



CDSS

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EDMUND G. BROWN JR.
GOVERNOR

Revision Date 7/18/2017

ALL COUNTY LETTER (ACL) NO. XX-XX

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS
ALL IN-HOME SUPPORTIVE SERVICES (IHSS) PROGRAM MANAGERS

SUBJECT: UPDATE ON COUNTY IHSS MAINTENANCE OF EFFORT

REFERENCE: SENATE BILL (SB) 1008 (CHAPTER 33, STATUTES OF 2012); SB 1036 (CHAPTER 45, STATUTES OF 2012); SB 94 (CHAPTER 37, STATUTES OF 2013); ALL-COUNTY LETTER (ACL) 13-07 (FEBRUARY 22, 2013); ACL 14-02 (JANUARY 22, 2014); COUNTY FISCAL LETTER (CFL) 14/15-44 (FEBRUARY 23, 2015)

This ACL informs counties of the new In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) requirements in effect beginning Fiscal Year (FY) 2017-18, as authorized in Senate Bill (SB) 90 (Chapter 25, Statutes of 2017).

BACKGROUND

The Coordinated Care Initiative (CCI) was enacted as part of Senate Bill (SB) 1008 (Chapter 33, Statutes of 2012) and SB 1036 (Chapter 45, Statutes of 2012). SB 1036 added Government Code section 110023 which shifted the responsibility of IHSS provider collective bargaining functions (wages, benefits, and other economic terms and conditions) from county Public Authorities (PAs) to a centralized Statewide Authority as part of the provisions of the CCI. Additionally, as part of the implementing CCI legislation, the county share of IHSS costs previously established by 1991-92 State-Local Realignment legislation was replaced by a county MOE requirement for all 58 counties beginning in FY 2012-13. However, pursuant to SB 94 (Chapter 37, Statutes of 2013), the CCI demonstration project becomes inoperative if the Director of Finance determines that it is not cost-effective. SB 94 also stipulates that upon such a determination, the county IHSS MOE becomes inoperative on the first day of the following fiscal year, at which time the county share of IHSS costs returns to the

amounts established in the 1991-92 Realignment. On January 10, 2017, the Director of Finance notified the Legislature that CCI is no longer cost effective and would be discontinued as of July 1, 2017.

NEW POLICIES REGARDING COUNTY IHSS MOE

Effective Date

Commencing July 1, 2017, all counties shall have a new County IHSS MOE. All administration expenditures will be included in the County IHSS MOE and shall include both county administration, including costs associated with the IHSS Case Management, Information and Payrolling System (CMIPS), and PA administration.

The amount of General Fund moneys available for county administration and PA administration will be limited to the amount appropriate for those specific purposes within the annual State Budget Act and increases to this amount in subsequent fiscal years will not impact the County IHSS MOE. Amounts expended by the county or PA on administration costs in excess of what is appropriated in the State Budget Act will not be attributed towards meeting the county's IHSS MOE requirement.

Annual Inflation to County IHSS MOE

On July 1, 2018, the County IHSS MOE base will be adjusted by an inflation factor of 5%. Beginning July 1, 2019, and annually thereafter, the county IHSS MOE base will be adjusted by an inflation factor of 7%.

However, in fiscal years in which the total of 1991 realignment revenues received for the prior fiscal year is less than the total received for the next prior fiscal year, the inflation factor for the County IHSS MOE base shall be zero. If the total of 1991 realignment revenues received for the prior fiscal year is less than or equal to 2% greater than the total received for the next prior fiscal year, the inflation factor shall be reduced to 2.5% on July 1, 2018, or 3.5% on July 1, 2019, or any year thereafter.

Adjustments to County IHSS MOE

The current State participation cap for combined wages and health benefits for all IHSS providers in the State is \$12.10 per hour. As the minimum wage increases to \$12.00 per hour (January 1, 2019, pursuant to Labor Code (LC) section 1182.12(b)(1)(C)) and beyond in subsequent years, the cap will be adjusted to equal the current minimum wage plus \$1.10 per hour.

If a county approves any increases to IHSS provider wages and/or health benefits that are locally negotiated, mediated, imposed, or adopted by ordinance, on or after July 1, 2017, the County IHSS MOE will be adjusted by 35% of the non-federal share of the increase up to the State participation cap at the time of the increase. The county

shall have the responsibility of paying the entire non-federal share of any cost increase exceeding the cap.

For a county that is at or above the current State participation cap of \$12.10 per hour in combined wages and health benefits, the State shall participate (with 65% of the non-federal share) in a cumulative total of up to 10% within a three-year period in the sum of the combined total of changes in wages or health benefits or both. However, the State shall participate for no more than two three-year periods after which time the county shall pay the entire non-federal share of any future increases in wages and health benefits that exceed the current cap. A three-year period is defined as three consecutive years with a new three-year period beginning only after the last year of the previous three-year period. Additionally, to be eligible for State participation, the 10% increase will be required to begin prior to the date that the State minimum wage reaches \$15.00 per hour (January 1, 2022, pursuant to LC section 1182.12(b)(1)(F)).

With respect to an increase to any other benefits (other than health benefits) that may be locally negotiated, mediated, imposed, or adopted by ordinance, there will be a one-time adjustment to the county IHSS MOE equal to 35% of the non-federal share of the increased benefits costs.

The County IHSS MOE shall not be adjusted for increases in provider wages that are locally negotiated when the increase has been specifically negotiated to be contingent upon State minimum wage increases. If a county negotiates a wage supplement that is applied to this type of wage increase, the County IHSS MOE shall include a one-time adjustment by the amount of the increase as specified under WIC sections 12301.16(d)(1)(A) through 12301.16(d)(1)(C).

Community First Choice Option (CFCO)

The County IHSS MOE shall also be subject to a one-time adjustment in the event the State ceases to receive enhanced Federal Financial Participation (FFP) for the CFCO. The County IHSS MOE will be adjusted to reflect a 35% share of the enhanced FFP that would have been received for the fiscal year in which the State ceased receiving the enhanced FFP.

Contract Mode

With respect to any rate increases to existing contracts that a county has already entered into pursuant to WIC section 12302, the State shall pay 65% and the affected county shall pay 35% of the non-federal share of the amount of the rate increase up to the Maximum Allowable Contract Rate (MACR). If any portion of the rate increase exceeds the MACR, the county is responsible for paying the entire non-federal share of that portion.

With respect to rates for new contracts entered into by a county pursuant to WIC section 12302 on or after July 1, 2017, the State shall pay 65% and the affected county shall pay 35% of the non-federal share of the difference between the county's Individual Provider wage and the contract rate for all of the hours of service to IHSS recipients to be provided under the contract up to the MACR. If any portion of the contracted rate exceeds the MACR, the county is responsible for paying the entire non-federal share of that portion.

Questions or requests for clarification regarding the information in this letter should be directed to the Fiscal and Administrative Bureau, Adult Programs Division, at (916) 653-3850.

Sincerely,

Original Document Signed By:

DEBBI THOMSON
Deputy Director
Adult Programs Division