

How Does California's New 2006-07 Budget Impact Alameda County Seniors?

On June 30, 2006, Governor Schwarzenegger signed the 2006-07 Budget for California. The Budget has a \$4.1 billion operating deficit that will be filled by reserves from past borrowing and higher-than-expected tax revenues from 2005-06. Though the Budget states that it does not include tax increases, a close look shows continued tax credit suspensions for teachers as well as a variety of use taxes and licensing fee increases and continuations. The Legislative Analyst's Office indicates that California will "continue to face multibillion dollar operating shortfalls in 2007-08 and 2008-09."

The following summarizes the impact that the new State budget will have on Alameda County's seniors and the programs that serve them.

◆ SSI/SSP Recipients Will Receive Their Cost-Of-Living-Increases:

More than 14,000 seniors in Alameda County survive on Supplemental Security Income/ State Supplementary Program income (of a total 51,698 SSI/SSP recipients in the County). SSI is a federal program that provides a monthly cash benefit to eligible seniors, the blind and people with disabilities who meet income and resource criteria. California supplements that benefit (SSP).

The new 2006-07 State Budget maintains the January 2007 federal Cost of Living Adjustment (a 2.3% COLA that the Governor had proposed to cut). Even better, the new State Budget reverses the 2005-06 Budget's suspension of the January 2007 state COLA (a 4.6% COLA that was suspended for two years in the 2005-06 State Budget). This means that in January 2007, SSI/SSP recipients will see monthly payments for individuals increase from \$836 to \$849, and for couples from \$1,472 to \$1,491.

These reprieves are much needed. California's SSI/SSP recipients are not eligible for food stamps; they can't supplement a loss of income with increased food stamp benefits as recipients in many other states can do. Because they are dually eligible, many have seen their medication costs rise this year with new prescription copays under Medicare Part D.

◆ Funding Increase for Multi-Purpose Senior Services Program (MSSP):

The Budget provides a \$3 million funding increase for MSSP, which will be matched dollar-for-dollar with Federal funds. This \$6 million increase comes in the nick of time. After years of insufficient funding and new federal reporting mandates, many providers of MSSP are facing imminent closure. MSSP serves seniors age 65+ who are Medi-Cal recipients, nursing home certifiable, and choose to live at home. MSSP has proven cost-effective and successful in maintaining participants in the community; data from MSA shows that MSSP clients are 35% less costly to the state than nursing home care. Bravo to all the providers, advocates and consumers who worked for two years to convince legislators of the importance of maintaining this program!

◆ **No Wage Cut for IHSS Workers**

The 2006-07 California Budget maintains the state's contribution toward In-Home Supportive Services workers' wages and benefits at the current level. Over 11,000 IHSS workers in Alameda County care for thousands of vulnerable children and adults.

◆ **Moratorium on New Adult Day Health Care Extended**

The 2006-07 Budget extended the moratorium on Medi-Cal certification of new ADHCs for a third year. While ADHCs are slated for a 7% cost of living adjustment starting in August, their Medi-Cal licensing fees have increased significantly.

◆ **Funding to Increase Community Care Licensing and DHS Oversight**

The new Budget includes \$20.8 million and 155 new positions to increase inspection visits made to nursing homes, hospitals and other health care facilities, including Board and Care, Adult Day Care, Residential Care Facilities for the Elderly (RCFE), and Continuing Care Retirement Communities (CCRC). The new Budget establishes an increased fee structure and begins to phase out the state subsidy of licensing and certification activities.

◆ **Medi-Cal Reimbursement Rate Increase for Nursing Homes**

The new Budget includes \$174.5 million (half of it in state General Fund dollars) for a 5.4% rate increase to nursing homes and adult sub-acute care facilities that provide long-term care to Medi-Cal beneficiaries.

◆ **County: Mandates Funded**

The new Budget includes \$403 million to repay counties for the cost of unfunded mandates (this is significantly higher than the Governor's proposed \$92 million). The state budget has deferred payment for mandates in multiple fiscal years. We don't yet know the impact that this will have on Alameda County's recently approved 2006-07 Budget, which covered a \$78.2 million deficit in part by reducing discretionary spending.

◆ **Medi-Cal Emergency Action for Part D Problems is Extended**

In separate legislation, the state extended until January 31, 2007 the Medi-Cal Action that makes Medi-Cal the payor of last resort for dual eligibles experiencing difficulty getting prescriptions filled under Medicare Part D.