Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Richard Pan, M.D., Chair
Senator William W. Monning
Senator Jeff Stone

INFORMATIONAL HEARING
"The State of Long-Term Services and Supports for California Seniors"
Thursday, November 15, 2018
10 a.m.
State Capitol - Room 4203

Consultants: Theresa Peña and Scott Ogus

I. OPENING REMARKS – CHAIR

II. PRESENTATION: "THE STATE OF LONG-TERM SERVICES AND SUPPORTS"
Sarah Steenhausen, Senior Policy Advisor, SCAN Foundation

PRESENTATION: DATA GAPS IN UNDERSTANDING CHANGES IN LTSS NEEDS AND UTILIZATION PATTERNS
Peter Hansel, Chief Executive Officer, CalPACE
Member of the CA Health Interview Survey LTSS Workgroup

III. PRESENTATION: A LONG-TERM OUTLOOK: DISABILITY AMONG CALIFORNIA'S SENIORS
Ryan Woolsey – Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Jackie Barocio – Fiscal and Policy Analyst, Legislative Analyst's Office

IV. PRESENTATION: EXISTING LTSS PROGRAMS AND PLANNING FOR FUTURE PROGRAM AND FISCAL IMPACTS
Mari Cantwell, Chief Deputy Director, Dept. of Health Care Services
Debbi Thomson, Deputy Director Adults Program Division, Dept. of Social Services
Lora Connolly, Director, Dept. of Aging
Ethan Sharygin, Demographics Unit, Department of Finance

V. REACTOR PANEL: LTSS PROVIDERS AND CONSUMERS
Matthew Robinson, Director of Legislative Affairs, CA Assoc. of Health Facilities
Kristina Bas Hamilton, Legislative Director, UDW/AFSCME Local 3930
Robert Harris, Service Employees International Union
Mike McConnell, Adult Services Director, Santa Cruz County
Leza Coleman, Executive Director, LTC Ombudsman Association

Susan DeMarois, Director of Government Affairs, Alzheimer's Association

VI. PUBLIC COMMENT

VII. CONCLUDING REMARKS

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Informational Hearing

The State of Long-Term Services and Supports for California Seniors

BACKGROUND

INTRODUCTION

Demographic projections by the state Department of Finance and others estimate the proportion of California residents over age 65 will grow substantially over the coming decades. This "silver tsunami" is likely to have significant impacts on the delivery systems that provide care to seniors, particularly those with disabilities or in need of assistance with activities of daily living. The state's programs that provide long-term services and supports such as Medi-Cal, In-Home Supportive Services and various Medicaid waiver programs, as well as the vast population of unpaid family caregivers, will bear the financial and operational impacts of increased need and utilization of services represented by this population.

OVERVIEW - LONG-TERM SERVICES AND SUPPORTS

Long-term services and supports (LTSS) refers to services and care provided to individuals who have difficulty performing daily activities, generally due to age, physical, cognitive, developmental, or chronic health conditions, or other functional limitations. LTSS can be provided in the home by family caregivers or paid in-home health workers, in other community-based settings such as assisted living homes, or in institutional settings such as skilled nursing facilities. LTSS may include assistance with activities of daily living, which are routine, daily personal care activities such as eating, bathing, mobility, toileting, and dressing. LTSS may also include instrumental activities of daily living, which are more complex skills necessary for living independently such as medication management, cooking, money management, transportation, and housework.

LTSS is provided to those in need through several sources, including the state and federal government, private insurers, and individuals. In California, Medi-Cal and Medicare are two of the primary public sector payers for LTSS; generally, the federal government pays for one-half of most Medi-Cal costs. Medi-Cal generally pays for a broader array of LTSS than Medicare, which covers some LTSS services on a short-term basis. However, the SCAN foundation points out that nearly two-thirds of older adults with LTSS needs living at home receive all help from unpaid caregivers, typically family and friends.

AGING POPULATION IN CALIFORNIA

According to demographic projections by the Department of Finance, the population of California seniors, defined as adults aged 65 and older, will increase from roughly 5.2 million in 2015 to 13.5 million in 2060. A report by the Legislative Analyst's Office in 2016 titled "A Long-Term Outlook: Disability Among California's Seniors" projects that for California, the growth in the senior population will be primarily driven by the aging Baby Boomer cohort and the largest growth will be for seniors over 85 years old. While the increasing population of seniors is a national trend, California is unique in that the senior population is projected to shift from being majority white to majority nonwhite by 2030.

Although the majority of seniors from 2015-2060 are not projected to be disabled, the LAO estimates that the number will jump 270 percent, from 1 million in 2015 to 2.7 million in 2060. The LAO also projects that seniors turning 65 between 2015 and 2019 will spend 4.5 years, or 19 percent of their remaining life, with a disability. Of these seniors, nonwhite seniors and seniors without a college degree will live more years with a disability. Women in this cohort will live even more years with a disability, as they live longer than their male counterparts on average. Unfortunately, they are less likely to have the financial resources to pay for that care.

LONG-TERM SERVICES AND SUPPORTS PROGRAMS IN CALIFORNIA

The primary California programs that provide LTSS services to seniors, which are most likely to be impacted by the expected aging of the state's population, are administered by three state departments: the Department of Social Services, the California Department of Aging, and the Department of Health Care Services.

Department of Social Services

In-Home Supportive Services. The Department of Social Services (DSS) oversees the In-Home Supportive Services (IHSS) program. The IHSS program provides personal care services to 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. County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual's ability to perform ADLs. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). According to DSS, around 73 percent of providers are relatives, or "kith and kin."

In 2018-19, $11.6 billion ($3.8 billion General Fund) was provided for IHSS in California. 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 pursuant to Title XIX of the Social Security Act, which governs Medicaid expenditures. Caseload growth and wage increases for IHSS providers are the two primary drivers of steadily increasing IHSS service costs in recent years.

California Department of Aging

Home- and Community-Based Programs. The California Department of Aging (CDA) administers community-based programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. The department is the federally-designated State Unit on Aging, and administers funds allocated under the federal Older Americans Act, the Older Californians Act, and through the Medi-Cal program. The budget for 2018-19, comprised largely of federal funds, includes total funding of $205.3 million ($41 million General Fund).

CDA contracts with a statewide network of 33 Area Agencies on Aging (AAAs), which directly manage federal and state-funded services. Each AAA provides services in one of the 33 designated Planning and Service Areas (PSAs). Examples of AAA services include: supportive and care management services; in-home services; congregate and home delivered meals; legal services; Long-Term Care Ombudsman services; and elder abuse prevention.

CDA also contracts directly with agencies that operate the Multipurpose Senior Services Program (MSSP) through the Medi-Cal home and community-based waiver for the elderly (see *Multipurpose Senior Services Program Waiver* below), and certifies Community Based Adult Services (CBAS) centers, which are provided as a managed care benefit for those eligible for the Medi-Cal program.

CDA also administers funding for the Long-Term Care Ombudsman, which recruits volunteers and other staff to investigate and resolve community complaints made by, or on behalf of, individual residents in long-term care facilities.

Department of Health Care Services (Medi-Cal)

Medicaid Home- and Community-Based Services Waiver Programs. The Medicaid Home- and Community-Based Services (HCBS) waiver program is authorized in Section 1915(c) of the Social Security Act. The program permits states to furnish an array of home- and community-based services that assist beneficiaries to live in the community and avoid institutionalization. States have broad discretion to design waiver programs to address the needs of the waiver's target population. Waiver services complement or supplement the services that are available to participants through the Medicaid state plan and other federal, state and local public programs as well as the supports that families and communities provide.

California operates several home- and community-based services waivers for Medi-Cal beneficiaries.

Home- and Community-Based Alternatives Waiver. The Home- and Community-Based Alternatives (HCBA) Waiver provides Medi-Cal members with long-term medical conditions, who meet the acute hospital, adult or pediatric subacute or nursing facility Level of Care (LOC), with the option of returning to or remaining in his or her home or home-like setting in the community in lieu of institutionalization. DHCS will contract with waiver agencies for the purpose of performing waiver administration functions and directing the comprehensive care management waiver service. The waiver agencies are responsible for functions including: participant enrollment, LOC evaluations, plan of treatment and person-centered care and service plan review and approval, waiver service authorization, utilization management, provider enrollment and network development, quality assurance activities and reporting to DHCS, billing the fiscal intermediary, and provider claims adjudication.

DHCS indicates it will continue its role in administering the program by determining all waiver participant eligibility, setting enrollment goals, and providing continuous, ongoing monitoring and oversight. DHCS received approval of the HCBA Waiver in May 2017 with a January 2017 effective date. As of the 2018 Budget Act, DHCS reported it planned to implement the waiver agency model no sooner that July 2018. DHCS expects the waiver renewal will serve up to 8,964 participants by the end of the five year waiver term.

Assisted Living Waiver. The Assisted Living Waiver pays for assisted services and supports, care coordination, and community transition in 15 counties (Sacramento, San Joaquin, Los Angeles, Riverside, Sonoma, Fresno, San Bernardino, Alameda, Contra Costa, San Diego, Kern, San Francisco, San Mateo, Santa Clara and Orange). Waiver participants can elect to receive services in a Residential Care Facility for the Elderly (RCFE), an Adult Residential Facility (ARF), or through a home health agency while residing in publicly subsidized housing. Eligibility into the ALW is based on a qualifying skilled nursing level of care which is captured through the assessment tool used by care coordination

agencies to assess potential participants. Approved capacity of unduplicated recipients for the ALW is currently 3,744. The federal government approved a renewal of the ALW in August 2014 effective from March 1, 2014 through February 28, 2019.

In October 2018, DHCS received federal approval for a waiver amendment to expand the ALW by 2,000 slots from 3,744 to 5,744 between July 2017 and June 2020 to accommodate current and anticipated need. According to DHCS, a reserve capacity will be set for new enrollments which will require that 60 percent of all new enrollments be reserved for individuals transitioning from institutional settings after residing in them for a minimum of 90 consecutive days. The 2018 Budget Act included savings of $155,000 ($77,500 General Fund and $77,500 federal funds) in 2017-18 and $14 million ($7 million General Fund and $7 million federal funds) in 2018-19 for ALW expansion. The costs of ALW services are offset by a higher level of savings from transitions of individuals from skilled nursing facilities into community settings under the ALW.

In-Home Operations Waiver. The In-Home Operations (IHO) Waiver serves either: 1) participants previously enrolled in the Nursing Facility A/B Level of Care (LOC) Waiver who have continuously been enrolled in a DHCS administered HCBS waiver since prior to January 1, 2002, and require direct care services provided primarily by a licensed nurse, or 2) those who have been receiving continuous care in a hospital for 36 months or greater and have physician-ordered direct care services that are greater than those available in the Home and Community Based Alternatives Waiver, for the participant's assessed LOC. CMS approved the IHO waiver renewal from January 1, 2015 through December 31, 2019. DHCS indicates it will not renew the IHO Waiver at the expiration of the current waiver term. At the point of annual reassessment for each participant, DHCS will offer the option of transitioning to the Home- and Community-Based Alternatives Waiver. All IHO Waiver participants will be given sufficient notice of the waiver expiration and provided options to transition prior to the expiration of the IHO Waiver.

Multipurpose Senior Services Program (MSSP) Waiver. Under the MSSP Waiver, the California Department of Aging contracts with local agencies to provide social and health care management for frail elderly clients who are at risk of placement in a nursing facility, but who wish to remain in the community. The MSSP arranges for and monitors the use of community services to prevent or delay premature institutional placement of these individuals. Clients eligible for the program must be 65 years of age or older, live within an MSSP site service area, be able to be served within MSSP's cost limitations, be appropriate for care management services, be currently eligible for Medi-Cal, and can be certified for placement in a nursing facility. Services provided by MSSP include adult day care and support center, housing assistance, household and personal care assistance, protective supervision, care management, respite, transportation, meal services, social services, and communication services. Under the approved waiver, beginning July 1, 2014 through June 30, 2019, capacity of unduplicated recipients is as follows:

- Waiver Year 1: 12,000
- Waiver Year 2: 11,684
- Waiver Year 3: 11,684
- Waiver Year 4: 11,684
- Waiver Year 5: 11,684

Acquired Immune Deficiency Syndrome (AIDS) Waiver. Local agencies, under contract with the California Department of Public Health, Office of AIDS, provide home and community-based services as an alternative to nursing facility care or hospitalization. Services provided include: administrative expenses, attendant care, case management, financial supplements for foster care, home-delivered meals, homemaker services, in-home skilled nursing care, minor physical adaptations to the home, non-emergency medical transportation, nutritional counseling, nutritional supplements, and psychotherapy. While the AIDS Waiver provides services to eligible individuals of all ages, the number of persons living with HIV/AIDS that are over 65 is growing as the prevalence of antiretroviral and other therapies allows these individuals to live longer.

Clients eligible for the program must be Medi-Cal recipients whose health status qualifies them for nursing facility care or hospitalization, in an aid code with full benefits and not enrolled in the Program of All-Inclusive Care for the Elderly (PACE). Participants must also have a written diagnosis of HIV disease or AIDS, certified by the nurse case manager to be at the nursing facility level of care, and score 60 or less using the Cognitive and Functional Ability Scale assessment tool. Children under 13 years of age are eligible if they have been certified by the nurse case manager as HIV/AIDS symptomatic. All waiver participants must have a home setting that is safe for both the client and service providers. According to DHCS, federal approval for renewal of the AIDS Waiver was received on March 27, 2017.

HCBS Waiver for Persons With Developmental Disabilities (DD Waiver). The DD Waiver provides home and community-based services to persons with developmental disabilities who are Regional Center consumers as an alternative to care provided in a facility that meets the federal requirement of an intermediate care facility; in California, intermediate care facility-developmental disabilities-type facilities, or a state developmental center. Approved capacity of unduplicated recipients for this waiver is 110,000 in 2013, 115,000 in 2014 and 120,000 in 2015. The waiver is approved from March 29, 2012 through March 28, 2017. As of March 29, 2017, behavioral health treatment services for waiver participants under the age of 21 will be a state plan benefit and paid through the managed care delivery system or fee-for-service for members not eligible to enroll into managed care.

Medi-Cal State Plan Benefit - Long-Term Care. In addition to the home- and community-based waiver programs, Medi-Cal beneficiaries certified as meeting a skilled nursing level of care are eligible for long-term care services in a skilled nursing facility. These benefits are offered under the state's Medicaid State Plan. The 2018 Budget Act included approximately $2.7 billion for care provided in skilled nursing facilities.

ISSUES FOR CONSIDERATION

- What are unique factors California faces with an increase in the senior population and seniors with disabilities that policymakers should take into consideration when considering planning of the future of LTSS programs in California?

- What have California's LTSS programs done to prepare for the increase in LTSS utilization and the resulting fiscal and programmatic impacts from the coming increase in California seniors?

- What data gaps exist in the state's understanding of how individuals utilize LTSS programs, as well as individual preferences on levels of care and placements and cultural competency considerations as a more diverse population of seniors age into LTSS programs? What is the state doing to address these data gaps?

- What are the potential capacity constraints the state's LTSS delivery system may face in providing services in both skilled nursing facilities and home- and community-based placements?

- While the proximate cause of these impacts will be the aging of seniors into LTSS programs, how should the state manage and/or mitigate any negative impacts on non-senior persons with disabilities who also rely on these programs?

- How will the increase in the senior population affect the proportion of care delivered by unpaid family caregivers? What state services are currently available to assist and support these essential care providers?