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The IHSS Share of Cost Buy-out

The 2009 repeal of the IHSS share of cost buy-out left some IHSS consumers, who have income above the SSI amount, with substantially less than the already inadequate SSI level income to live on. For these individuals to receive IHSS, they may keep only $600 per month to live on the Medically Needy Income Level amount.

Having only $600 to live on leaves these consumers at greater risk for institutionalization, and makes it more difficult if not impossible for some people to leave nursing homes, faced with the prospect of living on $600 a month.

Background:

What is a Share of Cost (SOC)?

To qualify for IHSS, consumers generally have income at or below the SSI/SSP grant level. However, when an IHSS consumer has income in excess of the SSI/SSP grant levels, that consumer may still be eligible to receive services with a SOC.

An IHSS consumer with a SOC must make an out–of–pocket monthly payment towards the receipt of IHSS services or other needed services including health plan premiums and services that may not be available under Medi-Cal.

Example: If an IHSS consumer has monthly income that is $200 above the SSI/SSP grant level, that consumer will pay about $200 towards

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IHSS or other services each month before the IHSS program pays the remainder of the cost of their services.

The problem resulting from the elimination of the IHSS SOC buy-out: Some consumers with an IHSS SOC may, based on their income, also have a Medi–Cal SOC that is higher. Medi-Cal SOC is the monthly amount Medi-Cal requires the consumer to pay each month, or requires the consumer to agree to pay in the future, for medical goods and services before Medi-Cal begins to pay. They must pay the higher Medi–Cal SOC before the IHSS program pays the remainder of the costs of their services. After paying that higher SOC, they are left with only $600 a month.

What was the Share of Cost buy-out?

In 1998, share of cost Medi-Cal was extended to cover IHSS and some IHSS consumers who had previously been subject only to an IHSS SOC, were now also subject to a Medi–Cal SOC.

In the SOC buy-out, the state paid – or “bought out” – the difference between the higher Medi-Cal share of cost and the lower IHSS SOC so that the transfer to federal funding – which now pays around half of the cost of IHSS - would not penalize consumers who prior to Medi-Cal covering IHSS spent down to the SSI grant level.

The buyout was part of a 1998 grand bargain: that the disability community would support drawing down federal Medicaid dollars into the IHSS program and IHSS consumers would not be penalized by the result. The SOC Buy–Out program was created as a way to hold those consumers harmless.

Example: For example, for a consumer with an IHSS SOC of $200 and a Medi–Cal SOC of $500 per month, the state would pay (buy out) the difference between the IHSS SOC and the Medi–Cal SOC ($300) while the consumer would be obligated to meet only the lower IHSS SOC ($200).

What happened to the SOC Buy-out?

As part of the 2009–10 state budget, the IHSS SOC Buy–out program was eliminated. The bills that eliminated the SOC Buy-out were SBX3 6 and ABX4 4 from 2009.
IHSS consumers now have to meet the higher Medi–Cal SOC on their own before the IHSS program pays for the remaining costs of their services.

**How much did the state save by eliminating the SOC buy-out?**

Estimates vary widely; we don’t know.

**What happened to the Buy-out money?**

The Buy-out money went from CDSS into the Health Care Deposit Fund.

The reports show the Health Care Deposit Fund had the following end-of-year balances:

- 2007 = 15,179,000
- 2008 = 13,725,000
- 2009 = 13,616,000
- 2010 = 11,805,000
- 2011 = 1,166,000

There isn’t any description of the purpose of the account in these reports.

**Questions about the Fund:**

1. Why was there any money in the fund in 2011 and what happened to it?
2. Why was there so much left in 2010 when the Buy-out ended in 2009?
3. What happened to that $11,805,000 after 7/1/2010?
4. What were the expenditures from the fund every year?

**Conclusion:** Some IHSS consumers, who have incomes slightly above SSI, are being forced to live on less than the SSI level, which is itself inadequate to live on anywhere in California. It is time to reinstate the IHSS Share of Cost Buy-out.