



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 3/25/2019

Agenda Placement: 7B

## Napa County Legislative Subcommittee Board Agenda Letter

---

**TO:** Napa County Legislative Subcommittee  
**FROM:** Molly Rattigan for Minh Tran - County Executive Officer  
County Executive Office  
**REPORT BY:** Molly Rattigan, Deputy County Executive Officer - 253-4112  
**SUBJECT:** Budget Proposals Related to 1991 Realignment

---

### **RECOMMENDATION**

County Executive Officer requests the following related to proposals that impact 1991 Realignment Funding:

1. Discussion and possible direction on the Governor's In-Home Support Services Proposal; and
2. Discussion and possible direction on the Governor's proposal to redirect County Medical Services Program funds.

### **EXECUTIVE SUMMARY**

The purpose of this item is to receive a report on the Governor's January Budget proposal and the impacts it has on the In-Home Support Services Program and the County Medical Services Program.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of

Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

## **BACKGROUND AND DISCUSSION**

The purpose of this item is for the Legislative Subcommittee to discuss two related proposals in the Governor's Proposed Fiscal Year 2019-2020 Budget that may positively impact Napa County, and create consequences for Napa County as a County Medical Services (CMSP) county. Staff and Napa County's legislative advocates are advising that while related, if Napa County chooses to weigh in, the issues be treated separately.

### **In-Home Support Services**

As part of the 2017-18 State Budget Package, Senate Bill 90 eliminated the previous Maintenance of Effort (MOE) within the Coordinated Care Initiative for In-Home Support Services (IHSS). The primary purpose of the elimination of the previous MOE was to reduce the State's long-term costs of IHSS, which subsequently increased the cost to counties. After much deliberation between the Brown Administration and the California State Association of Counties (CSAC), the 2018-19 State budget package created a new MOE for all 58 counties and reduced the estimated additional costs to counties.

The new MOE established the statewide IHSS cost base at \$1.769 billion (representing an increase of \$592.2 million over the previous MOE.) The MOE increased by five percent in FY 2018-19 and is scheduled to increase by another seven percent in 2019-20. To offset the costs to the counties, all Vehicle License Fee (VLF) growth from the health and mental health subaccounts, as well as the CMSP subaccount, were redirected for three years to lower County MOE costs.

The Governor's 2019-20 proposed budget makes several changes affecting the current IHSS program:

1. MOE Adjustments: Reduces counties' IHSS MOE to \$1.56 billion, and increases State General Fund costs by \$241.7 million in FY 2019-20. Additionally, the proposal adjusts the annual inflation factor down from seven percent to four percent beginning in Fiscal Year 2020-21, and restores 1991 Realignment revenue for the health and mental health subaccounts.
2. IHSS County Administration: Includes an ongoing increase of \$15.4 million in General Fund support for IHSS county administration.
3. Restores the 7 percent Across-the-Board Services Hour Reduction: Existing law links the existing reduction to the existing managed care organization (MCO) tax. When the MCO tax expires on July 1, 2019, existing law requires a 7 percent across-the-board cut in IHSS hours. The Governor's 2019-20 proposed Budget does not assume that the MCO tax will be extended. However, the proposal included \$342.3 million General Fund support in 2019-20 to prevent a reduction in hours.

The Department of Finance also released a report that re-examines IHSS costs and how the program related to overall 1991 Realignment revenues. The report is a product of meetings with the California State Association of Counties, as part of the budget agreement that implemented the new MOE. While not included in the Governor's proposed FY 2019-20 Budget, the report states that the budget will eliminate growth allocations to CMSP beginning in Fiscal Year 2019-20 until the operating reserves fall below three months. CMSP currently has a reserve of over \$360 million and is in the process of implementing a new program with the reserves.

Finally, the Department of Finance Report states that once the state minimum wage reaches \$15 per hour, state participation in future county-negotiated IHSS wage and/or health benefit increases will be 35% and the implementing county will be responsible for 65% of the increase.

County Medical Services Program

The Governor's January Budget proposal includes a decrease in the amount of 1991 Realignment health funding available to 39 counties, including the 35 counties that participate in the County Medical Services Program (CMSP). The proposal, which is related to the Governor's plan to offer full-scope Medi-Cal services to undocumented young adults between the ages of 19-25, would alter a previous deal reached between the State and counties under AB 85 in 2013 during the state's Affordable Care Act Medicaid expansion process.

The proposal would significantly reduce health realignment funding for the CMSP program. Currently the State retains 60 percent of health realignment funding and counties operate local health and public health services with the remaining 40 percent. The Governor's proposal changes the ratio to 75 percent State, leaving only 25 percent for counties.

This would impact services to uninsured residents in rural areas and force CMSP to use reserves. CMSP recently rolled out the new Path to Health program utilizing reserves, which serves undocumented adults, ages 21-64 with primary, preventative and prescription drug services, as well as uninsured legal residents and undocumented adults up to 300% of the Federal Poverty Level, including those no longer participating the Covered California plan.

The California Association of Counties recently expressed concern with this proposal, not because of the desire to provide healthcare to all, but for the cost to provide Medi-Cal to a small group of adults at the risk of funding to CMSP counties that provide indigent health care in their communities. The concern is the potential damage to local public health systems and a reduction in access to health care services.

**SUPPORTING DOCUMENTS**

None

Recommendation: Approve

Reviewed By: Molly Rattigan