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## **The Governor's Proposed Budget for FY 2016-17: Potential Impact on Alameda County Seniors and Services**

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**On January 7, 2016, Governor Brown released his proposed budget for California's fiscal year 2016-17.** Once again the proposal is based on the Governor's conservative forecast of the state's "boom and bust" economy and reflects his characteristic fiscal austerity, but also shows signs of success in turning the state's "structural deficit" into structural stability. The biggest indication of this change is a proposed 2.96% increase to the state portion of SSI/SSP (detailed at the end of this report), and the likely resolution of the MCO tax issue.

The Governor's proposal assumes that the Legislature will pass a tax on Managed Care Organizations (MCOs), and that revenues from that tax will fund the Coordinated Care Initiative, the IHSS restoration of hours, and a number of targeted rate adjustments for developmental disability providers. The Administration has devised a way to make the MCO tax "cost neutral" for the Managed Care Organizations, thus alleviating the opposition that kept the legislature from reaching a deal last year.<sup>i</sup>

Despite stronger-than-expected revenue growth, the Governor's proposal again ignores the urgent need to reverse the deep cuts made over the last eight years to supportive and health care services for seniors. No increases are proposed for Older Californians Act programs or for Medi-Cal provider rates for physicians, optional benefits or adult day health care. (For details on the entire proposal, check out the California Budget & Policy Center at [calbudgetcenter.org](http://calbudgetcenter.org).)

**The following summarizes key items in the Governor's proposed budget that would directly impact seniors and senior services in Alameda County.**

### **ADULT DAY SERVICES**

**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 Adult Day Health Care providers across the state to close their doors. In addition, the Governor has not addressed the need to restore Older Californians Act funding for Adult Day Care and Alzheimer's Day Care Resource Centers that was eliminated in 2009.<sup>ii</sup>

**In Alameda County,** Adult Day programs provide care for 1,600 frail adults each year. Over the last eight years the number of ADHC and Adult Day Care centers in the county has fallen from 15 to 12. Both care models are cost-effective community-based programs that can stabilize and maintain the health of individuals who might otherwise need acute or institutional care.

### **IN-HOME SUPPORTIVE SERVICES**

**The Governor's proposal continues the full restoration of the 7% cut to IHSS consumers' hours of care,** with the understanding that this will be funded by the MCO tax.<sup>iii</sup> If the MCO tax fails it

will create a roughly \$1 billion hole in the state's general fund budget and, according to the Governor's plan, the elimination of the restored hours.

The Governor proposes to continue using general fund dollars to cover the cost of overtime pay for home care workers, which will be starting on February 1, 2016. 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. The Governor estimates the new rules will cost the state \$443.8 million annually starting in FY 16/17.

**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.

## **MEDI-CAL**

**The Governor's proposal continues the 10% provider rate cuts that went into effect in 2011.** Low rates continue to discourage many health care providers from contracting with Medi-Cal, thus limiting access to care for many Medi-Cal beneficiaries.

Also disappointing, the Governor does not consider restoring "optional" benefits that were eliminated in 2009. These "optional" interventions – services such as audiology, podiatry, incontinence creams and washes and speech therapy – are essential for many people living with chronic conditions. In June 2015, the state legislature came close to restoring these benefits in their initial final budget. While the increase was nixed by the Governor, a renewed effort this year could be successful. Since the Medi-Cal optional benefits were eliminated, community-based organizations in Alameda County and elsewhere have been hard-pressed to find alternatives, and most people go without.

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

**The Governor does not address the critical need for additional funding for MSSP.** 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.

**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 does not address funding levels for Older Californians Act programs** in his budget proposal. It does appear that the new budget will maintain this year's small \$1 million increase for Long Term Care Ombudsman and \$2 million increase for Caregiver Resource Centers. Programs that have not seen restoration since a series of devastating state cuts starting in 2008 include Alzheimer's Day Care Resource Centers, Brown Bag, Respite services, Linkages, Foster Grandparents, Senior Companions, and Senior Employment Program.

**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 \$549,000 in funding each year for the last eight years.<sup>iv</sup>

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

**The proposed budget includes a 2.96% Cost Of Living Adjustment to the state's share of SSI/SSP** starting in January of 2017. The Governor does not characterize this increase as a reinstatement of the state's annual Cost Of Living Adjustment, so this proposal is for a one-time increase. The proposed increase, when combined with the anticipated COLA for the federal portion of SSI, translates into a maximum increase of \$17 a month for an individual and \$31 a month for a couple. The CAPI grant levels (Cash Assistance Program for Immigrants) will increase similarly.<sup>v</sup>

While a step in the right direction, this proposed one-time increase does not reinstate the state's annual Cost Of Living Adjustment, nor does it meaningfully address the reality of basic living costs in California.

**In Alameda County**, over 54,000 seniors and adults with disabilities rely on SSI/SSP. The 2016 SSI/SSP maximum grant level for individuals is \$889 a month, 9% less 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>vi</sup>

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<sup>i</sup> The new MCO tax will replace and expand the current tax on CCI MCOs that will end on June 30 because the federal government has determined it is illegal.

<sup>ii</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>iii</sup> The state instituted a temporary 8% cut starting in July 2013, then adjusted that to a 7% cut in July 2014. The state restored the total cut hours as of July 1 2015 but the Governor made it clear the continuation of the restoration would require that the MCO tax issue be resolved.

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

<sup>vi</sup> 2016 Federal Poverty Guidelines are \$980/month for an individual, \$1,327/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.