

Governor's May Revise: Potential Impacts for Alameda County Seniors

When the Governor signed a series of budget trailer bills in March, he was enacting only part of the package of solutions required to balance a projected \$25.4 billion deficit for Fiscal Year 2011-12. It was the part that the Assembly and Senate were able to agree on: Cuts.¹

The cuts have seriously damaged remaining life-line programs for seniors – ADHC, IHSS, SSI/SSP, MSSP, and Medi-Cal. But things could get much worse.

With the release of the May Revise budget on May 16, we see that California's fiscal situation has improved slightly and the Governor's proposal addresses a \$9.6 billion deficit. However, Legislators have yet to agree on the budget solutions necessary to address the remaining deficit. With his May Revise the Governor continues to ask Legislators to extend current sales taxes and vehicle license fees for five years, to extend current income taxes for four years (from 2012 through 2015), and to let the voters weigh in on these extensions in a November ballot measure.

The extensions are crucial, as they make up the lion's share of revenue solutions. Without this, a full-scale elimination of state-funded services will change California irreparably. Governor Brown indicated that an "all cuts" budget would include harmful cuts to K-12 education, community colleges, universities, CalWORKS and public safety, the elimination of Adult Protective Services, hard caps for Medi-Cal doctors visits and medications, and the elimination of IHSS domestic and related services.

The following summarizes the current status of state funding for senior services:

Adult Day Health Care - The FY 2011-12 budget signed in March eliminated ADHC as a Medi-Cal optional benefit. At the same time, the Legislature agreed to "re-create" ADHC as a federal waiver program with \$85 million in state funding (about half of last year's ADHC funding). The enabling legislation, AB 96 (Blumenfeld) still has to be passed and signed by the Governor.

The May Revise does not acknowledge the Legislature's plan to re-create ADHC under a federal waiver and to provide \$85 million in funding. Instead the Revise proposal allocates \$25 million to help ADHC patients "transition to other Medi-Cal services."

ADHC provides 37,000 fragile elderly and disabled Californians – and 880 Alameda County residents – with the safe haven and medical and therapeutic services they need to continue living in the community.² These medically complex patients are at risk for repeat hospitalizations or nursing facility placement due to their chronic medical or cognitive conditions. Medi-Cal does not approve patients for ADHC reimbursement until an assessment shows proof that other services are not appropriate or adequate to meet their needs.

¹ About \$12.5 billion in cuts, over half to health and human services.

² While 27,000 individuals attend ADHCs as Medi-Cal beneficiaries, another 10,000 individuals are private pay. All would lose this vital support should Medi-Cal revenues cease.

In-Home Supportive Services

The March Budget made \$420 million in cuts and changes to IHSS, including:

- Require a physician's written certification that IHSS services are needed to avert out-of-home placement. (This is in addition to the current social worker assessment.) The Governor estimated this requirement will result in the loss of services for approximately 43,000 recipients, and will provide General Fund "savings" of \$120.5 million in 2011-12.
- Adjust projected caseloads for the current and next fiscal years (\$83.2 million in savings).
- Draw on an additional 6% increase in federal matching funds by qualifying under the new federal Community First Choice Option (\$128 million in savings).
- Eliminate the mandate that counties maintain IHSS Advisory Committees (anticipating a \$1.5 million savings). Instead, \$3,000 a year in state funding would be available (with potential federal match) for counties that choose to retain their committees.
- Implement a pilot program to put medication dispensing machines in the homes of IHSS consumers. This is supposed to achieve \$140 million in savings. If the savings are not realized then an across-the-board reduction in hours would be implemented.

Without the tax extensions that the Governor seeks to balance the remaining deficit, IHSS domestic and related services would be eliminated for most participants.

Over 73,000 Bay Area elders, children and adults with disabilities rely on IHSS to help them live safely in the community – over 480,000 Californians. In Alameda County, over 17,600 people receive the in-home care. While many are eligible for nursing home placement today, others are able to avoid serious medical complications thanks to the supportive care they receive.

Multi-Purpose Senior Services Program

The March Budget cut MSSP by 18%, a cut of \$2.5 million in state funds and an equivalent loss of federal match. The May Revise does not propose additional cuts.

MSSP saves Medi-Cal long-term care dollars through case management for over 11,800 of California's very frail, nursing home eligible seniors who want to live at home. With adequate funding, MSSP could be a core component of a thriving continuum of community-based care. In Alameda County, two MSSP programs – in Oakland and Fremont – coordinate the care of over 440 elders a year.

Medi-Cal

The March Budget already enacted has cut Medi-Cal funding by \$1.7 billion by:

- Limiting doctor visits to seven per year (a "soft cap" that a doctor could overrule) and limiting prescription medications to six per month (except "life-saving drugs").
- Placing an annual cap on remaining optional benefits (hearing aids, durable medical equipment, incontinent supplies urological supplies) and wound care.
- Charging patient copayments for a wide range of services, including doctor visits, pharmacy services, emergency room and hospital visits
- Eliminating Medi-Cal coverage for over-the-counter cough and cold medications and nutritional supplements.

In addition, the budget reduces reimbursement rates to providers by 10%, affecting managed care plans, physicians, pharmacy, clinics, medical transportation, home health, Adult Day Health Care, certain hospitals, and nursing facilities.

The May Revise proposes to limit the number of times Medi-Cal managed care plan members can switch plans to once a year. This is predicted to save the state \$1.7 million but will cause havoc for those Medi-Cal only seniors and people with disabilities who have been enrolled by default into a plan that may not be a good fit.

The May Revise doesn't propose additional Medi-Cal cuts unless the legislature fails to approve the tax extensions. Without extensions, the Medi-Cal caps would become "hard caps" (these limits could not be overruled).

Supplemental Security Income/State Supplementary Program

The March Budget cut \$15/month from individual SSI/SSP grant levels, causing 38,740 Alameda County residents to lose essential income. This will set grant levels at \$830/month, a full \$72.50 below the federal poverty level, beginning June 1, 2011. This cut will not affect couples on SSI/SSP, as their grant levels have already been reduced to the lowest level allowed. Grant levels for the Cash Assistance Program for Immigrants will also be cut \$15/month. CAPI provides subsistence grants to legal immigrants who are not eligible for SSI.³

California's SSI Program recipients are disabled (70%), blind (2%) and aged (28%). Cuts to SSI/SSP recipients are particularly cruel, as recipients have few options to mitigate a loss of income.

Low-Income Senior Housing

The Governor's May Revise continues to propose a phase-out of funding for local Redevelopment Agencies. While advocates pressed to preserve funding for low-income senior housing, in March the Conference Committee recommended elimination. To date, the Legislature has not passed the trailer bill containing the cut to Redevelopment. If the bill is passed and signed, it would impact local projects differently, depending on what stage they are in planning or implementation.

For more details and information on all elements of the Governor's proposed budget, see the California Budget Project at www.cbp.org.

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³ Cumulative cuts to SSI/SSP and CAPI enacted over the last four budget cycles have affected 54,000 Alameda County residents and have resulted in a \$94 million annual loss to Alameda County's economy.