

California's FY 2020/21 Budget: Impacts on Alameda County Seniors and Services

In the evening on June 29 Governor Newsom signed a \$202.1 billion budget for the 2020/21 fiscal year. The spending plan represents a hard-fought victory in the shadow of the state's \$54 billion pandemic-related deficit. In a remarkable 11th hour compromise, the Governor and the Legislature agreed to preserve critical programs that will help older adults most at risk from the pandemic access the health care and supportive services they need.

Saved from the chopping block were Medi-Cal's CBAS/Adult Day Health Care, Multi-Purpose Senior Services Program, Adult Dental and Optional Benefits, and estate recovery limitations. IHSS hours were maintained, as well as vital funding for Senior Nutrition and other aging services. To preserve these essential services the Governor was persuaded to deviate from his May Revise plan and adopt other budget-balancing solutions: delayed payment plans, borrowing from various internal funds and more optimistic tax revenue estimates, available federal aid, limits to business tax deductions and credits, cash reserves, and withdrawing almost half the money in California's \$16-billion "rainy day" fund.

The Budget plan is one that will almost certainly require revision in coming months, since policy makers won't know actual tax revenues until after July 15 and are still counting on a fourth federal emergency funding act. The Budget still makes significant cuts – to schools, state employee salaries and the University of California and California State University systems – that could be rescinded if the federal government provides more COVID 19-related financial assistance to the state by October 15.

The budget shelves, for now, the plan to extend Medi-Cal coverage to undocumented immigrants who are age 65 and older. This was a significant and much needed investment that the Governor was ready to make in January. Now without it, health disparities will only grow starker as these older members of our community face the risk of COVID-19 without full health care coverage. This and many other alarming impacts of the pandemic provide a clarion call for the Governor and Legislature to implement additional revenue solutions going forward.

The following pages summarize the funding decisions in the new budget that will have direct impacts for seniors and senior services in Alameda County. (For a deeper analysis of the entire budget, check out www.CalBudgetCenter.org. For the Administration's Budget Summary, go to <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>)

A DULT DAY SERVICES
The 20/21 Budget spares Medi-Cal's CBAS/Adult Day Health Care benefit from the elimination that Governor Newsom proposed in his May Revise. CBAS programs serve 36,000 older and disabled Californians, and mounting evidence shows that CBAS decreases use of

more costly interventions such as emergency room visits, hospital admissions/re-admissions and skilled nursing care. During the pandemic, maintaining CBAS programs is even more critical, reducing the need for older adults to seek care in congregate settings where over 50% of all COVID-19 deaths have occurred. When the crisis hit, programs pivoted to serve limited numbers of on-site participants each day and provide virtual and telephonic services to others.

We believe that the 9% rate increase that was implemented in last year's Budget using Prop 56 funding will remain in place. That increase only partially restores a 2010 cut, and Medi-Cal's CBAS rate remains significantly lower than the cost of providing services, threatening the viability of programs across the state and limiting access to this powerful and cost-effective model.

In Alameda County over the last decade, three of the six centers that provide Adult Day Health Care under the Medi-Cal CBAS benefit have closed, and now serve fewer than 1,000 adults with complex medical, cognitive and psychological conditions. In that same time, four of the five Adult Day programs have closed.

The 20/21 Budget does not include any state funding for Adult Day Care, and does not restore the funding for the Alzheimer's Day Care Resource Centers that was eliminated in 2009.ⁱ

AGING AND DISABILITY RESOURCE CONNECTION GRANTS

The 2020/21 Budget continues the \$5 million in annual General Fund funding for ADRCs that was enacted in the 2019/20 budget. The funds are providing grants to local Area Agencies on Aging and Independent Living Centers to plan and apply to become ADRCs, including Alameda County's. According to the 2019 budget, the funding will be automatically suspended in December 2021 unless the Administration determines that there is sufficient General Fund Revenue to support all suspended programs in the subsequent two fiscal years.

CCAREGIVER RESOURCE CENTERS

The new Budget maintains \$10 million General Fund in both 2020-21 and 2021-22 for Caregiver Resource Centers. This is part of last year's budget allocation of \$30 million in one-time General Funds over three years to expand and improve family caregiver support services across the 11 Caregiver Resource Centers in California. CRCs serve families and caregivers of adults affected by chronic and debilitating health conditions, providing training, counseling and care planning, legal/financial consulting and respite, at low or no cost.

FOOD ASSISTANCE

The new Budget includes a one-time increase of \$50 million in General Fund dollars for existing Emergency Food Assistance Program providers to mitigate increases in food needs among low-income and food-insecure populations. The Emergency Food Assistance Program is a Federal program that helps supplement the diets of low-income Americans, including elderly people, by providing them with emergency food assistance at no cost. In California the program is available through approved food banks.

HOUSING & HOMELESSNESS

The 20/21 Budget includes \$550 million in federal CARES Act funds and \$50 million in General Fund dollars for acquisition and rehabilitation of hotels, motels, and other sites and related expenses to continue Project Roomkey on a more permanent basis. The Budget also allocates \$300 million General Fund for local jurisdictions (Continuums of Care, cities, and counties) to address homelessness more broadly.

In Alameda County, over 10% of homeless people are age 65+, and the median age of the homeless population is rising as more seniors become homeless for the first time. These seniors are particularly vulnerable to the novel coronavirus.

IN-HOME SUPPORTIVE SERVICES

The new Budget includes \$410 million General Fund in 2020-21 to prevent a 7% across-the-board reduction to IHSS service hours, another reversal of the Governor's May Revise proposal. The increased funding for IHSS service hours will be suspended on December 31, 2021 unless the Administration determines through the 2021 Budget process that there is sufficient General Fund revenue to support all suspended programs.

The Budget freezes funding for county administration at 2019/20 levels, for a state savings of \$12.2 million.

In Alameda County, over 24,000 seniors, children and people with disabilities rely on over 21,000 IHSS workers to help them live safely in the community.

MEDI-CAL

The 20/21 Budget maintains Medi-Cal coverage for seniors and people with disabilities with incomes up to 138% of the federal poverty level, rejecting the plan to save money by reinstating the "senior penalty" that was eliminated in the 2019 Budget. This is a huge win affecting an estimated 27,000 seniors. The senior penalty caused many low-income seniors on Medi-Cal to become ineligible when they turn 65, in spite of there being no change in their income.ⁱⁱ

The new Budget also maintains current Medi-Cal estate recovery rules which restrict estate recovery only to the minimum required by the federal government, rather than reverting to California's expansive pre-2017 rules as the Governor had proposed.

In Alameda County, over 52,000 people age 65+ rely on Medi-Cal coverage. Over 9,500 of them are not covered by Medicare.

The implementation of the CalAIM initiative has been delayed, and instead the state will seek an extension of its current 1115 waiver from the federal Center for Medicare and Medicaid Services. We already know that the Governor is going big with his investment in Medi-Cal Healthier California for All (formerly CalAIM).

In another victory, the new Budget continues ongoing funding for full adult dental services, acupuncture, optometry, occupational and physical therapy, pharmacist services, and the

Diabetes Prevention program. The Budget also maintains audiology and speech therapy, incontinence creams and washes, optician and optical lab services, and podiatry but continues to subject these benefits to a 2019 Budget decision that will suspend their funding on December 31, 2021. The suspension will be lifted if the Administration determines through the 2021 Budget process that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

MULTI-PURPOSE SENIOR SERVICES PROGRAM

The 20/21 state Budget maintains funding for MSSP, rejecting the Governor's May Revise proposal to eliminate the program all together. The Budget also maintains last year's one-time General Fund investment of \$14.8 million over three years to increase the rate for MSSP, an investment long overdue and urgently needed to keep MSSP programs viable.

MSSP serves nearly 12,000 frail Californians in their homes, rather than institutions, and saves California millions of dollars annually. MSSP clients are 65 years and older and are certified for skilled nursing home placement which is an indication of their fragile health. At least a third of MSSP clients live alone, subsist on less than \$1,000 per month, and have complex medical and psychosocial needs that require specialized medical and social support services.

In Alameda County we face a critical shortage of MSSP slots – only 380 between the two MSSP providers in Oakland and Fremont. Eligible seniors may die or enter nursing homes while waiting for a slot to open. Greater capacity is urgently needed.

MSSP's case management model (including a nurse, social worker and purchase of services) is highly effective in helping older adults who are eligible for Medi-Cal covered nursing home care remain safely at home at a fraction of the cost of a SNF.

OLDER CALIFORNIANS ACT PROGRAMS

The new Budget maintains last year's increases to Senior Nutrition and Long Term Care Ombudsman. This decision rejects May Revise proposals and retains the expanded investments in the Department of Aging that finally broke policy makers' 12-year pattern of chronic neglect of aging services. The new Budget retains the December 2021 date for automatic suspensions in new funding for Senior Nutrition programs.^{iii'}

Maintaining current new funding is a huge win, but it doesn't recover ground lost following the devastating cuts of a decade ago,^{iv} nor does it bring capacity up to levels needed for pandemic emergency response. Whether the CARES Act funding will fill the gap and enable CBOs to address the tremendous increase in need for meals, case management and other supportive services is yet to be seen, as CDA has not yet dispersed the federal funding.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The 20/21 Budget maintains funding for state grant levels for SSI/SSP, rejecting the May Revise proposal that would have reduced the State Supplementary Payment in January 2021 by the same amount as the federal 2021 Cost of Living Increase (COLA). The joint federal/state program provides monthly cash assistance for 1.3 million extremely low-income Californians who are aged, blind or disabled.

Living below the federal poverty level is an impossible task in California and threatens the safety and well-being of vulnerable people.^v The state's SSI/SSP COLA has been frozen since 2017. As of today a 2018 budget agreement is still in place that promises to reinstate the state COLA in July of 2022.^{vi}

In Alameda County over 49,000 seniors and adults with disabilities rely on SSI/SSP. The 2020 maximum grant level for individuals is \$943 a month, putting individual recipients' incomes more than 10% below the federal poverty level and far below the Elder Economic Security Standard. As a result, SSI recipients struggle to meet their most basic needs.

The Senior Services Coalition of Alameda County is a coalition of nonprofit and public organizations that provide health care and supportive services to over 79,000 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 has resulted in an ongoing loss of \$120,000 annually for services in Alameda County.

ⁱⁱ The "senior penalty" was the difference in Medi-Cal income eligibility levels for younger adults (at 138% of federal poverty level) vs. people age 65 and older (at approximately 122% of FPL).

ⁱⁱⁱ The 2019/20 budget specified that the suspended funding will be reinstated only if the Administration determines that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

^{iv} Great Recession cuts, over time, have added up to a \$5.9 million loss to Alameda County. Programs administered by the CDA were hit by a series of devastating state cuts and eliminations in 2008-09. The Foster Grandparent, Alzheimer's Day Care Resource Centers, Senior Companions, Linkages and Brown Bag programs were eliminated; Day Care, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, HICAP, Senior Employment, Long Term Care Ombudsman and Respite Services were cut deeply.

^v 2019 Federal Poverty Guidelines are \$1,040.83/month for an individual, \$1,760.83/ month for a couple. That means that individual SSI recipients are forced to live at 89.5% of the Federal Poverty Level; if they are lucky enough to gain additional income, their SSI/SSP grants are reduced.

^{vi} Federal COLA's continue to kick in every year, based on the current Consumer Price Index growth factors. Since a series of draconian cuts a decade ago, state policymakers have provided only one COLA for the state's SSP portion of the grant — a 2.76% boost that took effect in January 2017, resulting in monthly state SSP grant levels of \$160.72 for individuals and \$407.14 for couples, which remain in effect today.