

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR****WEDNESDAY, MARCH 14, 2018****2:30 P.M. - STATE CAPITOL, ROOM 444****(PLEASE CONSULT THE DAILY FILE FOR ANY CHANGES)**

<b>ITEMS TO BE HEARD</b>		
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<b>5180</b>	<b>DEPARTMENT OF SOCIAL SERVICES</b>	
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- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Scott Graves, Director of Research, California Budget & Policy Center
- Assemblymember Ash Kalra
- Andrew Cheyne, Californians for SSI
- Mike Herald, Western Center on Law and Poverty
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 2: LEGISLATIVE ANALYST'S OFFICE REPORT ON THE POTENTIAL EFFECTS OF ENDING THE SSI CASH-OUT**

- Jackie Barocio, Legislative Analyst's Office
- Andrew Cheyne, Californians for SSI-SSP
- Mike Herald, Western Center on Law and Poverty
- Will Lightbourne, Director, and Kim McCoy-Wade, CalFresh Branch Chief, California Department of Social Services
- Iliana Ramos, Department of Finance
- Public Comment

**ISSUE 3: HOUSING DISABILITY ADVOCACY PROGRAM (HDAP) IMPLEMENTATION UPDATE**

- Will Lightbourne, Director, and Ali Sutton, Branch Chief, Housing, Homelessness and Civil Rights Branch, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 4: IN-HOME SUPPORTIVE SERVICES (IHSS) BUDGET OVERVIEW, INCLUDING IMPLEMENTATION OF 2017 STATE-COUNTY COST-SHARING CHANGES**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Justin Garrett, Legislative Representative, California State Association of Counties
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 5: ELECTRONIC VISIT VERIFICATION FOR IHSS AND OTHER STATE PROGRAMS**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Tiffany Chin, IHSS Provider and UDW Member, Placer County
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Michelle Rousey, IHSS Consumer, Representing the IHSS Coalition
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 6: ADDITIONAL IMPLEMENTATION UPDATES FOR IHSS**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 7: BUDGET CHANGE PROPOSAL FOR IN-DEPTH MONITORING OF THE IHSS PROGRAM**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 8: CASE MANAGEMENT INFORMATION AND PAYROLLING SYSTEM (CMIPS) II ADVOCACY PROPOSAL**

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 9: PUBLIC AUTHORITY ADMINISTRATION FUNDING AND ADVOCACY PROPOSAL**

- Karen Keeslar, California Association of Public Authorities
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 10: WAIVER PERSONAL CARE SERVICES PARITY ADVOCACY PROPOSAL**

- Karen Keeslar, California Association of Public Authorities
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Jacey Cooper, Assistant Deputy Director, Health Care Delivery Systems, Department of Health Care Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 11: PROVIDER ENROLLMENT ADVOCACY PROPOSAL**

- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ISSUE 12: ADULT PROTECTIVE SERVICES AND HOME SAFE ADVOCACY PROPOSAL**

- Will Lightbourne, Director, Lori Delagrammatikas, Adult Protective Services Program Liaison, and Debbi Thomson, Deputy Director, Adult Programs Division, California Department of Social Services
- Assemblymember Ash Kalra
- Margot Kushel, MD, Professor of Medicine, Division of General Internal Medicine at Zuckerberg San Francisco General Hospital
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

## ITEMS TO BE HEARD

### 5180 DEPARTMENT OF SOCIAL SERVICES

#### ISSUE 1: SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP) – GRANT LEVELS AND ASSOCIATED PROPOSALS

##### PANEL

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Scott Graves, Director of Research, California Budget & Policy Center
- Assemblymember Ash Kalra
- Andrew Cheyne, Californians for SSI
- Mike Herald, Western Center on Law and Poverty
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
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##### BUDGET OVERVIEW

The Supplemental Security Income/State Supplementary Payment (SSI/SSP) program provides cash grants to low-income aged, blind, and disabled individuals. The state's General Fund provides the SSP portion of the grant while federal funds pay for the SSI portion of the grant. Total spending for SSI/SSP grants increased by about \$160 million, or 1.6 percent, from \$9.9 billion in 2017-18 to \$10.1 billion in 2018-19. This is primarily due to increased federal expenditures as a result of an increase to the federal SSI grant levels in 2018-19. Of this total, the Governor's budget proposes about \$2.8 billion from the General Fund, an amount relatively equal to revised estimates of 2017-18 expenditures.

**Caseload Slightly Decreasing.** The SSI/SSP caseload grew at a rate of less than 1 percent each year between 2011-12 and 2014-15. More recently, the caseload has slightly decreased, by 0.8 percent in 2015-16, 1.2 percent in 2016-17, and an estimated 0.5 percent in 2017-18. The budget projects that caseload will be about 1.3 million individual and couple SSI/SSP recipients in 2018-19, a decrease of 0.1 percent below estimated 2017-18 caseload levels.

##### SSI/SSP GRANTS

**How Grants Are Funded.** Grant levels for SSI/SSP are determined by both the federal government and the state. The federal government, which funds the SSI portion of the grant, is statutorily required to provide an annual cost-of-living-adjustment (COLA) each January. This COLA increases the SSI portion of the grant by the Consumer Price

Index for Urban Wage Earners and Clerical Workers (CPI-W). In years that the CPI-W is negative (as was the case in 2010, 2011, and 2016), the federal government does not decrease SSI grants, but instead holds them flat. The federal government gives the state full discretion over whether and how to provide increases to the SSP portion of the grant. Until 2009, the state had a statutory COLA. Although this statutory COLA existed, there were many years when, due to budget constraints, the COLA was not provided. As part of the 2016-17 budget package, the Legislature provided a COLA of 2.76 percent on the SSP portion of the grant, the first since 2005. The Governor's 2018-19 budget proposal does not include an increase to the SSP portion of the grant.

**Minimum Floor Required for Grant Levels.** The state is required to maintain SSP monthly grant levels at or above the levels in place in March 1983 (\$156.40 for SSP individual grants and \$396.20 for SSP couple grants) in order to receive federal Medicaid funding. During the most recent recession, the state incrementally decreased SSP grants for individuals and couples until they reached these minimum levels in June 2011 and November 2009, respectively. Beginning January 1, 2017, SSP grants for individuals and couples slightly increased above the minimum level due to the aforementioned COLA on the state's SSP portion.

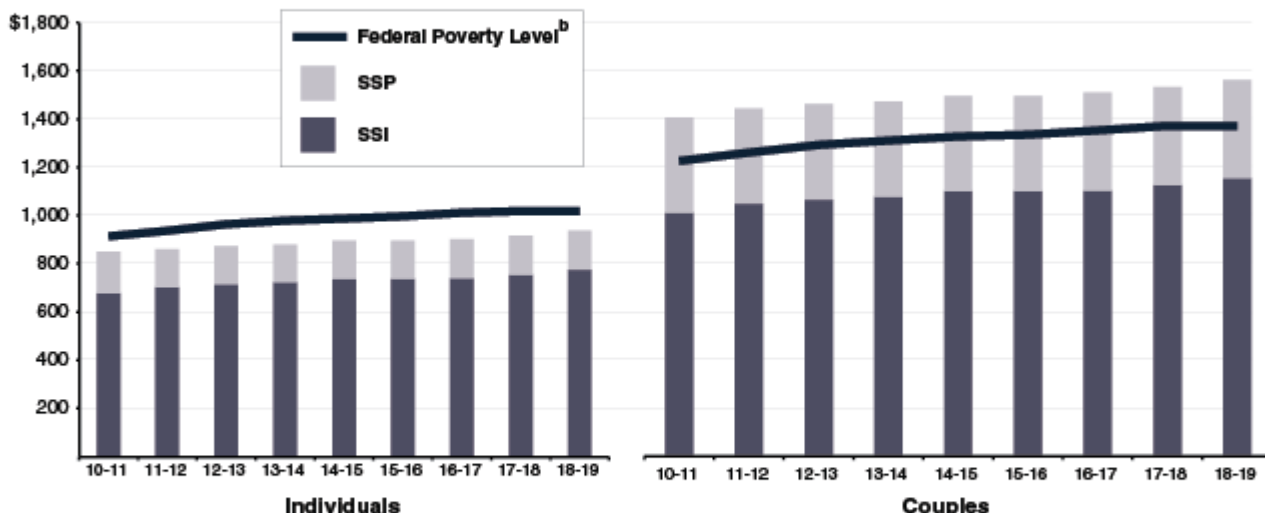
The maximum SSI/SSP monthly grant amount for individuals (the bulk of the SSI/SSP caseload) and couples have been increasing gradually since 2010-11, predominantly due to the provision of federal COLAs. However, despite these increases, current maximum SSI/SSP grant levels for individuals remain below the federal poverty level (FPL), and well below the California Supplemental Poverty Measure (SPM), widely considered to be the more accurate assessment of poverty related to real costs of living in this state, while grant levels for couples remain above the FPL and SPM. During the Recession, prior to 2010-11, the state negated the impact of federal COLAs by reducing the SSP portion of the grant by the amount of the federal increase, thereby holding total SSI/SSP grant levels flat. After the state reduced SSP grants to the federally required minimum levels, the state could no longer do this.

**Governor's Budget Proposal for the Grants.** The Governor's budget does not include a further increase to the grants beyond the federally-provided COLA. The Governor's budget estimates that the CPI-W that the federal government will use to adjust the SSI portion of the grant in 2019 will be 2.6 percent, increasing the maximum monthly SSI/SSP grant by \$20 for individuals and \$30 for couples. However, the LAO estimate of the CPI-W is lower, at 1.8 percent. The actual CPI-W will not be known until the fall. As a result, the LAO estimates that total maximum monthly SSI/SSP grants would increase by \$13 for individuals and \$20 for couples in 2018-19.

Below is a chart provided by the Legislative Analyst's Office (LAO) that shows the conditions of the grants against the FPL. It is worth noting that the bars would be significantly lower than a bold line for the SPM if that were represented on the chart.

Figure 25

**Maximum SSI/SSP Grants for Individuals and Couples<sup>a</sup> Compared to Federal Poverty Level<sup>b</sup>**



<sup>a</sup> The maximum monthly grants displayed refer to those for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.

<sup>b</sup> Federal poverty level established by U.S. Department of Health and Human Services, effective as of January 1 of the respective budget year.

LAOA

**SSI/SSP Monthly Maximum Grant Levels<sup>a</sup> Governor's Proposal**

	2017-18	2018-19 Governor's Estimates <sup>b</sup>	Change From 2017-18
<b>Maximum Grant—Individuals</b>			
SSI	\$750.00	\$770.00	\$20.00
SSP	160.72	160.72	—
<b>Totals</b>	<b>\$910.72</b>	<b>\$930.72</b>	<b>\$20.00</b>
Percent of federal poverty level <sup>c</sup>	90%	92%	
<b>Maximum Grant—Couples</b>			
SSI	\$1,125.00	\$1,155.00	\$30.00
SSP	407.14	407.14	—
<b>Totals</b>	<b>\$1,532.14</b>	<b>\$1,562.14</b>	<b>\$30.00</b>
Percent of federal poverty level <sup>c</sup>	112%	114%	

<sup>a</sup>The maximum monthly grants displayed refer to those for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.

<sup>b</sup>Reflects Governor's budget estimate of the January 2019 federal cost-of-living adjustment—2.6 percent—for the SSI portion of the grant.

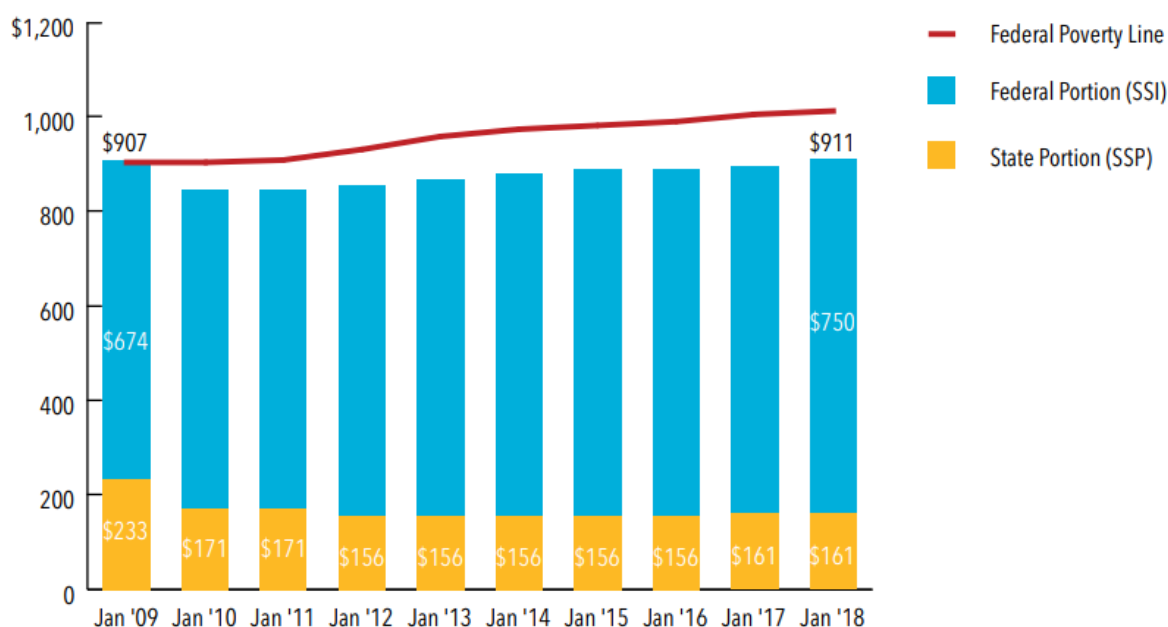


<sup>c</sup>Compares grant level to federal poverty guidelines from the U.S. Department of Health and Human Services for 2018.

The following chart from the California Budget and Policy Center displays how the grants have been kept largely flat in spite of rising costs of living, effectively suppressing their value over time.

## Due to State Cuts, SSI/SSP Grants Are Only \$4 Per Month Higher Than in 2009 and Remain Below the Poverty Line

Maximum Monthly Grant for Individuals Age 65 or Older or Who Have a Disability



Note: The federal cost-of-living adjustment (COLA) for the SSI portion of the grant is projected to be 2.6% (\$20 per month) effective January 1, 2019. The Governor's proposed 2018-19 budget does not include a state COLA for the SSP portion of the grant in 2019.  
 Source: Department of Social Services and US Department of Health and Human Services



### ADVOCACY PROPOSALS

**Assemblymember Ash Kalra** has expressed his support for an increase to the SSI/SSP grant amounts and has been invited to speak on the panel for this issue.

The following advocacy proposals regarding this issue have been received by the Subcommittee:

**Californians for SSI (CA4SSI)**, which represents more than 200 organizations that represent the nearly 1.3 million Californians who rely on SSI/SSP, writes that the population of recipients have experienced devastating cuts with severe consequences

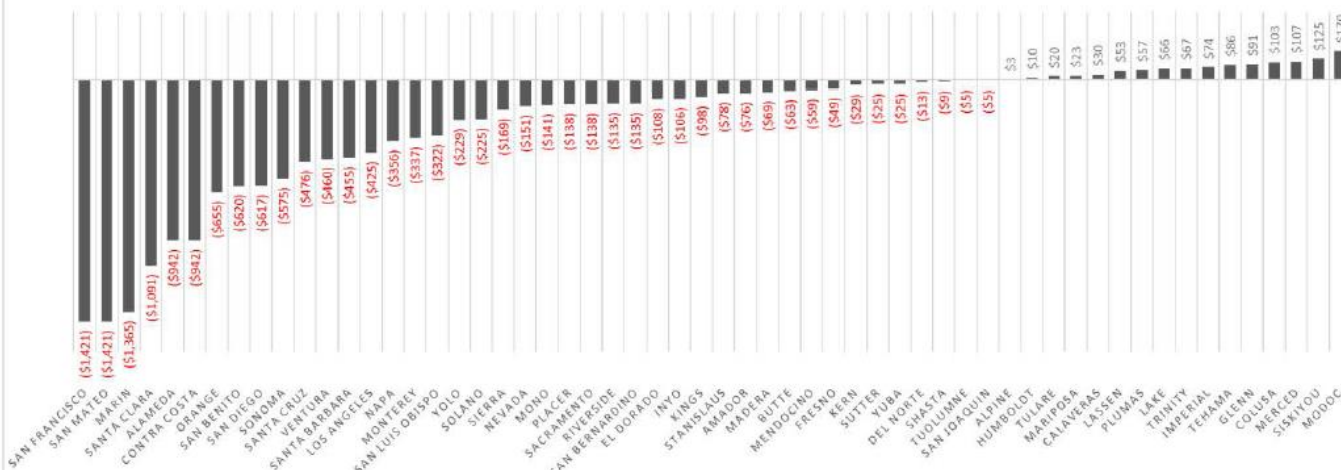
to themselves, non-profit service providers, and to our state. CA4SSI asks the Legislature and Administration to support a \$100 a month budget increase to SSP grants that will bring the combined SSI/SSP grants to nearly 100 percent of the federal poverty level for single recipients. A \$100 a month increase on January 1, 2019, together with the federal cost of living adjustment projected to be 2.6%, would lift SSI/SSP grants for individuals to \$1,028 a month, or 99 percent of the federal poverty level. CA4SSI also seeks to re-establish the prior statutory cost of living adjustment (COLA), and urges the Subcommittee to take early action on this request.

“The one-time 2.76 percent increase provided in the 2016-17 Budget agreement has been the only investment since the Great Recession cuts, meaning that every year SSI/SSP recipients have experienced an additional cut as grants lose their value to inflation, and even that action represented “the smallest theoretical increase” that could have been provided that year. The state has made historic progress in reversing the Great Recession deficits, but this has come at the expense of maintaining rock-bottom SSI/SSP grants that are forcing hunger, homelessness and inhumane hardship on 1.3 million of our neighbors. In fact, state spending is 40% lower than in 2007-08 despite a 2 percent caseload increase. Especially given the health of our reserves and revenues, there is simply no excuse not to make SSI/SSP a priority in the 2018-19 Budget.”

The grant cuts and the COLA repeal have pushed recipients into homelessness and hunger, and are a significant reason why California has the highest Supplemental Poverty Measure of any state. In January 2009 the SSI/SSP grant of \$907 per month was worth 100.5 percent of the federal poverty level (FPL) for a single individual. The maximum grant as of January 1, 2018 is \$910.72 per month, worth just 90 percent of the current monthly FPL of \$1,011.67. In fact, combined SSI/SSP grants are now only \$4 higher in nominal value than in 2009, trapping individuals on the program in poverty. Grants are so low that they only cover the cost of a studio apartment in 16 counties – and far less than that in counties as diverse as Los Angeles and San Benito. Simply put, SSI/SSP recipients do not have sufficient funds to pay for housing, and many are forced into homelessness. For those that can obtain below-market rent, grants are still insufficient to meet even basic needs for utilities, food, medicine, toiletries, clothing and other basic necessities that higher income Californians take for granted.”

# IN THE RED

Chart shows amount of SSI/SSP individual income remaining after rent and food costs (studio/efficiency unit), by California county. Rent alone exceeds income in 16 counties. Rent + food exceeds income in 42 counties (shown below). Rent + food + healthcare exceeds income in ALL counties.



Sources:  
 Food and healthcare costs sourced from California Elder Economic Security Index. Accessed online at <http://healthpolicy.ucla.edu/programs/health-disparities/elder-health.com> on 01/18/2018.  
 Rent represents Fair Market Rent by county for an Efficiency/studio apartment for 2018 from HUD.  
 Maximum SSI/SSP grant for an individual is \$911 effective January 1, 2018. Above graph does not incorporate healthcare, utility or transportation costs.  
 Prepared by Alameda County Community Food Bank | [www.acffb.org](http://www.acffb.org)

**The Western Center on Law and Poverty (WCLP)** has also written to the Subcommittee with a proposal mirroring the proposal above from CA4SSI. They support a \$100 a month budget augmentation that will bring SSI grants to nearly 100 percent of the federal poverty level for single recipients. WCLP also supports the reestablishment of the statutory COLA for the SSP portion of the grant. WCLP states that since the 2009-10 budget act the state has reduced spending on grants for SSI recipients by more than \$10 billion. “Put another way, part of the reason the state is enjoying such robust budget surpluses is because the state cut and continues to cut grants for 1.3 million Californians who rely entirely on the SSI grant. That this cut stays in place in times of economic prosperity is an embarrassment and a stain on the state. It begs the question: why are these cuts still in place?”

For many years SSI recipients and the many agencies that work with them have been meeting with the Administration and testifying at budget hearings. Their message has been consistent. The grants are too low to live on. People run out of money before the end of the month and have to rely on emergency nutrition programs. Recipients talk about making the choice between paying rent, buying food or purchasing their medications. Homelessness is on the rise among seniors and persons with disabilities. As the health of recipients declines due to homelessness, malnutrition and insufficient medication, the cost of providing health care increases for the state. Homelessness has reached such a crisis that county governments are contemplating ways to expand their power to force homeless persons off the streets and into conservatorships.”

**STAFF COMMENT**

The LAO has assisted the Subcommittee with a rough estimate on the cost of reinstating a statutory COLA for the SSP portion of the grant, starting January 1, 2019. The half-year impact is roughly \$50 million for 2018-19 and the full-year impact is roughly \$110 million.

The cost of providing a \$100 addition to the monthly grant is pending, but is estimated to be roughly in the range of \$1.3 billion annually.

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**Staff Recommendation:**

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Hold open these budget issues pending action at the May Revision hearings.

**ISSUE 2: LEGISLATIVE ANALYST'S OFFICE REPORT ON THE POTENTIAL EFFECTS OF ENDING THE SSI CASH-OUT****PANEL**

- Jackie Barocio, Legislative Analyst's Office
- Andrew Cheyne, Californians for SSI-SSP
- Mike Herald, Western Center on Law and Poverty
- Will Lightbourne, Director, and Kim McCoy-Wade, CalFresh Branch Chief, California Department of Social Services
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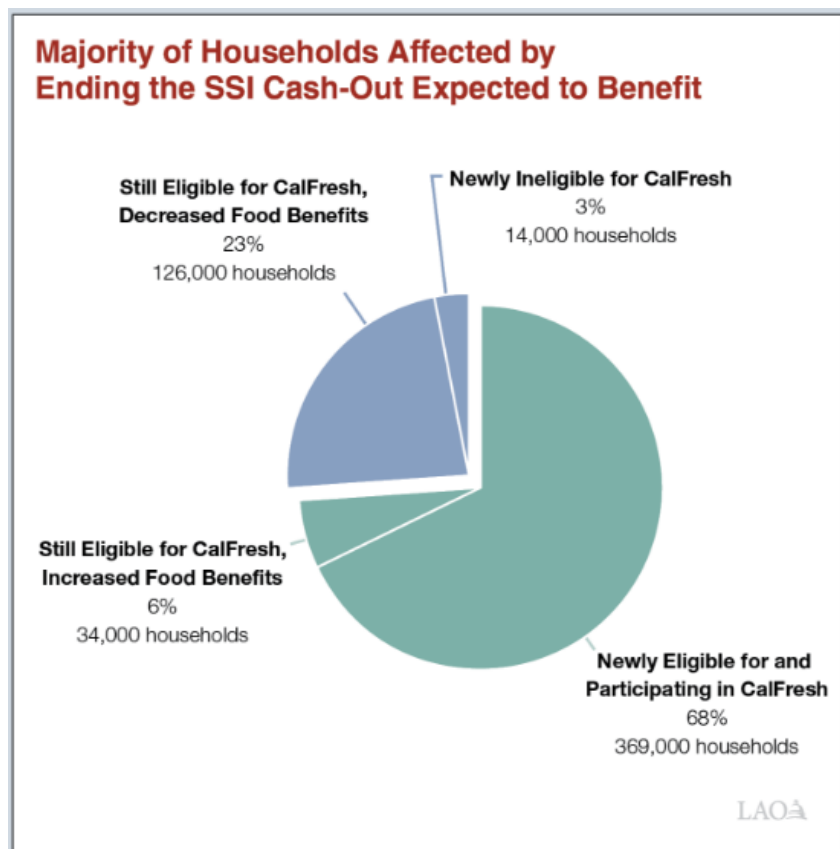
**LAO SUPPLEMENTAL REPORT**

During deliberations on the 2017-18 budget package, the Legislature directed the Legislative Analyst's Office (LAO) to report on the programmatic and fiscal implications of ending a long-standing state policy that provides Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients an extra \$10 payment in lieu of their being eligible to receive federal food benefits through California's CalFresh program. This is known as the SSI cash-out or the CalFresh cash-out.

The following is from executive summary to the report that the LAO produced and released on January 8, 2018 entitled "The Potential Effects of Ending the SSI Cash-Out."

Due to data limitations, the LAO was not able to develop its own estimates of the impact of ending the SSI cash-out in California. Instead, the LAO relied on estimates developed by Mathematica and modified by the Department of Social Services (DSS) to assess the potential impact of ending the SSI cash-out on households, the state, and counties.

**Ending the SSI Cash-Out Expected to Increase Food Benefits for Most Households.** As estimated by DSS in 2017, and shown in the figure below, most households affected by ending the SSI cash-out would experience an increase in CalFresh benefits. These households are typically comprised solely of SSI/SSP members who would become newly eligible for and receive more CalFresh benefits today than the initial \$10 payment provided to them in lieu of federal food benefits. The impacts are very different for current CalFresh households comprised of both SSI/SSP members and non-SSI/SSP members. The vast majority of these households would experience a reduction in food benefits.



**Key Factors to Consider in Deciding Whether to End the SSI Cash-Out.** Ending the SSI cash-out in California would affect food benefits on a statewide and per household basis. Although difficult to predict, both of these effects are key factors for the Legislature to consider when weighing the trade-offs of ending the SSI cash-out.

**What Is the Statewide Net Effect on Total Food Benefits Received by California?** Because some households will experience an increase in CalFresh benefits and others will experience a decrease in CalFresh benefits, the state could potentially draw down more or less total federal food benefits as a result of ending the SSI cash-out. The statewide net effect on food benefits depends on a number of key assumptions (such as the number of eligible households that would opt to participate in CalFresh). Initial estimates from Mathematica and DSS show that the state would receive more food benefits, on net, by ending the SSI cash-out. However, Mathematica's and DSS' estimates of the net increase in food benefits are very different—\$3.5 million and \$205 million, respectively. These different estimates illustrate how any variation in the underlying assumptions can create significantly different estimates of the net effect.

**How Do Households That Benefit From Ending the SSI Cash-Out Compare to Households That Lose Food Benefits?** In addition to considering the statewide net effect of ending the SSI cash-out, the Legislature should consider which households would experience an increase in food benefits and which households would experience a decrease in food benefits, and how these households compare to one another in

terms of income and resources. Mathematica and DSS estimates show that households that are expected to benefit from ending the SSI cash-out have relatively less income than those who are expected to experience a reduction in food benefits. However, we note that even households that are expected to lose food benefits as a result of ending the SSI cash-out, although relatively higher income than those who are expected to experience increased food benefits, are not necessarily far above the federal poverty level.

**There Are Many Ways the Legislature Could Hold Households Negatively Affected by Ending the SSI Cash-Out Harmless.** The SRL required the LAO to provide potential hold harmless options for households that would experience a reduction in food benefits as a result of ending the SSI cash-out. A hold harmless policy would create a state-funded food program that would aim to backfill all, or a portion of, these lost CalFresh benefits. The LAO provides a number of hold harmless options, ranging from a short-term food benefit for the existing population to a long-term food benefit for existing and future populations. The LAO notes that the costs and administrative complexity of these policies vary based on a number of policy and program decisions, such as whether the state food benefit will be provided to all or a subset of negatively affected households and if the benefit will be provided on a temporary or permanent basis.

**Additional Issues That Merit Legislative Consideration.** Finally, prior to making the decision to end the SSI cash-out and implement a hold harmless policy, the LAO identifies several key issues that merit further consideration by the Legislature. These issues include (1) understanding the trade-offs associated with keeping or ending the SSI cash-out, (2) determining whether there is a way to get more updated estimates of the impact of ending the SSI cash-out, (3) identifying ways to reduce potential administrative challenges and costs for the state and counties associated with ending the SSI cash-out or instituting a hold harmless policy, and (4) whether instituting a hold harmless policy and providing a state food benefit would affect an individual's eligibility for other public assistance programs.

#### STAKEHOLDER FEEDBACK AND ADVOCACY

The Subcommittee is in receipt of a letter from **Californians for SSI (CA4SSI)**, which represents more than 200 organizations that represent the nearly 1.3 million Californians who rely on the SSI/SSP program. They write with the following comments and requests on this topic:

"With a rapidly aging population and rising income inequality, the nation's senior population is becoming larger and poorer. SSI is now more important than ever to people in every community around the country. At the same time, California is the only state that still has the SSI cash-out policy in place, a decision that may have made sense in the 1970s to achieve administrative savings but now contributes to the hunger

and poverty for most of the 1.3 million Californians who rely on the combined SSI/SSP grants to meet basic needs.

...As illustrated in [the LAO] report, of the SSI/SSP households that would be affected by ending cash-out, approximately three-quarters would benefit by becoming newly eligible or eligible for additional CalFresh benefits. Accordingly, the state is estimated to see a net gain of some \$200 million in 100% federally funded food benefits annually. This would in turn create approximately \$360 million in total economic activity every year as these benefits are spent and circulate in the community, and create some 200 jobs because of the gains to our food system. Yet approximately one-quarter of affected households, some 144,000, would see reduced CalFresh benefits or lose their CalFresh eligibility entirely, on an average basis of \$144 a month...

In listening sessions held with SSI/SSP recipients, family members and community supporters around the state we heard two messages lifted up with equal force:

1. End the cash-out policy that denies food assistance to those who receive SSI/SSP.
2. This policy change must not benefit one group at another's expense. Those that would become eligible for CalFresh do not want to see their neighbors and friends lose benefits as a result.

Therefore we insist that the state find a way to end this policy that permanently prevents harm, on an ongoing basis, to any household as a result of this policy change."

These advocates request that the Legislature work with the Administration and advocate stakeholders to answer key remaining policy questions, before the May Revision, so that the 2018-19 budget can potentially include proposals to achieve an equitable end to the cash-out policy, including:

1. How would a policy to hold harmless the households that would lose some or all of their CalFresh benefits be administered?
2. Given the large population sizes, what would be the process to enroll new CalFresh cases and manage existing cases with reduced eligibility?
3. What are the information technology barriers to these processes, and how long would they take to implement?
4. What is the role of the federal government (notification, approval, waivers, etc.) in the decision to end the cash-out policy? [What are the specific legal steps and potential barriers?]

**The Western Center on Law and Poverty (WCLP)** has also written with feedback mirroring what has been forwarded by CA4SSI. "In our conversations with SSI



recipients they strongly support restoration of SNAP benefits. But when presented with the findings in the LAO report, many recipients expressed concern for the large number of households that would suffer a loss of assistance. Coming to an agreement on how these households will be treated is key to being able to move forward with ending cashout. Given this, we are not asking the Legislature to approve ending cashout in this budget but we do believe the Legislature should direct the department to prepare for the end of cashout now so that if an agreement is reached the state will be able to turn on SNAP as quickly as possible."

**STAFF COMMENT**

Staff suggests that the Subcommittee ask the Administration to establish a working group, to include participation from key advocates, the LAO, and legislative staff, to develop an option or set of options for the Legislature to consider at the pending May Revision.

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**Staff Recommendation:**

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Hold open these budget issues pending action at the May Revision hearings.

**ISSUE 3: HOUSING DISABILITY ADVOCACY PROGRAM (HDAP) IMPLEMENTATION UPDATE****PANEL**

- Will Lightbourne, Director, and Ali Sutton, Branch Chief, Housing, Homelessness and Civil Rights Branch, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**BACKGROUND**

The 2016 Budget agreement included a one-time investment to incent local governments to boost outreach efforts and advocacy to get more eligible poor people enrolled in the SSI/SSP program. \$45 million General Fund was approved for this purpose, and named the Housing and Disability Advocacy Program (HDAP). \$513,000 of the \$45 million was carved out to staff the program and get it up and running as soon as possible. HDAP has a dollar-for-dollar county match requirement. The implementation of HDAP was delayed, however, as the 2017-18 Governor's budget proposed to halt implementation. HDAP was eventually included in the final budget for 2017-18, and the \$45 million is now available from July 1, 2017 through June 30, 2020.

Applying to SSI is a complicated and challenging process, particularly for applicants that are homeless or have severe mental disabilities. Some studies have indicated that there may be a significant population of individuals who qualify for SSI who are not currently receiving benefits from the program. In fact, many applicants are denied when they first apply, and it is only upon appeal that they receive assistance. In the meantime, which can range from months to year, they must subsist on General Assistance/General Relief (GA/GR) payments from the county, which are substantially less than an average SSI/SSP grant, and these individuals tend to utilize emergency services at a high cost to state and local governments.

Some counties are currently investing in SSI advocacy programs to proactively assist applicants with the application process and help them stabilize in the interim. Best practices include providing modest housing subsidies, transportation and other supportive services, case management, outreach to participants, and collaboration with medical providers. In particular, for individuals approved for SSI, housing subsidies can be recouped through the Interim Assistance Reimbursement (IAR), and these funds can then be applied toward another applicant in need of a housing subsidy. The federal government covers 72% of the total costs of the SSI/SSP program.

<b>IMPLEMENTATION UPDATE</b>
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In July of 2017, DSS released a request for proposals to county welfare departments. Proposals were due in the fall of 2017, and as of December 2017 a total of 41 counties applied. As of February 16, 2018, \$41 million has been allocated to 39 counties during Phase One, which is the initial needs-based part of the allocation process. There is an additional \$2.78 million left for allocation in Phase Two, to be distributed among the 39 counties on a competitive basis.

Below is the list of Phase One allocations:

County	Phase One Allocation
Alameda	\$1,962,954
Butte	\$216,519
Colusa	\$75,000
Contra Costa	\$746,546
Fresno	\$755,864
Glenn	\$75,000
Humboldt	\$296,003
Inyo	\$75,000
Kern	\$466,523
Lassen	\$75,000
Los Angeles	\$17,207,833
Marin	\$385,924
Mendocino	\$215,771
Merced	\$261,788
Modoc	\$75,000
Mono	\$75,000
Monterey	\$568,670
Napa	\$93,244
Nevada	\$81,897
Orange	\$2,147,651
Placer	\$197,002
Riverside	\$994,760
Sacramento	\$1,313,294
San Benito	\$142,052
San Bernardino	\$1,041,630
San Diego	\$3,086,402
San Francisco	\$2,054,777
San Luis Obispo	\$414,294
San Mateo	\$538,684
Santa Clara	\$2,024,285
Santa Cruz	\$498,023
Shasta	\$166,346
Sonoma	\$742,846
Stanislaus	\$440,662

Tulare	\$291,046
Tuolumne	\$75,000
Ventura	\$495,608
Yolo	\$190,483
Yuba	\$111,188
<b>Total Amount Allocated in phase 1</b>	<b>\$40,675,569</b>
Total Local Assistance Available for Allocation	\$43,461,000
<b>Amount remaining to be Allocated in Phase 2</b>	<b>\$2,785,431</b>

**STAFF COMMENT**

Staff has heard feedback from legal aid advocates requesting information about how much of the HDAP funding to counties is being used for higher General Assistance (GA) grants via a housing subsidy that would be subject to interim assistance reimbursement, which is the intended use of the HDAP funding, versus subsidized housing and no additional GA grant dollars. The Subcommittee may wish to ask the Department about this distinction and to what degree counties are being required to align the use of HDAP funds to enable and augment larger SSI advocacy and housing subsidy program goals.

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**Staff Recommendation:**

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Hold open these budget issues pending action at the May Revision hearings.

**ISSUE 4: IN-HOME SUPPORTIVE SERVICES (IHSS) BUDGET OVERVIEW, INCLUDING IMPLEMENTATION OF 2017 STATE-COUNTY COST-SHARING CHANGES****PANEL**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Justin Garrett, Legislative Representative, California State Association of Counties
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**PROGRAM AND BUDGET OVERVIEW**

The In-Home Supportive Services (IHSS) program provides personal care services to approximately over 500,000 qualified low-income individuals who are blind, aged (over 65), or who have disabilities. Services include feeding, bathing, bowel and bladder care, meal preparation and clean-up, laundry, and paramedical care. These services help program recipients avoid or delay more expensive and less desirable institutional care settings.

The budget proposes \$11.2 billion (\$3.6 billion General Fund) for services and administration. Of that amount, \$3.5 billion (\$1.8 billion General Fund) is for IHSS Basic Services. While estimates from last year to this year have decreased somewhat, primarily due to lower than anticipated Fair Labor Standards Act (FLSA) costs, costs have increased from year to year. Overall, the increased costs for IHSS in 2018-19 are due to growth in caseload of 5.1 percent, an increase in paid hours per case, the increase in the hourly minimum wage from \$10.50 to \$11.50, effective January 1, 2018, and county wage increases. Caseload growth and wage increases for IHSS providers continue to be two primary drivers of increasing IHSS service costs.

County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual's ability to perform activities of daily living. In general, most social workers reassess annually recipients' need for services. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). If an IHSS recipient disagrees with the hours authorized by a social worker, the recipient can request a reassessment, or appeal their hour allotment by submitting a request for a state hearing to DSS. According to DSS, around 73 percent of providers are relatives, or "kith and kin."

In the current year, IHSS providers' combined hourly wages and health benefits vary by county. Prior to July 1, 2012, county public authorities or nonprofit consortia were designated as "employers of record" for collective bargaining purposes on a statewide

basis, while the state administered payroll and benefits. Pursuant to 2012-13 trailer bill language, however, collective bargaining responsibilities in seven counties – Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara – participating in Coordinated Care Initiative (CCI) shifted to an IHSS Authority administered by the state. With the ending of the CCI, however, collective bargaining was returned to counties, and various new provisions related to collective bargaining were added in the 2017-18 budget.

The average annual cost of services per IHSS client is estimated to be approximately \$18,000 (total funds) for 2018-19. The program is funded with federal, state, and county resources. Federal funding is provided by Title XIX of the Social Security Act. Before the CCI, the county IHSS share-of-cost (SOC) was determined by 1991 Realignment. When the state transferred various programs from the state to county control, it altered program cost-sharing ratios and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes. Prior to realignment, the state and counties split the non-federal share of IHSS program costs at 65 and 35 percent, respectively.

With the enactment of the CCI, the funding structure changed as of July 1, 2012, with county IHSS costs based on a maintenance-of-effort (MOE) requirement. When the CCI ended in 2017-18, a new MOE was established, which will increase annually by the county share of costs from locally negotiated wage increases and an annual adjustment factor.

#### **2017 STATE-COUNTY COST-SHARING CHANGES**

The 2017-18 budget ended the Coordinated Care Initiative (CCI) funding structure, which in turn automatically ended the In-Home Supportive Services (IHSS) Maintenance-of-Effort (MOE) and returned to the prior state-county cost-sharing ratio, and shifted collective bargaining responsibility back to demonstration counties. SB 90 (Senate Committee on Budget and Fiscal Review), Chapter 25, Statutes of 2017, enacted negotiated changes between the state, counties and labor to the MOE structure and collective bargaining, and the 2017-18 budget allocates funding to counties to mitigate costs incurred due to the ending of the CCI.

CCI required health plans to coordinate medical, behavioral health, long-term institutional, and home and community-based services. The intent of CCI was to improve integration of medical and long-term care services through the use of managed health care plans and to realize accompanying fiscal savings by reducing institutional care. A 2012-13 budget trailer bill related to the enactment of the CCI, changed the funding in IHSS from a state and county split of the non-federal share of IHSS program costs at 65 and 35 percent to a MOE requirement as of July 1, 2012. Starting July 1, 2014, a 3.5 percent annual inflation factor was applied to each county's funding base along with any adjustments for approved county negotiated wage and health benefit increases. The state assumed responsibility for any additional costs that would have

historically been paid under the previous county share of cost, although with a \$12.10 cap on state wage and benefit participation.

Language embedded in the CCI required the Department of Finance to annually determine if there are net General Fund savings for CCI. If CCI was not cost-effective, all components of CCI and the county MOE agreement would cease operation. The 2017-18 Governor's Budget found that the CCI was no longer cost-effective and did not meet the statutory savings requirements. The Administration discontinued the CCI, which ended the IHSS MOE and returned to the prior state-county sharing ratio, and shifted collective bargaining responsibility back to demonstration counties.

The new MOE increased county IHSS costs to reflect estimated 2017-18 IHSS costs, creating a new MOE base that includes both services and administration costs. The county MOE will increase annually by an inflation factor and the counties' share of costs associated with locally negotiated wage increases. Beginning July 1, 2018, the inflation factor is five percent, and for 2018-19 is estimated to be \$86,987,000. Beginning July 1, 2019, and annually thereafter, the inflation factor will be seven percent. These amounts may also change depending on 1991 realignment revenues in any given year, as they did in the current year.

The IHSS MOE for 2017-18 was established at \$1,769,443,000, based on the estimated county share of IHSS services and administration costs in the 2017 May Revision budget. The Governor's Budget updates this to \$1,739,753,000 based largely on lower than anticipated Fair Labor Standards Act (FLSA) costs. Below is a chart provided by the Legislative Analyst's Office displaying the difference in these numbers.

## Increase in IHSS County MOE Costs

*(In Millions)*

	2017-18		2018-19 Governor's Budget	Change From Revised 2017-18
	Appropriation	Revised		
<b>Total IHSS County MOE Costs<sup>a</sup></b>	<b>\$1,768</b>	<b>\$1,740</b>	<b>\$1,835</b>	<b>\$95</b>
Share of IHSS service costs	1,672	1,630	1,720	90
Share of IHSS administrative costs	96	110	115	5
<sup>a</sup> Total IHSS county MOE costs are partially offset by General Fund assistance provided to counties to assist them in meeting their increased IHSS MOE costs in 2017-18 (\$400 million) and 2018-19 (\$330 million).				
IHSS = In-Home Supportive Services and MOE = maintenance-of-effort.				

SB 90 directed DSS, the Department of Finance, and the counties to examine the workload and budget assumptions related to the administration of the IHSS program for 2017-18 and 2018-19. While the General Fund is now expected to pay all nonfederal IHSS service costs above the counties' MOE expenditure level, the amount of General Fund that can be used for county IHSS administrative costs is capped at \$220 million in 2017-18 and \$208 million in 2018-19. The table above shows the county share of administration costs in 2017-18 as \$110 million and in 2018-19 as \$115 million. Total funding in the Governor's Budget for IHSS administrative costs in 2018-19, including federal funding, is \$640 million. This includes automation costs, public authority costs, and direct service-related and fixed administrative costs. These administrative cost estimates are based on updated assumptions about average county wages and the average number of county workers needed to fulfill required activities at current caseload levels. In future years, it is expected that administrative costs will be increased according to the yearly growth in IHSS.

To help mitigate the impact of the ending of the CCI and the transition to the new IHSS MOE, the 2017-18 budget appropriates \$400 million for 2017-18, \$330 million for 2018-19, \$200 million for 2019-20, and \$150 million in 2020-21 and ongoing. These funds are a combination of General Fund and a temporary redirection of realignment funds (Vehicle License Fee growth from the Health, County Medical Services Program, and Mental Health Subaccounts). For 2017-18, the IHSS county mitigation is \$351 million General Fund, and the redirection from realignment funds is \$48 million. For 2018-19, the IHSS county mitigation is \$285 million General Fund, and the redirection from realignment funds is \$44 million.

Below is a chart provided by the Department of Finance to provide further detail on the County IHSS Mitigation costs:



## 2018-19 Governor's Budget

County IHSS Mitigation  
(\$ millions)

	2017-18	2018-19	2019-20	2020-21	2021-22
Increased County IHSS Costs <sup>1/</sup>	\$563.9	\$657.7	\$786.1	\$923.5	\$1,070.6
Carryover of Excess Realignment Funds from Prior Year			-\$13.3		
Increased County IHSS Costs Before Offsets	\$563.9	\$657.7	\$772.8	\$923.5	\$1,070.6
Offsets:					
Realignment Growth Funds <sup>2/</sup>					
Available Sales Tax Growth	-\$84.3	-\$250.6	-\$355.9	-\$470.8	-\$564.9
Redirect Mental Health VLF Growth	-\$40.1	-\$72.0	-\$99.9	-\$112.7	-\$125.2
Redirect Health/CMSP VLF Growth	-\$16.7	-\$31.2	-\$43.9	-\$49.7	-\$55.4
Redirect AB 85 VLF Savings	-\$16.9	-\$31.7	-\$44.5	-\$50.4	-\$56.2
State General Fund <sup>3/</sup>	-\$351.4	-\$285.5	-\$149.6	-\$93.8	-\$150.0
Total Offsets	-\$509.4	-\$671.0	-\$693.8	-\$777.4	-\$951.7
Net Increase/Decrease in County Costs <sup>4/</sup>	\$54.5	-\$13.3	\$79.0	\$146.1	\$118.9
Net Increase in County Costs at 2017 Budget Act	\$141.0	\$128.6	\$229.8	\$251.0	N/A
Change in Net County Costs from 2017 Budget Act to 2018-19 Governor's Budget	-\$86.5	-\$141.9	-\$150.8	-\$104.9	N/A
Total GF Impact	-\$400.0	-\$330.0	-\$200.0	-\$150.0	-\$150.0

<sup>1/</sup> Resets county IHSS base costs in 2017-18 using historical state/county cost-sharing ratios. 5-percent growth factor applied in 2018-19 and 7-percent growth factor applied annually thereafter.

<sup>2/</sup> Reflects year growth is allocated and paid to counties instead of accrual year.

<sup>3/</sup> Amounts adjusted to reflect accrual of AB 85 growth in year prior to county allocation.

<sup>4/</sup> Negative amount in 2018-19 indicates reserve funds that would be available in subsequent fiscal years.

**Collective Bargaining Changes.** Currently, collective bargaining is conducted at the county level. SB 90 maintains that counties pay 35 percent of the nonfederal share of costs associated with negotiated wage increases, with 65 percent state participation. The state will pay its 65 percent share in county negotiated wages up to \$1.10 above the hourly minimum wage set in SB 3 (Leno), Chapter 4, Statutes of 2016. For counties at or exceeding the current state participation cap of \$12.10, the state would participate at its 65 percent share of costs up to a ten percent increase in wages until the state minimum wage hits \$15. All wage increases will result in an adjustment to the county's IHSS MOE requirement. Total county service costs that exceed the county IHSS MOE are shifted to General Fund.

Additionally, beginning July 1, 2017, if a county does not conclude bargaining with its IHSS workers within nine months, the union may appeal to the Public Employment

Relations Board (PERB). Currently, no appeal has been made to the PERB concerning IHSS bargaining.

**Recent Clarifications.** AB 110 (Committee on Budget) makes several clarifications in order to provide further guidance to counties as they begin the negotiation process for increasing wages or benefits for IHSS providers including outlining that the wage supplement will be subsequently applied when the state minimum wage equals or exceeds the county provider wage absent the wage supplement amount, and how the wage supplement will work if a county shifts the existing amounts it pays for wages and health benefits, which was not addressed previously.

**Long-Term Implications.** Given the complexities of realignment, layered now with the temporary redirection of a portion of these funds, the Department of Finance, in consultation with the counties and other affected parties, is statutorily required to reexamine the funding structure within 1991 Realignment and to report findings and recommendations regarding the IHSS MOE and other impacts on 1991 Realignment programs, as well as the status of collective bargaining for IHSS programs in each county, by no later than January 10, 2019. This commitment has been termed the “reopener” language adopted in the trailer bill last year.

#### STAKEHOLDER FEEDBACK

The counties and labor organizations were actively involved in negotiating the various MOE and collective bargaining changes last year and clarifications this year. The Subcommittee is in receipt of a letter from a host of county organizations, led by the California State Association of Counties (CSAC), regarding the future outlook for the new cost-sharing arrangement adopted as part of the 2017 Budget.

The counties express appreciation and acknowledgement of the partnership with the Department of Social Services and Department of Finance as counties have made significant progress in implementing the substantial changes to the IHSS funding structure. While counties are striving to manage the first two years of this new MOE, there are still significant concerns about the anticipated impacts of this new IHSS funding structure in the out years. The reopener provision and required January 2019 report that will reexamine this funding structure for the 2019-20 budget remains a top priority for counties.

The counties state that it will be vital for the Legislature, the Administration, counties, and other stakeholders to work together to find a long-term solution that ensures counties can partner with the state to effectively deliver IHSS and other critical services in our communities, including health and mental health programs.

#### STAFF COMMENT

The changes made to 1991 Realignment funding were comprehensive and it may take some time to fully understand the consequences not only to the IHSS Program but other

programs that draw from the redirected realignment funds. With the required reporting due next year, the Legislature should continue to monitor implementation closely.

Similarly, the Legislative Analyst's Office points out that the Legislature should consider what additional data may need to be collected to further inform efforts to modify the budget assumptions regarding IHSS administration costs for next year. The Subcommittee may wish to ask for the LAO's assistance in drafting what this additional data reporting could look like for possible adopted as part of the 2018 Budget either as Supplemental Report Language or another medium to assist with continuing oversight efforts.

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**Staff Recommendation:**

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Hold open.

**ISSUE 5: ELECTRONIC VISIT VERIFICATION FOR IHSS AND OTHER STATE PROGRAMS****PANEL**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Tiffany Chin, IHSS Provider and UDW Member, Placer County
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Michelle Rousey, IHSS Consumer, Representing the IHSS Coalition
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**BACKGROUND**

Federal law H.R. 2646 was signed in December of 2016 and contains provisions related to Electronic Visit Verification, also called "EVV." These provisions would require states to implement EVV systems for Medicaid-funded personal care and home health care services, such as IHSS. The bill stipulates that the electronic system must verify (1) the service performed, (2) the date and time of service, and (3) the location of the service, and (4) the identities of the provider and consumer in a way that is "minimally burdensome."

The federal 21<sup>st</sup> Century Cures Act, signed into law on December 13, 2016, requires states to use an electronic visit verification (EVV) system for Medicaid (Medi-Cal in California) covered personal care services by January 1, 2019, and for home health care services by January 1, 2023. Failure to comply with this requirement for personal care services will result in the escalating Federal Medical Assistance Percentages (FMAP) penalty below for only those services:

- For calendar quarters in 2019 and 2020, by 0.25 percentage points;
- For calendar quarters in 2021, by 0.5 percentage points;
- For calendar quarters in 2022, by 0.75 percentage points; and
- For calendar quarters in 2023 and each year thereafter, by 1.0 percentage point.

There is an analogous penalty for home health care beginning in 2023.

Federal law defines EVV as a system under which visits conducted as part of personal care or home health care services are electronically verified with respect to:

- “(i) the type of service performed;
- “(ii) the individual receiving the service;

- “(iii) the date of the service;
- “(iv) the location of service delivery;
- “(v) the individual providing the service; and
- “(vi) the time the service begins and ends.

**Impacted Programs.** In California, personal care services are delivered to eligible individuals eligible to receive personal care services and whom meet medical necessity, as an alternative to out-of-home care, such as nursing or assisted living facilities, through multiple programs managed by various departments under the California Health and Human Services Agency. Most publicly-funded personal care services are managed by the Department of Social Services (CDSS) through the following four programs, collectively called the In-Home Supportive Services (IHSS) program:

- Personal Care Services Program (PCSP)
- IHSS Plus Option (IPO)
- Community First Choice Option (CFCO)
- IHSS Residual (IHSS-R)

The Department of Health Care Services and its designees are responsible for providing oversight of personal care services provided under the Medicaid Home and Community-Based Services (HCBS) programs:

- Home and Community-Based Alternatives (HCBA) Waiver
- In-Home Operation (IHO)
- Assisted Living Waiver (ALW)
- Pediatric Palliative Care (PPC) Waiver
- HIV/AIDS Waiver
- HCBS Waiver for Californians with Developmental Disabilities
- 1915(i) State Plan Amendment for Californians with Developmental Disabilities
- Multipurpose Senior Services Program (MSSP)

The General Fund estimates outlined below are based on limited federal guidance and only reflect the major programs impacted. These numbers are based on the 2018-2019 Governor’s Budget. DSS notes that this estimate may change based on further direction from the Federal Government.

The following provides the Department of Social Services penalty estimate for the In-Home Supportive Services (IHSS) program.

FY 2018-2019 = \$13,175,000  
 FY 2019-2020 = \$29,480,000  
 FY 2020-2021 = \$50,087,000  
 FY 2021-2022 = \$93,898,000  
 FY 2022-2023 = \$144,181,000  
 FY 2023-2024 = \$179,718,000

The following provides the Department of Developmental Services penalty estimate for personal care services (respite, personal assistance, supported living and homemaker).

FY 2018-2019 = \$1,812,648  
FY 2019-2020 = \$4,216,202  
FY 2020-2021 = \$7,363,452  
FY 2021-2022 = \$14,304,972  
FY 2022-2023 = \$23,369,906  
FY 2023-2024 = \$31,201,317

The following provides the Department of Health Care Services penalty estimate for personal care services provided in the following 1915c waivers: HCBA, IHO, ALW, PPC, HIV/AIDS and MSSP.

FY 2018-2019 = \$335,210  
FY 2019-2020 = \$737,720  
FY 2020-2021 = \$1,360,011  
FY 2021-2022 = \$2,593,739  
FY 2022-2023 = \$4,123,993  
FY 2023-2024 = \$5,327,204

The following provides the Department of Health Care Services penalty estimate for personal care services provided in managed care through the Coordinated Care Initiative, Program for All-Inclusive Care for the Elderly (PACE) and Senior Care Action Network (SCAN).

FY 2018-2019 = \$217,902  
FY 2019-2020 = \$450,063  
FY 2020-2021 = \$726,953  
FY 2021-2022 = \$1,285,813  
FY 2022-2023 = \$1,915,286  
FY 2023-2024 = \$2,322,868

In total, the current penalty estimate across all program areas is included below.

FY 2018-2019 = \$15,540,760  
FY 2019-2020 = \$34,883,985  
FY 2020-2021 = \$59,537,416  
FY 2021-2022 = \$112,082,524  
FY 2022-2023 = \$173,590,185  
FY 2023-2024 = \$218,569,389

**EVV and IHSS.** Currently, IHSS has no EVV system in place. California has until January 2019 to comply with the new federal law for personal care services, and until January 2023 for home care services, or escalating penalties in the form of a percentage of program-specific federal Medicaid matching dollars will be incurred.

As federal rulemaking and guidance is not yet available, and the department does not yet have a timeline for when they would have a proposal for an EVV system. IHSS consumers and stakeholders have expressed great trepidation around the prospect of EVV, as it has the potential to be extremely disruptive, depending on how prescriptive federal guidance ends up being. The department has been communicating with stakeholders and most recently convened a meeting on March 9, 2018 to discuss the results of the Request for Information (RFI) that was sent out in the fall of 2017.

**ADVOCACY FEEDBACK**

The **UDW and AFSCME Local 3930 and the SEIU** have submitted feedback to the Subcommittee expressing their opposition to the new federal requirement for personal care services programs like IHSS to implement EVV beginning January 2019 or lose federal funding for these programs.

**RESPONSE FROM DSS**

DSS has indicated that the State has not decided how, or when, EVV will be implemented. DSS is in the process of evaluating the responses to their recent Request for Information (RFI) to further inform the decision-making process. They are also awaiting further guidance from the Centers for Medicare and Medicaid Services, which was expected in January 2018. The State expresses that it intends to comply with federal law in the manner that respects recipients and providers, does not alter their Olmstead protections, and minimizes state costs relative to federal penalties. Most importantly, no implementation will occur without significant ongoing involvement from recipients, providers, stakeholders, and the Legislature.

**STAFF COMMENT**

Further federal guidance is forthcoming, and currently it is unclear how EVV would work. It is unclear how much compliance would cost, given the lack of federal guidance. Subcommittee staff will continue to monitor the discussion around EVV and communicate with stakeholders.

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**Staff Recommendation:**

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Hold open.

**ISSUE 6: ADDITIONAL IMPLEMENTATION UPDATES FOR IHSS****PANEL**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**BACKGROUND**

Several recently enacted policies have also impacted the IHSS program. These are discussed under this Issue and the panelists are asked to please address each of these for the Subcommittee at a high level.

**Restoration of the 7 Percent Reduction in Service Hours.** A legal settlement in *Oster v. Lightbourne* and *Dominguez v. Schwarzenegger*, resulted in an eight percent reduction to authorized IHSS hours, effective July 1, 2013. Beginning in July 1, 2014, the reduction in authorized service hours was changed to seven percent. The 2015 Budget Act approved one-time General Fund resources, and related budget bill language, to offset the seven-percent across-the-board reduction in service hours. Starting in 2016, the seven percent restoration was funded using a portion of the revenues from a restructuring of the existing Managed Care Organization (MCO) tax. The 2018-19 Governor's Budget uses \$300 million General Fund to restore the seven percent across-the-board reduction. Restoration of the seven percent reduction is currently tied to the MCO tax, which is up for renewal in 2019.

**Minimum Wage Increases and Paid Sick Leave.** Assembly Bill 10 (Alejo), Chapter 351, Statutes of 2013, increased the minimum wage from \$8 per hour to \$9 per hour in July 2014, with gradual increases until the minimum wage reached \$10 per hour by January 2016. SB 3 (Leno), Chapter 4, Statutes of 2016, will move the state's current \$10 per month for minimum wage to \$10.50 at the beginning of 2017, and schedules annual increases to \$15 for most employers by 2022. As of January 1, 2018, the minimum wage is set at \$11.50. The budget includes \$260.3 million (\$119.4 million General Fund) to reflect the impact of the increasing state minimum wage.

SB 3 also provides eight hours of paid sick leave to IHSS providers who work over 100 hours beginning July 1, 2018. When the state minimum wage reaches \$13, IHSS providers will accrue 16 hours, and when the state minimum wage reaches \$15 they will



receive 24 hours. \$30 million General Fund is included in 20170-18 for this purpose, assuming all providers use their eight hours.

**Provider Back-Up System.** Another crucial component of implementing sick leave is the provider back-up system for recipients. The department indicates it has initiated conversations with counties to ensure that recipients know how to find a back-up provider if their regular provider is sick.

**Electronic Timesheets.** In the last several years, there have been various instances with the processing of paper timesheets that have resulted in delays in payment to providers. In an effort to streamline timesheet processing, and in response to requests from IHSS stakeholders, DSS implemented online IHSS timesheets in three pilot counties in June 2017. A four-wave rollout to all counties began in August 2017 and was completed in November 2017. The online timesheet system uses technology that is easy to use on PCs, smartphones and tablets and provides real-time data validation, which means timesheet errors can be corrected before the timesheet is submitted. Providers and recipients are able to submit electronic signatures, eliminating the need to place timesheets in the mail. If providers and recipients adopt this optional technology, it is expected to reduce timesheet errors and significantly reduce the time it takes to pay providers by eliminating mail time. So far, reception of the electronic timesheets has been positive and the department is seeing participation grow. As of February 19, 2018, 90,000 providers and 99,855 recipients are enrolled to use electronic timesheets, which is a provider adoption rate of 18.6 percent. The department is also working on plans to increase the use of direct deposit as well as other electronic funds transfer options.

**Fair Labor Standards Act (FLSA)—Final Rule.** FLSA is the primary federal statute dealing with minimum wage, overtime pay, child labor, and related issues. In September 2013, the U.S. Department of Labor issued a final rule, effective January 1, 2015, which redefined “companionship services” and limits exemptions for “companionship services” and “live-in domestic service employees” to the individual, family, or household using the services (not a third party employer). The rule also requires compensation for activities, such as travel time between multiple recipients, wait time associated with medical accompaniment, and time spent in mandatory provider training. Under the final rule, employers must pay at least the federal minimum wage and overtime pay at one and a half times the regular pay if a provider works more than 40 hours per work week. The final rule began implementation in California on February 1, 2016.

SB 855 (Committee on Budget and Fiscal Review) Chapters 29, Statutes of 2014, established a limit of 66 hours per week for IHSS providers based on the statutory maximum of 283 hours a month for IHSS recipients and limited travel time for providers to seven hours a week. DSS or counties may terminate a provider in the event of persistent violations of overtime or travel limitations.

The 2018-19 Governor's Budget provides \$533.2 million (\$246.4 million General Fund) in 2017-18 and \$582.2 million in 2018-19 (\$268.9 million General Fund) for the implementation of the federal requirements. Funding for 2017-18 is less than originally estimated, as fewer providers are working overtime, and those that are claim less additional hours. However, there is a year over year increase from current year to budget year. The Governor's budget estimates that 13 percent of providers with a single recipient and 8.2 percent of providers with multiple recipients typically work more than 40 hours per week.

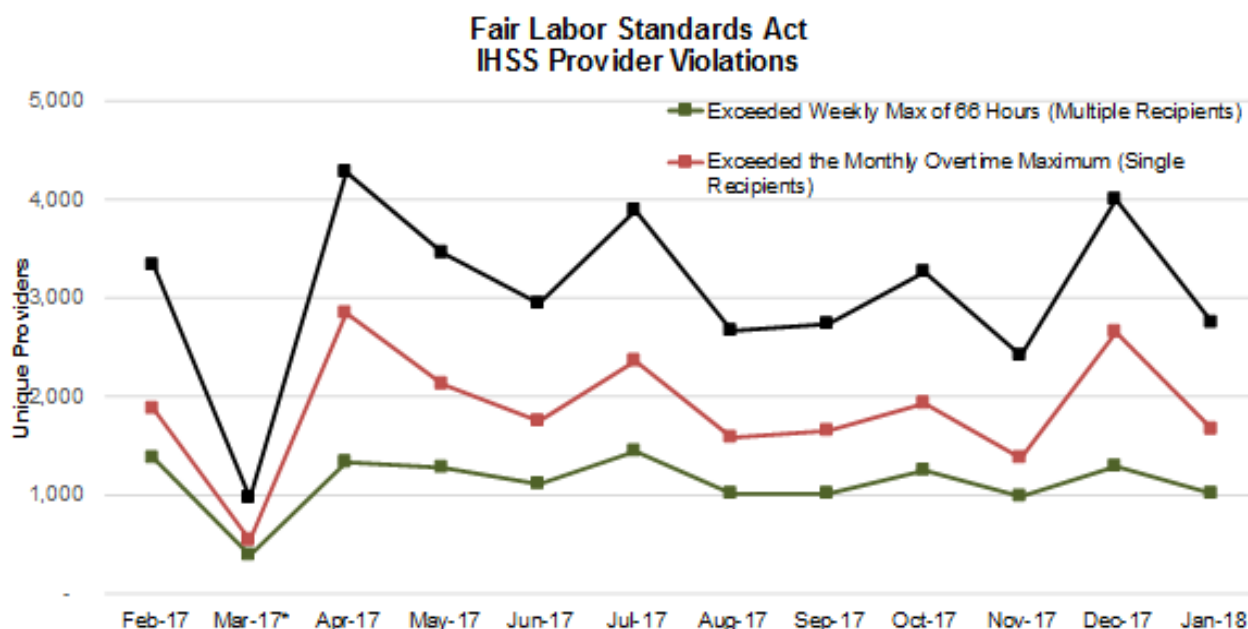
Exemptions. Beginning May 1, 2016, two exemptions were established for limited circumstances that allow the maximum weekly hours to be exceeded:

- *Exemption 1 – Live-In Family Care Provider:* Is granted for live-in care providers residing in the home for two or more minor or adult children or grandchildren or step-children with disabilities for whom they provide IHSS services and who meet specified requirements on or before January 31, 2016. The projected average monthly caseload is 1,300 providers in 2016-17 and 2017-18. Providers who meet the specific criteria for this exemption will be allowed to work up to 12 hours per day, or 90 hours per week, not to exceed 360 hours per month.
- *Exemption 2 – Extraordinary Incurable Circumstances:* Is granted on a case-by-case basis for providers who work for two or more IHSS recipients that have extraordinary circumstances including complex medical and behavioral needs, living in a rural or remote area, or language barriers that place the recipient(s) at imminent risk of out-of-home institutionalized care. The projected average monthly caseload is 135 in 2016-17 and 385 in 2017-18. It is estimated that the number of providers who qualify for this exemption will reach 250 by the end of 2016-17 and 500 by the end of 2017-18. Providers who meet the specific criteria for this exemption will be allowed to work up to 12 hours per day, or 90 hours per week, not to exceed 360 hours per month.

The 2017 Budget Act codified these exemptions, and required that as part of an initial IHSS assessment and any subsequent reassessments, county social workers evaluate IHSS recipients to determine if their provider is eligible for either exemption. The department is also required written notification to the provider and recipients of its approval or denial of an exemption, and to establish an appeals process through the State Hearings Division. DSS is working with stakeholders on this process, and a draft All-County Letter is scheduled to be sent out in March.

Violations Process. The first time a provider exceeds the work or travel limits, they receive a written notice. For second violations, providers will be offered a one-time opportunity to voluntarily review the instructional materials and sign a certification form stating that they understand and agree to the requirements, and their violation will be rescinded. After a second violation that is not rescinded, county staff must contact the provider. The third violation results in a three-month suspension and a fourth violation results in the provider's termination for one year.

DSS states that it will provide data in quarterly reports starting six months after implementing the FLSA that will include data on the number of timesheets with overtime, the number of exemptions, payroll stats, etc. This is in addition to the requirement for a study that was included in SB 855. The first report to the Legislature was due in April 2017.



Violation Type	Feb-17	Mar-17*	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Exceeded Weekly Max of 66 Hours (Multiple Recipients)	1,372	386	1,342	1,274	1,119	1,447	1,010	1,018	1,258	985	1,298	1,017
Exceeded the Monthly Overtime Maximum (Single Recipients)	1,872	545	2,843	2,128	1,750	2,359	1,585	1,651	1,937	1,374	2,647	1,662
Exceeded the Travel Maximum <sup>1</sup>	93	47	96	64	77	84	69	69	63	57	57	76
<b>Statewide Total</b>	<b>3,337</b>	<b>978</b>	<b>4,281</b>	<b>3,466</b>	<b>2,946</b>	<b>3,890</b>	<b>2,664</b>	<b>2,738</b>	<b>3,258</b>	<b>2,416</b>	<b>4,002</b>	<b>2,755</b>
Providers with 2 violations <sup>2</sup>	772	151	787	629	596	823	498	543	530	472	681	506
Providers with 3 violations <sup>2</sup>	239	47	240	183	167	217	147	167	152	148	184	124
Providers with 4 violations <sup>2</sup>	0	8	22	16	23	12	15	18	17	14	23	14

<b>STAKEHOLDER FEEDBACK</b>
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The **UDW/AFSCME Local 3930** request that the seven percent across the board cut to IHSS services hours be fully and permanently restored, regardless of the state Managed Care Organization (MCO) tax, from which the restoration is currently funded.

The **UDW/AFSCME Local 3930 and the SEIU** request that the Administration develop a comprehensive provider back-up system by the time paid sick leave is implemented for providers in July 2018.

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**Staff Recommendation:**

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Hold open.

**ISSUE 7: BUDGET CHANGE PROPOSAL FOR IN-DEPTH MONITORING OF THE IHSS PROGRAM****PANEL**

- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**BUDGET CHANGE PROPOSAL**

The Administration requests a total of six permanent positions (one Staff Services Manager I (SSM I) and five Associate Governmental Program Analysts (AGPAs) and \$780,000 (\$390,000 General Fund) in 2018-19 and \$712,000 (\$356,000 General Fund) annually thereafter to provide in-depth monitoring and technical assistance to help improve county administration of the IHSS program.

The Quality Assurance (QA) Monitoring Unit within DSS currently consists of one SSM I and eight AGPAs who perform county monitoring reviews to oversee the administration of, and compliance with, approved Quality Assurance/Quality Improvement plans, and statutes and regulations of the IHSS program. The QA Monitoring Unit also provides technical support and consultation to county QA staff to assist counties. DSS claims that due to limited resources, the QA Monitoring Unit is unable to provide in-depth monitoring and increased technical assistance to all counties. Additionally, DSS states that they do not currently have the capacity to identify and address IHSS program cost trends, as the average number of hours paid per case has seen an increase of 21 percent between 2012-13 (86.3 hours) and 2015-16 (105.3 hours). DSS also points to an increased workload for QA staff due to the increased IHSS caseload and implementation of the Fair Labor Standards Act administrative changes and related overtime exemption procedures.

The Administration states that these additional positions will allow the QA Monitoring Unit to better meet its state and federal oversight mandates by enhancing their ability to conduct annual in-depth monitoring of all counties, evaluate county administration of the IHSS program, deal with increased workload, and help to identify which specific IHSS program components are driving overall program costs.

**Staff Recommendation:**

Hold open.

**ISSUE 8: CASE MANAGEMENT INFORMATION AND PAYROLLING SYSTEM (CMIPS) II ADVOCACY PROPOSAL****PANEL**

- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ADVOCACY PROPOSAL**

The **County Welfare Directors Association of California (CWDA)** requests \$2.5 million General Fund to address the backlog of pending automation changes in the In-Home Supportive Services (IHSS) automation system known as CMIPS. By leveraging a 50 percent federal match, this budget request would bring in an additional \$2.5 million federal funds to ensure county social workers can adequately serve IHSS consumers and providers. In addition, CWDA is requesting changes to the CMIPS governance process in budget trailer bill language to ensure this backlog does not accumulate again.

CWDA states that DSS has continually deferred dozens of technological change requests identified by county users designed to improve the consumer and provider experience for IHSS. The state has undertaken big changes to CMIPS spurred by legislative action and interest, including Fair Labor Standards Act system changes and the development of electronic timesheets, but insufficient funding for these big changes has delayed the adoption of key county priorities in CMIPS.

County IHSS offices have submitted numerous change requests to fix various problems and to improve CMIPS functionality so they can better serve IHSS providers and consumers. However, very few changes have been implemented since the system was rolled out statewide in 2013. Legislative and administration priorities have not been funded adequately, resulting in fewer funds for regular CMIPS maintenance and operations updates like implementing county change requests. Counties have more than 10 change requests sitting “in the queue”, some for more than three years. Counties have developed even more change requests that haven’t made it onto the “queue” yet, still are waiting for state action.

CWDA states that resulting from the CMIPS back request backlog, counties face the following:

1. An inability to adequately meet consumers’ and providers’ need for information;

2. An inability to monitor program efficiency to support timely service authorizations for consumers;
3. Increased workload to manage locally designed workarounds to perform daily tasks; and
4. Inefficient manual paperwork processes that increase program costs and take away social workers' time to work directly with consumers and providers.

To end the CMIPS change request backlog and support county social workers' ability to serve IHSS consumers and providers, counties are proposing:

1. A one-time appropriation of \$2.5 million General Fund (totaling \$5 million with federal financial participation) to address the existing CMIPS change request backlog.
2. An ongoing set-aside of 5 percent of the CMIPS maintenance and operations budget to fund county priorities.
3. Trailer bill language requiring that all new legislatively-required CMIPS changes be fully funded outside of the maintenance and operations budget.

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**Staff Recommendation:**

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Hold open.

**ISSUE 9: PUBLIC AUTHORITY ADMINISTRATION FUNDING AND ADVOCACY PROPOSAL****PANEL**

- Karen Keeslar, California Association of Public Authorities
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ADVOCACY PROPOSAL**

The **California Association of Public Authorities for IHSS (CAPA)** requests \$5 million state General Fund to restore Public Authority administrative funding to the 2016-17 expenditure level. Under the terms of the new County IHSS MOE, the state General Fund provided for county and Public Authority administration is capped at the amount appropriated each year in the Budget Act. In the 2017-18 budget, the state General Fund for Public Authority Administration was cut by \$6.6 million (26.16%) relative to Public Authority Administration Expenditures in 2016-17.

CAPA has provided the following Public Authority (PA) funding comparison:

<b>FY 17/18 Final Budget</b>		<b>FY 18/19 January Budget Proposal</b>	
PA Administration state GF	\$13,615	PA Admin state GF	13,615
PA Administration GF Increase (One-Time)	\$5,000	PA Admin GF Adjustment BY	6,585
PA Admin Component of IHSS MOE	(\$4,765)	PA Admin MOE (FY 17/18 MOE plus 5%)	(5,004)
<b>TOTAL PUBLIC AUTHORITY ADMINISTRATION</b>	<b>\$13,850</b>		<b>\$15,196</b>
<b>2017-18 PA Admin Shortfall</b>		<b>2018-19 PA Admin Shortfall</b>	
2017-18 GF Plus County PA MOE	\$18,615	FY 18/19 GF Plus PA MOE	\$20,200
Total 2017-18 Expenditures	\$25,210	Total 2017-18 Expenditures	\$25,210
<b>Shortfall</b>	<b>(\$6,595)</b>	<b>Shortfall</b>	<b>(\$5,010)</b>
<b>Percentage Shortfall</b>	<b>26.16%</b>	<b>Percentage Shortfall</b>	<b>19.87%</b>

The new IHSS MOE statute requires DSS to work with CSAC, CWDA, and the state Department of Finance in preparation for the 2018-19 budget to examine workload and budget assumptions related to administration of the IHSS program for the 2017-18 and 2018-19 fiscal years. Similar language was adopted in adopted 2011 that required DSS to develop a new rate setting methodology for Public Authority administrative costs (AB



106, Chapter 32, Statutes of 2011). Work on the Public Authority budget methodology was placed on hold following the enactment of the Coordinated Care Initiative via SB 1036 and AB 1471 in 2012 that established the county MOE requirement in lieu of paying a share of the non-federal costs for IHSS services, as well as county IHSS and Public Authority administration. A workgroup comprised of DSS, CAPA and Public Authorities was convened last fall to review Public Authority administrative mandates and the resources necessary for compliance. The workgroup is actively working to develop a workload budget methodology for Public Authority administrative costs.

The county MOE amounts and the allocation of state GF for Public Authority administrative funding were not finalized until November 2017. Hence, almost half of the fiscal year had gone by before final numbers were available for each Public Authority to know the amount of their shortfall. CAPA states that this meant that the shortfall had to be absorbed in about six months – effectively doubling the gap in funding. To stay within available revenues, many Public Authorities have had to lay off staff and curtail services. Public Authorities in some counties have been fortunate that the county was able to backfill their budget this fiscal year. However, we are hearing that isn't not sustainable for counties to make Public Authority budgets whole in the budget year due to other county fiscal pressures.

CAPA states that more than one Public Authority has lost half of their staff. For example, the Santa Barbara Public Authority has gone down from 12 staff to 6, and there is only one registry specialist. The Riverside Public Authority reports they had to cut 30 staff positions. CAPA states that the shortfall in Public Authority funding has resulted in prolonged provider enrollment timelines, delayed registry referrals, and slower response to consumer and provider questions.

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**Staff Recommendation:**

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Hold open.

**ISSUE 10: WAIVER PERSONAL CARE SERVICES PARITY ADVOCACY PROPOSAL****PANEL**

- Karen Keeslar, California Association of Public Authorities
- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Jacey Cooper, Assistant Deputy Director, Health Care Delivery Systems, Department of Health Care Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ADVOCACY PROPOSAL**

The **California Association of Public Authorities (CAPA), UDW/AFSCME Local 3930, and the SEIU** request \$3.5 million General Fund to establish an employer of record and provide health care benefits for approximately 700 WPCS providers in California. Currently, WPCS providers cannot receive health benefits because their hours are not covered by existing collective bargaining agreements.

These advocates state that the Waiver Provider Care Services (WPCS) providers were inadvertently excluded from the In-Home Supportive Services (IHSS) employer of record statutes when originally implemented. While IHSS workers may be eligible for health benefits through their Collective Bargaining Agreements with the employer of record, WPCS providers do not have an employer of record and therefore do not enjoy these benefits even though they are performing the exact same duties. Thus, they propose increasing funding for WPCS by \$3.5 million General Fund to establish parity for health benefits and labor relations between WPCS providers and IHSS providers.

Waiver Personal Care Services (WPCS) are intended to allow disabled Medi-Cal members, who would otherwise be institutionalized and reside in a nursing facility or hospital, an opportunity to remain in their own homes and/or community and be independent. It is also an alternative to costlier nursing facility care.

WPCS may be authorized when medically necessary at a cost that is not greater than what may be provided in a licensed health care facility. The IHSS Plus Program, (commonly called "IHO") pays parents or spouses to provide services to qualified Medi-Cal recipients. Eligibility for program participation includes persons who are 65 years or older, blind, or disabled who might be placed in an out-of-home care facility. The program allows participants to receive services at home.

WPCS is available to eligible Medi-Cal participants enrolled in the HCBS IHO and eligible NF/AH Waivers. As part of the eligibility for WPCS the participant must be receiving PCSP services through IHSS and the participant's physician must sign a consent form stating that Personal Care Services are appropriate.

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**Staff Recommendation:**

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Hold open.

**ISSUE 11: PROVIDER ENROLLMENT ADVOCACY PROPOSAL****PANEL**

- Tiffany Whiten, Long Term Care Director, Service Employees International Union (SEIU) California
- Kristina Bas Hamilton, Legislative Director, United Domestic Workers (UDW)/AFSCME Local 3930
- Will Lightbourne, Director, and Debbi Thomson, Deputy Director, California Department of Social Services
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**ADVOCACY PROPOSAL**

The **UDW and AFSCME Local 3930 and the SEIU** request an appropriation of \$2 million General Fund to expedite the provider enrollment process at the county level. The advocates state that it can take several weeks or even months before a new IHSS provider is enrolled into the program and they are mailed their first timesheet. This delay impacts the ability of IHSS consumers to recruit and retain new workers. The advocates state they are currently in discussions with county representatives to determine the amount of additional funding that would be needed to accomplish the following changes: (1) ensure prospective IHSS providers receive enrollment packets within three business days of applying for employment and (2) ensure prospective providers have access to the mandatory IHSS provider orientation within two weeks of submitting their application.

The advocates state that, currently, counties are given discretion on how and where providers obtain the required enrollment forms, criminal background checks and how often the mandatory IHSS provider orientation is held. It can take anywhere from a few weeks to months before caregivers are enrolled, cleared, and given their first timesheet to receive payment for services they render. This severely impacts the enrollment and retention of new IHSS providers. Without streamlining the enrollment process with the proposed statewide standards, the aging baby boomer and eligible IHSS consumer populations will continue to struggle to find and retain qualified caregivers.

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**Staff Recommendation:**

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Hold open.

**ISSUE 12: ADULT PROTECTIVE SERVICES AND HOME SAFE ADVOCACY PROPOSAL****PANEL**

- Will Lightbourne, Director, Lori Delagrammatikas, Adult Protective Services Program Liaison, and Debbi Thomson, Deputy Director, Adult Programs Division, California Department of Social Services
- Assemblymember Ash Kalra
- Margot Kushel, MD, Professor of Medicine, Division of General Internal Medicine at Zuckerberg San Francisco General Hospital
- Frank Mecca, Executive Director, County Welfare Directors Association of California
- Iliana Ramos, Department of Finance
- Jackie Barocio, Legislative Analyst's Office
- Public Comment

**BACKGROUND ON APS**

Each of California's 58 counties has an APS agency to help adults aged 65 years and older and dependent adults who are unable to meet their needs, or are victims of abuse, neglect, or exploitation. The APS program provides 24/7 emergency response to reports of abuse and neglect of elders and dependent adults who live in private homes, apartments, hotels or hospitals, and health clinics when the alleged abuser is not at staff member. APS social workers evaluate abuse cases and arrange for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. APS social workers conduct in-person investigations on complex cases, often coordinating with local law enforcement, and assist elder adults and their families navigate systems such as conservatorships and local aging programs for in-home services. These efforts often enable elder adults and dependent adults to remain safely in their homes and communities, avoiding costly institutional placements, like nursing homes.

In 2011, Governor Brown and the Legislature realigned several programs, including child welfare and adult protective services, and shifted program and fiscal responsibility for non-federal costs to California's 58 counties. DSS retains program oversight and regulatory and policy making responsibilities for the program, including statewide training of APS workers to ensure consistency. DSS also serves as the agency for the purpose of federal funding and administration.

**Changes in Expenditures for APS since Realignment.** Due to the implementation of 2011 Realignment, the Local Revenue Funds (LRF) for the APS program are part of each county's Protective Services Account that gives each county the flexibility to fund the various Child and Adult Protective Services programs based on the county's individual service needs. According to DSS:

» In FY 2011-12, APS Expenditures were \$119.7 million.

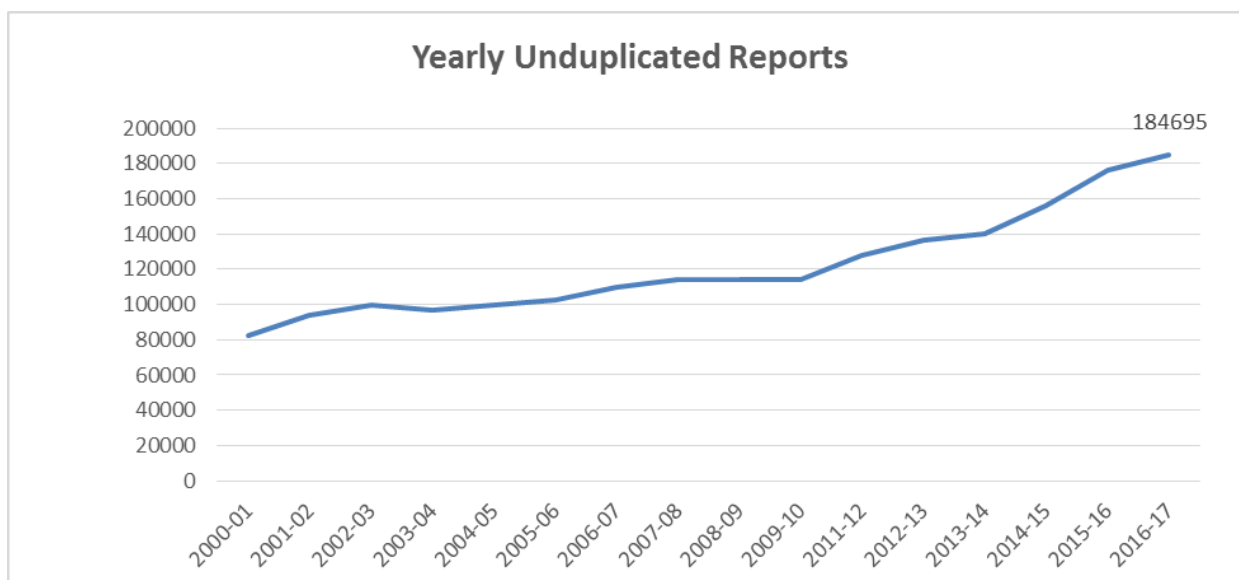
- » In FY 2012-13, APS Expenditures were \$120.7 million.
- » In FY 2013-14, APS Expenditures were \$126.3 million.
- » In FY 2014-15, APS Expenditures were \$137.6 million.
- » In FY 2015-16, APS Expenditures were \$147.6 million.
- » In FY 2016-17, APS Expenditures were \$159.7 million. \*

\*Expenditures for FY 2016-17 are point-in-time as of January 2018 and not final.

**Changes in Abuse Findings by Type since Realignment.** The charts below reflect the number of confirmed or inconclusive investigations by abuse type. An investigation is considered inconclusive when the information gathered reasonably supports some, but not all, of the essential elements of the alleged abuse or neglect. All types of abuse have increased by over 50% since realignment with neglect by others almost doubling. Financial abuse allegations have increased by 83%.

Confirmed /Inconclusive Findings of Abuse by Type			
Type	2011/12	2016/17	% increase
Sexual Abuse	1113	2037	83%
Physical Abuse	10843	18091	67%
Neglect by Others	15910	30429	91%
Financial Abuse	22817	41715	83%
Self-Neglect	65836	100693	53%

The following chart from DSS shows an overall increase in the trend line for reports of abuse and neglect received by APS:



**Recent APS Investments.** The 2014 Budget Act included \$150,000 in funding for one staffing position within the Department of Social Services to assist with APS coordination and training. In 2015, trailer bill language was adopted that codified the responsibilities of this staff person. In 2015-16, \$176,000 (\$88,000 General Fund) was

allocated to DSS for APS training. Funding for statewide APS training had not increased in 11 years, even as APS reports have risen by 124 percent between 2000-01 and 2015-16. The 2016 Budget Act included one-time funding of \$3 million General Fund for APS training for social workers.

APS has received a federal Administration for Community Living grant of \$250,000 to study and develop an improved comprehensive data collection system in line with the National Adult Maltreatment Reporting System (NAMRS). DSS has been working with the counties to develop a new data reporting methodology. The department will begin collecting the new data in October 2018 and will be able to report state level data on client and perpetrator demographics in the future.

#### ADVOCACY PROPOSAL

The **County Welfare Directors Association of California (CWDA), California Elder Justice Coalition, and California Commission on Aging**, request \$15 million General Fund in 2018-19 to establish Home Safe, a homelessness prevention demonstration grant for victims of elder and dependent adult abuse and neglect. The proposed one-time funding would allow approximately 15 county APS programs to demonstrate over three years how providing short-term housing crisis intervention can help reduce the incidence and risk of homelessness among California's older and dependent adults.

With Home Safe, participating county APS programs would identify clients at risk of losing their homes and provide services including short-term rental and utility assistance, heavy cleaning, immediate mental health treatment, and intensive case management to ensure clients are able to maintain their homes. CWDA states that many elder abuse victims are at risk of losing their homes as a direct result of abuse, neglect, or exploitation. Adults who become homeless later in life have a higher risk of chronic health problems, and have a higher chance of visiting hospital emergency rooms or dying. APS programs have limited or no resources to prevent homelessness or rehouse victims. Home Safe would provide the resources to begin to address these issues in the senior community and learn from the pilot experiences.

The Subcommittee is in receipt of a letter from **Assemblymember Ash Kalra**, joined with signatures of multiple other Assemblymembers, expressing support for the Home Safe proposal. The Subcommittee has invited Asm. Kalra to speak on the panel for this issue.

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#### Staff Recommendation:

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Hold open.