

SUBCOMMITTEE #3: Health & Human Services

Chair, Senator Mark DeSaulnier

**Senator Elaine K. Alquist
Senator Bill Emmerson**



February 3, 2011

**9:30 AM or
Upon Adjournment of Session**

**Room 4203
(John L. Burton Hearing Room)**

Staff: Agnes Lee (OSHPD, CDA, DOR)
Jennifer Troia (DSS)

| <u>Item</u> | <u>Department</u> |
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| 4140 | Office of Statewide Health Planning & Development (OSHPD) |
| 4170 | Department of Aging (CDA) |
| 5160 | Department of Rehabilitation (DOR) |
| 5180 | Department of Social Services (DSS) |

PLEASE NOTE:

Only the items contained in this agenda will be discussed at this hearing. Please see the Senate Daily File for dates and times of subsequent hearings.

Issues will be discussed in the order noted in the Agenda unless otherwise directed by the Chair.

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5160 Department of Rehabilitation (DOR)

DOR Issue 1: Electronic Records System (ERS)

Budget Issue: DOR requests, in a budget change proposal, an increase of \$1.3 million in federal fund authority in 2011-12 to fund the fifth and final year activities of the ERS project. DOR indicates that staffing needs would be covered by existing DOR staff. There is no General Fund requested.

Background: ERS is a commercial, off-the-shelf case management system. DOR intends to use ERS in place of its current case management system for the vocational rehabilitation services program, which is called the Field Computer System (FCS). According to the department, FCS is outdated and unable to integrate with recent software applications, such as Microsoft Word. DOR anticipates that ERS will improve the accessibility and efficiency of its vocational rehabilitation services.

DOR received funding in 2010-11 for the ERS for system development, integration, data conversion, testing, and implementation. The budget change proposal requests expenditure authority for unspent federal funds that were dedicated to this project. The federal funds were not used due to project delays. DOR indicates that ERS will be fully implemented in summer 2011.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

DOR Issue 2: Department of Mental Health (DMH) Partnership

Budget Issue: DOR requests, in a budget change proposal, a permanent augmentation of \$216,000 from the Mental Health Services (MHS) fund and 1.0 permanent position (associate governmental program analyst). This would maintain the interagency agreement between the DOR and the DMH and allow DOR to leverage an additional \$798,000 in federal funds related to vocational rehabilitation programs. There is no General Fund requested.

Background: After the Mental Health Services Act (MHSA) was enacted in 2005, DOR and DMH entered into an interagency agreement for vocational rehabilitation services. The partnership was intended to implement the provisions of the MHSA that relate to assisting persons with severe psychiatric disabilities to obtain employment and necessary independent living skills. Since 2005-06, DOR began to receive MHS funds and positions for these activities on a limited term basis. Specifically, the DOR has assisted in the solicitation, identification, development, and design of cooperative programs and contractual agreements with county mental health and education agencies. DOR indicates there is an ongoing need to provide training and technical assistance to the cooperative programs.

Subcommittee Staff Comment & Recommendation: Staff recommends denying the proposal without prejudice. Currently, the Governor's budget proposal exceeds the administration cap for MHPA funds (see Subcommittee #3 hearing agenda for February 1, 2011 related to Department of Mental Health). Thus, further information is needed from the Department of Mental Health regarding the possible re-prioritization of the MHPA administrative funds.

4170 Department of Aging (CDA)

CDA Issue 1: Medicare Beneficiary Outreach and Assistance Program

Budget Issue: CDA requests, in a budget change proposal, an additional one-time federal funding authority of \$1.1 million for local assistance and \$17,000 for state operations in 2010-11 and \$1.1 million for local assistance and \$9,000 for state operations in 2011-12 to utilize federal funding for the Medicare Improvements for Patients and Providers Act (MIPPA) for Beneficiary Outreach and Assistance Program. There is no General Fund requested.

Background: The federal government has awarded another two-year, non-competitive grant to CDA (MIPPA II grant). The purpose of the funding is to expand enrollment of California's Medicare beneficiaries in the Prescription Drug Benefit Low Income Subsidy Program (LIS) and Medicare Savings Programs (MSP). Local Area Agencies on Aging (AAA), Health Insurance Counseling Programs (HICAP), and Aging and Disability Resource Centers are conducting the grant-funded work, which varies based on local need. CDA also received a two-year grant (MIPPA I) in 2009.

CDA indicates that the performance goal for the MIPPA II grant is 10,834 applications and estimates that the grant will generate at least \$400 million in prescription drug cost savings to Medicare beneficiaries throughout the state.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

CDA Issue 2: Senior Community Service Employment Program (SCSEP)

Budget Issue: CDA requests, in a budget change proposal, \$497,452 in additional ongoing federal expenditure authority due to an increase in the baseline level of grant funding for the SCSEP. There is no General Fund requested.

Background: The SCSEP provides subsidized part-time community service training positions to low-income individuals age 55 and older with poor employment prospects. The

program provides a variety of supportive services to participants including personal and job-related counseling, job training, and job referral.

CDA administers the funds through 15 local Area Agencies on Aging (AAA). The additional federal funds would provide an additional 45 participant training slots.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

CDA Issue 3: New Freedom Transportation Grant

Budget Issue: CDA requests, in a budget change proposal, increased reimbursement authority to spend \$400,000 from the California Department of Transportation (Caltrans) to utilize a federal New Freedom Mobility Management grant. Specifically, CDA requests \$100,000 for 2010-11 (through the Section 28.5 process), \$200,000 for 2011-12, and \$100,000 for 2012-13. In addition, CDA requests a 2-year limited-term staff services manager I position to implement the grant activities for the grant period. There is no General Fund requested.

Background: CDA proposes to use this federal grant to work with the 33 local Area Agencies on Aging (AAA) to develop and implement a statewide strategy to fill the need of older adults and adults with disabilities for accessible transportation services and systems that enable them to remain in their communities in the least restrictive setting possible. According to CDA, the state-level position will assess each AAA's capacity to apply for the New Freedom grants locally. The position will also work with CDA and AAA staff to establish both state and local level ongoing transportation expertise that can be sustainable in the future. Caltrans requires a detailed implementation plan that includes specific tasks and requires quarterly implementation reports to make sure the goals and objectives of the grant are on schedule.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

CDA Issue 4: Long-Term Care Ombudsman Program

Budget Issue: CDA requests, in a budget change proposal, to shift funding for the Long-Term Care Ombudsman Program from the Federal Citations Penalties Account Special Deposit Fund to a combination of funding from the State Health Facilities Citation Penalties Account (\$1.188 million) and the Skilled Nursing Facility Quality and Accountability Fund (\$1.9 million). The CDA also proposes a statutory change to Health and Safety Code Section 1417.2 to specifically include funding the Long-Term Care Ombudsman Program as an allowable use of the State Health Facilities Citation Penalties Account. There is no General Fund requested.

Background: The Office of the State Long-Term Care Ombudsman, which oversees 35 local Ombudsman programs, is located within CDA. These local Ombudsman offices and their approximately 1,000 certified volunteers identify, investigate, and seek to resolve complaints and concerns on behalf of approximately 296,000 residents of long-term care facilities, including Skilled Nursing Facilities (SNFs), Intermediate Care Facilities (ICFs), and Residential Care Facilities for the Elderly (RCFEs).

Over the past several years, the budget has included short-term funding solutions for the program. In 2008-09, General Fund support for the program was eliminated. Since then, the program has received support on a short-term basis including Federal Citations Penalties Account Special Deposit Funds and some General Fund. CDA indicates that the budget proposal will provide a more stable funding source than the Federal Citations Penalties Account Special Deposit Fund. The program also receives about \$3.3 million in federal funds for local assistance.

The State Health Facilities Citation Penalties Account consists of moneys collected from civil penalties imposed on health facilities. The Skilled Nursing Facility Quality and Accountability Fund consists of moneys used to make certain payments to skilled nursing facilities.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal and related statutory change.

4140 Office of Statewide Health Planning and Development (OSHPD)

OSHPD Issue 1: Healthcare Reform Healthcare Workforce Development

Budget Issue: OSHPD requests, in a budget change proposal, an increase of \$256,000 in 2011-12 and \$224,000 in 2012-13 from the California Health Data and Planning Fund (CHDPF) and \$58,000 in federal funds in 2011-12 and 2012-13 to establish 4.0 two-year limited-term positions to perform healthcare workforce development activities in response to the passage of federal healthcare reform. There is no General Fund requested.

Background: According to OSHPD, its Healthcare Workforce Development Division supports healthcare accessibility through the promotion of a diverse and competent workforce while providing analysis of California's healthcare infrastructure and coordinating healthcare workforce issues. OSHPD indicates that federal healthcare reform includes opportunities for health workforce planning and development efforts needed to meet the increased demand for healthcare services in California. OSHPD requests one position to facilitate a strategy for comprehensive health workforce planning and three positions to prepare applications for Health Professional Shortage Area, Medically Underserved Area, and Medically Underserved Population designation and enable the state to maximize opportunities to receive federal funding designed to increase access to healthcare.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

OSHPD Issue 2: CalREACH

Budget Issue: OSHPD requests, in a budget change proposal, an increase of \$322,000 from multiple special funds and 2.0 two-year limited-term positions in 2011-12 and \$834,000 and 0.5 permanent position in 2012-13 for the creation of the Responsive Electronic Application for California's Healthcare (CalREACH) electronic application and monitoring system. There is no General Fund requested.

Background: OSHPD indicates that the proposal will enable its Healthcare Workforce Development Division (HWDD) and the Health Professions Education Foundation to develop a technology solution that centralizes eligibility and allows applicants to submit applications for scholarships, loan repayments, and grants online. The system would also allow applicants and program staff the ability to manage and track applications and contracts. The foundation is a public nonprofit foundation housed in OSHPD that was statutorily created to increase access to health care in underserved communities by providing financial aid.

In 2009-10, the HWDD and foundation received over 4,000 applications, made nearly 1,000 awards, and awarded over \$18 million in funds. OSHPD currently processes these applications and monitors these funds manually.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

OSHPD Issue 3: Hospital Seismic Safety

Budget Issue: OSHPD requests, in a budget change proposal, an increase of \$337,000 in 2011-12 and \$321,000 in 2012-13 from the Hospital Building Fund and 2.0 two-year limited-term positions to implement enacted legislation related to general acute care hospital requests for an extension to the seismic safety deadlines for retrofit or replacement of specific hospital buildings due to planning approval delays. There is no General Fund requested.

Background: Current law requires that all general acute hospitals meet stringent seismic safety standards within specific timeframes. OSHPD is responsible for enforcing compliance of these standards and must approve all hospital construction required to achieve them. SB 608 (Chapter 623, Statutes of 2010), allows OSHPD to grant two separate extensions for hospitals to meet requirements due to local planning delays.

According to OSHPD, the following hospitals (based on current information) may pursue SB 608 extensions:

- Tehachapi Hospital, Tehachapi
- Marin General Hospital, Greenbrae
- St. Jude Medical Center, Fullerton
- Stanford Hospital, Palo Alto
- Sutter Medical Center of Santa Rosa- Chanate, Santa Rosa
- Methodist Hospital of Southern California, Arcadia
- California Pacific Medical Center-California West, San Francisco
- St. Luke's Hospital, San Francisco

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

OSHPD Issue 4: Healthcare Workforce Clearinghouse

Budget Issue: OSHPD requests, in a budget change proposal, an increase of \$454,000 from the Health Data and Planning Fund and 1.0 position in 2011-12 and \$77,000 in ongoing years to fund the development and administration costs associated with Year 3 of the Healthcare Workforce Clearinghouse program. There is no General Fund requested.

Background: Current law authorized OSHPD to establish a clearinghouse designed to serve as a central repository of healthcare workforce and education data. The program is responsible for the collection, analysis, and distribution of information on the educational and employment trends for healthcare occupations in the state.

In 2008-09, \$389,000 and 3.5 positions were approved for clearinghouse administration costs. Subsequently, \$1,499,000 and 9 positions for 2009-10 and \$2,688,000 and 12 positions for 2010-11 were approved for clearinghouse project costs. OSHPD indicates that this budget change proposal would provide for costs for year 3 of the project, primarily to meet increased data and reporting requests resulting from federal healthcare reform.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the budget change proposal.

OSHPD Issue 5: Deferment of General Fund Loan Repayment

Budget Issue: The Governor's budget proposes to defer \$32 million in General Fund loan repayments to two special funds within OSHPD. This includes a \$20 million repayment to the Hospital Building Fund and \$12 million repayment to the California Health Data and Planning Fund. As a result, the state would receive \$32 million in GF relief during the 2011-12 budget year. The proposal includes budget bill language to delay the repayment to the Hospital Building Fund.

Background: In 2008-09, \$20 million was loaned from the Hospital Building Fund to the General Fund. In 2010-11, the loan repayment date was extended to June 1, 2012. The

budget proposes to now extend the loan repayment date to July 1, 2012. OSHPD indicates that the fund balance in the Hospital Building Fund can withstand the deferment of the loan repayment.

In 2008-09, \$12 million was loaned from the California Health Data and Planning Fund to the General Fund. There is no specified repayment date, although OSHPD anticipated receiving the \$12 million loan repayment in 2011-12. OSHPD indicates that the fund balance in the California Health Data and Planning Fund can withstand deferment of the loan repayment from 2011-12 to 2012-13.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the proposal to defer the General Fund loan repayment, including the proposed budget bill language.

OSHPD Issue 6: Song-Brown Program Funding

Budget Issue: The Governor's budget proposes to fund 50 percent of the Song-Brown base program (\$2.1 million) and 100 percent of the Song-Brown Registered Nurse Program (\$2.9 million) from the General Fund. The remaining 50 percent of the Song-Brown base program is proposed to be funded from the California Health Data and Planning Fund.

Background: The Song-Brown Program's goal is to increase the number of family practice physicians, primary care physician assistants, family nurse practitioners, and registered nurses in areas of the state that are medically underserved (e.g., rural and low-income communities). Providers with Song-Brown training and education deliver primary care services through the University of California's teaching hospitals, 61 percent of county facilities, and a number of community health centers.

According to OSHPD, the California Health Data and Planning Fund (CHDPF) has an estimated fund balance of \$8.4 million at the beginning of 2011-12. OSHPD indicates that the CHDPF can support the Song-Brown program by another \$5 million without affecting current CHDPF activities, including budget change proposals for 2011-12.

Subcommittee Staff Comment & Recommendation: Staff recommends denying the \$5 million General Fund for the Song-Brown program and approving instead \$5 million from the CHDPF to support the program.

5180 Department of Social Services (DSS)**DSS Issue 1: Staffing Requests for the Disability Determination Services Division (DDSD)**

Budget Issue: DSS requests, in a budget change proposal, \$20.5 million (100 percent federal funds) to establish 245 new positions to process Social Security and SSI disability claims. The additional staff members would mainly be located in a new San Diego office and an expanded Roseville office.

Background: Disability claims have recently been increasing nationwide by 12 to 14 percent, and the federal government expects this trend to continue for several more years. In 2008 in California, the DDSD processed 349,000 disability claims. That number jumped to 397,000 in 2009 and 412,000 in 2010. According to the Department, the requested positions are needed to keep pace with the growing workload associated with processing these applications for benefits and for conducting continuing disability reviews (CDRs). The Department also indicates that ten percent of CDRs result in decisions to discontinue SSA/SSI benefits, which leads to GF cost avoidance (as a result of the SSP portion of SSI/SSP benefits that would otherwise be paid).

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the requested positions, which are fully federally funded and which will assist the state's population of individuals who are elderly, blind, or who have disabilities in promptly receiving benefits for which they are eligible.

DSS Issue 2: Request for Funding to Relocate the Los Angeles (LA) Branch of the DDSD

Budget Issue: The Department requests, in a budget change proposal, \$540,000 (\$270,000 GF) for annualized increased rent costs related to the relocation of the LA branch of the DDSD to a site that meets the state's seismic criteria. The Department of General Services' Real Estate Services office identified the need for this move.

Background: Currently, the LA branch occupies approximately 20,866 square feet at a rental rate per square feet of \$1.78. The projected rental rate for relocation to a similar-sized space that is seismically compliant at current market rates is \$4.00 per square foot, resulting in \$45,000 of increased lease costs per month beginning in 2011-12. One-time costs in the amount of \$633,750 (redirected GF) have also been placed in an Architectural Revolving Fund for this relocation. The lease for the current office space expired on April 30, 2009; however, a soft-term lease extension was negotiated and lasts through April, 2012. The Department is in the process of looking for an alternative space and the relocation is projected for early in the 2011-12 budget year.

Subcommittee Staff Comment & Recommendation: Staff recommends approval of the requested funds related to the relocation.

Discussion Agenda

4170 Department of Aging (CDA)

CDA Issue 5: Proposal to Eliminate the Multipurpose Senior Services Program (MSSP)

Budget Issue: The budget proposes to eliminate the MSSP program for 2011-12 savings of \$19.9 million GF. This would also result in the state losing \$19.9 million in federal funds.

Background: MSSP assists elderly Medi-Cal recipients to remain in their homes. Clients must be at least 65 years old and must be certified as eligible to enter a nursing home. The services that may be provided with MSSP funds include: Adult Day Care, Housing Assistance, Personal Care Assistance, Protective Supervision, Care Management, Respite, Transportation, Meal Services, and other Social and Communications Services. CDA oversees the operations of the MSSP program statewide and contracts with local entities that directly provide MSSP services. The program operates under a federal Medicaid Home and Community-Based, Long-Term Care Services Waiver. The program has 41 sites statewide and serves approximately 11,789 clients per month.

In 2008-09, the budget reduced funding for the MSSP program. According to CDA, this resulted in MSSP sites serving 10 percent fewer clients, leaving slots vacant.

LAO Comment: The LAO indicates that if the budget includes significant reductions to the In-Home Supportive Services (IHSS) program, the Legislature should consider maintaining the infrastructure of MSSP to continue assisting some of the highly impaired IHSS recipients who are also MSSP recipients. The LAO also recommends achieving savings in MSSP by reducing the budget by at least \$5 million General Fund. The LAO recommends that the department begin negotiations with the federal government to reduce operational costs associated with MSSP.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for CDA:

- 1) What are the impacts to persons who would lose MSSP services?
- 2) Why doesn't the budget include costs associated with an increase in nursing home costs?
- 3) Please explain what steps would be involved in closing down the MSSP sites.

Question for LAO:

- 1) Please describe your recommended alternatives.

5180 Department of Social Services (DSS)*Supplemental Security Income/State Supplementary Program (SSI/SSP)***DSS Issue 3: Proposal to Reduce SSI/SSP Grants to Individuals to the Federal Minimum**

Budget Issue: The Governor's budget proposes savings of \$15 million GF in 2010-11 and \$177 million GF in 2011-12 from reducing, effective June 1, 2011, the state's participation in SSI/SSP grants for individuals who are elderly, blind, or who have disabilities to the minimum required by federal law. Savings include those resulting from grant reductions in the Cash Assistance Program for Immigrants (CAPI) and California Veterans Cash Benefit programs, as those grant levels tie to the grants for SSI/SSP. As in the past, approximately 108,000 Non-medical Out-of-Home Care, Restaurant Meal Allowance, and Title XIX Medical Facilities recipients are excluded from this reduction.

Background & Anticipated Impacts: Based on 2010-11 caseload data, there are approximately one million individual recipients of SSI/SSP (not including couples in which both individuals are recipients). As a result of the proposed grant reduction, the maximum grant most of these individual SSI/SSP beneficiaries could receive would be reduced from \$845 per month to \$830 per month. At this grant level, individuals who receive the maximum grant and have no other income would have incomes equivalent to approximately 92 percent of the Federal Poverty Level (FPL). Approximately 8,500 recipients would become ineligible for the program.

The applicable federal law that limits reductions states can make to SSP benefit levels without penalty is a maintenance-of-effort (MOE) requirement. If a state did reduce SSP benefits below its MOE, the state would lose all federal Medicaid funding.

Recent grant changes: In the February, 2009 special session, a 2009 federal Cost of Living Adjustment (COLA) was rescinded effective May 1, 2009, and grants were reduced 2.3 percent (\$20 for individuals and \$35 for couples) effective July 1, 2009. Grants were then further reduced, effective October 1, 2009, by \$5 for individuals and \$82 for couples. After this change, couples' maximum grants of \$1,407 per month have been at the MOE floor (around 116 percent of FPL). Also, as a result of AB X4 8 (2009-10 budget trailer bill), no state SSP COLAs will be automatically granted.

There was no federal COLA for the SSI portion of the grants in 2010. An estimated .2 percent federal COLA is, however, expected to take effect on January 1, 2012.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Question for DSS:

- 1) Please briefly describe this proposal and its anticipated impacts.

IHSS Overview ***For Background Purposes***

Background on IHSS: The IHSS program has its roots in a 50-year-old cash grants program for individuals who are blind, aged, or who have disabilities and a 30-year-old “homemaker” program that offered domestic help to recipients. With a 2010-11 budget of \$5.4 billion (\$1.2 billion GF), today’s IHSS program provides in-home personal care services to roughly 460,000 qualified individuals who are blind, aged (over 65), or who have disabilities. These individuals usually have income at or below the SSI/SSP grant level (\$845 per month for an individual as of October 2009) and assets, except their homes or cars, worth less than \$2,000.

County social workers determine eligibility for the program after conducting standardized in-home assessments and periodic reassessments. The assessment system relies on “functional index” rankings for a number of activities of daily living and weighted average scores of those rankings. Rankings range from 1 (independent, not served by the program) to 5 (cannot perform the task, with or without assistance).

IHSS services can include tasks like meal preparation, feeding, bathing, paramedical care, and domestic services. The maximum number of monthly hours a beneficiary can receive is 283. On average, the state spends roughly \$13,000 per year for each IHSS client’s services. IHSS services frequently assist program recipients to avoid or delay more expensive and less desirable institutionalizations. According to the LAO, the state spends an average of about \$55,000 per year for each nursing home resident who uses Medi-Cal (based on 2006-07 figures).

Recent Changes to the IHSS Program: The 2009-10 and 2010-11 budgets included multiple changes to the IHSS program that were estimated to save over \$600 million GF. Some of these changes have, however, been enjoined by courts from taking effect and are still the subject of pending litigation. Statutory changes that are in effect include:

- Increases in “out-of-pocket” costs for consumers (made by eliminating what was called the “share of cost buy-out”);
- Sweeping anti-fraud reforms, including new background checks and fingerprinting of providers, timesheet verifications, limited use of P.O. boxes for providers to receive checks, unannounced visits to ensure that services are being delivered, and additional funding for state and local fraud detection staffing;
- An across-the-board reduction of 3.6 percent in recipients’ authorized hours;
- Upon federal approval, enhanced federal funding for IHSS from establishing a sales tax on support services and the receipt of matching funds for the use of the revenues obtained pursuant to the tax. (IHSS providers will receive a supplementary payment that is equal to the portion of their gross receipts that is newly subject to taxation.);

- An expanded list of criminal record exclusions that prevent an individual from being an IHSS provider, except in certain circumstances when a recipient may provide informed consent; and
- Reductions in funding for Public Authorities that administer registries of qualified providers and provide other services.

Changes to the IHSS program made in 2009-10 and 2010-11 that are not currently in effect include:

- A reduction - to \$9.50 per hour plus \$.60 per hour for health benefits - of the maximum level of IHSS provider wages in which the state will participate; and
- Elimination of eligibility, subject to applicable exemptions, for:
 - Domestic and related services provided to individuals with a functional index ranking below 4 for each service; and
 - All services for individuals with a functional index score below 2.

The Governor's 2011-12 Proposals: The Governor's budget proposes to reduce IHSS expenditures by an additional \$486 million GF. The major proposals include, effective July 1, 2011, a larger across-the-board reduction in hours of service for recipients, the elimination of specified services, and the requirement for a physician's certification of need. These proposals are outlined in greater detail in the remainder of this agenda. It is important to note that the savings associated with each proposal is dependent on interactions with the other proposals; and each would therefore change in tandem with changes in another. Also, given that IHSS is paid for in part by federal Medicaid funding, changes in the program may also be subject to scrutiny by the federal government and/or the courts based upon their compliance with federal Medicaid, as well as other state and federal disability-related, laws.

DSS Issue 4: Proposal to Further Reduce Hours of IHSS Services Provided

Budget Issue: The Governor's budget proposes savings of \$127.5 million GF in 2011-12 from reducing, effective July 1, 2011, the hours of IHSS services that recipients receive by an additional 8.4 percent. There would be a corresponding loss of \$192 million in federal funds. Coupled with a 3.6 percent reduction already in effect for the budget year (which is made permanent as part of this proposal), the total ongoing reduction to recipients' hours would equal 12 percent. These savings estimates account for related administrative, systems change, and other state operations costs.

Background on Prior Reductions: As a part of the 2010-11 budget agreement, the Legislature and Governor reduced, effective until July 1, 2012, the hours of service available to each IHSS recipient by 3.6 percent (known as an "across-the-board" reduction). There were no specified exceptions to the reduction, although recipients retained any appeal rights that existed prior to the reduction. Recipients are able to direct how the reduction is applied to their authorized hours and types of services.

A 12 percent reduction to the hours of service provided to IHSS recipients also took place earlier-- in 1992-93. Recipients at the time were given an opportunity to apply for an IHSS care supplement if they believed they would be at serious risk of out-of-home placement due to the reduction or would not have the ability to summon emergency assistance. County social workers reviewed those requests for supplemental care.

Anticipated Impacts of the Proposed Reduction: Building upon the policies underlying the 1992-93 reduction, the Governor's current proposal includes a process for individuals to be granted exceptions from the policy--in whole or in part--if their applications for supplemental care are approved. The applications would be given to each recipient along with the notice of action (NOA) that informs them of the reduction policy. Recipients who apply within a specified time after that NOA would receive aid pending a determination of the outcome of their supplemental care request. Based in part on precedent from 1992-93, the Department estimates that 435,600 of the estimated 456,000 IHSS recipients in 2011-12 would experience reductions to their services as a result of this proposal. On average, those recipients would lose 6.7 hours of IHSS services per month. The Department anticipates that 5 percent of recipients would apply for supplemental care and have hours fully restored, while another 13 percent would apply and have their hours partially restored.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

- 1) Please briefly summarize the impacts and implementation of the 3.6 percent reduction that is currently in effect and this proposal for an additional 8.4 percent reduction to individuals' authorized hours.

(Continued on next page)

- 2) What are the proposed criteria and processes by which counties would determine whether or not to grant a supplemental care application?
- 3) What analysis has the Administration conducted to determine whether this reduction would comply with federal and state Medicaid and disability-related laws?

DSS Issue 5: Proposal to Eliminate Domestic & Related Services for Specified IHSS Recipients

Budget Issue: The Governor's budget proposes \$235 million GF savings from eliminating domestic and related IHSS services for recipients who live in shared living arrangements, and another \$1.6 million GF savings for eliminating those services in cases where the recipient is a child under the age of 18 living with an able and available parent who is his or her IHSS provider. The savings estimates account for administration costs of \$10.3 million (\$3.6 million GF) associated with the policy changes, but do not include related automation costs. There would be corresponding losses of \$351.7 million and \$2.4 million in federal funds, respectively.

Background: Domestic and related services include housework, meal preparation, meal clean-up, laundry, shopping, and errands. Currently, if IHSS recipients who share their homes with other individuals have some of these needs met in common by their households, the social worker who determines their eligibility for IHSS services can pro-rate or reduce the authorized hours of IHSS services related to those activities.

According to the LAO, Washington State recently enacted a restriction on domestic and related services for individuals who lived with their IHSS providers. The state's Supreme Court determined, however, that the policy violated federal requirements regarding the equal treatment of Medicaid beneficiaries.

Anticipated Impacts: The Department estimates that approximately 300,000 individuals who live in shared environments and around 7,000 children who live with parents who are also their IHSS providers would be impacted by these proposals. Individuals in shared living arrangements who already had their services hours pro-rated to account for their housemates' responsibilities would lose an average of 14 hours of domestic and related services per month. Those who live with others and have non-pro-rated hours today would lose an average of 17 hours of domestic and related services per month. The Department anticipates that around 145,000 impacted recipients will appeal the proposed reduction, and that 20 percent of those individuals will receive a full restoration of the services. According to the Department, approximately 48 percent of IHSS recipients live with their IHSS providers, and 62 percent of IHSS recipients have relatives who serve as an IHSS provider.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

1. Please briefly describe the proposal.
2. How and when would the new policy be implemented for existing IHSS recipients?
For new recipients?
3. What are the exceptions that would prevent some or all of an individual's services from being eliminated and the process by which those exceptions would be evaluated and implemented?
4. What analysis has the Administration conducted to determine whether this reduction would comply with federal and state Medicaid and disability-related laws?

DSS Issue 6: Proposal to Require Physician Certification to Qualify for IHSS Services

Budget Issue: The Governor's budget proposes \$120.4 million GF savings from eliminating all services, effective July 1, 2011, for IHSS recipients who do not obtain a certificate from a physician (or other medical professional, as the Department determines is appropriate) verifying their need for IHSS services. These savings figures account for the Department's estimate of the time it will take for social workers to process the receipt of the certificates, but do not include any associated automation costs or Medi-Cal costs. There would be a corresponding loss of \$180.4 million in federal funds.

Background & Anticipated Impacts: The Department estimates that around 10 percent or 42,000 current and new IHSS recipients would not obtain a physician's certification and would therefore lose all IHSS services (an average of 65 hours per month after the impacts of the Governor's other proposals are taken into account) in 2011-12.

According to the LAO, a number of counties already choose to include information from physicians in their assessments of eligibility for the IHSS program. In those cases, however, the physician's assessment of need is not a condition of eligibility, but rather one piece of information that is taken into consideration. The Department also indicates that a doctor's prescription is already required within the IHSS program if individuals receive what are known as "paramedical" services, and that a form of medical certification is currently required for the category of services called "protective supervision" as well.

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS:

- 1) Please briefly describe the proposal and its anticipated impacts.

(Continued on next page)

- 2) What are medical professionals being asked to certify under this proposal? For example:
 - a. Are they indicating that an individual would need out-of-home care immediately in the absence of IHSS services (versus that the individual would likely need such an acute level of care in the near future without those services)?
 - b. Are they indicating that an individual needs each IHSS service that has been authorized by a social worker for that individual-- or more generally that the individual may struggle to perform some activities of independent daily living?
- 3) What is the basis for assuming that 10 percent of IHSS recipients would not obtain a physician's certification? And are those individuals assumed to be individuals with a particular level of need for assistance (e.g., the highest needs or lowest needs)?
- 4) How easy or difficult does the Administration anticipate that it will be for IHSS recipients to obtain appointments with physicians or other medical professionals if needed to meet this requirement? And at what costs to the Medi-Cal program?
- 5) What analysis has the Administration conducted to determine whether this reduction would comply with federal and state Medicaid and disability-related laws?

DSS Issue 7: Request for IHSS State Program Staff

Budget Issue: The Department requests, in a budget change proposal, \$2.5 million (\$1.2 million GF) for 23.5 new positions (9 permanent and the rest limited-term) and contract funding to implement recent budget-related changes to the IHSS program.

Rationale for Requesting the 23.5 Positions: As described on page 13 of this agenda, the 2009-10 and 2010-11 budgets included major reforms to the IHSS program. In 2009-10, the budget included 42 new, related state positions that were authorized for 2009-10 and 2010-11 (12 positions at DSS and 30 at the Department of Health Care Services). The Department requested an additional six anti-fraud/program integrity positions related to the 2009-10 changes in 2010-11; however, that request was denied by the Legislature. No new DSS staff positions were previously requested or authorized in connection with the changes to the IHSS program included in the 2010-11 budget (i.e., a temporary 3.6 percent across-the-board reduction in service hours, new provider criminal background exclusions and notifications of consumers, and enhanced federal funding from an extension of the sales tax and corresponding supplemental provider payment to the provision of IHSS services).

This request for additional staffing includes:

1. Two limited-term positions to assist with implementation of the 3.6 percent across-the-board reduction in hours;
2. Eight and a half limited-term positions to assist with implementation of new provider exclusion rules (including four legal staff);
3. Three permanent and four limited-term positions to assist with implementation of the new provider sales tax and supplemental payment policies; and
4. Six permanent positions to assist with implementation of new fingerprinting requirements.

Additional Background on Fingerprinting of IHSS Consumers: Among the IHSS program changes made in 2009-10 were the requirements, beginning April 1, 2010, to fingerprint IHSS consumers and to include consumer and provider fingerprints on timesheets. Under AB X4 19 (Chapter 17, 4th Extraordinary Session, 2009), the fingerprinting of consumers must take place in prospective consumers' homes at the time of their initial assessment for eligibility. Current consumers (approximately 460,000) were to be finger imaged at their next reassessment, conducted annually and also in the home. The statutes included exemptions for minors and those physically unable to provide fingerprints due to amputation. They do not require or specifically authorize a picture image to be taken of the consumer. Finally, the statutes require DSS to consult with county welfare departments to develop protocols to carry out these requirements.

The Department reports that it conducted six pilots in 2010 to determine the viability of mobile imaging devices that could be used to fingerprint IHSS consumers. Also according to the Department, the Administration is awaiting a response from the federal government regarding the state's Implementation Advance Planning Document that includes these policy changes. Last year, this Subcommittee voted to repeal the requirements for fingerprinting consumers and including fingerprints on timecards. However, the final 2010-11 budget did not include that repeal, and the policies remain in statute.

Subcommittee Staff Comment & Recommendation: Staff recommends:

- 1) Rejecting any positions that are requested in order to support implementation of fingerprinting IHSS consumers as a condition of eligibility and/or including fingerprints on timecards;
- 2) Repealing the underlying statutory requirements for consumer fingerprinting and the inclusion of fingerprints on timecards; and
- 3) Rejecting without prejudice the remaining positions requested to assist with implementation of recent changes to the IHSS program.

(Questions on next page)

Questions for DSS:

- 1) The 3.6 percent across-the-board reduction is already in effect. What is the continuing workload associated with implementation that leads to this request?
- 2) What are the responsibilities of the 12 new staff authorized in the 2009-10 budget? Now that some of the previously enacted policies are underway, can those positions be used to fulfill some of the responsibilities described in this request?
- 3) What is the status of implementation for the recipient and timecard fingerprinting requirements? What are the total costs included in the budgets for DSS and the Office of System's Integration related to those provisions? What savings does the Administration attribute directly to those provisions?
- 4) If some or all of the requested positions are not authorized, what would be the consequences for IHSS recipients and the program's implementation and budget?

DSS Issue 8: Request for IHSS Automation System State Staff

Budget Issue: The Department requests, in a budget change proposal, \$467,000 (\$233,000 GF) for an additional one-year extension of four (out of eight) existing limited-term positions to support development of the Case Management Information Payrolling (CMIPS) II automation system.

Background on CMIPS II & Rationale for Related Position Requests: CMIPS is the automated, statewide system that handles payroll functions for all IHSS providers. The current vendor (Electronic Data Systems, which is now Hewlett Packard) has operated the CMIPS system since its inception in 1979. The state has been in the process of procuring and developing a more modern CMIPS II system since 1997. According to the Department, the most recent delay in the project's scheduled completion date was due to the changes to the IHSS program enacted in 2009-10 (again, see the IHSS Overview on page 13). The newest anticipated completion date is March, 2012. The Department indicates that the continuation of the requested positions is necessary to ensure continuity of knowledge and meet a heavy programmatic workload during the final phases of the system's development.

Subcommittee Staff Comment & Recommendation: Staff recommends rejecting these positions without prejudice.

Questions for DSS:

- 1) Please briefly describe the need for the requested positions.
- 2) If some or all of the requested positions are not authorized, what would be the consequences for IHSS recipients and the program's implementation and budget?

**DSS Issue 9: Proposal to Eliminate Funding for IHSS
Advisory Committees**

Budget Issue: The Governor's budget proposes to eliminate, effective July 1, 2011, \$1.6 million GF (all GF in the program) for local IHSS Advisory Committees. As a result, the Department indicates that the Advisory Committees would change from being mandated by the state to being discretionary at the local level. The Department also indicates that counties would be able to draw down federal matching funds if they are able and willing to fund the Advisory Committees at the local level. The total 2010-11 funding for the Advisory Committees includes \$3.1 million (\$1.6 million GF and \$1.4 million federal funds).

Background: Among other provisions, AB 1682 (Chapter 90, Statutes of 1999) requires counties to establish advisory committees that submit recommendations to their respective county boards of supervisors regarding the delivery of IHSS in their counties. SB 288 (Chapter 445, Statutes of 2000) also created specific requirements regarding the composition of the advisory committees (e.g., that a current or former IHSS consumer must be included).

Subcommittee Staff Comment & Recommendation: Staff recommends holding this issue open.

Questions for DSS and DOF:

- 1) Please briefly describe the proposal and its anticipated impacts.