

California's Proposed 2010-2011 Budget: Senior-Related Program Reductions

California Governor Arnold Schwarzenegger released his proposed 2010-2011 Budget on January 8, 2010, which includes significant cuts to health and human services programs that serve California's senior population.

Understanding the Problem	The Department of Finance projects a General Fund (GF) shortfall of approximately \$19.9 billion for the two-year period ending June 30, 2011. This figure represents a current-year shortfall of \$6.6 billion and an anticipated shortfall of \$12.3 billion in 2010-11, including a \$1 billion GF reserve.
2010-2011 Proposed Budget	The 2010-11 Governor's Budget proposes to decrease GF spending in the California Health and Human Services Agency by \$4.0 billion, or 16.2 percent, from the revised current year budget. The proposed budget assumes receipt of additional federal funds totaling \$6.9 billion across all program areas. Should the state fail to receive these funds, this event will trigger an additional \$4.6 billion GF in reductions – \$3.5 billion of which would come from cuts and eliminations to several health and human services programs, including those serving older adults.

Proposed 2010-2011 Budget: Program Reductions Impacting Seniors

The proposed budget includes current fiscal year and budget year (2010-2011) reductions.

In Home Supportive Services (IHSS)	<p>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. IHSS currently serves approximately 460,000 recipients, with services delivered by more than 370,000 providers. 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).</p> <ul style="list-style-type: none"> • IHSS Worker Wage Reduction: Currently, IHSS workers are paid an hourly wage ranging from \$8 to \$12.35, depending on the county. Under the proposed budget, state support for IHSS wages would be reduced to the state minimum wage of \$8.00/hour plus an additional charge of \$.60 per hour for health benefits effective June 1, 2010 (GF Savings \$21.3 million in 2009-10; \$271.8 million in 2010-11). • Eligibility Reduction: The proposed budget would provide IHSS services only to recipients with a functional index score of 4.00 or higher. Therefore, any person with a functional index score of 3.99 or less would lose all IHSS services. This change would eliminate services to 87 percent of IHSS recipients, or about 426,733 people, effective June 1, 2010 (GF Savings \$56.6 million in 2009-10 and \$650.8 million in 2010-11). <p>Both of these proposals assume that the state will prevail in pending litigation on similar but lesser IHSS reductions previously enacted.</p>
Adult Day Health Care (ADHC)	<p>ADHC is a community-based day care program that provides health, therapeutic, and social services to persons at-risk of nursing home placement.</p> <ul style="list-style-type: none"> • Program Elimination: The budget proposes eliminating the ADHC program, impacting approximately 45,000 Medi-Cal beneficiaries (GF Savings: \$104 million).
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	<p>SSI/SSP is a federal/state income program that provides a monthly cash benefit to low-income aged, blind, disabled individuals or couples. California is one of 23 states that supplement the federal SSI payment with state dollars. The budget estimates that approximately 1.26 million children and adults will receive monthly SSI/SSP cash assistance in 2010-11. Of these, 880,093 (69 percent) are disabled, 363,145 (29 percent) are aged, and 18,960 (2 percent) are blind.</p> <ul style="list-style-type: none"> • Payment Reduction for Individuals Receiving SSI/SSP – Under the proposed budget, monthly SSI/SSP grants for individuals (only) would be reduced to the federal minimum on June 1, 2010, from \$845 to \$830 per month (GF Savings: \$13.7 million in 2009-10; \$177.8 million in 2010-11).

Medi-Cal Cost Containment	The budget proposes savings through Medi-Cal cost-containment strategies, which may include a combination of limits on services, increased cost-sharing through co-payment requirements and/or premiums, payment reductions, and other programmatic changes. The Administration has not yet specified how it would carry out such reductions (GF Savings: \$750 million).
Cash Assistance Payment for Immigrants (CAPI)	CAPI is a state-funded program that provides the equivalent of SSI/SSP for individuals to approximately 8,500 aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due to their immigration status. <ul style="list-style-type: none"> • Program Elimination: The budget proposes to eliminate the CAPI program, ending benefits on June 1, 2010 for approximately 8,500 recipients (GF Savings \$8.1 million in 2009-10; \$107.3 million in 2010-11).
Federal Reimbursement and the “Trigger” Mechanism	
The Governor’s Budget relies on receipt of additional federal funds totaling \$6.9 billion through the following items: <ul style="list-style-type: none"> • Extend federal support provisions from the American Recovery and Reinvestment Act of 2009 to California’s Health and Human Services programs (\$2.1 billion) • Increase the Federal Medical Assistance Program (FMAP) rate (the federal match for Medi-Cal) from 50% to the national average of 57% (\$1.8 billion) • Secure reimbursement for Medi-Cal costs that should have been paid by Medicare and changes in the required level of state payment for Medicare prescription drug benefits (\$1 billion) • Provide reimbursement for special education mandates (\$1 billion) • Provide reimbursement for costs of incarcerating undocumented immigrants (\$879.7 million) • Expand federal foster care funding (\$94.4 million) 	
“Trigger” Reductions	If these federal funds do not materialize, then a “triggering” of permanent budget reductions would occur. Below is a list of only the reductions that would directly or indirectly impact seniors through the trigger.
Elimination of In Home Supportive Services (IHSS)	Elimination of this program would result in the remaining 63,239 recipients to no longer receive IHSS services (\$495 million).
Medi-Cal Program Reductions	<ul style="list-style-type: none"> • Most Medi-Cal optional benefits would be eliminated – including hearing aids, physical therapy, occupational therapy, orthotics, independent rehabilitation facilities, medical supplies, prosthetics, and durable medical equipment. • Medi-Cal eligibility standards would be reduced to federal minimums, resulting in approximately 575,000 people losing access to services through rollbacks in the 1931(b) program, reductions in the Aged, Blind, and Disabled Program, elimination of the Medically Needy Program, and elimination of the Medically Indigent Adult Long-Term Care Program. • Other Medi-Cal program reductions (\$532 million for all Medi-Cal program reductions).
Mental Health Services Act	This proposal would require a ballot initiative to use Mental Health Services Act funds to pay for Department of Mental Health state hospital costs, community mental health services costs, and Medi-Cal-related prescription drug costs to mental health care. These funds would not be available to counties as authorized under the Mental Health Services Act (\$847 million).

Sources:

- “California Health and Human Services Agency Budget Facts: Governor’s Proposed Budget FY 2010-11” California Health and Human Services Agency, January 2010.
- “The Governor’s Budget Summary 2010-2011” California Department of Finance, January 2010.
- “The 2010-11 Budget: Overview of the Governor’s Budget” Legislative Analyst’s Office, January 2010.
- “Quick Summary: The Governor’s Special Session Proposals and Proposed 2010-11 Budget” Senate Committee on Budget and Fiscal Review, January 2010.
- “2010-11 Governor’s Budget Highlights: Department of Health Care Services” California Department of Health Care Services, January 2010.



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