
Governor's Proposed FY 2018-19 Budget: Potential Impacts on Alameda County Seniors and Services

On January 10, 2018 Governor Jerry Brown released his proposed budget for 2018-19, the fiscal year that will begin July 1, 2018. In spite of an improved economic forecast for California, the spending plan continues the Governor's cautious approach to the state's finances, focusing on building the state's reserves. While mindful of threatened federal actions that could have dire fiscal impact on California, the Governor nonetheless assumes current federal policies and funding levels.

The proposed budget fully funds the state's obligations to ACA and Covered California. It uses Prop 56 tobacco tax revenues to fund supplemental payments to Medi-Cal providers and cover ordinary spending growth in the program, and to fund rate and utilization increases for medically necessary, in-home services in the fee-for-service system or home, and community-based services waivers. It includes some increases in IHSS to cover caseload growth, paid sick leave and minimum wage increases.

In the big picture, the Governor's proposal ignores the deepening poverty of older Californians, their growing numbers, and the urgent need to invest in the aging services ecosystem. He includes nothing to address low SSI/SSP grant levels, replace federal cuts to HICAP, or build adequate capacity for Adult Day Services, senior nutrition or other programs that are needed to improve life and health outcomes for older Californians.

The following summarizes the items in the Governor's proposal that could directly impact seniors and senior services in Alameda County. (For a deeper analysis of the entire budget, check out www.CalBudgetCenter.org.)

A DULT DAY SERVICES

The Governor's proposed FY 18-19 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. Nor was CBAS included in the list of programs slated for Prop 56 Medi-Cal provider payments (see Medi-Cal section). The Governor's proposal 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 2009.¹

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 bit less than a 4% increase in 2011 Realignment's Protective Services subaccount, a funding category that includes Adult Protective Services. Annual 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 2018-19 increase would be spent on APS.

In Alameda County, APS is housed in Alameda County's Adult & Aging Services Department along with the Public Guardian and Public Administrator, and responds to over 4,800 reports of abuse of elderly and dependent adults a year.

H OUSING & HOMELESSNESS

As expected, the proposed budget implements the components of the housing package that the legislature passed last year. The Governor allocates \$245 million from the new real estate transaction fee for affordable housing and homelessness services. It provides \$3 million to the Department of Housing and Community Development to implement the housing package. And it anticipates voter approval of a \$4 billion housing bond that will be on the November ballot, allocating \$277 million toward low-income multi-family housing development, rehabilitation and preservation. For more information on the housing package, go to hcd.ca.gov/policy-research/lhp.shtml.

In Alameda County there is a 58,680 unit shortfall for homes affordable to very low-income households. 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).

I N-HOME SUPPORTIVE SERVICES

The Governor's budget includes \$11.2 billion for IHSS, \$3.6 billion in General Fund dollars. This is a 7.7% increase in General Fund costs for the program over the current fiscal year.

Three changes are behind the increase:

The average monthly caseload is estimated to increase by 5.4% to 545,000 people. The proposal covers the increase in the state minimum hourly wage from \$11 to \$12, effective January 1, 2019 – this \$260 million cost to the state that will not impact Alameda County, where IHSS provider wages are \$12.50/hour. And the proposal includes \$29.9 million state funds to implement eight paid sick leave hours for IHSS providers beginning on July 1, 2018.

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.

M EDI-CAL

In the FY 2018-19 budget proposal, Medi-Cal continues to benefit from the 2016 voter-approved Prop 56 tobacco tax revenues. The Governor proposes that over

\$649 million would be used for supplemental payments and rate increases for providers, and to partially fund new growth in the Medi-Cal program. Included in this is a proposal to spend \$64.5 million (\$31.6 million in Prop 56 funds, the rest federal match) for a 50-percent rate increase and associated increases in utilization for home health providers that provide medically necessary, in-home services to children and adults in the fee-for-service system or through the home and community-based services waivers. The rate increase would be effective July 1, 2018.

The Governor maintains the promise that California will restore Medi-Cal’s optometric and optical services for adult beneficiaries in the Medi-Cal program starting January 1, 2020 (part of the FY 17-18 budget legislation), but he doesn’t propose to restore any other “optional” benefits. 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 47,000 people age 65+ rely on Medi-Cal coverage.

Take-Away: While California is making headway in covering needed services and addressing the problem of low rates that discourage health care providers and limit access, the state has a blind spot when it comes to Adult Day Health Care and the “optional” benefits that are highly effective at helping seniors remain in the community and out of acute care settings.

MULTI-PURPOSE SENIOR SERVICES PROGRAM

The Governor’s proposal for FY 18-19 does not increase funding for MSSP. For years advocates have sought a \$5.1 million for this Medi-Cal waived program.ⁱⁱ 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 between the two MSSP providers in Oakland and Fremont. Hundreds of eligible seniors wait, and may die or enter nursing homes while on the wait list.

OLDER CALIFORNIANS ACT PROGRAMS

The Governor’s proposed budget for FY 18-19 does not even include a sentence about the programs administered by the Department of Aging. Some programs – Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers and Long Term Care Ombudsman – have seen small one-time increases in recent years. Most programs have not seen increases in state funding since a series of devastating state cuts and eliminations starting in 2008, including Alzheimer’s Day Care Resource

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.

Centers, Brown Bag, Respite Services, Linkages, Foster Grandparents, Senior Companions, and Senior Employment Program. ⁱⁱⁱ

HICAP's Special Circumstances: A target of federal budget cutting, the Health Insurance Counseling and Advocacy Program is an essential program that is at risk.^{iv} In 2017, HICAP received a mid-year federal budget cut of 9.6%. That decrease is slated to continue in FY 2018-19 and beyond. Without any state backfill, this cut will harm local HICAPs and hamper their ability to respond to increasing demand – the cut to Alameda County represents a loss of over \$62,000 over 2.5 years. In Alameda County, HICAP is provided by Legal Assistance for Seniors, and helps thousands of people navigate the complexities of Medicare (many of them referred to HICAP by the Medicare 800 help line).

Take-Away: The governor 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, California needs to step up to protect and support aging services. The state's 2018-19 budget must fund the gap for HICAP.

S KILLED NURSING FACILITIES

The Governor's proposal includes \$4.5 million to support the expansion of training slots for the certified nursing assistant workforce to support SNFs in meeting the requirements of SB 97. The legislation increased the minimum number of direct care services hours in skilled nursing facilities from 3.2 to 3.5 hours per patient day starting on July 1, 2018, and specified that a minimum of 2.4 hours per patient day must be provided by certified nurse assistants.

S UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The Governor's proposed FY 18-19 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 \$910/month for an individual and \$1,532 for a couple – until an anticipated 2.6% federal Cost Of Living Increase takes effect in January 2019.^v CAPI grant levels (Cash Assistance Program for Immigrants) would follow suit, not increasing until the federal COLA kicks in, in 2019.

The Governor's proposed \$2.8 billion General Fund budget for SSI/SSP represents a 1.2% decrease from the current fiscal year, the result of an estimated decrease in the average monthly caseload. SSC will be looking into the cause of this shift, so stay tuned.

Background: 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

In Alameda County over 50,000 seniors and adults with disabilities rely on SSI/SSP. The 2018 maximum grant level for individuals is \$910 a month. This puts individual recipients' incomes at 10% 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.

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).

In 2016, 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 were increased similarly.^{vi}

Take-Away: California must address reinstating an annual Cost Of Living Adjustment in order to meaningfully address the reality of basic living costs in California.^{vii}

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.

ⁱ 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.

ⁱⁱ Restoration would add 100 case management slots in Alameda County and over 2,700 slots statewide.

ⁱⁱⁱ 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).

^{iv} Known as HICAP in California, it is known as SHIP (State Health Insurance Assistance Program) at the federal level.

^v The federal cost of living adjustments are based on the current Consumer Price Index growth factors, and are projected to be 2.6 percent for 2019. As a result, the maximum SSI/SSP monthly grant levels will likely increase by approximately \$20 and \$29 for individuals and couples, respectively, effective January 2019.

^{vi} CAPI grants are set lower than SSI/SSP grant levels: \$10/month lower for individuals and \$20/month lower for couples.

^{vii} 2018 Federal Poverty Guidelines are \$1,011.67/month for an individual, \$1,371.67/ 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.