AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES

Assemblymember Mervyn Dymally, Chair

Wednesday, April 28, 2004
State Capitol, Room 4202
1:30 PM

Staff
Christian Griffith
Consultant

ITEMS TO BE HEARD

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4170 DEPARTMENT OF AGING

ISSUE 1: BLOCK GRANTING OF AGING FUNDING

The Subcommittee will discuss a proposal to block grand aging funding.

BACKGROUND:

Currently, the Department of Aging (CDA) oversees the administration of Older Americans Act (OAA) programs and Community Based Services Programs (CBSP). Area Agencies on Aging (AAAs) deliver services to California seniors at the local level. The budget proposes to (1) eliminate the requirements for CBSP, (2) consolidate funding for both CBSP and the OAA programs into a single block grant for the AAAs, and (3) reduce the proposed block grant by 5 percent.

The CDA operates the OAA programs and the CBSP. The OAA programs authorized by federal law are: Supportive Services, Congregate Nutrition, Home Delivered Meals, National Family Caregiver Support Program, Preventive Health, Senior Employment, and Ombudsman/Elder Abuse Prevention. Total General Fund support for OAA programs is $16.4 million in 2003-04. The CBSP authorized in state law are: Foster Grandparent, Brown Bag Network, Senior Companion, Linkages, Alzheimer's Day Care Resource Centers, Respite Registry, and Health Insurance Counseling and Advocacy Program. General Fund support of CBSP is $15 million in 2003-04.

The Governor proposes to (1) make CSBP optional, (2) consolidate all funding for OAA programs and CSBP into one block grant to the AAAs, and (3) reduce funding for the block grant by 5 percent. Because the consolidation will reduce administrative overhead at CDA, the budget proposes to eliminate 1.5 positions in administrative support and achieves General Fund savings of $107,000 in state operations. Eliminating the requirement to operate the CSBP should provide some administrative relief at the local level (in the form of reduced accounting and reporting requirements).

The table below details the community based services programs:

Program Description	Expenditures
Linkages Case Management Program. Established in 1985, Linkages provides case management services to frail elderly and functionally impaired adults to prevent or delay placement in nursing facilities. Approximately half of Linkages consumers are enrolled in Medi-Cal. Linkages operates at an approximate cost of $1,300 per client.	$8,264,000
Alzheimer's Day Care Resource Center Program (ADCRC). Established in 1984, the ADCRC supports specialized day care resource centers that serve persons in the moderate to severe stages of Alzheimer's disease and other dementia-related disorders. ADCRCs provide supportive services to families and caregivers. ADCRCs are required to seek funding from non-governmental resources and to provide a match of at least 25 percent of its CDA funding.	$4,543,000
Senior Companion Program. Since 1979, the Senior Companion Program supports the delivery of volunteer light respite care and peer support services to frail elderly individuals. The Program provides a modest stipend to volunteers who are 60 years of age or older, who are low-income, and who provide at least 20 hours of volunteer services per week.	$398,000
Brown Bag Program. Established in 1981, the Brown Bag Program provides surplus and unmarketable fruit, vegetables and other unsold food products to low-income persons who are 60 years of age or older and who are eligible for SSI/SSP. The program provides seniors a yearly amount of food valued at $618. Brown Bag providers are required to provide a cash match of 25 percent and an in-kind match of 25 percent prior to receiving program funds.	$789,000
Foster Grandparent Program. Established as a pilot project in 1979, the Foster Grandparent Program supports the delivery of volunteer services to children with special needs. Foster Grandparent volunteers are low-income, sixty years of age or older, and are not members of the regular workforce. Volunteers receive a modest stipend, a free meal or meal reimbursement on each day of service, and an annual free physical examination.	0
Respite Registry Program. Established as a pilot program in 1996, the Respite Registry Program provides temporary or periodic services to frail or elderly adults with functional impairments to relieve persons who are providing care. It also recruits and screens providers, and matches respite providers to clients.	0
Purchase of Services: The Respite Purchases of Services Program provides relief and support to caregivers who are not receiving services from other respite programs. It provides limited funding ($450 annually per person) to purchase short term in-home care, day care, or 24-hour care at a licensed skilled, intermediate, or residential care facility.	$426,000
Health Insurance Counseling and Advocacy Program (HICAP). Established in 1984, HICAP is a consumer oriented health insurance counseling and advocacy program that provides community education to Medicare beneficiaries, legal referrals, as well as counseling and advocacy services regarding Medicare and other health insurance claims and appeals.	$4,883,000
CBSP Administration. AAA administration for these programs was budgeted as a separate component through 2003-04.	$951,000

COMMENTS:

The Subcommittee has two decisions to make:

1. Should the State provide a block grant of funding for local Area Agencies on Aging in lieu of State mandated Community Based Services Programs?
2. Should the State reduce its share of local support for Aging program by 5 percent?

The LAO believes the consolidation proposal has merit. According to the LAO, local governments are in a better position than the state to discern what works in their community and preserve the programs yielding the best outcomes during tight fiscal times.

Subcommittee staff believe that the State has an interest in allocating resources to community based services in Aging. As the Baby Boom demographic group approaches its senior years, the State should be more involved in developing community-based resources for seniors. Absent State leadership and participation, it is unlikely that local agencies will be able to muster additional resources to expand their capacities to meet the corresponding increase in demand for these services. The State has significant fiscal exposure for costs in aging and long term care that local governments and AAA do not bear any share of cost. Thus, Subcommittee staff does not recommend the adoption of the block grant.

The Governor's Budget assumes $1.6 million savings from 5 percent savings to aging programs from "efficiency" that results from the block granting proposal. While there would clearly be some administrative savings from the proposed block grant, there is little evidence that the administrative relief is significant enough to render this level of savings. Subcommittee staff believes that the 5 percent reduction should be considered an unallocated reduction to aging programs. The Subcommittee should consider whether the State should make such an unallocated reduction, should be directive about that reduction, or should reject that reduction completely.

Senate Subcommittee #3 has taken action on this issue. The Senate took the following actions:

(1) Maintained the Governor's proposed reduction of $107,000 in state operations, eliminate funding for the Senior Companion program, and reduce funding for local assistance for aging programs by $1,245,000.

(2) Rejected proposed trailer bill language to establish a block grant for aging services.

(3) Adopted placeholder trailer bill legislation to prohibit denial of aging services to eligible persons who are receiving IHSS and to require improved coordination of services and funding in a manner that maximizes cost effectiveness to the state and counties.

The Subcommittee can consider conforming to the Senate's Actions.

PANELISTS:

The following panelists will testify (90 seconds each):

- Lydia Missaelides, California Association for Adult Day Services
- Jackie McGrath, California Alzheimer's Association
- Ron Errea, C4A and Kern County Aging and Adult Services
- Tom Reefe, California Association of Senior Service Core Directors

All other testimony on this issue will be addressed in the public comment period.

4170 DEPARTMENT OF AGING

ISSUE 2: BUDGET CHANGE PROPOSALS AND SPRING FISCAL LETTERS

The Subcommittee will address changes proposed in Aging's Budget

BACKGROUND:

Proposal Number	Description	Recommended Consent Action
Aging BCP #1 Long Term Care Ombudsman Program	Proposes to obtain federal Medicaid reimbursement funds of $2.3 million for the portion of expenditures attributed to Medicaid-eligible residents of Skilled Nursing Facilities.	No Action—Addressed in Spring Fiscal Letter Below
Aging BCP #2 Health Insurance Portability and Accountability Act (HIPPA) Remediation	Proposes $24,000 to make the MSSP program HIPPA compliant. MSSP must meet federal HIPPA requirements; these requirements simplify health insurance information.	Adopt Proposed Budget Change Proposal
Aging BCP #3 Health Insurance Counseling and Advocacy Program (HICAP)	Proposes to implement provision of SB 413 that expands the population covered by HICAP and increases the maximum billing rate to restore the funding for the program at its 2002-03 level of $485,000. The proposal has no General Fund savings.	Adopt Proposed Budget Change Proposal
Spring Fiscal Letter Issue 100 Reduction in federal funds for the Long-Term Care Ombusman Program	The State did not receive the federal funds expected in BCP #1 above, this Spring Fiscal letter adjusts the budget to the expected level of federal funds	Adopt Spring Fiscal Letter
Spring Fiscal Letter Issue 101 Increase Federal Funds for Multipurpose Senior Services Program (MSSP)	The Department has identified $53,000 additional federal funds for an existing Nurse Evaluator II position. This Spring Fiscal Letter would result in $53,000 in General Fund savings.	Adopt Spring Fiscal Letter

COMMENTS:

The Subcommittee has received no opposition to above proposals

PANELISTS:

None.

All testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

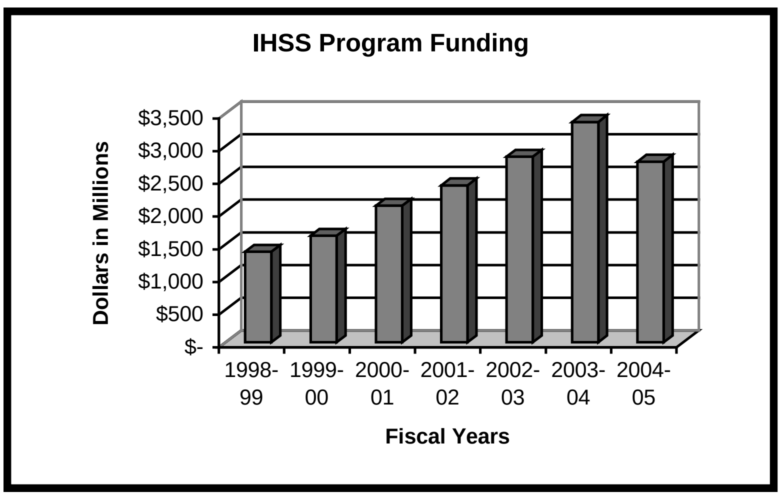
ISSUE 3: FISCAL TRENDS AND POTENTIAL COST RISKS FOR IN HOME SUPPORTIVE SERVICES

The Subcommittee will consider fiscal and caseload trends for the IHSS program.

BACKGROUND:

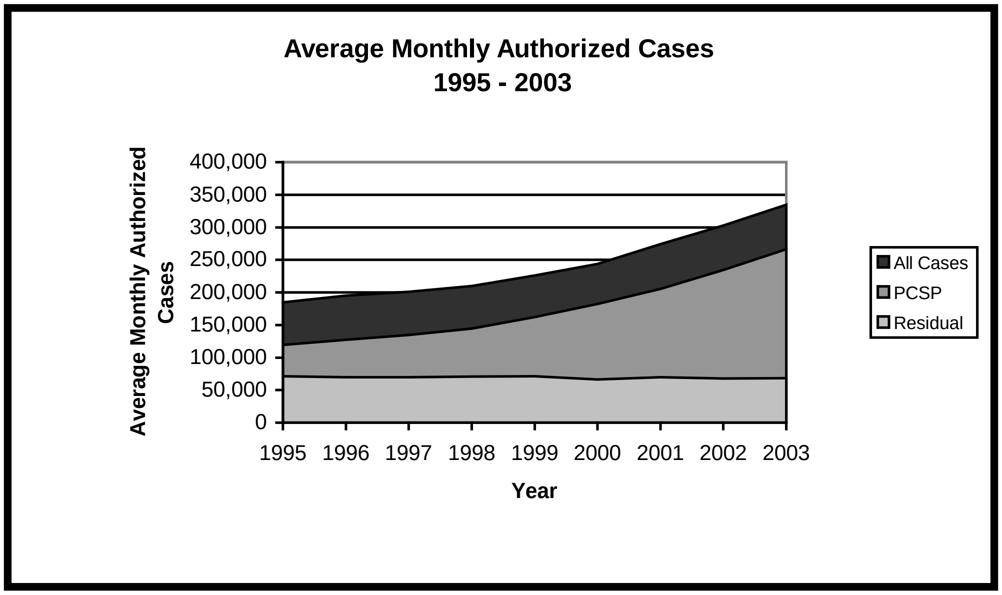
IHSS costs have grown dramatically:

The total cost of the IHSS program has more than doubled from $1.39 billion in fiscal year 1998-99 to $2.8 billion in 2002-03. Absent statutory changes, IHSS program costs are estimated to rise to $3.6 billion ($1.4 billion GF) in 2004-05.

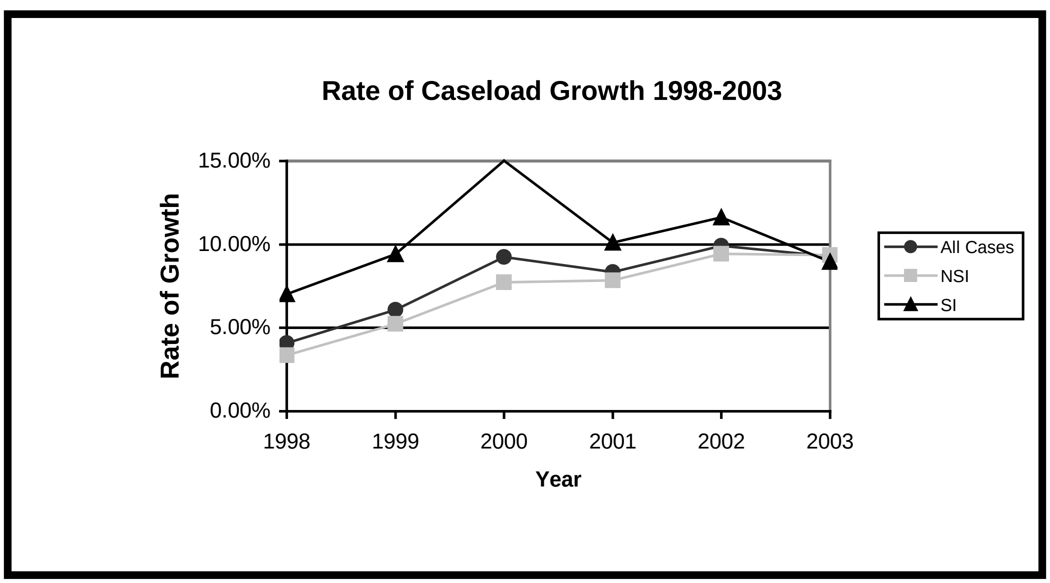


IHSS Caseload is Growing, but the Residual Caseload in not.

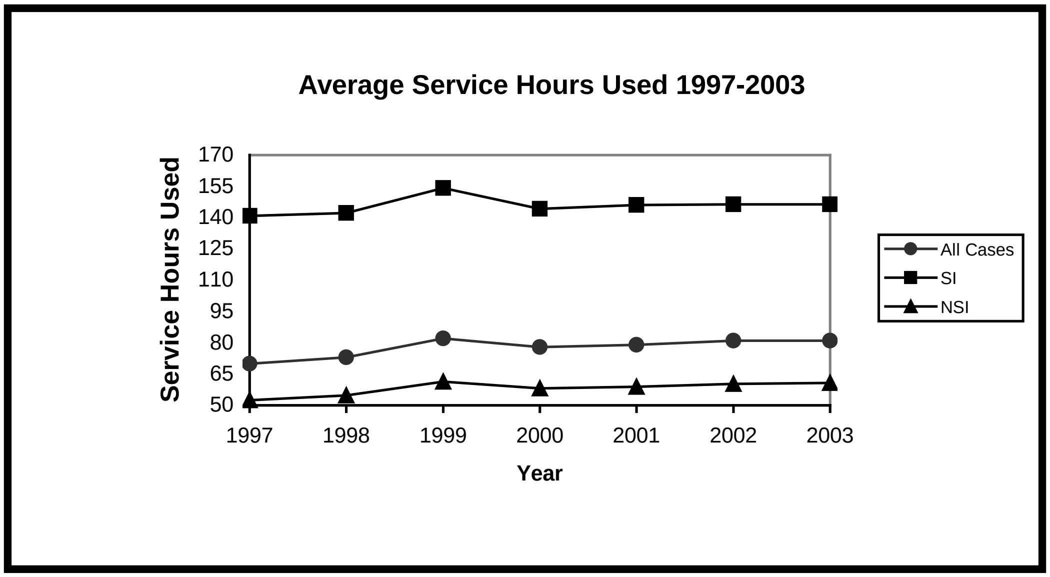
Total IHSS cases increased 64 percent from 1995 to 2003. The IHSS program consists of two components: the Personal Care Services Program (PCSP) and the Residual IHSS program. Services provided in the PCSP are federally reimbursable under the Medicaid Program. The PCSP caseload has grown by 96 percent, while the IHSS Residual caseload has remained stable.



While the IHSS caseload has grown exponentially across categories, the proportion of consumers who are disabled has grown at a faster rate. Severely impaired cases have also grown at a faster rate than non-severely impaired cases. Essentially, IHSS is serving a growing population of relatively young consumers with disabilities that require more hours of service and remain in the program for a longer period of time.



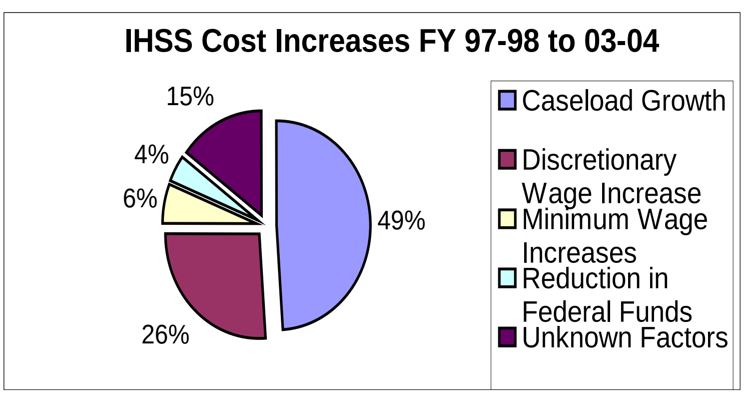
Changes in caseload composition have contributed to a higher utilization of service hours in the IHSS program. The total number of IHSS service hours delivered in a given year has increased by 61 percent since 1997. The average hours utilized in a month per IHSS consumer has risen by 16 percent to 81 hours per case. However, growth in service hour utilization by varies by consumer type. Severely Impaired (SI) consumers use 4% more hours than they did in 1997, while service hour utilization has increased by 16% among the Not Severely Impaired (NSI). Additionally, service hour utilization by type of case varies from county to county, but remains below the state's caps across the state (283 for SI cases, 195 for NSI cases).



Since the mid-1990s the IHSS caseload, hours of service and program costs have grown substantially. However, to the extent that the program succeeds keeping low-income aged, blind or disabled individuals in their own homes as an alternative to out-of-home care, it is cost-effective to the state as costs per individual are less than one-fifth the costs of nursing home placement.

COMMENTS:

According to the LAO, costs have increased by $751 million over the period of FY 1997-1998 to FY 2003-2004. The chart below illustrates the factors driving these cost increases:



PANELISTS:

None, informational item.

All other testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 4: IN HOME SUPPORTIVE RESIDUAL PROGRAM

The Subcommittee will discuss the IHSS Residual Program.

BACKGROUND:

The Governor's January budget proposed to eliminate the IHSS Residual Program. The Residual program provides services that are not currently eligible for federal funding to 75,000 individuals. The budget assumed $377 million is savings in the budget year and an estimated 57,000 consumers would have lost their care.

On April 22, 2004, the Administration announced that it was submitting a waiver to the federal government to obtain federal funds for the IHSS Residual Program caseload. In the May Revision, the waiver will replace the January proposal to elimination the IHSS Residual Program. The waiver is expected to begin July 1, 2004 and to yield over $200 million in savings due to the additional federal revenue. The final details of the waiver will be available in the May Revision.

The chart below defines the major components of the IHSS Residual Program:

Types of Services	Description
Domestic Only Services	Domestic Services are not eligible for PCSP unless the recipient also receives a personal care service.
Relative Caregiver	IHSS providers who serve their spouses or minor children are not eligible for PCSP.
Protective Supervision	IHSS providers monitor the behavior of people with severe mental impairments in order to safeguard them against injury, hazard, or accident. A person receiving protective supervision exhibit a combination of severe mental impairments such as: poor judgment (making bad decisions about health or safety), confusion/ disorientation (wandering off, getting lost, mixing up people, days or times) or bad memory (forgetting to start or finish something).
Advanced Pay	Allows severely impaired IHSS recipients to receive the value of their service in advance in order to pay providers in cash at the time when the service is rendered or to hire and pay substitute providers on short notice in the regular provider's absence. Advanced Pay recipients all meet the program definition of severely impaired and are assessed a large number of hours of service.
Misc./Unknown	The clients in this group are coded as being in the Residual program for unknown reasons. Some of these providers could be included in this group if they have not identified a provider for the final determination of PCSP eligibility.

The chart below details the caseload and expenditures for these components.

Types of Services	Number of Cases	Percentage	Expenditure	Percentage
Domestic Services Only	25,963	38.9%	7,175,011	20.4%
Relative Caregiver	16,056	24.1%	8,989,900	25.5%
Protective Supervision	11,056	16.6%	9,514,142	27.0%
Advanced Pay	745	1.1%	1,327,126	3.8%
Misc./Unknown	12,918	19.4%	8,241,302	23.4%
Total	**66,738**		**35,247,481**	

DATA SUPPORTS WAIVER:

In order to get a Medicaid waiver from the federal government, the State must demonstrate "cost-neutrality"--that the new use for the funding will not increase federal costs. The data suggests that the IHSS Residual Program yields savings for both the State and federal governments.

Long term care facilities like nursing homes and regional centers are much more expensive than In-Home Supportive Services. If more than 20 percent of these recipients were to enter a long-term care placement in lieu of IHSS, the State and federal government would spend more on other programs than it will save in IHSS.

Social workers conduct an assessment of In Home Supportive Services recipients to determine the level of care and number or hours at the point of initial application and then each year afterwards. As part of this assessment, social workers are asked to access the potential for a recipient to utilize long term care on a scale of 1 to 5. The rankings have the following definitions:

Assessment Ranking	Definition
1	Not at risk
2	At-risk for institutionalization if IHSS not provided
3	Will require out-of-home community care if IHSS not provided
4	Will require medical care placement if IHSS is not provided
5	Would lose employment if IHSS is not provided

When the Department of Social Services originally estimated the savings from elimination of the IHSS Residual program, the department cited this data as support for their assertion that none of the 57,000 recipients losing eligibility would transition to a long-term care facility in the budget year. Initially, the Department of Social Services projected that only 6 percent of caseload would be at risk of institutionalization.

Subsequent analysis has indicated that the actual distribution of the residual program shows that 96.6 percent of the recipients are ranked either a 2, 3, or 4, which suggested that a large percentage of the residual populations could be at-risk of institutionalization. The chart below details the actual distribution:

Ranking	Number of Recipients	Percentage of Total
Not at risk	2,533	3.2%
Would lose employment if IHSS is not provided	157	0.2%
At-risk for institutionalization if IHSS not provided	16,240	20.6%
Will require out-of-home community care if IHSS not provided	50,033	63.4%
Will require medical care placement if IHSS is not provided	9,961	12.6%

According to the above chart, social workers assessments have found that 76 percent of IHSS residual recipients would require an out-of-home residential or medical placement if IHSS was not provided.

Social workers also assess the functional level of a recipient using the Functional Index. This index represents an average of various components of functionality of each recipient's assessment. These components are ranked on a scale of 1-5. A ranking of "1" means that an individual can perform the particular function totally independently and a ranking of "5" means that the individual cannot function at all without assistance. The Functionality Index distribution for the IHSS Residual program is as follows:

Ranking	Number of Recipients	Percentage of Total
1.0 - 1.9	20,068	25.4%
2.0 - 2.9	27,441	34.8%
3.0 - 3.9	24,251	30.7%
4.0 & Higher	7,164	9.1%

Although the Functional Index gives a general sense of functionality of a recipient, a higher ranking does not always coincide with a greater degree of disability.

The recent findings strongly suggest that the In Home Supportive Services Residual program prevents consumers from entering more expensive long-term care facilities.

Other data also supports this claim; the Subcommittee has reviewed two studies that suggest that in California, individuals are using IHSS in lieu of other long-term care placements. In specific these studies have found:

- Every year about 20 percent of the current caseload exit the program. Recent UCSF research found that of the IHSS recipients leaving the program in FY 02-03, 28 percent die, 14 percent enter a nursing home, and 17 percent enter residential care.

- Recent analysis conducted by the California Center for Long-Term Care Integration suggests that IHSS and other home and community-based services may have helped reduce nursing home utilization in California. Since the 1990s, the number of Medi-Cal eligibles over age 65 has increased almost 25%, yet the average nursing home utilization has decreased from almost 44 days per Medi-Cal eligible aged 65+ in 1991 to just over 36 days per eligible in 2001.

COMMENTS:

Subcommittee staff believes that the State has a strong case for the federal waiver. All of the data suggests that the IHSS program does prevent a significant number of individuals from seeking other long-term care placements.

If the proposed waiver is approved, Counties will also save money. The county share on IHSS services hours for the IHSS Residual Program cases is 35.5 percent, but it is 17.75 percent of PCSP IHSS expenditures. For Administration of the program, the county share for Residual Program cases is 30 percent, but it is 15 percent for PCSP caseload expenditures.

PANELISTS:

The following panelist will testify (90 seconds each):

- Elsa Guzman and Christine Winters, San Bernardino
- Debbie Fuller and Louis Fuller, Bakersfield, CA
- Pete Johnson, California Homemaker's Association
- Deborah Doctor, Protection and Advocacy

All other testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 5: REDUCTION OF STATE PARTICIPATION IN IHSS WAGES AND BENEFITS

The Budget proposes to reduce State participation in IHSS Wages and Benefits.

BACKGROUND:

The Governor's budget proposes to limit state participation in provider wages to the California minimum wage ($6.75 per hour). Currently, the state participates in provider wages of $9.50 per hour plus 60 cents per hour worked for health benefits. Some counties pay more than this amount while others pay less. The proposed reduction in state participation in wage payments results in General Fund savings of $98 million in 2004-05.

Under the proposed policy, counties would be free to pay wages above the minimum wage, and the federal government would share in about 50 percent of the cost for wages above the minimum. Implementation of the reduction would begin no sooner than October 2004 and would be delayed in any county until such time as their current collective bargaining agreements expire. According to the Department of Social Services (DSS), the reduction would phase in between October 2004 and March 2005.

Current law also contains a revenue trigger that would further increase State participation in wages up to $10.50 per hour plus 60 cents per hour worked for health benefits. According to the Department of Finance, the January budget did not project enough growth in revenue to pull the trigger. However, the trigger could be enacted in the budget year if there is sufficient additional revenue growth in the May Revise or if the proceeds of Proposition 57, passed last March, are considered as part of the revenue calculation.

COMMENTS:

The Subcommittee has consistently taken action to increase IHSS wages in previous years.

PANELISTS:

The following panelists will testify (90 seconds each):
- Mr. Ken Seaton-Msemaji, President, United Domestic Worker
- Jack Lentz, Berkeley
- Graham Cannell, Alameda County
- Deborah Doctor, Protection and Advocacy

All other testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 6: ELIMINATION OF NECESSARY DOMESTIC SERVICES

The Subcommittee will consider the elimination of necessary domestic services eligibility for consumers that live with relatives.

BACKGROUND:

Under current law, domestic services (cleaning, cooking, laundry, etc.) are provided to the recipient for his or her own room, and for common areas (such as the kitchen, living room, dining room) on a pro-rated basis depending on the number of individuals living in the household. For example, if one recipient occupying one bedroom with its own private bath lived in a household with 3 common rooms and 3 other individuals, current law would assign necessary domestic services for 100 percent of the recipient's living quarters and a 25 percent share of the necessary upkeep for the three common rooms. The Governor's budget proposes to eliminate services for common areas when the recipient lives with able-bodied relatives.

COMMENTS:

The Governor's proposal may conflict with Medicaid comparability requirements, as it would result in disparate treatment for similarly situated beneficiaries. The

PANELISTS:

The following panelists will testify (90 seconds each):

- Deborah Doctor, Protection and Advocacy
- Ollie Robertson, IHSS Provider Sacramento

All other testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 7: ELIMINATION OF THE EMPLOYER OF RECORD AND IHSS ADVISORY COMMITTEE REQUIREMENTS

The Subcommittee will consider the elimination of the county employer of record and the advisory committee requirements.

BACKGROUND:

Currently, counties are required to designate an entity as the "employer of record" for IHSS providers for purposes of collective bargaining. Many counties formed "public authorities" for this purpose. Current law also requires that counties form advisory committees to assist in this process.

The Governor's budget proposes to eliminate the requirement that counties designate an employer of record. This effectively removes the requirement that counties operate public authorities and have advisory committees. Accordingly, the budget eliminates funding for advisory committees and the portion of public authority costs attributable to collective bargaining negotiations. The state would continue to pay 70 percent of the nonfederal cost of the remaining public authority costs related to program administration—the county share is the remaining 30 percent. The net General Fund savings from eliminating these requirements are estimated to be $7.6 million ($2.2 million General Fund) in 2004-05.

COMMENTS:

Prior to the Employer of Record requirement, many homecare workers could not organize for the purposes of collective bargaining because they were employees of the consumer without an employer-employee relationship with the county or State. The Governor's proposal would allow counties to return to the previous modes of IHSS delivery, which may not be structured to allow collective bargaining.

The elimination of state funding for the Public Authorities undercuts current efforts to facilitate the development of provider registries and improve training of providers. The long experience of these problems and burdens had been the basis for the initiation of the Public Authority program, which has been an innovative model for the countries.

Both AB 1682 (Honda) in 1999 and AB 2235 (Vargas) in 2002 required all counties to establish an employer of record in every county by January 1, 2003.

PANELISTS:

The following panelists will testify (90 seconds each):

- Karen Keesler, California Association of Public Authorities
- Mr. Ken Seaton-Msemaji, President, United Domestic Worker
- Lola Young, Sacramento

All other testimony on this issue will be addressed in the public comment period.

5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 8: IHSS ASSESSMENT ISSUES

The Subcommittee will discuss IHSS Assessment Process.

BACKGROUND:

The Governor's budget notes that state level reviews of county determinations of service hours indicate that up to 25 percent of authorized service hours "may be unnecessary or not actually provided" to the recipient. The administration has indicated its intent to submit a quality assurance proposal in the spring to improve the IHSS needs assessment designed to reduce the over-authorization of service hours.

COMMENTS:

The counties examined by the state account for only 24.5% of total IHSS expenditures. The substantial differences (5% or more) in hours authorized were concentrated in a few counties. In counties that account for 11% of expenditures the difference between the state and county authorized hours was 1.31 percent. The Governor's Budget assumes that data gathered over a 7 year period in counties that serve 13% of the caseload is representative of the entire state.

The LAO notes that the county reviews did not include Los Angeles County, which tends to assign fewer hours than the state average. Further, counties indicate that the review methodology did not employ a completely random sample. The 25 percent finding was based on a subset of cases for which a desk audit first indicated a significant potential for error. For these reasons, the 25 percent figure should probably be viewed as an upper end estimate. Nevertheless, a LAO believes that a well-designed quality assurance program could result in significant savings.

LAO also points out that one potential source of funds to support a quality assurance program would be a fee on providers. Under this approach, providers would be "held harmless" because the proposed fee would be offset by a corresponding wage increase. Although all IHSS providers (both residual and federally funded PCSP providers) would pay the fee and receive the wage increase, the wage increase paid to PCSP providers would draw down federal funds through Medicaid. These federal funds would free up some of the fee revenues that otherwise would be needed to fund the wage increase for PCSP providers. The freed-up fee revenues could then be used to fund a quality assurance program.

Subcommittee staff has received feedback that suggested that a quality assurance fee increase would only be possible if it extended beyond the IHSS program and includes some other similar health programs.

PANELISTS:

The following panelists will testify (90 seconds each):

- Karen Keesler, California Association of Public Authorities
- Frank Mecca, County Welfare Director's Association

All other testimony on this issue will be addressed in the public comment period.

4130 HEALTH AND HUMAN SERVICES AGENCY DATA CENTER
5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 9: CMIPS

The Subcommittee will discuss the CMIPS computer system.

BACKGROUND:

The budget proposes to (1) maintain HHSDC's expenditure authority of $1.7 million and (2) extend six limited-term positions for the re-procurement of the In-Home Supportive Services/Case Management Payrolling System (IHSS/CMIPS). The IHSS/CMIPS system provides case management and payroll services for the IHSS program.

The IHSS program was established in 1973 in DSS as a program to provide in-home supportive services to qualified, aged, blind, and disabled persons. In 1979, DSS contracted with Electronic Data Systems (EDS) for the development and operation of IHSS/CMIPS. In 1998, DSS was directed by state control agencies to conduct a competitive procurement for a new contract for the maintenance of the system. As with other DSS-related projects, HHSDC was assigned responsibility for the procurement activities.

Since September 2000, HHSDC has been conducting the analysis and planning for the IHSS/CMIPS competitive procurement. The budget proposes to pursue a new procurement strategy, which is intended to increase federal funding. Specifically, the administration proposes to abandon the competitive procurement approach and instead transfer the maintenance and enhancement of the IHSS/CMIPS system to the Department of Health Services' (DHS) Fiscal Intermediary (FI) contract (also with EDS). Because the DHS FI contract is funded at a higher federal funding ratio than the current IHSS/CMIPS contract, the state anticipates that its future-sharing ratio of the IHSS/CMIPS costs will decrease by at least 25 percent.

The primary purpose of the DHS FI contract is to process both Medi-Cal and non-Medi-Cal claims submitted by entities which provide health care services. Since most IHSS providers are employed by Medi-Cal recipients.

COMMENTS:

In order to transfer the IHSS/CMIPS system to the DHS FI contract, the state must first receive federal approval. In January 2004, the state submitted its request and anticipates that the federal government will complete its review before the May Revision. It is unknown if the federal government will approve the state's request.

PANELISTS:

None.

All testimony on this issue will be addressed in the public comment period.

4130 HEALTH AND HUMAN SERVICES DATA CENTER
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ISSUE 10: PUBLIC COMMENT

The Subcommittee will consider public input regarding issues discussed in this hearing.