Health and Human Services Policy Committee
Wednesday, March 14, 2018 — 10:00 – 11:00 a.m.
CSAC 1st Floor Peterson/Wall Conference Room
1100 K Street, Suite 101, Sacramento, CA 95814
Call-in: 1 (800) 867-2581; Passcode: 7500559

Supervisor Das Williams, Santa Barbara County, Chair
Supervisor Jeff Griffiths, Inyo County, Vice Chair

10:00 a.m. I. **Welcome and Introductions to the New Chair and Vice Chair**
Supervisor Das Williams, Santa Barbara County, Chair
Supervisor Jeff Griffiths, Inyo County, Vice Chair

10:10 a.m. II. **In-Home Supportive Services Update**
Justin Garrett, Legislative Representative, CSAC
Elizabeth Marsolais, Legislative Analyst, CSAC

10:25 a.m. III. **Joint CSAC-League of California Cities Homelessness Task Force Report**
Melissa Kuehne, Communications and Development Manager, Institute for Local Government

10:40 a.m. IV. **Legislative and Budget Update**
Farrah McDaid Ting, Legislative Representative, CSAC
Justin Garrett, Legislative Representative, CSAC
Elizabeth Marsolais, Legislative Analyst, CSAC

10:55 a.m. V. **Other Items**

11:00 a.m. VI. **Closing Comments and Adjournment**
Supervisor Das Williams, Santa Barbara County, Chair
Supervisor Jeff Griffiths, Inyo County, Vice Chair

*If calling in to the meeting, please place your line on **MUTE** until you wish to speak. Please also **DO NOT PLACE THE LINE ON HOLD**. Thank you.*

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March 9, 2018

To: Members of the Health and Human Services Policy Committee

From: Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: In-Home Supportive Services Update

Implementation and Outlook. Last year, 2017-18 budget-related legislation (SB 90, Chapter 25, Statutes of 2017) enacted numerous reforms to the In-Home Supportive Services (IHSS) fiscal structure. These changes included a new county maintenance of effort (MOE), additional collective bargaining provisions, refinement of the costs for county administration of the IHSS program, and specific revenues to offset the increased IHSS costs, including State General Fund, and redirection of realignment growth revenues that would have otherwise been used to support health and mental health programs. Counties have dedicated significant time and effort to partnering with the Department of Finance and Department of Social Services on implementing these changes for 2017-18 and have made substantial progress.

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. There is a critical reopener provision that requires the Administration to consult with CSAC and other affected stakeholders to reexamine this IHSS funding structure as part of the development of the 2019-20 budget. It will be vital to find a long-term solution that ensures counties can partner with the state to effectively deliver IHSS and other critical programs, including health and mental health services.

CSAC, in partnership with multiple county affiliates, recently sent the attached letter to the budget subcommittees on health and human services. The Senate Budget Subcommittee No. 3 discussed the issue on March 8 and the Assembly Budget Subcommittee No. 1 will be hearing the issue on March 14. The letter provides an update on implementation and highlights the continued need for the reopener provision.

Wage and Bargaining Provisions. Current budget year trailer bills, AB 110 and SB 120, were recently amended to include IHSS clean-up language on the wage supplement, which is a specified amount that can be negotiated in addition to the IHSS county provider wage. Both bills have recently passed the respective budget committees and AB 110 has now passed the full Legislature and is anticipated to be signed into law soon. CSAC is supportive of these changes and testified in support at the budget committee hearings. Our advocacy efforts resulted in ensuring the language on subsequent applications of the wage supplement was consistent with our original understanding, protecting some pending collective bargaining agreements, as well as avoiding future costs for counties that utilize the wage supplement.

The clean-up language outlines 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. The amendments also clarify that a wage supplement can only be added to the highest wage paid in the county since June 30, 2017, with an exception for these provisions for those agreements submitted prior to January 1, 2018. This clean-up will resolve the outstanding issues on wage supplement implementation and allow the State to move forward on providing the vital official guidance that counties need regarding how these provisions will work and how to calculate potential individual county costs for wage and benefit changes.

Accelerated Caseload Growth. One of the available revenue sources for counties to offset increased IHSS costs is accelerated sales tax growth. A certain amount of the anticipated 2017-18 1991 Realignment sales tax growth will be accelerated to counties throughout 2017-18, instead of being distributed at the end of the realignment year, in order to help counties offset IHSS costs throughout the current year. CSAC worked with the Department of Finance last year to establish the process and accelerate $58.6 million starting with the November sales tax base payments. At that time, we indicated that the amount would need to be adjusted again after the revenue estimate was updated in the January budget proposal.

CSAC continues to engage with the Department of Finance on determining the updated amount that will be accelerated based on the increased estimate for 2017-18 1991 Realignment sales tax growth. We anticipate this amount will be updated for inclusion beginning with the March sales tax base payments. This amount will then need to be adjusted again following the May Revise based on the updated estimates for 2017-18 IHSS costs and 2017-18 sales tax growth.

IHSS Administration Funding. The 2017-18 budget included a provision that required the Department of Finance to work with counties to develop a new methodology for calculating county costs to administer the IHSS program. Significant progress was made through the end of last year on revising this methodology, but further discussion is still needed. The January budget proposal included a proposed state General Fund commitment for IHSS Administration based on a new methodology. This funding amount is offset by the elimination of one-time funding, with the net result of nearly flat funding with the current year. In partnership with the County Welfare Directors Association and California Association of Public Authorities, CSAC will engage in ongoing conversations to develop new budgeting methodologies and advocate for alignment between county costs to administer this program and state funding.

Next Steps. CSAC will continue to partner with the Department of Social Services and Department of Finance on implementation efforts. In addition, we will provide continued email updates, resources, and training opportunities so that counties have the information they need in order to manage these changes locally. We anticipate hosting another IHSS training webinar soon and will update the HHS Policy Committee once scheduled.

Attachments:
County IHSS MOE Budget Letter (February 27, 2018)

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CALIFORNIA STATE ASSOCIATION OF COUNTIES

COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA

CALIFORNIA ASSOCIATION OF PUBLIC AUTHORITIES

COUNTY HEALTH EXECUTIVES ASSOCIATION OF CALIFORNIA

COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION

URBAN COUNTIES OF CALIFORNIA

RURAL COUNTY REPRESENTATIVES OF CALIFORNIA

COUNTY MEDICAL SERVICES PROGRAM

February 27, 2018

The Honorable Richard Pan, M.D.
Chair, Senate Budget and Fiscal Review Subcommittee #3
State Capitol, Room 5114
Sacramento, CA 95814

RE: In-Home Supportive Services Maintenance of Effort Implementation

Dear Senator Pan,

On behalf of the California State Association of Counties (CSAC), the County Welfare Directors Association of California (CWDA), the California Association of Public Authorities (CAPA), the County Health Executives Association of California (CHEAC), the County Behavioral Health Directors Association (CBHDA), the Urban Counties of California (UCC), the Rural County Representatives of California (RCRC), and the County Medical Services Program (CMSP), we are writing to share the county perspective on the implementation of the new County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) that was enacted through 2017-18 budget-related legislation (SB 90, Chapter 25, Statutes of 2017). In addition to examining the implementation progress and outlook for 2017-18 and 2018-19, it remains important to look ahead to future years when this MOE framework will become unsustainable for counties. It will be vital for the Legislature, the Administration, and counties 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 services.

The 2017-18 Budget Act enacted numerous reforms to the IHSS fiscal structure, but did not affect the provision of IHSS services to eligible recipients. These changes included a new county MOE, additional collective bargaining provisions, and refinement of the costs for county administration of the IHSS program. This letter focuses on the new County IHSS MOE and counties' ability to offset these new costs. Last year's budget legislation on the IHSS funding structure included provisions that:

- establish a new County IHSS MOE with an annual inflation factor (5% for 2017-18, 7% thereafter),
- provide State General Fund contributions to partially offset increased county IHSS costs ($400 million in 2017-18, $330 million in 2018-19, $200 million in 2019-20, $150 million thereafter),
- redirect Health and Mental Health 1991 Realignment vehicle license fee (VLF) growth funding to Social Services to partially offset increased county IHSS costs (100% of growth in the first three years, 50% of growth in the next two years),
- redirect County Medical Services Program (CMSP) 1991 Realignment VLF growth funding to Social Services to partially offset increased county IHSS costs in the 35 CMSP counties (100% of growth in the first three years, 50% of growth in the next two years),

- redirect Health, Mental Health, and CMSP (for the 35 CMSP counties) 1991 Realignment 2016-17 sales tax growth funding to Social Services to partially offset increased county IHSS costs, and
- accelerate caseload growth payments from 1991 Realignment sales tax growth so that counties receive this funding earlier to partially offset increased county IHSS costs.

Counties have dedicated significant time and effort to partnering with the Department of Finance and Department of Social Services on implementing these changes for 2017-18. While there are still ongoing discussions to implement certain provisions, significant progress has been made related to establishing the new County MOE, redirecting realignment funding, and distributing the State General Fund contribution. For 2017-18, counties will likely manage to mitigate the impact of the IHSS cost shift to the county General Fund. However, it is important to note that within the new IHSS funding structure, Health and Mental Health 1991 Realignment programs were deprived of vital funding that otherwise would have been used to support mental health, indigent health and public health services.

For 2018-19, the January budget proposal does not propose any structural changes to the new IHSS County MOE. Based on current revenue projections, it is likely that counties will be able to mitigate the impact of the IHSS cost shift to the county General Fund in this second year of the new MOE, as long as no additional legislative changes are made to the program that could increase county or program costs. In addition, the impacts on other county programs may be more pronounced in 2018-19. For Health and Mental Health programs, this will be the second year in which 1991 Realignment growth has been redirected to Social Services, which will result in flat Realignment funding and negative program impacts. For other county priorities, there could be additional consequences as counties continue to prepare for subsequent years of this IHSS funding structure and the looming cost increases.

Looking ahead to 2019-20, there is a critical reopener provision that requires the Administration to consult with CSAC and other affected stakeholders to reexamine this IHSS funding structure in the development of the 2019-20 budget. Specifically, the Department of Finance must submit a report to the Legislature by January 2019 that examines and provides recommendations on four specific aspects:

1. The extent to which revenues available for 1991 Realignment are sufficient to meet program costs that were realigned.
2. Whether the IHSS program and administrative costs are growing by a rate that is higher, lower, or approximately the same as the MOE, including the inflation factor.
3. The fiscal and programmatic impacts of the IHSS MOE on the funding available for the Health Subaccount, the Mental Health Subaccount, the County Medical Services Program Subaccount, and other social services programs included in 1991 Realignment.
4. The status of collective bargaining for the IHSS program in each county.

This reopener provision is vital because counties are significantly concerned about the possibility of an economic downturn at the same time the IHSS cost shift is anticipated to become unsustainable for counties in 2019-20. Even with the updated revenue projections, counties will have difficulty managing the increased IHSS costs in this third year and the problem will grow each subsequent year. Economic downturn and increased IHSS costs would further erode 1991 Realignment funding to the Health and Mental Health Subaccounts, likely resulting in a decrease to the critical health and mental health services counties provide. In addition, growing costs will further threaten county General Fund spending, most of which is applied to public safety, elections, and other state and local priorities. Counties critically need a long-term solution for IHSS funding and this provision provides the opportunity to revisit this 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. Counties remain committed to partnering with the Administration and the Legislature to ensure counties can successfully deliver realigned services on behalf of the state. All of our organizations are dedicated to tracking the impact of this new MOE and evaluating the options for a long-term solution. Counties look forward to the 2019-20 budget discussions and working together to find a solution that will provide stability and sustainability for the IHSS program and other critical county services.

Thank you,

Matthew L. Cate

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cc: Honorable Members, Senate Budget and Fiscal Review Subcommittee #3
The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
Theresa Pena, Consultant, Senate Budget and Fiscal Review Committee
Rebecca Hamilton, Senate Republican Fiscal Office
Chris Woods, Office of the Senate President Pro Tempore
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March 9, 2018

To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: Joint CSAC-League of California Cities Homelessness Task Force Report

Background. CSAC and the League of California Cities partnered together last year in creating a Joint task force to work on addressing homelessness in California. The Joint Task Force developed the Homelessness Task Force Report, which was released on March 1. We have invited Melissa Kuehne, Communications and Development Manager for the Institute for Local Government, to provide an overview of the report.

Report Summary. The report recognizes that after declining between 2007 and 2014, California's homeless population has increased in each of the past three years. During the last Statewide Point-in-Time count, 134,278 Californians were counted as homeless. However, experts across California agree that the number of people without housing is probably three to four times higher than that. California has 2.2 million extremely low-income and very low-income renter households which are competing for 664,000 affordable rental homes.

The Joint Task Force met several times over the course of a year, heard from a wide variety of state and local leaders, nonprofit organizations and others about the causes and solutions to the homelessness crisis. While this report does not identify a "silver bullet" solution to solving homelessness, it can serve as a toolkit for local governments to help them identify programs, initiatives, partnerships and funding sources to assist in reducing homelessness in our communities.

Next Steps. The League and CSAC hosted a webinar on March 7 to discuss the report and highlight some of the innovative programs that cities and counties are implementing to address homelessness. The webinar featured the Joint Task Force Co-Chairs, Grass Valley City Council Member Jan Arbuckle and Yolo County Supervisor Oscar Villegas, and was moderated by the Institute for Local Government's Executive Director, Martin Gonzalez. CSAC staff will share the recording with the HHS Policy Committee once it is available.

Two additional full-day workshops are being planned on this topic. CSAC staff will keep the HHS Policy Committee updated on the dates and locations of those events.

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March 9, 2018

To: Members of the Health and Human Services Policy Committee

From: Farrah McDaid Ting, Legislative Representative, Health and Behavioral Health
Justin Garrett, Legislative Representative, Human Services
Elizabeth Marsolais, Legislative Analyst, Health and Human Services

RE: Legislative and Budget Update

It's March and that means that both the Legislative and Budget seasons are in full swing in Sacramento. The CSAC Health and Human Services team monitors more than 500 bills and multiple budget issues each spring, but we wanted to highlight several of the most active legislative and budget issues this month.

LEGISLATIVE ISSUES

CSAC staff has combed through the mountain of bills that comes each year after the bill introduction deadline and is beginning our advocacy work and developing the Association's positions for each measure. Legislators appear focused on several broad areas this year, including homelessness and conservatorships. Below we provide a short summary of each of these areas and some of the bills of interest.

Homelessness Legislation. Legislators are focusing on homelessness issues like never before, which comes as a relief to our local governments, who have been grappling with this critical issue for years now. With the state General Fund well stocked, 2018 might be the year that the state augments local efforts to combat homelessness. Whether those augmentations come through the policy bill or budget process remains to be seen. Below are a few of the bills on homelessness that we are following:

CSAC continues to engage on the implementation of SB 2 (Chapter 364, Statutes of 2017), especially focusing on how the first year one-time funds dedicated to homelessness will be distributed to counties and ensuring that counties retain maximum flexibility in spending this much-needed funding. The CSAC Housing team will continue to focus on how SB 2 funding in the out years can be accessed and used by counties as well.

Senator Beall is seeking $2 billion for a homeless services and low-income housing programs. His SB 912 would use state General Fund dollars to create these programs in the state Department of Housing and Community Development (HCD). Assembly Member Ting has introduced AB 3171 to create a homeless solutions block grant using state General Fund dollars, while Assembly Member Chiu introduced AB 2161 to create an integrated homeless data warehouse, also within HCD.

Assembly Member Maienschein has introduced AB 1921 to streamline homeless assistance benefits within the CalWORKs program by allowing recipients to use the funding for non-consecutive temporary housing stays within each 12 months. CSAC supports AB 1921.

One bill that impacts counties and requires our engagement is SB 1152 by Senator and Health Committee Chair Hernandez. His bill would require hospitals to develop a homeless discharge policy, but also to coordinate the care of services of a homeless patient.

Counties agree that health facilities should develop policy for the safe discharge of homeless patients – as they do for all of their patients under current law – but wish to engage on the care coordination components of the bill to prevent duplication of services, or even worse, service gaps. CSAC will work with county affiliates, including the California Association of Public Hospitals, on the measure and keep the policy committee posted as this bill moves forward.

Several bills on youth homelessness, including SB 918 (Weiner) and AB 2920 (Thurmond), have been introduced. Senator Weiner wants to establish an Office of Homeless Youth within HCD. The new office would be charged with preventing and ending the incidence of homeless youth through identifying funding, policy, and practice gaps and developing measurable goals and outcomes. Assembly Member Thurmond wants to improve the homeless youth emergency service pilot programs offered through the state Office of Emergency Services, but has not fleshed out the details in AB 2920 yet.

We anticipate additional policy bills to address homelessness throughout the session and will work with other CSAC teams, including the housing and land use team, as these measures are developed or moved forward.

Conservatorship Legislation. Interest in conservatorship issues is high in the Legislature this year, with several major policy ideas sponsored by counties. CSAC is engaging on each of the conservatorship bills with an eye on the potential fiscal impacts, as conservatorship activities are funding solely through county General Fund. Further, we remain concerned about the lack of beds and housing units that not only contributes to the overall homeless problem, but that is also not addressed if the Legislature chooses to make it easier to conserve people. Once conserved, where can counties place them? Until that question is answered, CSAC continues to have concerns with changes to conservatorship law.

Los Angeles County is sponsoring AB 1971 (Santiago), which is currently in spot form now, but will be amended to include health conditions within the current definition of gravely disabled. Typically, the gravely disabled test is applied only to psychiatric or behavioral health conditions, so adding physical health conditions will likely increase the number of people who qualify for conservatorships.

The City and County of San Francisco is sponsoring SB 1045 (Weiner), to create a more inclusive conservatorship system that would allow the county to engage the most chronically homeless people in services and programs. The County has taken initial steps to create more short-term psychiatric placements for the chronically homeless and those eligible for conservatorships, which is a testament to their commitment to ensuring beds for those who need them most. Senator Weiner is engaging a wide range of stakeholders as the bill is developed further. CSAC will also continue to engage.

The Los Angeles District Attorney is sponsoring SB 931 (Hertzberg) to allow a county conservatorship investigator to begin investigations while a person is in custody in a county jail. Typically, a conservatorship investigator does not begin an investigation until a person has been released. CSAC does not yet have a positon on the bill, but is working with the Public Guardians association (CAPAPGPC) to ensure it is workable.

BUDGET ISSUES

CCR Funding at Time of Placement. This is a current year (2017-18) budget issue wherein the legislature included provisions in AB 110 and SB 120 to address the issue of payments for resource families – formerly called foster families – who are awaiting approval to care for children, usually after the children have been placed in their homes.

The Continuum of Care Reform (CCR) requires significant systematic changes within the child welfare, behavioral health, and probation programs and implementation efforts are ongoing. The new Resource Family Approval (RFA) process is designed to better prepare foster parents for caring for abused and neglected children and youth, but features increased requirements which have increased the length of time it takes for families to be approved to care for foster children. As relative caregivers and non-related extended family members caring for children are not eligible for payments until they are approved, this has placed a financial burden on those families who are caring for children for a significant length of time while they are waiting for approval under the new system.

The child welfare advocacy community has advocated for funding at the time of placement for these caregivers awaiting approval and the Legislature and the Administration agreed to address this issue. AB 110 and SB 120 contain language that will require these payments to be made at the time of placement once the Department of Social Services implements these provisions. The state will cover the counties' nonfederal share of Emergency Assistance Temporary Assistance to Needy Families (TANF) payments for 60 days, with potential extensions through the end of the fiscal year, at which point these provisions will become inoperative.

CSAC is supportive of these changes as they address the issue on a prospective basis, secure state funding to assist with the new county requirements, and address a key issue in counties' ability to recruit and retain critically needed resource families. Both bills have recently passed the respective budget committees and AB 110 has now passed the full Legislature and is anticipated to be signed into law soon.

CalWORKs Single Allocation. The CalWORKs Single Allocation is the funding that the state provides to counties to administer the CalWORKs program and funds local eligibility activities, employment and supportive services, and child care for CalWORKs recipients. The 2017-18 budget restored $108.9 million of the proposed $248 million cut and included a provision that required the Department of Social Services to work with the County Welfare Directors Association to develop a new budgeting methodology. A new methodology revising the current caseload-driven budget methodology is necessary to insulate counties and beneficiaries from experiencing huge swings in year-to-year funding levels. The January budget proposal includes increased funding for the eligibility component of the single allocation, but also includes funding reductions to the employment services and child care components due to caseload declines. The overall funding level represents a $56.5 million cut from current year funding.

CSAC supports restoration of the proposed $56.5 million cut to the Single Allocation. While good progress has been made, the required budgeting methodology conversations are not yet completed. Restoring the proposed cut will ensure funding stability and allow time for the continued methodology discussions with the Brown Administration. Counties are already experiencing service reductions and staffing reductions due to cuts from prior years and an additional cut will exacerbate those reductions. In addition, it will leave counties unprepared for the next recession that will lead to increased demand for CalWORKs. Restoring the proposed cut will allow counties to stabilize operations and focus on other CalWORKs reforms. Both the Assembly and Senate Budget Subcommittees on Health and Human Services will discuss CalWORKs at hearings in April.

Medi-Cal Administration Funding. The January budget proposal outlined a new methodology for county costs to administer the Medi-Cal program. This methodology includes an annual cost of living adjustment and would result in increased funding of $54.8 million in 2018-19. CSAC supports this methodology and the additional funding it provides in 2018-19. We do have concerns with a proposal to end the reallocation of unspent funds, which would eliminate the flexibility to ensure that this funding is appropriately distributed among counties. This reallocation is critical for counties and CSAC will advocate for maintaining this flexibility in ongoing discussions to address this issue. On March 5, the Assembly Budget Subcommittee on Health and Human Services discussed Medi-Cal Administration funding and did not take action, but kept the item open. The Senate Budget Subcommittee on Health and Human Services has this item on the agenda for March 22.

Home Safe. CSAC supports the stakeholder proposal from the County Welfare Directors Association, California Elder Justice Coalition, and California Commission on Aging to provide $15 million General Fund in 2018-19 to establish Home Safe, a homelessness prevention demonstration grant program for victims of elder and dependent adult abuse and neglect served by county-run Adult Protective Services (APS). This proposed one-time investment would allow participating counties 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. Home Safe counties 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. This issue was heard by Senate Budget Subcommittee on Health and Human Services on March 8 and will be heard the Assembly Budget Subcommittee on Health and Human Services on March 14.

340B Prescription Drug Program. The Governor, along with the Department of Health Care Services, is proposing to discontinue the state's administration of the federal Medicaid 340B Drug Pricing program, a move that could hit some county public hospitals, health clinics, and even jails, hard.

The 340B program allows health entities, such as public hospitals, to purchase specific prescription medications in bulk and with special pricing. The reimbursement process is handled by DHCS, which last year discovered irregularities in some of the contracting for 340B drugs and pricing. This resulted in the state owing several million dollars to the federal government.

Because of some of these administrative issues and concern over the complexity of the program, the Governor is proposing to end the program starting July 1, 2019. CSAC is continuing to work with county affiliates and other stakeholders on this issue and is seeking a solution to allow county participation in this cost-saving program.

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