

## **The Governor's Proposed Budget for FY 2015-16: Impact on Alameda County Seniors and Services**

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**On January 9, 2015, Governor Brown released his proposed budget for California's next fiscal year 2015-16.** His proposal is based on a conservative forecast of the state's economy, and continues the fiscal austerity that characterized his previous budgets. (For details, see California Budget Project's summary at [www.cbp.org](http://www.cbp.org) ) While the Governor's proposal makes a few select increases in education and health and human services, it ignores the urgent need to reverse the deep cuts made over the last seven years to supportive and health care services for seniors. This short-sighted thinking denies seniors effective resources that could help them meet the challenges of aging and help the state save money.

**The following summarizes the elements in the Governor's proposal that would directly impact seniors and senior services in Alameda County.**

### **ADULT DAY SERVICES**

Now that Medi-Cal's CBAS coverage for Adult Day Health Care has been incorporated into Medi-Cal Managed Care, rate levels are for the most part the responsibility of Managed Care Plans, it is difficult to identify the state's CBAS rate in state budget documents, and advocacy for rate increases is complicated. It is clear, however, that the Governor's proposed budget maintains the 2011 cut to Medi-Cal's CBAS rate, a rate level that is unsustainable and continues to force ADHC providers across the state to close their doors.

The Governor's budget proposal was silent on the question of reinstating Older Californians Act funds for Adult Day Care and Alzheimer's Day Care Resource Centers that were eliminated in 2009.<sup>i</sup> **In Alameda County**, Adult Day programs provide care for 1,600 frail adults each year.

### **COMMUNITY CARE LICENSING**

The Governor's proposed budget includes an additional \$3 million General Fund 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.<sup>ii</sup> The Department of Social Services plans to increase inspection frequency beginning in January 2017: initially to every three years for all facilities, by 2018 to every two years for all facility types except child care, and annually by 2019 for adult day care and residential care facilities for the elderly. Ongoing staffing costs are estimated at approximately \$14 million a year.

### **COORDINATED CARE INITIATIVE**

The Governor's budget proposal discloses a number of developments that put the future of the Coordinated Care Initiative into question. The CCI anticipated sharing projected Medicare and Medicaid savings 50/50 with the federal government; but the feds reduced the amount of

savings that California is able to retain to 25-30%. Also, the feds recently announced that the state's 4% tax on Managed Care Plans – which was helping pay for the CCI – will no longer be allowed. This is, in part, why the administration identified a retooled (and probably federally compliant) tax on Plans to fund the restoration of IHSS hours (see below).

Perhaps the biggest area of concern about the CCI's viability is enrollment trends. As of November 1, 2014, approximately 54 percent of eligible participants opted out of Cal MediConnect (the duals demonstration) compared to initial projections of approximately 33%. Opt outs among IHSS beneficiaries were much higher, at 68%. As of January 1 the trend has improved – with 48% opt out overall – but still threatens the CCI's cost-effectiveness. Under current law, the Director of Finance must report annually to the Legislature with a determination of whether the CCI is cost-effective. If these factors don't improve, the CCI could potentially cease operating in 2017.

**Alameda County** is no longer a part of the (now) seven county launch of the CCI. For information on the coverage options available in 2015 for seniors and people with disabilities in Alameda County, check out the "consumer assistance tools" column at <http://www.seniorservicescoalition.org/what-you-can-do/resources-for-advocacy/>

## **IN-HOME SUPPORTIVE SERVICES**

The Governor's proposed budget includes a plan to fully restore the current 7% cut to IHSS consumers' hours of care beginning in FY 2015/16.<sup>iii</sup> The funding for this restoration would come from a new tax on managed care organizations, pending approval by the Legislature. The tax would replace the current Medi-Cal Managed Care Plan tax that was helping to fund the CCI.

The state's current budget, signed in June 2014, allows new federal fair labor standards regarding overtime pay for home care workers to go into effect for IHSS workers beginning January 2015.<sup>iv</sup> However, a federal district court has struck down the rule. In anticipation of that ruling, the Governor's budget proposal delayed implementation of the new regulations pending further court action. On January 15, the Department of Social Services confirmed that it will halt implementation of the new rules regarding overtime, wait time, and travel time. This means that IHSS will continue as it was in 2014 – workers will not receive overtime pay and their hours will not be limited to 61-66 per week.<sup>v</sup> We don't yet know what the plans are for the funding that has been allocated to cover the new overtime pay.

**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.<sup>vi</sup>

## **MEDI-CAL**

The Governor's proposed budget:

- Continues the 10% provider rate cuts that went into effect in 2011, a decision that continues to discourage many health care providers from contracting with Medi-Cal, and thus limits access to care for many Medi-Cal beneficiaries.
- Reintroduces his proposal to institute an open enrollment period for Medi-Cal, a change that would limit the opportunity for Medi-Cal beneficiaries to change managed care plans to

a 90-day window of time each year (currently Medi-Cal beneficiaries are able to change plans at any time during the year).

- Continues 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.

The Governor did not address the need to restore “optional benefits” that were eliminated in 2009 – services such as audiology, podiatry, incontinence creams and washes and speech therapy – all interventions that are essential for many people living with chronic conditions.

### **MULTI-PURPOSE SENIOR SERVICES PROGRAM**

The state budget does not include the \$5.1 million restoration for MSSP that advocates sought. Restoration would have added 100 case management slots in Alameda County and over 2,700 slots statewide, preparing this awesomely affective program to continue managing Medi-Cal’s highest risk population as MSSP becomes part of Managed Care Plans under the Coordinated Care Initiative.

**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 Governor’s proposed budget does not change funding levels for Older Californians Act programs. Advocates had sought \$25 million to partially restore funding that was eliminated over a period of six years beginning in 2004 for programs that include Alzheimer’s Day Care Resource Centers, Brown Bag, Caregiver Resource Centers, Respite services, Linkages, Foster Grandparents, Senior Companions, Ombudsman and Senior Employment Program. Although the Assembly Budget Committee approved \$1.3 million in funding for select programs, and an additional \$3.8 million for the Long Term Care Ombudsman Program, the funding did not make it through final Conference Committee negotiations.

**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 \$550,000 in funding each year for the last six years.<sup>vii</sup>

### **SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM**

The Governor’s proposed budget does not restore the state’s Cost Of Living Adjustment to SSI/SSP, but it anticipates a 1% increase in caseloads, and allows the federal COLA to flow through so that grant levels will increase slightly in January 2016. The 2015 SSI/SSP maximum grant level for individuals is \$889 a month (currently \$1,100/month for couples).<sup>viii</sup> 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.<sup>ix</sup> **In Alameda County**, over 54,000 seniors and adults with disabilities rely on SSI/SSP.

<sup>i</sup> 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.

<sup>ii</sup> 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.

<sup>iii</sup> 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. The settlement included plans to adjust to a 7% cut in July 2014, and 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.

<sup>iv</sup> The overtime pay for IHSS workers – for travel time, trainings, and wait time for medical appointments – was estimated to increase state spending by \$172.2 million in FY 2014-15.

<sup>v</sup> The DHCS release is at [www.cdss.ca.gov/cdssweb/entres/pdf/PressRelease/Judges\\_Ruling\\_Vacates.pdf](http://www.cdss.ca.gov/cdssweb/entres/pdf/PressRelease/Judges_Ruling_Vacates.pdf)

<sup>vi</sup> A County report from 2010 indicated that 6,269 individuals were authorized for between 100 and 280 hours per month, and that 504 people were authorized for 280 or more hours per month.

<sup>vii</sup> 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).

<sup>viii</sup> 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).

<sup>ix</sup> 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.