The Governor's May Revise Budget:
Potential Impact of Proposed FY 2013-14 Budget on Alameda County Seniors and Services

On May 14, 2013, Governor Brown released his May Revise, updating his proposed budget for California's 2013-14 fiscal year. Even though state legislators continue to push to reinstate Medi-Cal dental benefits and increase provider rates in light of an improving economy and state finances stabilized by Proposition 30, the Governor's Revise predicts a weaker economic picture for next year and maintains a spending plan characterized by restraint. The Revise budget increases funding levels for education, adds greater detail to the expansion of Medi-Cal as part of California's implementation of federal health care reform, and proposes a $1.1 billion reserve while paying down some of the state's $35 billion debt. (For details, see California Budget Project's summary at www.cbp.org)

While the wholesale scaling back of public programs and services is behind us, terribly deep cuts made to the safety net and to senior services over the last several years remain in place. On top of this, federal Sequester cuts are about to hit senior housing, community development block grants, Older Americans Act programs and other essential senior services, putting the viability of supportive services for seniors in Alameda County at risk.

The following summarizes the proposals in the Governor's May Revise and overall FY 2013-14 budget plan that would directly impact seniors and senior services in Alameda County.

COORDINATED CARE INITIATIVE

California's Coordinated Care Initiative (CCI), is a multi-year plan to coordinate health care and long term services and supports for "Duals" (Medicare/Medi-Cal beneficiaries) and Medi-Cal Only seniors and people with disabilities. The CCI has three major components. The first incorporates Medi-Cal-covered Long Term Services and Supports (IHSS, ADHC, MSSP and skilled nursing facility) into Managed Care. The second requires fee-for-service Medi-Cal beneficiaries to enroll in Managed Care (including Duals, nursing facility residents and others left out of last year's mandatory enrollment into Medi-Cal Managed Care). The third component, the Duals Demonstration now known as CalMediConnect, integrates Medicare and Medi-Cal coverage into Managed Care Plans that coordinate both medical and long term services and supports.

The Coordinated Care Initiative was set to launch in eight counties – including Alameda County – as early as June 1, 2013.[i] **The Governor's May Revise moves the launch date to January 1, 2014.** This means that the first notices that any beneficiaries would receive about the transition would arrive no earlier than October 2013.

The May Revise also aligns California budget policy with the Duals Demonstration Memorandum of Understanding between the state and Centers for Medicare & Medicaid Services (CMS) signed in March. These changes include the agreement that Duals may change or opt out of

CalMediConnect plans at any time (no "lock in" period); the addition of vision, dental and transportation to the list of required benefits; and a 12 month phase-in (by birthday month) for enrollment in Alameda County. The 12-month phase-in carries many exceptions, however, including that Duals in Medicare Advantage plans will all be enrolled on January 1, 2014.

In Alameda County, over 60,000 seniors and people with disabilities will be affected in some way by the Coordinated Care Initiative, and over 31,000 will be eligible for CalMediConnect.

IN-HOME SUPPORTIVE SERVICES

The May Revise budget adopts the terms of a recent settlement of two lawsuits – one filed in 2011 that blocked the state from implementing a 20% across-the-board reduction in IHSS hours, the other filed in 2009 that blocked the termination or reduction of IHSS for many recipients based on their functional index score. Instead, the state will:

- Replace the permanent 20% cut in IHSS hours with a temporary 8% cut starting in July 2013. (This is an additional 4.4% cut on top of the 3.6% current cut that was scheduled to expire in June.)
- Reduce the total cut to 7% in July 2014.
- Restore the hours lost from the 7% cut as early as the spring of 2015 if the State obtains federal approval of a provider fee which could bring significant new federal revenue to California.
- Commit any savings from retroactive federal approval of the new provider fee to fund a program to benefit IHSS recipients, such as the SSI Special Circumstances program, which was used to pay for refrigerators and stoves, rent to avoid eviction and other emergency needs but has not been funded in the budget for many years.
- Clarify that IHSS consumers have a right to request a reassessment based on a change in circumstances, even if this change is not medical. Recipients will not be required to provide medical certification of a change in their medical condition to obtain a reassessment. This will help ensure that consumers who need additional hours will be able to obtain them.[ii]

In addition, the May Revise:

- Continues the health care certification requirement enacted in the FY 2011-12 budget.
- Increases state funding for IHSS by $80 million in the current fiscal year and by $120 million in FY 2013-14 to cover increased costs per case and a higher than expected caseload (the result of more people securing health care certifications than expected).
- Includes $259,000 in General Fund costs (matched dollar-for-dollar with federal funds) to cover four new positions in the Department of Social Services to staff the Statewide Authority for IHSS that will be responsible for collective bargaining and other elements previously handled by Public Authorities in each county. The Governor expects to convene the Statewide Authority prior to the transition of IHSS into Managed Care.

In Alameda County, almost 18,000 seniors and adults and children with disabilities rely on IHSS. The majority of them rely on a caregiver to provide domestic and related services: Over 14,000 cannot perform housework without help; over 11,000 cannot prepare meals without help; over 15,000 cannot shop for food without help.

MEDI-CAL

The Governor's May Revise does not restore Medi-Cal dental or other optional benefits, and does not restore the 10% provider rate cut that has been blocked by litigation. Legislators continue to push for both of these restorations, and the court ruling on the 10% cut is imminent.

The May Revise continues the Governor's proposal to implement an Open Enrollment period for Medi-Cal, requiring that Medi-Cal beneficiaries select their managed care health plans annually, rather than being able to change plans as needed throughout the year. In other words, Medi-Cal beneficiaries would be locked in to a plan – a potential problem for people with complex or changing medical needs. The Governor projects that this change would save $1 million in the 2013-14 fiscal year. If this change passes, it would affect people who are in Medi-Cal Managed Care as a result of the Coordinated Care Initiative.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM

While the Governor's budget does not rescind the cuts made to the state's share of SSI/SSP, it does allow the federal cost of living increases to grant levels. Maximum SSI/SSP grant levels in 2013 would increase by 1.7 %, or $20 a month for individuals and $30 a month for couples, and CAPI benefits (Cash Assistance Program for Immigrants) would increase correspondingly.[iii] This means that 2013 maximum grant levels for SSI/SSP would rise to $874 a month for individuals and $1,474 a month for couples.

In Alameda County, over 50,000 seniors and people with disabilities rely on SSI/SSP.

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[i] The other seven counties are Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo and Santa Clara

[ii] SB 67, which passed the Assembly on May 21 and is heading to the Governor for signature, incorporates these changes in statute, while the state budget Revise reflects the fiscal changes.

[iii] CAPI grant levels are equivalent to SSI/SSP benefits, less $10 a month for individuals and $20 a month for couples.