

## California's FY 2017-18 Budget: Impact on Alameda County Seniors and Services

**On June 27, 2017 Governor Jerry Brown signed the Budget for 2017-18, the fiscal year that began July 1, 2017.** The spending plan continues the Governor's cautious approach to the state's finances. While mindful of possible federal actions that could have dire fiscal impact on California, it nonetheless assumes current federal policies and funding levels, and makes some investments in health and supportive services.

The budget fully restores Medi-Cal's adult dental and vision benefits, and includes funding to mitigate the impact to counties as they take on a larger share of In-Home Supportive Services (IHSS) costs. In addition, the budget uses Prop 56 tobacco tax revenues to fund supplemental payments to Medi-Cal providers and cover ordinary spending growth in the program. (For a deeper analysis of the entire budget, check out [www.CalBudgetCenter.org](http://www.CalBudgetCenter.org).)

Ultimately, though, the budget ignores the growing number of older Californians, their deepening poverty, and the urgent need to invest in the aging services ecosystem.

**The following summarizes the items in California's 2017-18 Budget that will directly impact seniors and senior services in Alameda County.**

### **A** DULT DAY SERVICES

**The final FY 2017-18 budget does not increase Medi-Cal's CBAS rate**, a rate level set in the 2011 budget cuts that is unsustainable and continues to force Adult Day Health Care providers across the state to close their doors or turn away from serving Medi-Cal beneficiaries. CBAS was not included in the list of programs slated for Prop 56 supplemental payments (see Medi-Cal section). The new budget does not include any increases in Older Californians Act funding for Adult Day Care, nor does it restore the funding for the Alzheimer's Day Care Resource Centers that was eliminated in 2009.<sup>i</sup>

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*In Alameda County, Adult Day programs provide care for over 1,700 frail older adults and people with disabilities each year.*

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### **A** DULT PROTECTIVE SERVICES

**The final budget did not include funding for "Home Safe,"** a \$10 million General Fund allocation that would allow participating counties' APS programs to provide housing crisis intervention in order to reduce the incidence and risk of homelessness among older adults who are victims of abuse or neglect.

## California Senior Legislature

The final 2017-18 budget provides \$325,000 in bridge funding so that the California Senior Legislature can continue operating as they seek to re-establish a tax return check-off to provide ongoing funding. AB 519 (Levine) is currently in the Senate.

## COORDINATED CARE INITIATIVE

The final 2017-18 budget continues Cal MediConnect, while confirming the formal termination of the Coordinated Care Initiative (CCI).<sup>ii</sup> Specifically, the budget:

- Continues the Cal MediConnect program in the seven counties through December 31, 2019 as allowed under federal law, gaining the state a \$20 million General Fund savings.
- Continues the requirement in most non-demonstration counties, including Alameda County, that dually eligible beneficiaries enroll in Medi-Cal managed care plans in order to receive Medi-Cal-covered CBAS/Adult Day Health Care.

The budget also includes funding to mitigate the impact on counties as they absorb the return to pre-CCI cost-sharing for IHSS (see IHSS below).

## HOUSING & MENTAL HEALTH SERVICES

The final 17/18 Budget restores \$45 million for the Housing and Disability Income Advocacy Program to help people with disabilities who are homeless or at risk of homelessness gain access to disability benefit programs like SSI/SSP and Social Security Disability Insurance (SSDI). Counties that participate in this new program would provide outreach, case management, and advocacy services and would be required to match the amount of state funding that they receive.

Other than that, the budget takes no new steps toward addressing California's affordable housing crisis, although the state's No Place Like Home Program, created in last year's budget, is slowly moving forward with the aim of reducing homelessness for people with mental illness who are homeless.

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*In Alameda County there is a 58,680 unit shortfall for homes affordable to very low-income households (California Housing Partnership Report, May 2016). Housing cost burden is high for seniors: over 30% of senior homeowners pay over 30% of their income for housing; 66% of senior renters pay over 30% of their income for housing (US Census).*

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## IN-HOME SUPPORTIVE SERVICES

The final FY 17-18 Budget includes a complex plan and \$400 million in General funding to mitigate the impact to counties of changes to In-Home Supportive Services funding that are a result of the CCI's formal termination (see above). Counties were facing a return to the old county/state arrangement for splitting the non-federal share of the cost for IHSS, which would

have had a significant impact on Alameda and other counties beginning July 1 (the hit to Alameda County was estimated at \$42 million in FY 2017-18). Here's how the plan will work:

- A “maintenance-of-effort” structure will calculate the state/county ratios for sharing nonfederal IHSS costs.
- State General Fund dollars will offset a portion of counties’ increased costs for IHSS, but the amount will be phased down over time: \$400 million in FY 2017-18, decreasing to \$330 million in FY 2018-19, \$200 million in 2019-20, and \$150 million annually thereafter.
- Certain 1991 realignment funds will be redirected to offset some of counties’ increased IHSS costs for the next five years. For the first three years, all Vehicle License Fee growth will be redirected from various 1991 realignment subaccounts, including the Mental Health Subaccount. In years four and five, the amount of redirected revenues would be cut in half.
- Counties will not have to repay revenues that they received in error due to miscalculations by the state Board of Equalization.<sup>iii</sup>

**The budget includes funding** for an 8.2% increase in IHSS caseloads statewide. It continues the full restoration of the 7% cut to IHSS consumers’ hours of care to July 1, 20120.<sup>iv</sup> It also continues to use general fund dollars to cover the cost of overtime pay for home care workers, which started February 1, 2016.<sup>v</sup>

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*In Alameda County, over 22,000 older people, children and people with disabilities rely on over 21,000 IHSS workers to help them live safely in the community.*

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## **M**EDI-CAL

**The FY 2017-18 budget finally addresses the problem of low Medi-Cal provider rates by using Prop 56** tobacco tax revenues to fund supplemental payments to Medi-Cal providers (physician services, dental services, women’s health, Intermediate Care Facilities for the Developmentally Disabled, and HIV/AIDS waiver providers). Low rates, compounded by 10% cuts in 2011, have continued to discourage health care providers from contracting with Medi-Cal, thus limiting access to care for many beneficiaries. Prop 56 revenues will also be used to cover ordinary spending growth in the Medi-Cal program.

**The new budget makes some notable inroads to improving services for older people:**

- ✓ Allocates \$34.7 million General funding in 2017-18, and \$72.9 million annually thereafter to restore full dental services for adult Medi-Cal beneficiaries, effective January 1, 2018.<sup>vi</sup>
- ✓ Makes statutory changes to restore optometric and optical services for adult beneficiaries in the Medi-Cal program, effective January 1, 2020, contingent on the Legislature including funding for these services in the state budget process (an estimated cost of \$12.5 million General Fund beginning January 1, 2020, growing to \$26.3 million in 2020-21).
- ✓ Adopting budget language confirming that Department of Health Care Services intends to work with the Medi-Cal Managed Care Plans and MSSP providers to develop standards for integrated, person-centered care management.

The final budget also includes \$2 million General fund annually for three years to implement a Medically-Tailored Meals Pilot Program, a home-delivered meal intervention to be available to approximately 2,500 Medi-Cal beneficiaries with complex and high-cost health conditions. The funding is within the Department of Health Care Services, but we have yet to learn the details.

Other than the restoration of the acupuncture benefit in last year's budget, no other "optional" benefits were restored. In 2009 the state budget eliminated services such as audiology, podiatry, incontinence creams and washes and speech therapy – all interventions that are essential for many people living with chronic conditions.

In Alameda County, over 47,400 people age 65+ rely on Medi-Cal coverage.

## **M**ULTI-PURPOSE SENIOR SERVICES PROGRAM

The final 17/18 Budget does not include the \$5.1 million for MSSP that advocates have sought every year for this Medi-Cal waived program.<sup>vii</sup> With a rapidly growing population of older adults who are eligible for Medi-Cal covered nursing home care, funding for expanded capacity is desperately needed so that these individuals can remain safely at home.

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*In Alameda County we face a critical shortage of MSSP slots – only 380 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.*

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## **O**LDER CALIFORNIANS ACT PROGRAMS

The FY 2017-18 Budget provides a \$1 million augmentation for the Long Term Care Ombudsman Program, as it has for the last several years, but no augmented funding for other programs administered by the Department of Aging. The one request that made it into the Conference committee – a \$4 to \$12.5 million increase for Senior Nutrition – was rejected.

This year's total funding for the Senior Nutrition (congregate meals and meals on wheels) is \$12 million lower than last year (including state and federal funding). Other programs have not seen increases in state funding since a series of devastating state cuts starting in 2008, including Alzheimer's Day Care Resource Centers, Brown Bag, Respite Services, Linkages, Foster Grandparents, Senior Companions, and Senior Employment Program.<sup>viii</sup>

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*Alameda County receives approximately \$6 million a year in federal and state funding through the Older Americans and Older Californians Act to provide services to over 65,000 county residents.*

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**With this budget, the state has ignored the pressing need to adequately fund the aging services that will help the growing number of older people and family caregivers meet the challenges of aging. The state's failure to recognize and address the needs of older Californians is alarming. With threatened cuts to federal funding looming, the California's track record does not inspire confidence that aging services will be protected.**

## **S**UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The 2017-18 budget does not provide any COLA or increase to the state's share of Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants for over 1.3 million low-income seniors and people with disabilities. That means that the maximum grant levels will remain the same – at \$895.72 for an individual and \$1,510.14 for a couple – until an anticipated federal Cost Of Living Increase takes effect in January 2018.

During the Great Recession, state support for SSI/SSP grants – which are funded with both federal (SSI) and state (SSP) dollars – was reduced substantially. Policymakers eliminated the annual state COLA and cut the SSP portion of the monthly grant to the minimum allowed by federal law (grant levels went from \$233 to \$156 for individuals and from \$568 to \$396 for couples).

Last year, for the first time since the Great Recession, the state provided a 2.76 percent increase to the state's SSP portion, increasing grant levels by \$4.32 per month for individuals and \$10.94 per month for couples. The CAPI grant levels (Cash Assistance Program for Immigrants) were increased similarly.<sup>ix</sup>

Last year's one-time increase did not reinstate the state's annual Cost Of Living Adjustment, nor did it meaningfully address the reality of basic living costs in California.<sup>x</sup>

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*In Alameda County about 54,000 seniors and adults with disabilities rely on SSI/SSP. The 2017 maximum grant level for individuals is \$895 a month (\$1,524/month for a couple), putting recipients' incomes at between 10% and 16% lower than the federal poverty level and far below the Elder Economic Security Standard for Alameda County Seniors. Translation: many SSI recipients struggle to meet their most basic needs.*

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**The Senior Services Coalition of Alameda County** is a coalition of nonprofit and public organizations that provide health care and supportive services to seniors. We are committed to establishing an easily accessible, coordinated system of social, medical and supportive care for seniors in Alameda County.

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<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 Coordinated Care Initiative (CCI) included Cal MediConnect (the "Duals Demonstration"), which implemented managed care enrollment for dual Medi-Cal/Medicare beneficiaries in seven counties (Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara) and is meant to reduce cost and improve care over the long term. At the beginning of 2017, the Governor discontinued

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the CCI, an action required by statute and triggered by the Department of Finance's annual review that found the initiative was not cost-effective. The end of the CCI severed the connection to additional federal funding for IHSS and automatically returned the state/county cost-sharing ratios for the IHSS program to the pre-CCI levels.

<sup>iii</sup> This amount ranges from \$100 million to \$300 million, according to the California State Association of Counties (CSAC).

<sup>iv</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.

<sup>v</sup> New federal regulations mandate overtime pay for home care workers, and require that workers be paid for time spent in transit between multiple consumers and for medical appointments. IHSS providers will be paid overtime for working more than 40 hours per week, but are limited to a 66-hour work week. Exemptions will be available for live-in family care providers who, as of January 31, 2016, reside in the home of two or more minor or adult children or grandchildren with disabilities for whom they provide services. A second type of exemption will be considered for recipients with extraordinary circumstances and granted on a case-by-case basis. Under either exemption the maximum number of hours a provider may work cannot exceed 360 hours per month.

<sup>vi</sup> Adult dental was partially restored in the 2013-14 budget, giving Medi-Cal beneficiaries access to preventative care, restorations, and full dentures.

<sup>vii</sup> Restoration would add 100 case management slots in Alameda County and over 2,700 slots statewide.

<sup>viii</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>ix</sup> CAPI grants are set lower than SSI/SSP grant levels: \$10/month lower for individuals and \$20/month lower for couples.

<sup>x</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.