

## **Status Report: California Budget and Potential Impacts for Alameda County Seniors**

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In March, the joint Conference Committee completed their budget recommendations for California's 2011-12 fiscal year. Building on the work of Assembly and Senate committees, the Conference Committee's recommendations addressed a \$25.4 billion projected deficit. The budget that emerged resembles the Governor's proposed budget – a little more than half is cuts and program eliminations, a little less than half revenue solutions. Three weeks ago, most of that budget was passed by the Assembly and Senate and signed by the Governor.

Core life-line programs for seniors – ADHC, IHSS, SSI/SSP, MSSP, Medi-Cal – are seriously damaged by the budget as it stands. But things could get much worse.

To date, Democratic and Republican Legislators are deadlocked on the approval of revenue solutions. The Governor had asked for a ballot initiative for a June special election (if approved by voters, the initiative would continue current income and sales taxes and vehicle license fees that had been set to expire). Now the deadline is past for setting the June election, and the Governor is asking the Legislature to pass the extensions in a state budget bill – with the possibility of a November ballot measure to allow voters to weigh in. The extensions are crucial, as they make up the lion's share of the "revenue solutions." Without this, full-scale elimination of programs in health, human services, education and other services will change the face of California.

**The following summarizes cuts to senior services in the budget bills signed so far:**

### **Adult Day Health Care**

The Governor proposed to eliminate ADHC as a Medi-Cal benefit, cutting off 37,000 fragile elderly and disabled Californians from the safe haven and medical and therapeutic services they need to continue living in the community.<sup>1</sup> These medically complex patients are at risk for repeat hospitalizations or nursing facility placement due to their chronic medical or mental health conditions. Currently in Alameda County over 880 frail seniors and adults with disabilities receive care through ADHC programs.

The Legislature chose to cut funding for ADHC in half, to \$85 million, and to "eliminate" ADHC as a Medi-Cal Optional Benefit, "re-creating" it as a federal waiver program. However, this critically flawed plan does not address continuity of care issues during the transition, putting the viability of programs and survival of patients in question.

### **In-Home Supportive Services**

The Legislature approved \$486 million in cuts and changes to IHSS, to begin July 1, 2011. They include:

- Require a physician's written certification that IHSS services are needed to avert out-of-home placement. (This is in addition to the current social worker assessment.) The Governor estimated this requirement will result in the loss of services for approximately 43,000 recipients, and will provide General Fund "savings" of \$120.5 million in 2011-12.

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<sup>1</sup> While 27,000 individuals attend ADHCs as Medi-Cal beneficiaries, another 10,000 individuals are private pay. All would lose this vital support should Medi-Cal revenues cease.

- An “unspecified” cut of \$128.3 million (this comes after the Conference Committee considered an across-the-board 8.4% reduction in hours and the elimination for domestic services for IHSS recipients who live with another person).
- Draw on an additional 6% increase in federal matching funds by qualifying under the new federal Community First Choice Option.

Over 73,000 Bay Area elders, children and adults with disabilities rely on IHSS to help them live safely in the community – over 480,000 Californians. In Alameda County, over 17,600 people receive the in-home care. While many are eligible for nursing home placement today, others are able to avoid serious medical complications thanks to the supportive care they receive.

### **Multi-Purpose Senior Services Program**

The Governor proposed to eliminate MSSP in the 2011-12 fiscal year beginning July 1, for a “savings” to the state’s General Fund of \$19.9 million. The Governor’s budget proposal was problematic, as it did not address the cost-shift that would occur if frail MSSP clients lose case management, nor did it mention the resulting loss of federal dollars – a dollar-for-dollar match. The Legislature, however, chose to preserve the program but cut it by \$2.5 million.

MSSP saves Medi-Cal long-term care dollars through case management for over 11,800 of California’s very frail, nursing home eligible seniors who want to live at home. With adequate funding, MSSP could be a core component of a thriving continuum of community-based care. In Alameda County, two MSSP programs – in Oakland and Fremont – coordinate the care of over 440 elders a year.

### **Medi-Cal**

The budget passed last week would reduce Medi-Cal funding by \$1.7 billion by:

- Limiting doctor visits to seven per year (a “soft cap” that a doctor could overrule) and limiting prescription medications to six per month (except “life-saving drugs”).
- Placing an annual dollar cap on remaining optional benefits (hearing aids, durable medical equipment, incontinent supplies urological supplies) and wound care.
- Charging patient copayments for a wide range of services, including doctor visits, pharmacy services, emergency room and hospital visits
- Eliminating Medi-Cal coverage for over-the-counter cough and cold medications and nutritional supplements.

Most of these changes would take effect no later than October 1, 2011 based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification. Medi-Cal beneficiaries who are in Medi-Cal Managed Care Plans may feel the cuts less, but the Plans’ rates will be cut too.

In addition, the budget would reduce reimbursement rates to providers by 10%, affecting physicians, pharmacy, clinics, medical transportation, home health, Adult Day Health Care, certain hospitals, and nursing facilities. The provider rate reduction accounts for almost half of the savings anticipated in the Governor’s proposed reductions to Medi-Cal.

### **Supplemental Security Income/State Supplementary Program**

The new budget cuts \$15/month from individual grant levels, causing 38,740 Alameda County residents to lose essential income. This will set grant levels at \$830/month, a full \$72.50 below the federal poverty level, beginning June 1, 2011. This cut would not affect couples on SSI/SSP, as their grant levels have already been reduced to the lowest level allowed. The budget proposal does not single out CAPI for additional cuts. The Cash Assistance Program for Immigrants

provides subsistence grants to legal immigrants who are not eligible for SSI, and grant levels typically reflect reductions in SSI/SSP.<sup>2</sup>

California's SSI Program recipients are disabled (70%), blind (2%) and aged (28%). Cuts to SSI/SSP recipients are particularly cruel, as recipients have few options to mitigate a loss of income.

**Low-Income Senior Housing**

The Governor proposed a phase-out of funding for local Redevelopment Agencies. While advocates pressed to preserve funding for low-income senior housing, in the end the Conference Committee recommended elimination. To date, the Legislature has not passed the trailer bill containing the cut to Redevelopment. If the bill is passed and signed, it would impact local projects differently, depending on what stage they are in planning or implementation.

For more details and information on all elements of the Governor's proposed budget, see the California Budget Project at [www.cbp.org](http://www.cbp.org) .

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<sup>2</sup> Cumulative cuts to SSI/SSP and CAPI enacted over the last four budget cycles have affected 54,000 Alameda County residents and have resulted in a \$94 million annual loss to Alameda County's economy.