

State Budget for FY 2015-16: Impact on Alameda County Seniors and Services

On June 24, 2015, Governor Brown signed the budget for California's fiscal year 2015-16. The budget is largely based on the Governor's conservative forecast of the state's economy, and continues the fiscal austerity that characterized his previous budgets. (For details, see California Budget & Policy Center's summary at www.calbudgetcenter.org)

The Governor – in his proposals and negotiations – ignored the urgent need to reverse the deep cuts made over the last seven years to supportive and health care services for seniors. While other legislative and Budget Committee actions proposed some increases, and some of those increases made it into the first budget that the Conference Committee sent to the Governor, subsequent negotiations erased almost every gain.

The following summarizes the items in the state's 2015/16 budget that directly impact seniors and senior services in Alameda County.

A **DULT DAY SERVICES**
The 2015/16 budget maintains the 2011 cut to Medi-Cal's CBAS rate, a rate level that is unsustainable and continues to force Adult Day Health Care providers across the state to close their doors. In addition, the new budget does not reinstate the Older Californians Act funding for Adult Day Care and Alzheimer's Day Care Resource Centers that was eliminated in 2009.ⁱ

While the Conference Committee's first budget included a 5% restoration to Medi-Cal's CBAS rate effective April 2016, with an additional 5% restoration in April 2017, in the end, the issue of Medi-Cal rate increases was deferred to the special session on health care financing (see next page).

In Alameda County, Adult Day programs provide care for 1,600 frail adults each year.

C **OMMUNITY CARE LICENSING**
The state's 2015/16 budget includes the Governor's proposal to provide an additional \$3 million in state funding and 28.5 positions for the state's Community Care Licensing agency, which licenses and oversees both day care and residential facilities for children and adults in California. The additional funds will be used to continue to address a backlog of complaint cases and expand training and technical assistance.ⁱⁱ The Department of Social Services plans to increase inspection frequency beginning in January 2017. Ongoing staffing after full implementation will cost approximately \$14 million a year in state general funds.

I N-HOME SUPPORTIVE SERVICES

The 2015/16 budget includes a plan to fully restore the current 7% cut to IHSS consumers' hours of care beginning in July 2015.ⁱⁱⁱ The restoration will cost the state \$226 million in general fund dollars.

The new budget also includes \$270 million in general fund dollars to implement overtime pay for home care workers, with an estimated start date of October 1, 2015 assuming that the issues around federal fair labor standards will be resolved.

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.

M EDI-CAL
The state's 2015/16 budget continues the 10% provider rate cuts that went into effect in 2011. Low rates continue to discourage many health care providers from contracting with Medi-Cal, thus limiting access to care for many Medi-Cal beneficiaries.

The budget extends the Skilled Nursing Quality Assurance Fee for another five years, and schedules annual Medi-Cal rate increases for skilled nursing facility care of 3.62%. The fee is charged to skilled nursing facilities and leverages federal funding, and was set to expire in July 2015.

In spite of the fact that both the Senate and Assembly Budget Committees voted to restore "optional" benefits that were eliminated in 2009, the 2015/16 budget does not address this need. These "optional" interventions – services such as audiology, podiatry, incontinence creams and washes and speech therapy – are essential for many people living with chronic conditions. Since the Medi-Cal coverage was eliminated, community-based organizations in Alameda County and elsewhere have been hard-pressed to find alternatives, and most people go without.

SPECIAL SESSION ON HEALTH CARE FUNDING

As part of the 2015/16 budget deal, the Governor called for a special session of the Legislature to focus on health care funding issues – specifically, finding sustainable sources of funding for the 7% restoration in IHSS hours and for Medi-Cal provider rate increases. The Governor made it clear that these restorations cannot come out of state general funds, and warned that the state faces over \$1 billion in cuts if – or more likely, when – the federal government does not approve an extension of the current Managed Care Organization tax.

The first special session meetings have resulted in the introduction of AB 4 2nd Ext. by Assemblymember Marc Levine of San Rafael. The bill would impose a flat tax of \$7.88 for each plan enrollee, per month. Of the estimated \$1.9 billion that would be raised by the tax, \$1.1 billion would continue pulling down the federal match for Medi-Cal. The rest would help pay for IHSS and Medi-Cal restorations, and for programs serving people with developmental disabilities.

MULTI-PURPOSE SENIOR SERVICES PROGRAM
The state's 2015/16 budget does not include the \$5.1 million restoration for MSSP that advocates sought for this Medi-Cal waived program. Restoration would have added 100 case management slots in Alameda County and over 2,700 slots statewide.

On the legislative front, some progress has been made. The budget's trailer bill language makes a technical correction to current law, ensuring that the MSSP waiver will continue should the Coordinated Care Initiative end.^{iv} In addition, clarifying language in the trailer bill states that MSSP programs will not be automatically absorbed into Managed Care Plans, instead this transition will be dependent on readiness and mutual agreement of local stakeholders.

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 2015/16 budget does little to change funding levels for Older Californians Act programs. Advocates had sought \$37 million to partially restore funding that was eliminated for programs that include Alzheimer's Day Care Resource Centers, Brown Bag, Caregiver Resource Centers, Respite services, Linkages, Foster Grandparents, Senior Companions, Long Term Care Ombudsman and Senior Employment Program. In the end, two funding increases were enacted:

The budget increases funding for Caregiver Resource Centers by \$2 million (an increase of about 70%). Caregiver Resource Centers serve families and caregivers of individuals with chronic or degenerative cognitive disorders that affect adults, such as Alzheimer's, stroke, or traumatic brain injury. Through eleven locations across the state, the program provides information and referral, consultation, respite care, counseling and other services to family caregivers.

The budget also increases funding for the Long-Term Care Ombudsman program by \$1 million in general fund dollars (a total of \$2.4 million including federal match). The LTC Ombudsman investigates and works to resolve elder abuse complaints made by, or on behalf of, residents in nursing homes and residential care facilities for the elderly. The funding is specifically to increase unannounced facility monitoring visits and complaint investigations and increase the recruitment, supervision, and training of paid and volunteer Ombudsman representatives.

In Alameda County, the impact of the gradual elimination of state funding for Older Californians Act programs meant the loss of over 200 case management slots for seniors and people with disabilities (the Linkages Program) and over \$549,000 in funding each year for the last seven years.^v

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM

The 2015/16 state budget does not restore the state's Cost Of Living Adjustment to SSI/SSP, nor does it restore any of the funding cuts to the state's portion of the grants. The budget does anticipate a 1% increase in caseloads, and allows the federal COLA to flow through so that grant levels are likely to increase slightly in January 2016.^{vi}

The first budget that the Conference Committee sent to the governor included a \$10 per month increase to the SSI/SSP grants to individuals (excluding couples) in an amount equal to \$66 million GF for 2015-16, starting on January 1, 2016, with full-year costs of \$132 million GF for 2016-17 and ongoing. However, this increase was a casualty of the legislature's final negotiations with the Governor.

In Alameda County, over 54,000 seniors and adults with disabilities rely on SSI/SSP. The 2015 SSI/SSP maximum grant level for individuals is \$889 a month (currently \$1,100/month for couples).^{vii} Today, SSI/SSP levels are 9% to 16% lower than the 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.^{viii}

ⁱ 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.

ⁱⁱ The FY 14/15 budget added \$7.5 million in funding (\$5.8 million of it General Fund) for quality improvement for Community Care Licensing in 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 partly funded through a 10% increase in licensing fees.

ⁱⁱⁱ The cut was 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, then adjusted that to a 7% cut in July 2014. The state agreed 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.

^{iv} Budget trailer bills contain the implementing and clarifying language of the budget bill, much like a narrative explaining the line-items of a budget.

^v 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).

^{vi} The Social Security Administration announces COLA increases in October for the following year.

^{vii} SSI/SSP grant levels are the sum of the Federal share (\$733/month for an individual in 2015) plus the state share (currently at \$156 per month for an individual, the minimum level required by law and down from \$233 in January 2009).

^{viii} 2015 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.