

Governor Newsom's Proposed FY 2020/21 Budget: Impacts on Alameda County Seniors and Services

On January 10 Governor Newsom released his budget proposal for California's 2020/21 fiscal year. The \$222 billion spending plan reflects the innovative thinking and commitment to address economic inequality that are becoming this governor's hallmarks, along with a bit of fiscal prudence from his predecessor. The Governor projects revenues that are higher than previously expected – \$5.8 billion higher over the 3-year budget window of 2018-2021, for a surplus of \$21.5 billion in 20/21. At the same time, he anticipates an economic slowdown and makes investments to pay down debt and increase reserves.

A centerpiece of the Governor's budget plan is a \$1.4 billion investment to prevent and address homelessness, treating the crisis as the public emergency that it is. The funding aligns with the Governor's Executive Order N-23-20 which mobilizes local governments to identify public land to use for shelters, engages multiple state agencies, and establishes mechanisms for implementation and funding. The budget plan would allocate \$750 million to provide short and long-term rent subsidies, spur the building of affordable housing and stabilize board and care homes. Another \$695 million would be invested in the state's Medi-Cal programs to expand services that address social determinants of health such as housing and social services.

The Governor's plan would extend Medi-Cal coverage to undocumented immigrants who are age 65 and older, a significant and much needed investment. The plan also makes positive adjustments to some of the new investments made in 2019, pushing to July 2023 the dates for automatic suspensions in new funding for ADRCs, Senior Nutrition, and the rate increase for Medi-Cal's CBAS/Adult Day Health Care services.

With the 2019/20 budget and the current work to develop a Master Plan for Aging, Governor Newsom initiated a period of planning and investment in aging services infrastructure that seeks to give older Californians the support they need to live safe and healthy lives in their communities.¹ But the Governor's budget proposal has a long way to go to live up to the task. To do so, it must make new investments to increase local capacity of CDA Supportive Services programs and MSSP, and increase the state's SSI/SSP and CAPI cash assistance levels.

The following pages summarize the items in the Governor's proposed budget that could have direct impacts for seniors and senior services in Alameda County. (For a deeper analysis of the entire proposal, check out www.CalBudgetCenter.org.)

¹ 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.

ADULT DAY SERVICES

The Governor's proposed budget continues the rate increase for Medi-Cal's Adult Day Health Care/CBAS, and delays the suspension of the new rate by another 18 months. We cheered with relief at the 2019/20 Budget's investment of \$13.7 million in Prop 56 funding to restore Medi-Cal rates for Adult Day Health Care – an increase of 9%, one percent less than the 2010 10% cut. The new rate will apply to services on or after July 1, 2019, but the implementation schedule required providers to wait for the state to issue retroactive payments. For fee-for-service clients not in a managed care plan, the retroactive payments will not be issued until May of 2020. The 2019/20 Budget also "suspends" the rate increase on December 31, 2021 if California's Department of Finance projects that General Fund expenses will exceed revenues.² Now, in his 2020/21 budget plan, the Governor proposes to move the suspension date to July 2023.

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.

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

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 2009.³

AGING AND DISABILITY RESOURCE CONNECTION GRANTS

The Governor's proposal continues the \$5 million in new annual GF funding for ADRCs for 18 months longer than specified in the 2019/20 budget. The funds are providing grants to local Area Agencies on Aging and Independent Living Centers to plan and apply to become ADRCs, including Alameda County's. The current budget "suspends" the new funding in December 2021, an automatic cut that would be blocked if the Administration determines that there is sufficient General Fund Revenue to support all suspended programs in the subsequent two fiscal years. The Governor proposes to move the suspension date to July 2023.

Alameda County was awarded ADRC status several years ago, but without funding few steps were taken to implement the model's "no wrong door" access to services and assistance. The county was just awarded "emerging ADRC" status, with funding to be announced soon.

² 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.

³ 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.

CALFRESH FOOD

The Governor's plan would send \$20 million in funding to food banks and other emergency food assistance programs to increase their food purchases. This is a one-time funding response to recent federal changes to Supplemental Nutrition Assistance Program rules and anticipated "public charge" rules that will cause people to lose CalFresh benefits.

CENTER FOR DATA INSIGHTS & INNOVATION

The Governor proposes to establish the Center for Data Insights and Innovation, a consolidation of three offices within Health and Human Services.⁴ The new Center will have a mandate to improve the use and quality of integrated data for program planning, policy development and research and evaluation, as well as maximizing federal reimbursements, informing decision making, increasing collaboration with university-based researchers.

HOUSING & HOMELESSNESS

The Governor proposes a \$1.4 billion investment to prevent and address homelessness. The Governor's plan would place \$750 million in the California Access to Housing and Services Fund to provide short and long-term rent subsidies, spur the building of affordable housing and stabilize board and care homes. An additional \$695 million (half of it federal, half state General Fund) would be invested in Medi-Cal (see section below).

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).

The proposed investments would follow on the heels of the FY 2019/20 budget that dedicated \$2.7 billion in General Fund to address California's housing crisis.⁵

I-N-HOME SUPPORTIVE SERVICES

The Governor's budget plan includes a 16% increase in year over year funding for the increased number of people eligible for IHSS in 2020/2021,⁶ and invests \$523.8 million in new GF spending

⁴ The Center will integrate the Office of Innovation, the Office of the Patient Advocate, and the Office of the Health Information Integrity.

⁵ The 2019/20 budget includes expanded tax credit and loan programs that fund affordable housing, and makes additional allocations to counties and Continuums of Care to provide services like rental assistance, rental subsidies, rapid rehousing, and navigation centers and shelters.

⁶ It is estimated that monthly caseloads will be 586,000, or 4.5% higher than in 19/20.

to account for the increase in the state minimum wage to \$14 an hour beginning January 2021. The Governor also anticipates the increase in caseloads due to the expansion of Medi-Cal to undocumented Californians age 65+, increasing GF funding by \$5.9 million in 20/21 and by \$119.5 million in 20/22. The 2019/20 Budget provided funding to continue restoring the 7% recession-era reduction in IHSS hours through 2021, and the Governor's plan makes no change to this.

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.

MEDI-CAL

The Governor's budget plan would make progress towards universal coverage by expanding eligibility for full-scope Medi-Cal benefits to all persons aged 65 years and older, regardless of immigration status. The expansion would take place no sooner than January 1, 2021, and the Governor estimates it will provide preventative care to an estimated 27,000 people in the first year.

We already know that the Governor is going big with his investment in Medi-Cal Healthier California for All (formerly CalAIM). It's a systems transformation that combines both federal 1115 and 1119B waivers, building on Whole Person Care Pilot and Health Homes, and promising to provide a wider array of services and supports for patients with high and complex needs. With the new waiver slated to begin January 2021, the Governor proposes an investment of \$348 million General Fund (\$695 when matched by the feds), growing to \$695 million General Fund in 2021-22 and 2022-23, to provide for enhanced care management and in lieu of services, necessary infrastructure to expand whole person care approaches statewide, and build upon existing dental initiatives.

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

The Governor's budget plan also proposes to increase the Medi-Cal nursing facility reimbursement, including quality assurance fees. This includes a 3.62% increase effective August 2020 and a 1.5% increase effective January 2021, and speaks of future rate increases being tied to quality measures.

Mental Health Services Act

The Governor's plan calls out the MHSA created 15 years ago by Prop 63, stating that because communities' behavioral health needs have evolved, the Act needs to be updated. Identifying three populations that require better focus – people with mental illness who are also homeless,

people involved in the criminal justice system, and early intervention for youth – the Governor promises a proposal for reform in the Spring.

MULTI-PURPOSE SENIOR SERVICES PROGRAM

Last year's FY 2019/20 budget included a one-time General Fund investment of \$14.8 million over three years to increase the rate for MSSP, an investment long overdue and urgently needed to keep MSSP programs viable. However, there was no funding to expand capacity – or program "slots" – in spite of a critical shortage. The Governor's FY 2020/21 proposal does not address this need. While the new CalAIM waiver and its enhanced care management bundle may offer potential for collaboration with MSSP at least on the local level, MSSP is carved out of CalAIM and the Governor leaves it to the legislature to champion a further investment in MSSP capacity.

MSSP's case management model (including a nurse, social worker and 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.

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.

OLDER CALIFORNIANS ACT PROGRAMS

The FY 2019/20 budget finally broke 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 – for LTC Ombudsman, Family Caregiver Resource Centers, Fall Prevention, Aging and Disability Resource Connections, Senior Nutrition. However, the new funding hasn't come close to recovering ground after the devastating cuts in 2008 and 2009,⁷ nor does it bring capacity up to the level needed to address today's needs.

In his 2020/21 budget proposal, the Governor offers no increases in funding for these programs. He does, however, make positive adjustments to 2019 funding increases for three programs, pushing to July 2023 the dates for automatic suspensions in new funding for ADRCs, Senior

⁷ 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).

Nutrition programs. Originally these new funding streams were scheduled to be automatically suspended in December 2021.⁸

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The Governor's proposed budget contains no new funding to increase state 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. This is a surprising blind spot for this governor, especially given SSP's history. During the Great Recession the state balanced its budget on the backs of its poorest, most vulnerable citizens by cutting SSP grant levels to the minimum allowed by law. Those cuts have never been restored, except a small increase in 2017. The monthly state SSP grant levels remain at \$160.72 for individuals and \$407.14 for couples

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.

While the 2018/19 budget agreement promised to reinstate the Cost of Living Adjustment (COLA) to the state's portion of the grant levels in July of 2022, two years is a long time to wait.⁹ Living below the federal poverty level is an impossible task in California and threatens the safety of recipients. We call on the Governor for leadership in addressing the reality of basic living costs in California for SSI and CAPI recipients.¹⁰

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.

⁸ The 2019/20 budget specifies that the suspended funding will be reinstated only if the Administration determines that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years. The same requirement would apply to the propose new July 2023 suspension schedule.

⁹ 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.

¹⁰ 2019 Federal Poverty Guidelines are \$1,040.83/month for an individual, \$1,760.83/ month for a couple. That means that individual SSI recipients are forced to live at 89.5% of the Federal Poverty Level; if they are lucky enough to gain additional income, their SSI/SSP grants are reduced.