

California's FY 2013-14 Budget: Impact on Alameda County Seniors and Services

On June 27, 2013, Governor Brown signed the budget for California's 2013-14 fiscal year.

Thanks to a slowly improving economy and additional revenues approved by voters last year, the Budget includes more funding for schools, colleges and UC; modest improvements to safety net services; debt pay-down; a \$1.1 billion reserve; and the expansion of Medi-Cal to cover over one million more Californians. (For details, see California Budget Project's summary at www.cbp.org)

The wholesale scaling back of public programs and services is behind us, but terribly deep cuts made to senior services over the last several years remain in place. While we can look forward to the restoration of many Medi-Cal adult dental services (scheduled for May 2014), this Budget is not without cuts. The most serious is a cut to In-Home Supportive Services hours that will further challenge seniors and people with disabilities trying to live safely in the community.

The following summarizes the elements of the FY 2013-14 Budget plan that will directly impact seniors and senior services in Alameda County.

A DULT EDUCATION

The 2013-14 Budget protects adult education programs from further cuts for two years, allowing for a transition to regional partnerships of k-12, community college districts and other adult ed providers. Districts that currently receive state funding for adult education will be required to maintain 2012-13 spending levels through the end of FY 2014-15.¹ At the beginning of FY 2015-16, a regional partnerships system will be implemented. The FY 2013-14 budget includes \$25 million for two-year planning and implementation grants to help districts form partnerships and develop plans.

C OORDINATED CARE INITIATIVE

California's Coordinated Care Initiative (CCI), is a multi-year plan to coordinate health care and long term services and supports for "Duals" (Medicare/Medi-Cal beneficiaries) and Medi-Cal Only seniors and people with disabilities. The CCI has three major components. The first moves Medi-Cal-covered Long Term Services and Supports into Managed Care.² The second requires that Medi-Cal beneficiaries enroll in Managed Care (including Duals, nursing facility residents and others left out of last year's mandatory enrollment into Medi-Cal Managed Care). The third component, now known as CalMediConnect, integrates Medicare and Medi-Cal coverage into Managed Care Plans that coordinate both medical and LTSS.

The 2013-14 State Budget sets the launch date for the CCI in eight counties – including Alameda County – "no earlier than" January 1, 2014.³ This means that the first notices that any beneficiaries would receive about the transition would arrive no earlier than October 2013.

¹ Go to <http://www.acoe.org/acoe/Home/Districts-Schools/List> for a list of school districts that have adult ed.

² Medi-Cal covered LTSS are IHSS, ADHC, MSSP and skilled nursing.

³ The other seven counties are Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Clara

The CCI Budget Trailer Bill (SB 94) includes the following statutory changes to the CCI:

- Delinking – the three components of the CCI are “delinked” from each other so that each part can move forward (or not move forward) separately.
- Director of Finance Authority – the Budget gives California’s Director of Finance the authority to review the CCI 30 days prior to implementation, and, if projections do not meet anticipated savings, to terminate the entire CCI.
- Statewide Public Authority responsibility – IHSS collective bargaining will shift from the local Public Authorities to the Statewide Public Authority upon notification from Department of Health Care Services Director that CCI enrollment has been completed. Counties are required to maintain the local Public Authorities and their other functions.
- Duals-Special Needs Plans (D-SNP) and Medicare Advantage Plans – the state is required to contract with these managed care plans and the plans are allowed to continue to enroll beneficiaries in 2014. Beneficiaries who are enrolled in D-SNPs and other Medicare Advantage plans are excluded from passive enrollment into CalMediConnect.
- Stakeholder Meetings – DHCS is required to convene stakeholder meetings quarterly beginning in August 2013. The group will make recommendations to DHCS and the Legislature, and must include beneficiaries, counties, health plans and representatives from primary care physicians, specialists, hospitals, nursing facilities, MSSP and CBAS programs, social service providers, IHSS, behavioral health and substance abuse providers.

The new Budget also aligns California budget policy with the Duals Demonstration Memorandum of Understanding between the state and Centers for Medicare & Medicaid Services signed in March. These include the agreement that Duals may change or opt out of CalMediConnect plans at any time; the addition of vision, dental and non-emergency transportation to the required benefits; and a 12 month phase-in (by birthday month) for enrollment in Alameda County.

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.

N-HOME SUPPORTIVE SERVICES

The new Budget adopts the terms of a recent 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. Instead, the state will:

- Replace the permanent 20% cut in IHSS hours with a temporary 8% cut starting in July 2013. (This is an additional 4.4% cut on top of the 3.6% current cut that was scheduled to expire in June. Consumers will receive letters telling them about an 8% cut in hours.)
- Reduce the total cut to 7% in July 2014.
- 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.
- Commit any savings from retroactive federal approval of the new provider fee to fund a program to benefit IHSS recipients, such as the SSI Special Circumstances Program which paid for refrigerators, stoves, rent to avoid eviction and other emergency needs.

- Clarify that IHSS consumers have a right to request a reassessment based on a change in circumstances, even if the change is not medical. Consumers will not have to provide medical certification of a change in their medical condition to obtain a reassessment. This will help ensure that consumers who need additional hours will be able to obtain them.

In Alameda County, almost 18,000 seniors, children and adults with disabilities rely on IHSS to help them live safely in the community.

MEDI-CAL
The FY 2013-14 State Budget restores some of the Medi-Cal adult dental services that were cut three years ago. The restored services will be effective May 1 2014, when Medi-Cal will begin covering basic exams, fluoride treatments, crowns, root canal therapy, and complete dentures. The restoration adds an estimated \$33.8 million to the state's new budget, and \$211.3 million to the FY 2014-15 budget.⁴ The Budget also repeals the 7-visit-a-year limit on physician visits that was enacted in the FY 2011-12 budget but did not receive federal approval.

The new Budget assumes a 10% provider rate cut that has been blocked by litigation. A recent federal appeals court ruling has allowed the state to proceed with the 10% cut, and the state plans to apply the cut retroactively back to June 2011.⁵

In addition, the new Budget adds \$206.3 million to expand access to early intervention and treatment for people with mental health disorders. The Health Facilities Financing Authority will provide grants for local mobile crisis support teams, additional beds in crisis residential treatment programs and additional crisis stabilization units. The Mental Health Oversight and Accountability Commission will provide grants to add local triage personnel who will connect thousands more individuals with medical and mental health care services.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM
The FY 2013-14 Budget does not restore the state's Cost Of Living Adjustment to SSI/SSP, but it does allow the federal COLA to increase grant levels in 2014. Currently, 2013 maximum grant levels for SSI/SSP are \$866 a month for individuals and \$1,462 a month for couples (the 2014 federal COLA has yet to be announced).⁶

In Alameda County, over 50,000 seniors and people with disabilities rely on SSI/SSP.

⁴ Half the cost will come from state General Fund, half from federal match.

⁵ For Primary Care Providers, this will be offset by a temporary federal increase in rates that is intended to encourage primary care physicians to take on Medi-Cal patients. PCPs will have their Medi-Cal rates adjusted up to Medicare levels during 2013 and 2014.

⁶ 2013 Federal Poverty Guidelines are \$957/month for an individual, \$1,292/ 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.