

## **New State Budget Puts Seniors At Risk In Alameda County**

Governor Schwarzenegger signed the 2008-09 California Budget on September 23. He made \$510 million in last-minute line item veto cuts that added deep reductions to safety-net services for seniors, children, families and people with disabilities. The resulting budget contains a total of \$10.3 billion in spending cuts, \$9.6 billion in “revenue solutions” and \$4 billion in borrowing. Many of the cuts to health and human services will result in the loss of federal matching funds.

Of the revenue increases proposed by conference committee, the Governor’s budget includes only a change to the “yacht tax.” Incredibly, the budget includes a massive permanent tax cut that will cost \$965 million a year starting in 2011. The new budget assumes that California will seek voter approval to borrow an additional \$10 billion or more that would be repaid out of future lottery revenues. In addition, the budget gives the Governor authority to make mid-year reductions to state spending. (See [http://www.cbp.org/documents/0809\\_finalbudget.pdf](http://www.cbp.org/documents/0809_finalbudget.pdf) for details).

The following summarizes the new state budget’s impact on seniors in Alameda County.

### **SSI/SSP and CAPI**

The Governor’s budget permanently suspends the state Cost of Living Adjustment in 2008 and 2009. The federal COLA will take place on schedule in January 2009.

California’s Supplemental Security Income/ State Supplementary Program recipients are 69% disabled, 2% blind and 29% aged. More than 53,000 seniors and people with disabilities in Alameda County survive on SSI/SSP income.

The Cash Assistance Program for Immigrants (CAPI) was not cut or eliminated as the Governor had threatened to do in his proposals. CAPI is the state-funded assistance to elderly and disabled legal immigrants who are not eligible for SSI/SSP.

### **Medi-Cal Provider Rates**

The Governor’s budget continues the current 10% cuts to Medi-Cal provider rates until March 1, 2009. At that time, the 10% cuts will be reduced to 1% for some providers and to 5% for pharmacies and ADHCs. Complicating this plan, the August 18th U.S. District Court temporary order to restore the 10% cuts is in effect and the state is complying with that order while it is appealing the ruling. So we don’t know the outcome or how this will impact the over 218,540 low-income people in Alameda County – 39,000 of them seniors – who rely on Medi-Cal coverage.

### **County Medi-Cal Administration Funding**

The new budget cuts funding for county Medi-Cal administration by \$42.2 million (half of that state General Fund dollars, the rest is lost federal matching funds). This cut is made on top of the budget’s suspension of cost of operating increases for counties.

### **Adult Day Health Care Programs**

ADHCs are included in the new budget's Medi-Cal rate cut, but are also included in the court injunction. For now, providers will receive reimbursement at the full rate, while their fiscal future remains unclear. Even at the full rate, Medi-Cal funding covers only part of the cost of providing the care and services that make this program a good alternative to nursing home care. Over 1,600 frail seniors and adults with disabilities participate in eight ADHC programs in Alameda County.

### **Multi-Purpose Senior Services Program (MSSP)**

The Governor used his line item veto to cut funding for Multi-Purpose Senior Services Program by 10%. The cut of \$5 million represents \$2.5 million in state funds and an equal amount in lost federal matching funds. The 2006-07 state budget provided a desperately needed \$3 million funding increase for MSSP that was matched by Federal funds – a stop-gap measure to keep programs open while advocates worked to gain adequate funding. Now, unable even to survive through a summer of protracted budget negotiations, five MSSP programs around the state have already closed.

MSSP saves long-term care dollars through case management. 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 – coordinated the care of over 480 clients a year. The Governor's budget cuts 48 of those MSSP "slots" in the County. A heads up from the California Department of Aging allowed local programs to reduce case loads through attrition and avoid disenrolling clients from the program. With fewer slots available, MSSP will not be an option for a growing number of very frail, nursing-home eligible seniors who want to live at home.

### **Adult Protective Services**

The Governor used his line-item veto to cut a total of \$11.4 million in funding for Adult Protective Services (\$6.1 million in state General Fund, the rest is lost federal dollars). APS is a vital safety net for thousands of Alameda County's seniors and dependent adults who are financially or physically abused or neglected. Reports of abuse have risen 34 percent since 2000. Meanwhile, state funding for APS has remained static – the Governor has shot down attempts to augment funding – and programs are forced to serve only the most critical cases.

### **Long Term Care Ombudsman**

The Governor used his line item veto to cut over \$5 million in funding for the Ombudsman program. The cut represents 46% of the total funding for this federally mandated program that trains and deploys volunteers to advocate for the dignity, quality of life, and quality of care of residents in long-term care facilities. The cut, hitting a full three months into the fiscal year, means that programs state-wide will have to absorb the reduction over a short nine months, magnifying the impact. Programs across the state are protesting this un-funded mandate, and some have announced that they will hand the program back to the state.

In Alameda County, the Ombudsman program has oversight over 400 facilities and 13,000 residents in long-term care. The program has just moved under the auspices

of the Area Agency on Aging after an RFP process failed to identify a community-based provider. The state cut means that the Alameda County Ombudsman program budget will be reduced from \$295,000 to \$165,000. The Area Agency on Aging is assessing its options.

### **Aging Services**

The Governor used his line item veto to cut funding to community-based programs that provide vital services to seniors. These programs are administered by county Area Agencies on Aging. (The AAA's did not receive a cut to their administrative budgets.)

The Governor's cuts are as follows (percentages are approximate and based on FY 2007-08 funding):

**Senior Employment** program funding cut by \$3.16 million, a 30% cut to total funding. In Alameda County, this cut represents a reduction of \$40,000 and will come directly out of participant wages.

**Home Delivered Meals** program funding cut by \$316,000, about .9% of total funding.

**Congregate Nutrition** program cut by \$253,000, about .7% of total funding.

**Alzheimer's Day Care Resource Centers** cut by \$416,000, nearly 10%.

**Linkages** program cut by \$544,000, about 6.6%.

**Brown Bag** was by \$60,000, about 8%.

**Senior Legal Hotline** was cut by 50%. This service has been fielding thousands of calls a month from seniors affected by the foreclosure crisis and predatory lending, in addition to their normal volume of calls requesting legal advice and assistance. The cut severely reduces the program's capacity to answer calls and assist people.

Because California "over serves" in the home delivered meals and congregate nutrition categories of Older Americans Act services, some federal matching dollars will be protected and will not be lost as a result of the Governor's cuts.

Cuts to these essential supportive services will have significant impact. Funding for these programs has been eroded by multiple years without cost of living adjustments while the number of seniors with significant needs, and the cost of doing business has grown.

### **Senior Citizens' Property Tax Assistance and Renters' Tax Assistance Programs**

With his line item veto, the Governor eliminated the Senior Citizens' Property Tax Assistance Program and the Renters' Tax Assistance Program (a \$190.9 million cut). These programs provide annual cash payments to qualified seniors and individuals with disabilities. The new state budget allocates \$25.8 million to the Senior Citizens Property Tax Deferral Program that allows qualified homeowners to defer property tax payment until their home is sold or transferred (this represents about a 50% increase from this program's funding in 2007-08).

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### **Share-of-Cost Medi-Cal Part B Premium**

Under the new budget, Medi-Cal will stop paying monthly Medicare Part B premiums for Medi-Cal Share-of-Cost recipients whose Medi-Cal share of cost is \$501 or more. According to the California Department of Health Care Services, the Social Security Administration will begin deducting the Part B premium of \$96 from the Social Security checks of these beneficiaries starting in November. Approximately 5,000 Medi-Cal Share-Of-Cost beneficiaries live in Alameda County, and a majority of them will be affected by this cut. Medicare Part B covers doctors' services, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health, and some home health and ambulance services.

### **Medi-Cal "Optional" Benefits**

Medi-Cal Optional Benefits were not eliminated. Optional benefits include dental benefits, acupuncture, audiology, optometry, optical, chiropractic, podiatry, psychology, speech therapy, and incontinence creams/washes – often essential services for people managing chronic diseases.

### **Medi-Cal Coverage for Legal Immigrants**

A proposal to limit Medi-Cal coverage for certain legal immigrants to emergency services only was rejected by the legislature and did not make it into the Governor's budget. Thus many legal immigrants served by Adult Day Health Care and other preventive services will remain eligible.

### **In-Home Supportive Services (IHSS)**

The Governor's new budget does not eliminate or reduce services, and does not reduce the state's contribution to worker wages. However, the new budget cuts funding for county operation of the IHSS program and the Food Stamp program, a cut of \$35.9 million, more than half of that in federal matching dollars.

Over 11,000 IHSS workers in Alameda County care for over 15,000 vulnerable children, adults and seniors.

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The 2008-09 state budget represents a huge failure in public policy. The reductions and eliminations of safety net services for seniors are joined, in this budget, by cuts in K-14 education, CalWORKS, childcare, mental health care, transportation, health care, and preventive public health programs. With this budget, California denies the reality of our aging demographics, turns its back on families and on their futures, and ignores the fact that community investment is a powerful fiscal stimulant.

