month, and that 504 people were authorized for 280 or more hours per month.

<sup>viii</sup> Partial annual loss to Alameda County calculated based on local impact of elimination of Respite (\$10,000), Brown Bag (\$40,000), Alzheimer's Day Care Resource Center (\$120,000), Linkages (\$228,000), Senior Companion Program (\$21,000) and Ombudsman (\$130,000).

<sup>ix</sup> 2014 SSI/SSP grant level for a couple is \$1478/month. 2014 Federal Poverty Guidelines are \$972/month for an individual, \$1,310/month for a couple. The Elder Economic Security Standard Index for Alameda County seniors is \$2,170/month for a single renter, \$2,888/month for a couple who rent rather than own their home.