

California's Proposed 2011-2012 Budget: Impact to Senior-Related Programs

California Governor Edmund G. Brown, Jr., released his proposed 2011-2012 Budget on January 10, 2011, which includes significant cuts to health and human services programs that serve the state's senior population.

Understanding the Problem

The Department of Finance projects a General Fund (GF) shortfall of approximately \$25.4 billion for the two-year period ending June 30, 2012. This figure represents a current year shortfall of \$8.2 billion and an anticipated shortfall of \$17.2 billion in 2011-2012.

The 2011-2012 Proposed Budget

The Governor's 2011-2012 budget proposes a total of \$26.4 billion in cuts, taxes, and other budget solutions to close the budget gap, including a \$1 billion reserve (i.e., "rainy day" fund). Specifically, the Governor proposes \$12.5 billion in spending cuts. In addition, the budget proposes to realign the state-local relationship, restructuring how and where a range of services are financed and delivered.

Proposed 2011-2012 Budget: Program Reductions Impacting Seniors

In-Home Supportive Services (IHSS)

IHSS provides in-home assistance to low-income adults who are over 65 years of age, blind, or disabled, and to children who are blind or disabled. County social workers assess individuals using a standardized assessment to determine need and then authorize service hours per month based on functional scores of one to five (1=lowest need; 5=highest need). IHSS served approximately 439,944 individuals in FY 2009-10.²

- **Reduction in Hours:** This proposal would implement an 8.4% reduction to assessed hours for all IHSS recipients for GF savings of \$127.5 million in 2011-12. This proposal, combined with the 3.6% reduction enacted in 2010-11 and made permanent with this proposal, would bring the total across-the-board reduction in assessed hours for IHSS recipients to 12%.
- **Eliminate Domestic and Related Services for Certain Recipients:** This proposal would eliminate domestic and related services (e.g., housework, shopping for food, meal preparation and cleanup, and laundry) for consumers living with their provider and for consumers living in any shared living arrangement, as well as recipients under eighteen years of age who live with a parent who is able and available to provide these services. This proposal would impact more than 300,000 IHSS recipients, for a GF savings of \$236.6 million in 2011-12.
- **Eliminate IHSS Hours for Recipients Without Physician Certification:** This proposal would condition the provision of IHSS services upon a physician's written certification that personal care services are necessary to prevent out-of-home care. The budget proposal suggests that eliminating IHSS services for recipients who do not obtain physician certification would impact approximately 43,000 recipients, providing GF savings of \$120.5 million in 2011-12.

- **Eliminate State Funding for IHSS Advisory Committees:** This proposal would eliminate the state funding for IHSS advisory committees, which are responsible for submitting program recommendations to county boards of supervisors. Counties would have the option to continue funding advisory committees. This proposal represents a GF savings of \$1.6 million in 2011-12.

Adult Day Health Care (ADHC)

ADHC is a community-based day care program that provides health, therapeutic, and social services to persons at-risk of nursing home placement. In FY 2008-09, ADHC served 47,345 individuals.³

- **Program Elimination:** The Governor proposes eliminating the ADHC program. This proposal represents a GF savings of \$1.5 million in 2010-11 and \$176.6 million in 2011-12.

Multipurpose Senior Services Program (MSSP)

MSSP provides case management services for seniors aged 65 and older who are Medi-Cal eligible and who qualify for placement in a nursing facility but who wish to remain in the community. In addition to case management services, MSSP funds can purchase adult day care, housing assistance, chore and personal care assistance, protective supervision, respite, transportation, meal services, social services, and communications services. In FY 2008-09, MSSP served approximately 13,600 individuals.³

- **Program Elimination:** The Governor proposes eliminating MSSP for a GF savings of \$19.9 million in 2011-12.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

SSI/SSP is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, disabled individuals or couples. In California, the SSI payment is augmented with a State Supplementary Payment (SSP) grant. These cash grants assist recipients with basic needs and living expenses.

- **Reduce SSI/SSP Grants for Individuals to the Federal Minimum:** This proposal would reduce monthly SSP grants for individuals to the federally required minimum payment standard. This proposal would reduce the maximum monthly SSI/SSP cash grant for individuals by \$15 per month (from \$845 to \$830), beginning June 1, 2011 for an estimated GF savings of \$14.7 million in 2010-11 and \$177.3 million in 2011-12.

Medi-Cal Reductions

The Governor's budget proposes a range of Medi-Cal reductions, including the following:

- **Utilization Controls:** This proposal sets a maximum annual benefit dollar cap on hearing aids (\$1,510); durable medical equipment (\$1,604); incontinence supplies (\$1,659); urological supplies (\$6,435); and wound care (\$391); limits prescriptions (except life saving drugs) to six per month; and limits the number of doctor visits to ten per year. The limits on medical supplies and equipment save an estimated \$9.8 million GF in 2011-12 and impact approximately 20,000 beneficiaries. The limit on prescription drugs saves an estimated \$11.1 million GF in 2011-12. The limit on physician visits saves an estimated \$196.5 million GF in 2011-12.
- **Share-of-Cost:** Currently, co-payments in Medi-Cal are voluntary. State law permits co-payments of \$1 for most doctor, clinic, and pharmacy services and \$5 for emergency room visits. This proposal includes a \$5 co-payment on physician, clinic, dental, and pharmacy services (\$3 on lower cost preferred drugs) for savings of \$294.4 million GF in 2011-12. The proposal also includes a \$50 co-payment on emergency room services (GF savings of \$111.5 million in 2011-12) and a \$100/day and \$200 maximum co-payment for hospital stays (GF savings of \$151.2 million in 2011-12).
- **Provider Rate Reduction:** The budget proposes to reduce provider payments by 10% for physicians, pharmacy, clinics, medical transportation, certain hospitals, home health, ADHCs and nursing facilities. This proposal would save an estimated \$9.5 million GF in 2010-11 and \$709.4 million GF in 2011-12.

Realignment

The Governor proposes to realign a range of government services to local jurisdictions, occurring in two phases. Phase I of realignment includes the following programs:

- Adult Protective Services
- Mental Health Services
- Substance Abuse Treatment
- Foster Care and Child Welfare Services
- Fire and Emergency Response
- Other – including court security; public safety programs; lower-level offenders; parole violators; adult parole; and juvenile justice

Under phase II of realignment, the state would become responsible for costs associated with California Children's Services and In-Home Supportive Services,* while the counties would assume responsibility for CalWORKs, CalFresh administration (formerly food stamps), and child support.

* Currently, counties share responsibility for funding the In-Home Supportive Services (IHSS) program, in which counties pay 17.5% share-of-cost, the state pays 32.5%, and the federal government pays 50%. Under phase II of realignment, the state's responsibility for share-of-cost would increase from 32.5% to 50%, and the counties would not assume any share-of-cost.

References

1. California Department of Finance. *2011-12 Governor's Budget Summary*. 2011 <http://www.ebudget.ca.gov/pdf/BudgetSummary/FullBudgetSummary.pdf>. Accessed January 10, 2011.
2. California Department of Social Services. 2010.
3. State of California, Department of Aging, Long-Term Care and Aging Services Division. *Statistical Fact Sheets and Program Narratives*. 2010 http://www.aging.ca.gov/stats/documents/State_Level_Statistical_Fact_Sheets.xls. Accessed January 11, 2011.

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