

## California's FY 2019/20 Budget: Impacts on Alameda County Seniors and Services

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**On June 27 Governor Newsom signed the Budget for California's 2019/20 fiscal year.** This first budget for the new Governor is a historic one for those of us who have fought for over a decade to increase the state's investment in aging services. The budget takes significant steps forward in addressing the deepening poverty of older Californians, their growing numbers, and the urgent need to build capacity and shore up a faltering aging services ecosystem.

An unprecedented number of funding requests for aging programs and services made it into the state budget this year. Policy makers not only heard but acted on advocates' calls to end the Medi-Cal "senior penalty" and reinstate optional benefits, and to invest in Adult Day Health Care/CBAS, Multipurpose Senior Services Program, Long Term Care Ombudsman, Senior Nutrition, Caregiver Resource Centers, Fall Prevention, Aging and Disability Resource Centers, Adult Protective Services, and Alzheimer's Disease research and prevention.

In addition, the budget includes a range of significant expansions – most notably in education, health, and housing – that will support low- and middle-income Californians who are struggling to make ends meet. Many of the changes will benefit older adults, including expanding the state's Earned Income Tax Credit, expanding Medi-Cal, helping middle-income Californians better afford premiums in Covered California, and significant investments to address housing needs and homelessness.

While this feels like an embarrassment of riches in comparison to the status quo, the new funding falls well short of recovering ground after the Great Recession cuts and a decade of neglect. We can't ignore that much of the funding is one-time or automatically suspended at the end of 2021. Still, this budget feels like an inflection point. It may mark the beginning of a period of planning and investment in aging services infrastructure that will give Californians the support they need to live safe and healthy lives in their communities.

**The following pages summarize the items in the new state budget that will have direct impacts for seniors and senior services in Alameda County.** (For a deeper analysis of the entire budget, check out [www.CalBudgetCenter.org](http://www.CalBudgetCenter.org).)

### **A** DULT DAY SERVICES

**The 2019/20 budget invests \$13.7 million in General Funds to restore Medi-Cal rates for Adult Day Health Care that were**

**cut in 2010.** The budget uses Prop 56 funding to increase Medi-Cal's CBAS (ADHC) rate by 9%, one percent less than the 2010 10% cut. The new rate will apply to services on or after July 1, 2019,

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*In Alameda County, Adult Day programs provide care for over 1,000 frail older adults and people with disabilities each year.*

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but with an implementation schedule that will require providers to wait for the state to issue retroactive payments. For fee-for-service clients who are not in a managed care plan, the retroactive payments will not be issued until May of 2020. The rate restoration will “suspend” on December 31, 2021 if California’s Department of Finance projects that General Fund expenses will exceed revenues.<sup>i</sup>

While the restoration is a huge win, rates remain lower than the cost of providing services, and the decade of inadequate rates has reduced access to this powerfully effective model of long term care by forcing Adult Day Health Care providers across the state to close their doors or turn away from serving Medi-Cal beneficiaries.

The 19/20 budget lacks any increase in funding for Adult Day Care, and does not restore the funding for the Alzheimer’s Day Care Resource Centers that was eliminated in 2009.<sup>ii</sup>

## **A** DULT PROTECTIVE SERVICES

**The new budget includes \$5.8 million in one-time General Fund dollars over three years to support statewide training** for county Adult Protective Services staff and public guardians.

## **A** GING AND DISABILITY RESOURCE CONNECTION GRANTS

**The 19/20 budget includes \$5 million in ongoing General Fund dollars to provide grants to local Area Agencies on Aging and Independent Living Centers to plan and apply to become ADRCs.** The wording in the Governor’s budget leaves unclear whether the funding can also be used for implementation. The new funding will be suspended on December 31, 2021, and will be lifted if the Administration determines that there is sufficient General Fund Revenue to support all suspended programs in the subsequent two fiscal years (FYs 21/22 and 22/23).

Alameda County was awarded ADRC status several years ago, but without funding has made few steps to implement the model’s “no wrong door” access to services and assistance.

## **A** LZHEIMER’S DISEASE RESEARCH AND PREVENTION

**The new budget allocates \$3 million annually for Alzheimer's Disease research** and the new Alzheimer’s Prevention & Preparedness Task Force. In addition, the 19/20 budget makes a one-time investment of \$5 million for grants to county public health departments to provide early diagnosis and services.

## **C** ALIFORNIA COMMUNITY TRANSITIONS

**For a second year the state budget fails to fund Community Care Transitions.** CCT has transitioned over 3,600 Californians with disabilities, including older adults, out of nursing homes to live in the community. The program is funded at the federal level by Money Follows the Person, and congress extended that funding through September 30, 2019. A bill is now in the U.S. Senate (HR 2353) to extend the funding for 4.5 years. Concerted advocacy is needed at both the federal and state level to continue and expand the program.

## CAREGIVER RESOURCE CENTERS

The new budget invests \$30 million in one-time General Funds over three years to expand and improve family caregiver support services across the 11 Caregiver Resource Centers in California. CRCs serve families and caregivers of adults affected by chronic and debilitating health conditions, providing training, counseling and care planning, legal/financial consulting and respite, at low or no cost.

## EARNED INCOME TAX CREDIT

The 19/20 budget extends the CalEITC to cover a total of 3 million tax filers – up from the 2 million tax filers who are expected to benefit from the credit this year – including workers earning up to \$15/hour.

Last year, policy makers extended the CalEITC to low-earning older and younger adults who were ineligible for the credit starting with tax year 2018. They also made modest increases to the income limits to qualify for the credit, and provided funding to support community-based efforts to promote the benefit. Along with the new

expansion, these changes will help increase economic security for older adults and those who are working beyond what was once the traditional retirement age.

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*In Alameda County, 17.7 percent of people who are age 65 and older are employed, many in part-time and low-wage jobs that help them to make ends meet. 26% of low-wage workers are age 55-64 (UC Berkeley).*

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## FINANCING LTSS FOR THE LONG TERM

The new budget includes \$1 million in one-time funding for a feasibility study and actuarial analysis of long-term services and supports financing and service options, to be performed in consultation with stakeholders. The results will be provided to the Department of Finance and the Legislature no later than July 2020.

## HOUSING & HOMELESSNESS

The FY 2019/20 budget makes \$2.7 billion in General Fund investments to address California's housing crisis. To create more housing, the allocation includes \$500 million to expand the state's highly impactful low-income housing tax credit program, and \$500 million for the CalHFA mixed income loan program, which funds housing developments that are affordable to a range of incomes including extremely low-income households. Also included is \$500 million in the Department of Housing and Community Development's Infill Infrastructure Grant program, which funds housing-related infrastructure investments.

To address homelessness, the allocation includes \$650 million in one-time funds to counties and Continuums of Care, which can be used for services including rental assistance, rental subsidies, rapid rehousing, and navigation centers and shelters.

Also included is \$25 million in ongoing funding for the Housing and Disability Advocacy Program, which provides outreach and advocacy for people with disabilities who are homeless to connect them with housing and with benefits like SSI. Budget trailer bill language expands the use of the funds to continue housing assistance after individuals are found eligible for SSI – key to maintaining stable housing.

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*In Alameda County, over 10% of homeless people are age 65+, and the median age of the homeless population is rising as more seniors become homeless for the first time. Housing cost burden is high for seniors: over 30% of senior homeowners pay over 30% of their income for housing, and 66% of senior renters pay over 30% of their income (US Census).*

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## **N-HOME SUPPORTIVE SERVICES**

**The new budget continues to restore the 7% reduction in IHSS hours through December 31, 2021, using \$357.6 million in General Funds to do so.** <sup>iii</sup>

The budget also allocates \$296.8 million to adjust the inflation factor for the Revised County IHSS Maintenance-of-Effort – which sets the base for counties’ share of program costs – to reduce the amount that counties will be required to pay for IHSS in 2019/20.

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*In Alameda County, over 24,000 seniors, children and people with disabilities rely on over 21,000 IHSS workers to help them live safely in the community.*

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## **M EDI-CAL AND COVERED CALIFORNIA**

**The new budget allocates \$63 million in ongoing funding (\$31.5 million in General Fund) to eliminate Medi-Cal’s “senior penalty,”** an inequity that causes low-income seniors on Medi-Cal to become ineligible when they turn 65, in spite of there being no change in their income.<sup>iv</sup> The change will mean that an estimated 27,000 seniors and people with disabilities will be eligible for full-scope Medi-Cal starting no sooner than January 1, 2020.

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*In Alameda County, over 52,000 people age 65+ rely on Medi-Cal coverage. Over 9,500 of them are not covered by Medicare.*

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The budget also includes \$56.3 million (\$17.4 million of it General Fund) to restore the remaining Medi-Cal “optional benefits” that were cut during the Great Recession – audiology, podiatry, incontinence creams and washes, optician and optical lab services, podiatry services and speech therapy.<sup>v</sup> The restoration will be effective no sooner than January 1, 2020. The increased funding will be suspended on December 31, 2021, reinstated if the Administration determines there is sufficient General Fund Revenue to support all suspended programs in the subsequent two fiscal years (FYs 21/22 and 22/23).

**In addition, the new budget makes significant investments to increase access to health care for Californians.** It includes \$1.5 billion dollars over three years in state subsidies to help low- and moderate-income Californians better afford coverage through Covered California, and establishes a pathway to transition Medi-Cal's drug benefit to a model where the state is directly bargaining for the lowest drug prices.

## MULTI-PURPOSE SENIOR SERVICES PROGRAM

The new budget includes a one-time General Fund investment of \$14.8 million over three years to increase the rate for MSSP. The new GF funding will be matched by an additional \$14.8 million in federal dollars. The rate increase is long overdue and urgently needed to keep MSSP programs viable. MSSP's case management model (nurse/social worker/purchase of services) is highly effective in helping older adults who are eligible for Medi-Cal covered nursing home care remain safely at home at a fraction of the cost of a SNF.

Expanded capacity – or program “slots” to serve more people – is also sorely needed. This year the MSSP Site Association had sought \$24.866 million over 3 years to build capacity and increase the number of people served at 38 sites throughout California (adding 2,497 slots by year 3). The full request made it through the Assembly, but was reduced in Conference Committee negotiations.

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*In Alameda County we face a critical shortage of MSSP slots – only 380 between the two MSSP providers in Oakland and Fremont. Eligible seniors may die or enter nursing homes while waiting for a slot to open.*

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## OLDER CALIFORNIANS ACT PROGRAMS

The new budget finally breaks policy makers' 12 year pattern of chronic neglect of Older Californians Act programs with expanded investments in the Department of Aging totaling \$41.5 million in FY 19/20. The increased funding includes:

**Senior Nutrition** - an annual increase of \$17.5 million General Fund starting in July 2019. This brings the state's share of funding for the \$114.7 million program to \$25.8 million. The new funding will continue until December 31, 2021, when it will be suspended. The funding will be reinstated if the Administration determines that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

**Long-Term Care Ombudsman Program** - an increase of \$4.2 million General Fund in FY 19/20 and \$5.2 million annually thereafter to ensure that local programs can provide quarterly visits to skilled nursing and residential care facilities.

**Fall Prevention** - an allocation of \$5 million one-time General Fund to provide grants to local Area Agencies on Aging for injury prevention education and home modifications for seniors who are at risk of falling or institutionalization.

The new funding falls well short of recovering ground after the devastating cuts and eliminations in 2008 and 2009 that hit Alzheimer's Day Care Resource Centers, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, Long Term Care Ombudsman, Brown Bag, Respite Services, Linkages,

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*Alameda County currently receives over \$7 million a year in federal Older Americans Act funding and less than \$1 million in state funding to provide services to over 79,000 older adults.*

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Foster Grandparents, Senior Companions, HICAP and Senior Employment.<sup>vi</sup> **Those Great Recession cuts, over time, have added up to a \$5.4 million loss to Alameda County.**

## **S**UPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The FY 19/20 budget makes permanent the “hold harmless” programs created as part of the 18/19 budget’s repeal of the SSI “cash out” policy, thus solidifying the new expansion of CalFresh to SSI recipients.<sup>vii</sup>

**The new budget does not increase the state’s grant levels for SSI/SSP**, the joint federal/state program that provides monthly cash assistance for 1.3 million extremely low-income Californians who are aged, blind or disabled. The budget confirms last year’s budget agreement that the Cost of Living Adjustment (COLA) to the state’s portion of the grant levels will be reinstated in July of 2022.<sup>viii</sup>

*In Alameda County over 49,000 seniors and adults with disabilities rely on SSI/SSP. The 2019 maximum grant level for individuals is \$931.72 a month, putting individual recipients’ incomes more than 10% below the federal poverty level and far below the Elder Economic Security Standard. As a result, SSI recipients struggle to meet their most basic needs.*

Two years is a long time to wait for the state COLA, and living below the federal poverty level is impossible in California and threatens the safety of recipients. While CalFresh eligibility is a meaningful step, we still have a long way to go to address the reality of basic living costs in California for SSI recipients and other seniors with very low-incomes.<sup>ix</sup>

**The Senior Services Coalition of Alameda County** is a coalition of nonprofit and public organizations that provide health care and supportive services to over 79,000 seniors. We are committed to establishing an easily accessible, coordinated system of social, medical and supportive care for seniors in Alameda County.

<sup>i</sup> If DOF projects that revenues will exceed expenses, the Department of Health Care Services Director would extend the rate increase by one year at a time.

<sup>ii</sup> Elimination of ADCRC funding in 2009 combined with cuts in prior years has resulted in an ongoing loss of \$120,000 annually for services in Alameda County.

<sup>iii</sup> The reduction was originally enacted during the Great Recession; the hours were temporarily restored for the last three years through the Managed Care Organization (MCO) tax. That tax was set to expire on June 30, 2019. The 19/20 Budget authorizes the Administration to ask the federal government to extend the MCO tax. The MCO tax generates a net state General Fund benefit of well over \$1 billion per year, and this benefit would continue if the tax is extended beyond July 1. However, Governor Newsom and state legislators agreed that the 2019-20 state budget should *not* reflect this General Fund benefit until California receives federal approval for the MCO tax extension.

<sup>iv</sup> The senior penalty is the difference in Medi-Cal income eligibility levels for younger adults vs. people age 65 and older. In 2018, removing the “senior penalty” was supported by both the Senate and Assembly and advanced to the Conference Committee, where it was ignored.

<sup>v</sup> Dental, enteral nutrition, acupuncture and psychology benefits were restored over the last three budget cycles. Medi-Cal's optometric and optical services for adults are scheduled to be restored starting January 1, 2020 (part of the FY 17-18 budget legislation).

<sup>vi</sup> Programs administered by the CDA were hit by a series of devastating state cuts and eliminations in 2008-09. The Foster Grandparent, Alzheimer's Day Care Resource Centers, Senior Companions, Linkages and Brown Bag programs were eliminated; Day Care, Senior Nutrition (congregate meals and meals on wheels), Caregiver Resource Centers, HICAP, Senior Employment, Long Term Care Ombudsman and Respite Services were cut deeply. The annual loss to Alameda County of the State's Great Recession program eliminations is \$549,000 – calculated based on local impact of elimination of Older Californians Act funding for Respite (\$10,000), Brown Bag (\$40,000), Alzheimer's Day Care Resource Center (\$120,000), Linkages (\$228,000), Senior Companion Program (\$21,000) and Ombudsman (\$130,000).

<sup>vii</sup> Cash out was the decades-old state law that makes SSI/SSP recipients ineligible for federal SNAP (CalFresh) benefits in exchange for a \$10 increase in the SSP grant amount. Last year's state budget ended cash out as of June 2019, and SSI recipients are now able to apply for CalFresh. The repeal established two new programs to "hold harmless" the SSI/SSP recipients who may be adversely affected by the end of cash-out,<sup>vii</sup> but provided only one-time funding for the programs.

<sup>viii</sup> Federal COLA's continue to kick in every year, based on the current Consumer Price Index growth factors. Since a series of draconian cuts a decade ago, state policymakers have provided only one COLA for the state's SSP portion of the grant — a 2.76% boost that took effect in January 2017, resulting in monthly state SSP grant levels of \$160.72 for individuals and \$407.14 for couples, which remain in effect today.

<sup>ix</sup> 2019 Federal Poverty Guidelines are \$1,040.83/month for an individual, \$1,760.83/ month for a couple. The 2015 Elder Economic Security Standard Index for Alameda County seniors was \$2,273/month for a single renter, \$2,991/month for a couple who rent rather than own their home.