

Impact of the Governor's Budget Proposal on Alameda County Seniors

On January 10, Governor Brown released his proposed budget for California's 2011-12 fiscal year, along with revisions to the state's current year budget. Together, the Governor's proposals address a \$25.4 billion projected deficit. He proposes to keep in place recent income, VLF and sales taxes increases that were set to expire; begin a multiple year shift of control and budget authority to counties; eliminate some offices and do a top to toe trimming of state government; eliminate local redevelopment agencies; and cut very deeply into higher education and health and human services programs.

The Governor's message along with the proposed budget can be found at <http://www.ebudget.ca.gov/BudgetSummary/BSS/BSS.html>

For more details and information on all elements of the Governor's proposed budget, see the California Budget Project at http://www.cbp.org/documents/110101_Budget_Release.pdf

The core life-line programs for seniors that remain after budget cuts and program eliminations from prior years – ADHC, IHSS, SSI/SSP, MSSP, Medi-Cal -- are targeted by the Governor for cuts and elimination, and are now vulnerable to the decisions of state legislators. This year, more than any prior year, it will be critical for stakeholders to make their concerns and priorities heard. Because several tax provisions necessary to holding the line against even deeper cuts will go before the voters, it is more important than ever that we involve our communities and connect with the public.

The following summarizes the budget proposals that would impact seniors:

Adult Day Health Care

The Governor proposes to eliminate ADHC as a Medi-Cal benefit, cutting off 37,000 fragile elderly and disabled Californians from the safe haven and medical and therapeutic services they need to continue living in the community.¹ These medically complex patients are at risk for repeat hospitalizations or nursing facility placement due to their chronic medical or mental health conditions. While the Governor's Budget indicates that this cut would save the state \$192 million a year, his calculation does not consider the cost shift that would occur when ADHC patients are forced into other acute care settings. Nor does the Governor's budget mention the resulting loss of federal funds -- a dollar-for-dollar match -- that flow to communities throughout the state.

The Governor proposes to implement the elimination in the current fiscal year, but gives no details on how this fast-track might be accomplished. 92% of ADHC program participants rely on Medi-Cal, making it unlikely that community-based ADHC programs could remain open to serve their communities should the Governor's proposal be enacted. Currently in Alameda County over 880 frail seniors and adults with disabilities receive care through ADHC programs.

In-Home Supportive Services

The Governor proposes sweeping reductions to IHSS, to begin July 1, 2011:

- Reduce hours for all IHSS recipients by 8.4%. This is on top of the 3.6% reduction in hours for the majority of IHSS recipients enacted by the current year budget signed in

¹ 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.

October 2010. The Governor's proposal states that "qualified recipients at risk of out-of-home care placement because of the reduction could apply for supplemental hours."

- Eliminate domestic and related services (which include housework, shopping for food, meal preparation and cleanup, and laundry) for IHSS recipients who live with their IHSS provider. In addition, the Governor proposes to eliminate domestic and related service hours for children who live with a parent who is able and available to provide the services. The Governor's proposal estimates that this cut would apply to about 300,000 IHSS recipients in California.
- 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 estimates 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.
- Eliminate state funding for IHSS Advisory Committees. This would save the state General Fund \$1.9 million a year. The proposal suggests that counties that wished to maintain Advisory Committees could apply for federal funds.

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 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 Governor proposes to eliminate MSSP in the 2011-12 fiscal year beginning July 1, for a "savings" to the state's General Fund of \$19.9 million. The Governor's budget proposal does not address the cost-shift that would occur when frail MSSP clients lose their case management, nor does it mention the resulting loss of federal dollars – a dollar-for-dollar match.

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 Governor's proposed Budget would reduce Medi-Cal funding by \$1.7 billion. His specific proposals include:

- Limiting doctor visits to ten per year and limiting prescription medications to six per month (except "life-saving drugs").
- Placing an annual dollar 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.

Most of the proposed changes would take effect no later than October 1, 2011 based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification.

In addition, the Governor proposes to reduce reimbursement rates to providers by 10%, affecting physicians, pharmacy, clinics, medical transportation, home health, Adult Day Health Care, certain hospitals, and nursing facilities. The Governor's proposal acknowledges that federal

courts have blocked this cut, but indicates that California will pursue the appeal to the U.S. Supreme Court, and assumes that the state will prevail. The provider rate reduction accounts for almost half of the savings anticipated in the Governor's proposed reductions to Medi-Cal.

Supplemental Security Income/State Supplementary Program

The Governor's Budget proposes to cut \$15/month from individual grant levels, causing 38,740 Alameda County residents to lose essential income. If enacted, the Governor's proposal would set grant levels at \$830/month, a full \$72.50 below the federal poverty level, beginning June 1, 2011. This proposal would not affect couples on SSI/SSP, as their grant levels have already been reduced to the lowest level allowed. The Governor's budget proposal narrative does not mention CAPI, the Cash Assistance Program for Immigrants that provides subsistence grants to legal immigrants who are not eligible for SSI (further examination is needed to reveal the impact of the budget proposal on CAPI).²

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.

Court Conservatorship Oversight

The Governor proposes to repeal the trial courts conservatorship program beginning in 2011-12 for an annual savings of \$17.4 million. This proposal would eliminate the statutory mandate to implement the Omnibus Court Conservatorship and Guardianship Act of 2006, which aimed to improve court oversight of conservatorship.

California Department of Aging

The Governor's Budget proposal includes \$182.2 million (\$15.1 million General Fund) for the CDA; federal funds represent the lion's share, while state General Fund would contribute \$15.1 million. This proposal represents a cut of \$18.0 million General Fund from the 2011-12 budget. The CDA administers MSSP, Older Americans Act and Older Californians Act programs through contracts with local community based organizations and Area Agencies on Aging.

Local Government

The Governor proposes to shift control and budget authority from the state to the counties, a move that he says will allow "government at all levels to focus on their core functions" and will clarify lines of program responsibility while reducing duplication of services and administrative costs. He proposes to fund this realignment by maintaining the 1% sales tax and 1/2% Vehicle License Fee increases that are currently set to expire in 2011. The realignment would take place over several years and would start with "public safety programs," a broad category that includes Adult Protective Services.

Adult Protective Services

The Governor's realignment proposal would transfer this entire program to the counties "which would have complete flexibility in determining the appropriate level of service and priority for their community." Currently counties administer APS with oversight by the Department of Social Services.

* * *

² 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.