

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

**On January 10th Governor Jerry Brown released his proposed budget for 2017-18.** This proposal is the first step in the budget process and signals the Governor's priorities and concerns in the state, which the Legislature and public will now debate.

**Cautiousness continues to be Brown's approach to the state's finances.** Expecting an economic downturn within the next few years, the Governor proposed to roll back new spending for many initiatives, while funding caseload growth in existing programs. Mindful of possible federal actions that could have dire fiscal impact on California – including a repeal of the Affordable Care Act and changes to Medicaid and other federal programs – the Governor nonetheless assumes current federal policies and funding levels. The resulting budget proposal amounts to slightly less than the spending set in the current 2016-17 state budget.

**What's next?** The State Assembly and Senate Budget Subcommittees will hold hearings to consider major issues and proposals in the Governor's proposed budget plan, including listening to public testimony. Those subcommittee hearings, held in the State Capitol, will likely occur in late February through mid-May.<sup>i</sup>

**The following summarizes the items in Governor Brown's proposed 2017-18 budget that would directly impact seniors and senior services in Alameda County.**

**A DULT DAY SERVICES**  
**The Governor's proposed 2017/18 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 or turn away from serving Medi-Cal beneficiaries. The 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>ii</sup> No other changes to the CBAS program are proposed.

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

**A DULT PROTECTIVE SERVICES**  
**The proposed Budget** includes a 3% increase in 2011 Realignment's Protective Services subaccount, a funding category that includes Adult Protective Services. Increases in 2011 Realignment dollars over time have enabled Alameda County to build capacity in APS in order to respond to growing needs. Because counties have discretion about how to spend increases and can transfer between subaccounts, there is no guarantee that the state's 2017/18 increase will be spent on APS.

The proposed Budget does not continue the one-time \$3 million funding increase to expand statewide training for county Adult Protective Services social workers that was included in the 2016/17 budget.

*In Alameda County, Adult Protective Services is housed in Alameda County's Adult & Aging Services Department along with the Public Guardian and Public Administrator, and serves over 4,800 elderly and dependent adults a year.*

## **C** OORDINATED CARE INITIATIVE

**The Governor's proposal includes discontinuing the Coordinated Care Initiative (CCI) in fiscal year 2017/18.** Under the legislation that enacted the CCI, the Department of Finance (DOF) is required to review the program annually to determine if it is cost effective, and a negative finding triggers the discontinuation of the initiative. The DOF's most recent review found that the CCI is not cost effective; the Governor bases his decision on this determination.

The CCI includes multiple programs, and the Governor's proposal notes some of the repercussions on different parts of the initiative:

The CCI implements Cal MediConnect, the federal Duals Demonstration that coordinates Medi-Cal and Medicare services within Managed Care Plans for dually eligible beneficiaries in seven counties.<sup>iii</sup> The Governor proposes to continue Cal MediConnect through December 31, 2019 as allowed under federal law, gaining the state a \$20 million General Fund savings. The only exception is that IHSS benefits will be removed from the capitated rates that are paid to the Cal MediConnect Plans.

Under CCI, in most non-demonstration counties, including Alameda County, dually eligible beneficiaries have been required to enroll in Medi-Cal managed care plans in order to receive their Medi-Cal benefits, including long-term services and supports such as Adult Day Health Care. This requirement will continue – including in the current seven demonstration counties – after the CCI ends.

The CCI made programmatic changes to the funding of IHSS and MSSP. We've covered the impacts on those programs in Alameda County in the respective sections of this report.

## **H** OUSING & MENTAL HEALTH SERVICES

**The Governor's proposed budget identifies California's housing crisis as a key threat** to the state's economy over the next few years. He notes that California's lack of affordable housing means that many people have less income to spend on taxable goods, thus weakening a key revenue source for the state budget. High and rising housing costs make it harder for employers to attract skilled workers, potentially stalling the state's job growth.

Yet the Governor's proposed budget includes no new funding to address the problem. Instead, it eliminates \$400 million set aside for affordable housing programs in the 2016-17 budget agreement.<sup>iv</sup> The proposal also eliminates \$45 million for the Housing and Disability Advocacy Program, established in the 2016-17 budget agreement to help people who are homeless or at risk of homelessness and who have a disability to access appropriate benefits.

The Governor affirms that he is committed to working with the Legislature on a legislative package to address the state's housing crisis, but makes clear that he is unwilling to provide resources through the state General Fund to finance any solutions. Instead, he outlines several principles for housing policy, which include reducing local barriers that prevent, slow down, or drive up the cost of housing developments.

**The “No Place Like Home” initiative signed into law last year** will still provide \$2 billion in bond funds to build, rehabilitate, or preserve permanent supportive housing for people with a mental illness who are homeless or at risk of chronic homelessness. Authorization of the \$2 billion will require additional legislation and funding could begin in 2018. The California Department of Housing and Community Development is currently seeking input on their draft framework to determine how cities and counties will be able to compete for the available funds.<sup>v</sup> Alameda County would be in the “Large County” category, competing against other counties with populations greater than 750,000 (except Los Angeles County, which is in its own category).

*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).*

#### **N-HOME SUPPORTIVE SERVICES (IHSS)**

**With the discontinuation of the CCI (see above), the Governor's budget proposes changes** to the funding and administration of the In-Home Supportive Services program.

In addition to removing the IHSS benefit from managed care plan capitation rates, the Governor proposes to 1) end the statewide authority for negotiating IHSS workers' wages and benefits in CCI counties, and 2) restore the state-county arrangement for splitting the non-federal share of the cost of the IHSS program that existed prior to the implementation of the CCI.

The return to state-county sharing ratios would reduce the General Fund expenditures by \$626.2 million in FY 2017-18. It also would have a significant impact on Alameda and other counties, as they would be asked to assume a much larger share of the cost for IHSS than they currently do. The Governor acknowledges that this shift would be a financial hardship for counties, but he does not offer a solution, except to say that his administration is willing to work with counties to explore possible solutions that mitigate the hardship.

**The Governor's proposed 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, 2012.<sup>vi</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>vii</sup>

*In Alameda County, over 19,000 seniors, children and adults with disabilities rely on over 18,000 IHSS workers to help them live safely in the community.*

**M** EDI-CAL  
The proposed 2017/18 budget does not restore the 10% Medi-Cal 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 beneficiaries.

The Governor does not address the need to fully restore Medi-Cal's adult dental services so that beneficiaries have access to important interventions such as gum treatment and partial dentures.<sup>viii</sup> No other "optional" benefits were proposed to be 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 40,000 older adults age 65+ have full scope Medi-Cal. In spite of having coverage, over 9% of these seniors do not have a regular health care provider to turn to when sick. Since the Medi-Cal optional benefits were eliminated, community-based organizations in Alameda County have been hard-pressed to find alternatives, and many people go without.*

**M** ULTI-PURPOSE SENIOR SERVICES PROGRAM (MSSP)  
The MSSP program was scheduled to transition to Medi-Cal managed care at the end of 2017.<sup>ix</sup> With the discontinuation of CCI (see above), however, the Governor proposes to delay the full transition of MSSP into managed care an additional two years.

**The Governor's budget proposes to** continue the same funding level for MSSP as in the current fiscal year, with no caseload growth.

*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.*

**O** LDER CALIFORNIANS ACT PROGRAMS  
The Governor's 2017/18 budget proposes no funding augmentation to programs in the Older Californians Act. The one-time funding increases included in the budget for fiscal year 2016/17 – and which benefited nutrition, ombudsman, and caregiver resource centers – would not be continued under the Governor's 2017/18 proposal.

**Ignored yet again** are Older Californians Act programs that have not seen restoration since a series of devastating state cuts starting in 2008: 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 eliminating so much funding for Older Californians Act programs has meant a loss of over \$549,000 in supportive services funding per year for each of the last nine years.<sup>x</sup> The 2008/2009 state cuts caused the loss of over 200 case management slots for seniors and people with disabilities, the closure of the Foster Grandparents program, and reduced service capacity for other programs that can be felt today.*

**S**UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP)  
The Governor's budget proposes nothing new for SSI/SSP recipients, for whom grant levels remain at just 90% of the federal poverty level, as a result of recession-era cuts that have never been restored. Last year's budget included a small Cost of Living Adjustment (COLA) to the SSP – the state's portion of the program – an increase which went into effect this month for the 2017 year. The Governor's 2017/18 budget does not provide an SSP COLA in 2018, thus further eroding the purchasing power of the SSI grant.

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). Without a COLA or any increase to SSP grant levels, the Governor's proposed budget does nothing to meaningfully address the reality of basic living costs in California. <sup>xi</sup>

The proposed budget assumes a 2.6% federal increase in the cost of living adjustment for the federal SSI portion of the grant, and confirms that California will pass through that entire increase to recipients. Advocates are questioning the reasoning in expecting an increase from the federal government given the new federal administration.

*In Alameda County about 52,000 seniors and adults with disabilities rely on SSI/SSP. The 2017 maximum grant level for individuals is \$896 a month, putting their incomes at 90% of the federal poverty level and far below the Elder Economic Security Standard for Alameda County Seniors. The 2017 SSI/SSP grant level for a couple is \$1,510/month. 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.

<sup>i</sup> Schedules are posted on the Daily File: <http://senate.ca.gov/dailyfile>

<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> Cal MediConnect counties are Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara.

<sup>iv</sup> The \$400 million was to be allocated only if lawmakers modified the local review process for certain housing developments, as proposed by the Governor last year. The Legislature did not adopt the Governor's so-called "by-right" proposal, and so these funds will not be available for affordable housing.

<sup>v</sup> To comment, go to <http://www.hcd.ca.gov/financial-assistance/no-place-like-home/index.html>

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

<sup>ix</sup> For background on MSSP in CCI, go to [http://www.calduals.org/wp-content/uploads/2013/08/FAQ-MSSP-05\\_02\\_2013-final.pdf](http://www.calduals.org/wp-content/uploads/2013/08/FAQ-MSSP-05_02_2013-final.pdf)

<sup>x</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>xi</sup> 2017 Federal Poverty Guidelines are \$990/month for an individual, \$1335/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.