
California's FY 2012-13 Budget: Policy Decisions that will affect Alameda County Seniors and Services

On June 27, Governor Brown signed the new Budget for California's 2012-13 fiscal year. The Budget addresses a \$15.7 billion deficit (up sharply from the \$9.2 billion predicted in January, but now in alignment with Legislative Analyst's projections). The Budget calls for \$16.6 billion in cuts and revenue (leaving a \$948 million reserve fund). The plan includes:

- \$6 billion in additional revenues from a November ballot measure asking voters to increase the sales tax by ½ percent and impose higher income tax rates on high-income Californians.
- \$6.1 billion in "triggered" cuts to take effect on January 1, 2013 if voters don't approve the November measure.
- \$8.1 billion in cuts to CalWORKs, child care, Cal Grants, Medi-Cal, In-Home Supportive Services and other programs.
- \$2.5 billion in loan repayment extensions, transfers and other one-time solutions (For details, see California Budget Project's summary at www.cbp.org)

The Budget follows years of reductions that have scaled back critical public programs and institutions. This policy-making has thrown the system of long term supports and services into chaos and put thousands of seniors and people with disabilities in peril... and it is not over.

The following describes the decisions enacted by the FY 2012-13 State Budget that would directly impact seniors and senior services in Alameda County.

A DULT PROTECTIVE SERVICES AND REALIGNMENT

Adult Protective Services (APS) was one of the programs included in last year's realignment of authority and funding from the state to the counties. While last year's Budget laid the ground work and started the realignment of law enforcement programs, the details of the social services were left for the current legislative session to work out. The latest multi-year Realignment plan shows total realignment funding growing over time, but state funding for APS remaining at current year funding of \$55 million. APS caseloads have been growing, at least in Alameda County, and flat funding over time amounts to annual cuts. While the Realignment plan gives counties great flexibility to transfer funds between accounts, APS's status as a non-entitlement program puts it at a disadvantage among realigned entitlement programs, and the flat funding will put increasing pressure on Alameda County in future years.

CAREGIVER RESOURCE CENTERS

The new Budget maintains current funding levels for the eleven Caregiver Resource Centers in California, rejecting the Governor's proposal to eliminate state funding.

California's match allows CRCs to draw down federal dollars to help support California's 5 million family caregivers – who provide \$47 billion in “free” care. Family Caregiver Alliance is the Bay Area's Caregiver Resource Center.

COORDINATED CARE INITIATIVE

The Governor's Coordinated Care Initiative (CCI), included in the State's FY 2012-13 Budget, is a multi-year plan to coordinate health care and long term services and supports for dual eligibles (Medicare/Medi-Cal beneficiaries) and Medi-Cal Only seniors and people with disabilities. The CCI envisions all Medi-Cal long term services and supports coordinated within the framework of Managed Care. The CCI, as enacted in two budget trailer bills, includes payment deferrals in FY 2012-13 that will reduce state spending by \$611 million, and projects savings of \$880 million a year when the CCI is fully enacted.

The Duals Demonstration is the first phase of the CCI, and is now set to launch in eight counties – including Alameda County – as early as March 1, 2013.ⁱ The Demonstration will combine the two funding streams (Medi-Cal and Medicare) in Managed Care Plans that integrate medical and long term services and supports. It will require that dually eligible seniors and adults with disabilities enroll in a Medi-Cal Managed Care Plan.ⁱⁱ This enrollment will be mandatory, but individuals will have the option to “opt out” of the Demonstration and maintain their Medicare coverage on a fee-for-service basis. The Plans will be responsible not only for covering medical services, but for authorizing IHSS, MSSP, nursing facilities and CBAS/ADHC, and coordinating with other community-based services and supports.

The implementation of the Duals Demonstration plan is subject to approval by the Center for Medicare and Medicaid Services. Many of the important details of timing, enrollment and consumer protections are still being developed in conjunction with the state's stakeholder workgroup process.ⁱⁱⁱ

In Alameda County, the Demonstration will affect about 47,000 Duals.

The CCI legislation requires an IHSS maintenance of effort that would “hold county expenditures to the estimated level that would have occurred absent” the Demonstration. The legislation also includes the expectation that, at some point during the three year Demonstration, collective bargaining and employer-of-record responsibility will transfer from the county Public Authorities for IHSS to a state-wide Authority.

While Adult Day Health Care no longer has a line item in the FY 2012-13 Budget, Medi-Cal's CBAS coverage for ADHC will only be available under Medi-Cal Managed Care Plans starting October 1, 2012 (or, in County Organized Health System counties, on July 1 2012). This is the case not only in Demonstration counties, but in all counties that have Medi-Cal Managed Care.

N-HOME SUPPORTIVE SERVICES

The FY 2012-13 Budget makes \$56.9 million in state general fund cuts to IHSS (reductions that will be amplified by the lost federal match). Here are the details:

The Budget continues the 3.6% reduction in hours that was scheduled to sunset on July 1, 2012 (a state general fund reduction of \$52.2 million). Inexplicably, the new budget reduction does not dovetail seamlessly with the year just ended. Instead, the new cut starts August 1, making it likely that IHSS consumers will receive letters indicating the reinstatement of 3.6% hours, followed by letters describing a 3.6% cut. Consumers may direct how the cut is applied to their authorized hours, this year's resulting loss of assistance has forced compromises in care and the cut in hours has created hardship for workers.

The new Budget assumes that the court decision blocking last year's enacted 20% reduction in IHSS hours will be overturned.^{iv} Some consumers would be exempt from the 20% cut (those who receive the maximum number of hours per month, need Protective Supervision, or receive services under a HCBS Waiver).

The Governor used his line item veto to cut an additional \$4.7 million in state general fund support for county administration of the IHSS program (\$134.2 million in state funding remains for county administration).

The Legislature rejected the Governor's proposal to eliminate IHSS domestic services for recipients who live with other household members. The elimination would have affected over 11,000 Alameda County seniors, children and adults with disabilities. Domestic and related services include meal preparation and cleanup, housework, shopping, and laundry.

In Alameda County, almost 18,000 seniors and adults and children with disabilities rely on IHSS.

M EDI-CAL
The new Budget implements \$15 copayments for each non-emergency use of an emergency room, and \$3.10 copayments for prescription medications. The co-pays are scheduled to start January 1, 2013, subject to federal approval (saving the state \$20.2 million). Last year's budget attempted to institute copayments for a wide range of services, but the plan was subsequently rejected by the federal government.

Skilled Nursing Facility rates will stay frozen in FY 2012-13, and supplemental quality payments will be suspended (although the fees will continue to be collected). In addition, the new Budget defers payments to SNFs. Together the measures save the general fund an estimated \$87.8 million.

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

ⁱⁱ The Duals Demonstration will include those with Medi-Cal Share-Of-Cost. For more information on populations included or excluded from the Demonstration, go to <http://calduals.org/wp-content/uploads/2012/05/Population-chart-6.22.12.pdf>

ⁱⁱⁱ For more information on the Duals Demonstration workgroup process, go to <http://calduals.org/workgroup/>

^{iv} California's FY 2011-12 budget, which made \$420 million in cuts and changes to IHSS, also included an additional \$100 million "trigger" cuts to be implemented mid-year if state revenues did not meet expectations. The trigger cuts were announced, but on December 1, a U.S. District Court issued a Temporary Restraining Order stopping the state from proceeding with the planned 20% reduction in hours. On January 19, 2012, the Judge issued an injunction; the state is appealing that injunction.