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**Governor's Additional Proposals: Budget would Wipe Out Supports for Vulnerable Seniors**

Events are happening rapidly since the Governor released his May 14 Budget Revise. On May 19, voters defeated five of the six Special Election Propositions. On May 21, the Legislative Analyst Office reported a deepening deficit for California's 2009-10 Budget – now projected to be \$25 billion in the red. On May 29, just days after releasing details of a proposed budget to the Conference Committee, the Governor released additional cuts.

The Governor has presented a “cuts only” solution to the budget deficit, and his proposed cuts and program eliminations are shocking. His proposals would deny California billions of federal matching dollars and billions in federal stimulus funds, and ignore the powerful economic stimulus that public services provide local economies.<sup>1</sup> The Governor's proposal includes:

- Eliminating the Healthy Families program (health care coverage for almost one million California children),
- Eliminating CalWORKS (welfare to work, serving over 500,000 Californians),
- Cutting funding to safety-net hospitals,
- Deep cuts to schools, community colleges and universities,
- Deeply reducing the number of Californians covered by Medi-Cal.

Already, current fiscal year budget cuts to safety net services for seniors, children, families and people with disabilities are devastating programs and lives. More, severe cuts are scheduled to start July 1. The following are the Governors proposals that would impact seniors and people with disabilities:

**Adult Day Health Care**

The Governor proposes to eliminate Adult Day Health Care as a Medi-Cal benefit.<sup>2</sup> ADHCs provide daytime care in a safe group setting. The combination of participant care and respite for caregivers makes this program a viable alternative to nursing home care, especially for those suffering from Alzheimer's and other dementias. Over 1,600 frail seniors and adults with disabilities currently participate in ADHC programs in Alameda County.

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<sup>1</sup> Medi-Cal's multiplier is 2.51... that is, for every Medi-Cal dollar spent, local economies receive \$2.51 in economic benefit in the form of jobs, taxes and local spending (per Families USA study, 2007).

<sup>2</sup> The Governor's earlier proposal was to limit the number of days an individual can attend an ADHC to 3 days per week, regardless of level of care needs.

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

The Governor now proposes to eliminate IHSS for all but the “most neediest” consumers, those with a functional index of 4 or higher. This would eliminate IHSS for over 14,000 of the 18,000 people who rely on IHSS in Alameda County. This elimination would include recipients with Alzheimer’s Disease or other dementias. While these vulnerable people may be physically able to perform activities of daily living and domestic chores such as cooking, they cannot do so safely.

In addition, the Governor’s proposes to:

- 1) Cut the State’s contribution to IHSS worker wages, calculating it based on \$8.00 per hour plus \$0.60 in benefits.<sup>3</sup>
- 2) Further limit state assistance in paying the IHSS share-of-cost.

### **Supplemental Security Income (SSI/SSP)**

The Governor proposes to cut SSI/SSP to the “maintenance of effort” levels of 1983. Monthly incomes for individual recipients would be cut to \$830 a month (\$1,407 for couples).<sup>4</sup> This cut would come on top of cuts made in May and July 2009.

California’s SSI Program recipients are disabled, blind and/or aged. More than 54,000 seniors and people with disabilities in Alameda County survive on SSI/SSP income. Cuts to SSI/SSP recipients are particularly cruel, as recipients have few options to mitigate a loss of income:

- SSI/SSP recipients’ incomes are capped at the grant level. That is, if an aged, blind or disabled recipient were able to find another source of income, this would result in his or her SSI grant level being dropped to take into account the new income, maintaining the grant level.
- Most SSI/SSP recipients are dually eligible – meaning they have Medicare and Medi-Cal coverage. Since 2006, their medication costs have risen significantly as Medicare Part D prescription “co-pays” are now required and increase annually.
- California’s SSI/SSP recipients are ineligible for food stamps. Although the Food Stamp Program (recently renamed Supplemental Nutrition Assistance Program) is a federal program available to income-eligible people of all ages, California is the only state in which SSI recipients are categorically ineligible.

### **Cash Assistance Program for Immigrants (CAPI)**

The Governor proposes to eliminate the Cash Assistance Program for Immigrants (CAPI). CAPI is the state-funded assistance to elderly and disabled legal immigrants who are not eligible for SSI/SSP. Over 930 Alameda County seniors depend on CAPI.

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<sup>3</sup> The state currently contributes 32.50% of IHSS worker wages based on a wage of \$11.50/hr (the Federal government contributes 50%, and the county contributes 17.5%). Under the new budget, the state contribution will be based on \$9.50/hr.

<sup>4</sup> SSI/SSP recipients receive cash grants that bring their incomes up to the grant level amount. Current federal poverty level for an individual is \$902.50.

### **Medi-Cal**

The Governor proposes to cut \$1 billion from Medi-Cal in FY 2009-10 and an additional \$500 million in FY 2010-11. Approval for this level of cuts would have to be negotiated with the federal government. In addition, the Governor would eliminate state-only Medi-Cal programs including dialysis and breast and cervical treatment for women over 65. The Governor would revisit past proposals that include:

- 1) Limiting Medi-Cal so that legal immigrants, including Aged, Blind and Disabled individuals, would be eligible only for emergency Medi-Cal. This would result in hundreds of elderly legal immigrants in Alameda County losing Adult Day Health Care and other Medi-Cal benefits.
- 2) Limiting full-scope Medi-Cal for recipients in the “Aged, Blind and Disabled” category whose incomes are above SSI/SSP levels.

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

The Governor’s new proposal would eliminate the Multi-Purpose Senior Services Program. MSSP saves long-term care dollars through case management. With adequate funding, MSSP could be a core component of a thriving, and cost-effective, continuum of community-based care. In Alameda County, two MSSP programs – in Oakland and Fremont – coordinate the care of over 440 frail elderly clients who would otherwise be in nursing homes.

### **Linkages**

The Governor proposes to eliminate the Linkages program. Linkages provides care management for frail adults with disabilities and frail elderly who need assistance to live independently in the community and avoid hospitalization and nursing home placement.

### **Alzheimer’s Day Care Resource Centers**

The Governor proposes to eliminate funding for ADCRCs, which provide care and assistance to keep people in middle to late stage Alzheimer’s out of nursing homes. Currently less than 6% of people with Alzheimer’s live in a nursing home—more than 70% live at home, cared for by family. California’s 36 ADCRCs receive no federal funding; without them, the cost of care for their clients will increase.

### **Alzheimer’s Research Centers**

The Governor proposes to eliminate state funding for the Alzheimer’s Research Centers (ARCCs). The Centers provide services and education to families, particularly minorities, to veterans and to health professionals—these services are not provided by others. According to Alzheimer’s Association, without state funding, many of the 11 Centers in California will close, including USC-Rancho Los Amigos (only ARCC at a County Hospital), UC Davis-Martinez, Stanford, UC San Francisco-Fresno (only rural Center), and UCLA Olive View Site. Significant federal matching dollars will be lost.

### **Skilled Nursing Facilities**

The Governor proposes to suspend the 5% cost of living increase scheduled for August 2009 for skilled nursing facilities.

### **Community Care Licensing**

The Governor proposes to eliminate state funding for Community Care Licensing, offsetting the cut with fee increases.

### **Local Property Tax Revenues**

The Governor proposes to shift 8% of city, county and special district property tax dollars to schools and community colleges, replacing state General Fund dollars. While this shift must be repaid under the terms of the 2004 Prop 1A, the draw would further cripple local governments' ability to address local needs.

This document covers a very small percentage of the proposed cuts. For a more complete list of proposed cuts, go to California Budget Project's web site at [www.cbp.org](http://www.cbp.org)

## Cuts Enacted and Scheduled for July 1

When California's new budget was signed on February 20, 2009, it imposed severe cuts to healthcare and human services. Some of the cuts were contingent on a complicated "trigger" provision. That provision was not met, thereby locking in deep cuts to Supplemental Security Income, In-Home Supportive Services, Medi-Cal Dental and other essential medical services. **The following summarizes the cuts facing seniors and people with disabilities starting July 1, 2009:**

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

In Alameda County, over 18,000 frail seniors, children and disabled adults live safely at home with the help of in In-Home Supportive Services care workers. Two cuts to IHSS that will take place starting July 1:

- 1) The State's contribution to IHSS worker wages will be reduced, which will almost certainly result in reducing hourly pay to an average of \$9.50 per hour plus \$0.60 in benefits.<sup>5</sup> This would affect over 17,000 dedicated IHSS workers in Alameda County. Alameda County's Social Services Agency Director states that, unless additional Federal Stimulus dollars are identified, the County's IHSS wage will be cut to \$10.20/hour on July 1.
- 2) The IHSS buy out of the share of cost will be eliminated for all new IHSS recipients (recipients entering the program after July 1, 2009). There are currently 8,600 in this buy out program statewide. New recipients would have to pay an average of \$427.00 per month in order to receive the in-home support that they need to continue living safely at home.

### **Medi-Cal Dental and other "Optional" Benefits**

Medi-Cal Optional Benefits will be eliminated as of July 1, including adult dental benefits. In addition to dental, Optional Benefits include audiology, acupuncture, optometry, optical, chiropractic, podiatry, psychology, speech therapy, and incontinence creams/washes. These are all essential services for people managing chronic diseases. Dental care is especially important for seniors; dental problems impact health, nutrition and social interactions.

Statewide, over 3 million people rely on one or more of these Optional Benefits – people whose incomes are so low, they could not afford to pay for these services.

In Alameda County and other parts of the state, Medi-Cal reimbursements for adult dental care provide necessary revenue for dental clinics that also serve children. Without adult dental revenues, many clinics will close, making children the unintended victims as they lose the dental care they need to stay healthy and succeed in school.

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<sup>5</sup> The state currently contributes 32.50% of IHSS worker wages based on a wage of \$11.50/hr (the Federal government contributes 50%, and the county contributes 17.5%). Under the new budget, the state contribution will be based on \$9.50/hr.

A coalition of rural clinics and Federally Qualified Health Centers, led by the California Primary Care Association, has filed suit to block the state elimination of coverage for optional benefits.

**Supplemental Security Income/State Supplementary Program (SSI/SSP)**

On May 1, grant levels for individuals receiving SSI were cut to \$870 per month ((\$1,524 for couples). On July 1, 2009, grant levels for individuals receiving SSI/SSP will be reduced again to \$850 per month (\$1,489 for couples). In addition, the September budget suspended the state COLA for 2008 and 2009.

## Lost Capacity: September '08/February '09 Cuts

Already, services for seniors and people with disabilities have been reduced significantly. The September 2008 State Budget, together with the new FY 2008-10 Budget signed on February 20, enacted the following reductions and eliminations of programs that make up the safety-net of services for seniors.

### Medi-Cal Provider Rates

The new budget continues 2008's 10% cuts to Medi-Cal provider rates until March 1, 2009. At that time, the 10% cuts reduce to 1% for some providers and to 5% for pharmacies and ADHCs. However, the U.S. District Court order to block the cuts is in effect, and a new ruling made on February 27 blocks the March 1 cuts as well. The state is complying with the order while it is appealing the ruling. It does not appear that federal economic stimulus dollars will be directed to reinstate prior provider rates. 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.

### Adult Day Health Care Programs

ADHCs are included in the 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.

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

Under the September 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.<sup>6</sup> In December, Social Security Administration began deducting the Part B premium of \$96 from the Social Security checks of these beneficiaries. Confusion about how this works have prompted some to disenroll from Part B. Approximately 5,000 Medi-Cal Share-Of-Cost beneficiaries live in Alameda County.

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

In September, the Governor used his line item veto to cut funding for Multi-Purpose Senior Services Program by 10% (\$2.5 million in state funds and \$2.5 million in lost federal match). The cut erases the 2006 \$3 million funding increase and then some, leaving programs with inadequate funding. Unable even to survive through a summer of 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 September budget cut 48 of those

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<sup>6</sup> 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.

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MSSP “slots” in the County. 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**

In September 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 funding, the rest in 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 and programs are forced to serve only the most critical cases.

### **Long Term Care Ombudsman**

In September 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 three months into the fiscal year, forced the closure of several programs statewide.

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 has been reduced from \$295,000 down to \$165,000 this year and next.

### **Aging Services**

In September 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 Governor’s cuts are as follows:<sup>7</sup>

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

**Home Delivered Meals** program funding cut by \$316,000 statewide, about 0.9% of total funding.

**Congregate Nutrition** program cut by about 0.7%. Both congregate and home-delivered nutrition programs in Alameda County will be protected from these cuts this year, as the Area Agency on Aging has shifted other funds to fill the gap.<sup>8</sup>

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

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

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<sup>7</sup> Percentages are approximate and based on FY 2007-08 funding.

<sup>8</sup> The Federal Stimulus Package includes \$100 million for senior nutrition programs, and \$120 million for the Senior Community Service Employment Program (SCSEP). Early reports are that Alameda County’s congregate and home delivered meal programs will be receiving about \$300,000 over two years.

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

**Senior Legal Hotline** lost all its state funding. 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 has severely reduced the program's capacity to answer calls and assist people.

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

In September, the Governor eliminated the Senior Citizens' Property Tax Assistance Program and the Renters' Tax Assistance Program (a \$190.9 million cut). These programs provided annual cash payments to qualified seniors and individuals with disabilities.

### **Senior Citizen's Property Tax Deferral Program**

The February budget cut \$6.5 million from this program in FY 2008-09 and \$32 million in FY 2009-10. An announcement from Lynn Daucher, head of Department on Aging, indicates that the program has been suspended for the current fiscal year. Daucher states that applications received before February 20, 2009 will be honored. The Property Tax Deferral Program allows qualified homeowners to defer property tax payment until their home is sold or transferred. The February cuts erased the remaining funds available for 2008-09, but should not have erased funding for the 2009-10 fiscal year. More later, as we try to clarify the program's status for 2009-10.

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

The new budget suspends the cost-of-living adjustment for counties' Medi-Cal administration in FY 2009-10 (funding that normally translates into salary increases for eligibility workers and support staff). This comes on top of September's cut in funding for counties' Medi-Cal administration by \$42.2 million (half is lost federal matching funds), and suspension of cost of operating increases for counties this fiscal year.

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**The Senior Services Coalition of Alameda County and our members are committed** to establishing an easily accessible, coordinated system of social, medical and supportive care for seniors in Alameda County. Aging in place, being part of a community, feeling safe, maintaining health and mobility – these are expectations that all of us have as we age. These same expectations serve our society as we head into a future in which every fifth person will be over 65.