**Senior Services Coalition**
of Alameda County

July 12, 2011

# California's 2011-12 Budget:
## The Impact for Alameda County Seniors

On June 30, Governor Brown signed a budget that was passed in the Assembly and Senate by simple majority vote. The budget includes deep reductions to critical public programs and institutions. These cuts will scale back the social safety net at a time when the economy and local governments are still struggling, will make it more difficult for young Californians to get the college degree they need to get ahead in the job market, will restrict basic health care from people who need it, and will put thousands of seniors and people with disabilities in peril.

This budget is balanced not with tax extensions that the Governor sought and which would have required a super-majority vote of the legislature. Instead, the fiscal year 2011-12 budget contains increased vehicle registration fees, enforcement of state sales tax on internet sellers (the "amazon tax"), more optimistic revenue predictions (based on better-than-expected May receipts) and a trigger mechanism.

**The two triggers** would engage automatically in January 2011 if the Department of Finance determines that revenues are not meeting expectations. The first trigger would cut $600 million, including $100 million from IHSS and $15 million in Medi-Cal funding for PACE, Senior Action Network, and the Aids Foundation.[1] If needed, the second trigger would cut up to $1.9 billion, most of it from K-12 Education.[2]

**The terribly deep cuts to senior services made in March are still in place.** The cuts have seriously damaged remaining life-line programs for seniors – ADHC, IHSS, SSI/SSP, MSSP, and Medi-Cal.

**The following summarizes the impact of the state's new budget on senior services:**

**Adult Day Health Care** - The FY 2011-12 budget bills 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 state funding for ADHC). The enabling legislation for the waiver is AB 96 (Blumenfield).

*ADHC provides over 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. These medically complex patients are at risk for repeat hospitalizations or nursing home placement due to their chronic medical or cognitive conditions.*

A partial restoration of $85 million for a re-configured ADHC program was in the budget that legislators sent to the Governor on June 28, with the expectation that the Governor would approve the funding and also sign AB 96 (the legislation instructing the state to move forward with an ADHC-like federal waiver program called Keeping Adults From Institutions, or KAFI). While the Governor approved the $85 million, he "blue penciled" the language directing the funding to KAFI and has stated that he will veto AB 96.

[1] The first trigger also includes cuts to University of California, California State University, Community Colleges, State Library, Juvenile Justice, Corrections, Developmental Services and Child Care.
[2] Second trigger cuts could also include deeper cuts to Community Colleges and the elimination of home-to-school transportation.

Meanwhile, California's Department of Health Care Services has received approval from Center for Medicare/Medicaid Services to end Medi-Cal reimbursement for ADHC on September 1, and is proceeding with a "transition plan" that requires ADHC providers to discharge their patients to "appropriate services." This in spite of the fact that 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.

Unless a groundswell of community support can convince the Governor to change his mind or convince legislators to override a veto, the only thing that stands in the way of the elimination of the ADHC model in California is a law suit by Disability Rights California.[3] Arguments in that suit will be filed next week, and the judge will decide on the request for injunction by the end of July.

**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 that are responsible for making program recommendations to the county boards of supervisors (a $1.4 million cut that leaves just $200,000 in state funding). In addition, $3,000 a year in state funding would be available (with potential federal match) for Public Authorities' Advisory 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.

*Over 73,000 Bay Area elders, children and adults with disabilities rely on IHSS to help them live safely in the community – over 430,000 Californians. In Alameda County, over 17,600 people receive this in-home care. While many would be 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 budget bill describes this cut as "up to $2.5 million and instructs California Department of Aging and Department of Health Care Services to "consult with the federal government to identify ways to reduce the operational costs of the program and to limit the impact on the number of recipients served." Cuts to MSSP translate into a reduction to the number of "slots" available at the local level, thus further limiting access.

*MSSP saves Medi-Cal dollars though case management of very frail, nursing home eligible seniors who want to live at home (over 11,000 Californians a year). With adequate funding MSSP could be a core component in the continuum of community-based care. In Alameda County, two MSSP programs – in Oakland and Fremont – coordinate the care of over 440 elders a year.*

[3] Joining DRC in the suit is National Senior Citizens Law Center.

**Medi-Cal**

The March Budget cut Medi-Cal funding by $1.4 billion and the Final Budget signed in June adds an unallocated cut of $345 million. Reductions will be achieved by:

- Limiting physician and clinit visits to seven per year (a "soft cap" that a doctor may overrule).
- Placing an annual cap on hearing aids of $1,510.
- Charging patient copayments for a wide range of services, including doctor visits ($5), pharmacy services ($3), emergency room ($50) and hospital visits ($100 a day, $200 maximum).
- Eliminating Medi-Cal coverage for over-the-counter cough and cold medications and nutritional supplements.

*Over 34,000 low-income seniors in Alameda County rely on Medi-Cal to cover all or part of their health care costs. Most are "Duals" and Medi-Cal covers their Medicare premiums and copays. But about 7,000 are only covered by Medi-Cal and rely on it for all their health care needs. Seniors on Medi-Cal, and especially Duals, tend to be sicker and have more chronic conditions than the general senior population. They live on less than 133% of Federal Poverty Level and have little disposable income to cover increased medical costs.*

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.

**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. The cut will hit recipients' grant checks in July 2011. This cut will not affect couples on SSI/SSP, as their grant levels have already been reduced to the lowest level allowed.

*California's SSI Program recipients are disabled (70%), blind (2%) or aged (28%). In Alameda County, about 53,000 people rely on SSI to meet their basic needs. Cuts to SSI recipients are particularly cruel, as they have few options to mitigate a loss of income – they are ineligible for food stamps.*

Grant levels for the Cash Assistance Program for Immigrants (CAPI) will also be cut $15/month. CAPI provides subsistence grants to legal immigrants who are not eligible for SSI.[4]

**Redevelopment and Low-Income Senior Housing**

The Final Budget signed on June 30 makes sweeping changes to Redevelopment Agencies, requiring cities and counties who seek Redevelopment funding to elect to participate in an Alternative Voluntary Redevelopment Program. The program would require participating governments to direct most of the funding to schools, fire protection and transit. This will substantially limit Redevelopment Agency funding for senior housing in the future. The change will be effective as of October 1, 2011, and will impact local projects differently, depending on what stage they are in planning or implementation.

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For more details and information on all elements of the Governor's proposed budget, see the California Budget Project at [www.cbp.org](http://www.cbp.org) .

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[4] 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.