

2003-2004 SANTA CLARA COUNTY CIVIL GRAND JURY

**INQUIRY INTO THE ADMINISTRATION OF THE COUNTY'S
IN-HOME SUPPORTIVE SERVICES PROGRAM**

Summary

The Santa Clara County Civil Grand Jury (Grand Jury) reviewed funding issues for the Santa Clara County (County) In-Home Supportive Services (IHSS) program that were raised by the County's anticipated 2004-05 fiscal year budget deficit and the proposed cuts to the program outlined in the Governor's FY 2005 Budget. IHSS is a California program, established in 1973, funded through Medi-Cal (California Medicaid), that provides personal care and domestic-related services to citizens or legal residents who are either disabled adults or children, blind, or low-income seniors (65 years or older).

The Grand Jury concluded its inquiry with two findings and two recommendations.

Background

IHSS programs allow qualified recipients to remain in their homes, promote independence, assure that recipients live in a safe environment, offer housekeeping services, and provide personal care that the recipient is unable to perform. IHSS also serves as an alternative to expensive out-of-home care, such as nursing homes or board and care facilities. IHSS recipients are automatically eligible for Medi-Cal for their medical care. About 65% are elderly and 3% to 5% are children with significant disabilities.

Residents eligible for IHSS services in the County must:

- be aged, blind, or disabled, including children who need IHSS to prevent premature institutionalization;
- be residents of Santa Clara County and living in their own home or apartment (not in a board and care facility, nursing home, or hospital);
- be in compliance with United States residency requirements;
- have personal property (including cash, bank accounts, promissory notes and loans, value of investments other than the home of the recipient or one automobile for work or for medical appointments) that totals in value less than \$2,000 for an individual or \$3,000 for a couple;
- have monthly income less than \$900 for an individual or \$1,200 for a couple.

In addition, to qualify for IHSS services clients must:

- be a Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipient; or
- be eligible for SSI/SSP, but not receiving SSI/SSP; or
- be receiving Medi-Cal because they are disabled under Social Security Administration criteria.

If all other criteria are met except income exceeds the limits, a recipient may still participate by paying a portion of the IHSS costs.

The County offers two separate categories of services within its IHSS program—Personal Care Services Program (PCSP) and the Residual Program.

Personal Care Services Program

PCSP provides personal care and domestic-related services to SSI and income-eligible recipients. The sources of funding for PCSP are 51% from the Federal Government, 32% from the state, and 17% from the County.

Personal Care Services include:

- dressing
- bathing and grooming
- feeding
- bowel and bladder care
- paramedic services
- respiration assistive devices
- ambulation
- repositioning and skin care
- exercise.

Residual Program

California also offers a non-federally mandated IHSS Residual Program. The Residual Program provides domestic and related services to those who do not need personal care or who are not eligible for PCSP because the caregiver is the spouse or a parent of a minor recipient. There are no federal funds—the state provides 65% of the funding for this program with the County providing the remaining 35%.

Residual Program Services include:

- meals and cleanup
- shopping for food (1 hour per week)
- errands (one half hour per week)

- protective supervision
- domestic help
- laundry (one to one and a half hours per week)
- medical accompaniment.

About 20% of the County’s share of IHSS costs (approximately \$4.6 million) goes towards providing Residual Services for about 20% of the total number of recipients.

IHSS Administration

The County IHSS program is administered through the Adult and Aging Services Department of the Social Services Agency (SSA). An IHSS social worker makes a home visit to the applicant’s home—during which the worker observes and discusses the applicant’s functioning at home and discusses how needs are being met (or not) to determine what services are needed to keep the applicant safely in the home. The social worker also determines the number of hours of support the County will authorize per month. If the applicant is denied services, the reasons for the denial are provided. Although the state has developed an index and ranking system (from 1 to 5) to determine service hours needed by eligible clients, County IHSS staff determines needed client service hours on a case-by-case basis using a personalized psycho-social-health assessment. The County currently processes about 400 new applicants per month.

Clients select their own independent providers to deliver the authorized services. Three Public Authority staff members are assigned to find providers for those who cannot find their own. The Public Authority is the mandated employer of record for all independent providers and the Santa Clara County Board of Supervisors is its governing body. The Public Authority provides education and support services for clients, background checks, access to training for providers, and a provider registry.

All California counties have union contracts covering independent providers—Santa Clara County providers are members of SEIU Local 715. Contracts with providers run from 6 hours to 283 (maximum) hours per month, with 70 hours per month the average. The current contract with the union ends in September 2005.

The number of authorized County IHSS cases has doubled from 4,259 in 1999 to 8,625 in 2004. (Charts A through E provide additional statistics regarding IHSS programs.) During that time, provider wages increased from \$6.75 per hour plus health benefits to the current \$10.50 per hour plus health, dental and vision benefits. The total cost of IHSS provider wages and benefits increased from \$23 million to over \$86 million in fiscal year 2004.

Source	Provider Wages and Benefits	IHSS Administration
Federal	\$32,699,980	\$3,756,393
State	\$30,885,959	\$2,701,615
County	\$22,846,703	\$1,145,553
Totals	\$86,432,642	\$7,603,561

IHSS administrative costs include salaries and overhead for the social work, eligibility determination, and administrative support staff.

The County Executive has recommended to the Board of Supervisors an IHSS budget of \$92.2 million for fiscal year 2004-2005, an increase of 6.6% over the previous year. State and federal reimbursement is projected to be \$66.6 million, an increase of \$3 million. The resulting net cost to the County is thus \$26.6 million, an increase of 12.5%. The County Executive has recommended to the Board of Supervisors that the health care premium charged to providers be increased to actuarially sound levels.

According to the County FY 2005 Recommended Budget document, “over 8900 County residents currently receive IHSS services from 7543 independent providers.” The average expenditure per recipient is approximately \$10,400, a projected decrease of 22% from the previous year.

Discussion

The County presently pays the highest salary in the state and among the highest in the nation at \$10.50 per hour. In addition, benefits provided to qualifying independent providers include the standard County health insurance, dental insurance, and vision plan. Any independent provider who works 35 hours or more a month for two consecutive months can receive this benefit package at a monthly cost of \$8.00. For fiscal year 2005, the estimated net cost of independent provider benefits to the County is \$4.8 million. Including benefits, the average cost per hour is \$12.83. The state pays a maximum of \$9.50 per hour for wages and \$0.60 for benefits - the County must make up the difference for both the PCSP and Residual Program. The federal government will withdraw funding for the PCSP if the total amount per hour exceeds \$13.50.

By comparison, nursing home care is usually more expensive. According to the federal long-term care insurance website, the national average cost of a semi-private room in a nursing home facility is \$52,000 annually, approximately \$143 per day. Home health care is well over \$20,000 annually, at \$18/hour, five hours per day, five days per week. This figure is expected to climb since nursing home costs have been going up about 5% per year.

The Governor’s budget proposal for fiscal year 2004-05 recommended cuts for the statewide IHSS program:

- eliminate the Residual Program, or approximately 74,000 cases statewide, representing about 23% of the total IHSS caseload in California;
- eliminate domestic and related IHSS services for consumers who live with able-bodied family members starting October 1, 2004. This would cut services to approximately 90,350 clients if implemented;
- eliminate funding for certain collective bargaining activities and make it optional, instead of mandatory, for counties to establish an IHSS employer of record;
- reduce the state’s share of costs for IHSS home-care worker wages and benefits to \$6.75 per hour plus benefits.

The Governor's May 2004 revised budget proposal provided the following alternatives:

- pursue federal cost sharing in lieu of eliminating the Residual Program. Although not directly saving as much as eliminating the Residual Program, continuing the program with federal support would allow recipients to avoid more costly health facilities or nursing homes;
- an IHSS Quality Assurance Initiative to increase efficiency and reduce waste. Funds would be provided to train state and county monitoring staff in order to better assess needs, investigate fraud, reduce provider over-utilization, and implement authorization controls for protective supervision.

Conclusion

The IHSS Program provides needed services to the aged, blind, and disabled adults and children. It allows individuals to remain safely in their own homes as an alternative to expensive and impersonal out-of-home care. However, assuming that the number of clients continues to increase at the rate of 28% a year, the cost to the County will grow considerably from the current \$23 million budget (not including administrative costs of \$1.1 million). Finally, the threat of state cuts to the Residual Program leaves the County with the choice of picking up the state share (about \$10 million) or cutting non-federally mandated services, such as providing meals and cleanup, protective supervision and accompanying the client to medical appointments.

Finding I-A

The County's General Fund provides 25% of the funding for the IHSS program. As the total cost of this program increases, so does the County's cost to fund this program at a time of a projected fiscal deficit. Salaries and benefits for providers in the County are the highest in the state and among the highest in the nation.

Finding I-B

State funding for the Residual Program may be cut or even eliminated. If so, the County will have to decide to either increase its share of IHSS costs or cut services.

Recommendation I

The County should limit its fiscal liability by one or more of the following:

- a) renegotiating total compensation for providers,
- b) reviewing eligibility criteria for recipients,
- c) consider establishing eligibility requirements for providers,
- d) decreasing funding for the Residual Program only commensurate with any state cuts.

Finding II

There is currently no oversight of providers to prevent financial abuse.

Recommendation II

The County should support the passage and implementation of the state Quality Assurance Initiative, as proposed.

PASSED and **ADOPTED** by the Santa Clara County Civil Grand Jury on this 1st day of June 2004.

Richard H. Woodward
Foreperson

References

Charts

- A. Total authorized IHSS cases in Santa Clara County.
- B. IHSS population by age.
- C. IHSS provider wage costs.
- D. Providers' wage and benefits history.
- E. Public authority wage increases for selected California counties (1999-2004).

Interviews

March 3, 2004 – meeting with Director of Adult and Aging Services, SSA Chief Financial Officer and IHSS Program Manager.

Telephone conversations and email communications with Deputy County Executive and Director of Adult and Aging Services.

Documents

County FY 2005 Recommended Budget, www.sccgov.org

Federal Long-Term Care Insurance Program, <http://www.ltcfeds.com>.

Governor's Budget Proposals for The In-Home Support Services Program, <http://www.savehomecare.org>.

Legislative Committee: FY 2004-05 Governor's Proposed Budget, Review Impacts on Santa Clara County.

Public Authority/Nonprofit Consortium RTE, IHSS, Attachment 4 and 4i, PA/NPC Hourly Rate. SCC SSA Department of Aging and Adult Services IHSS Data.

Residual vs. Personal Care Service Program (PCSP) Funding, Director, Adult and Aging Services, SSA.

Chart A - Total Authorized IHSS Cases

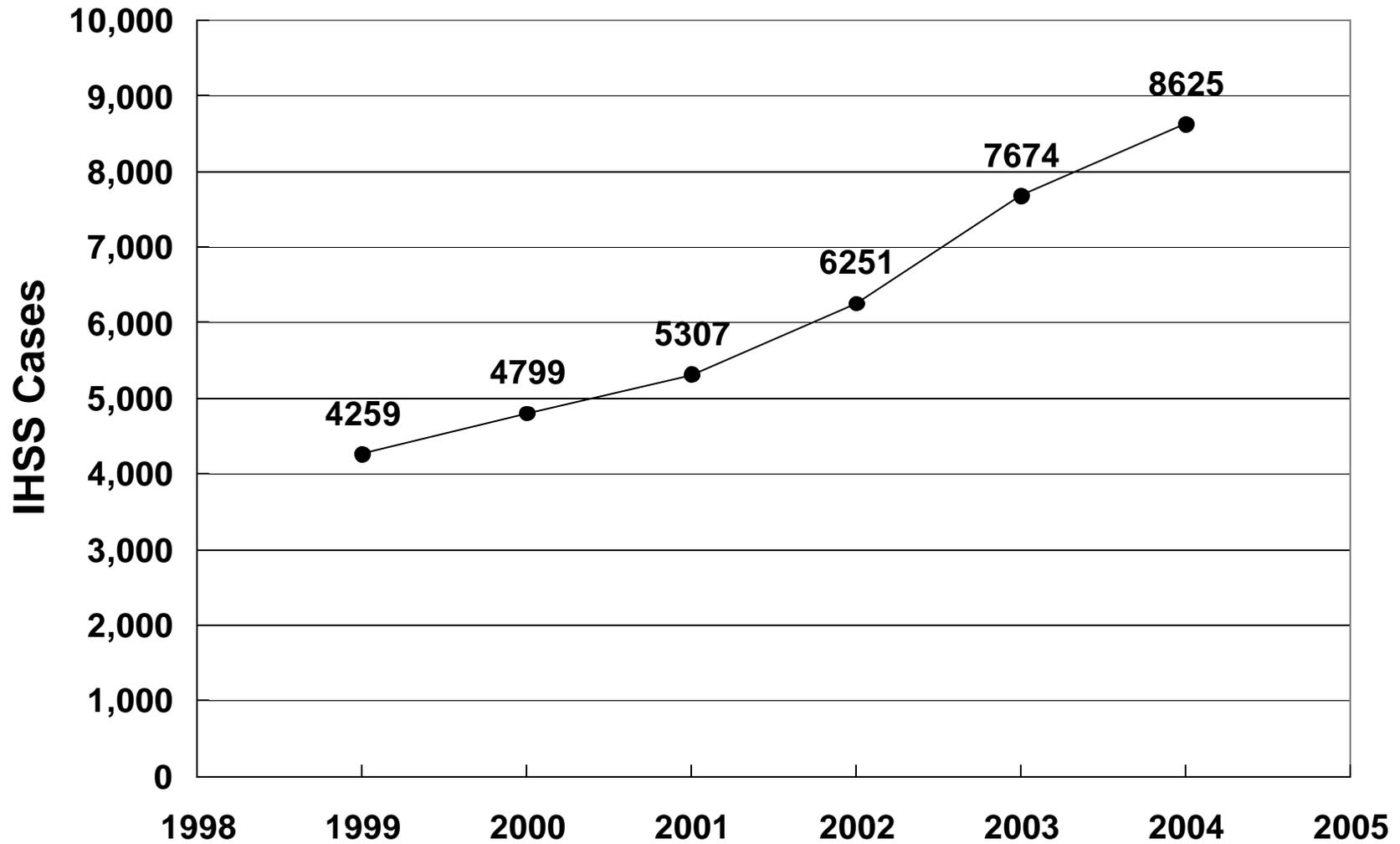


Chart B - IHSS Population by Age

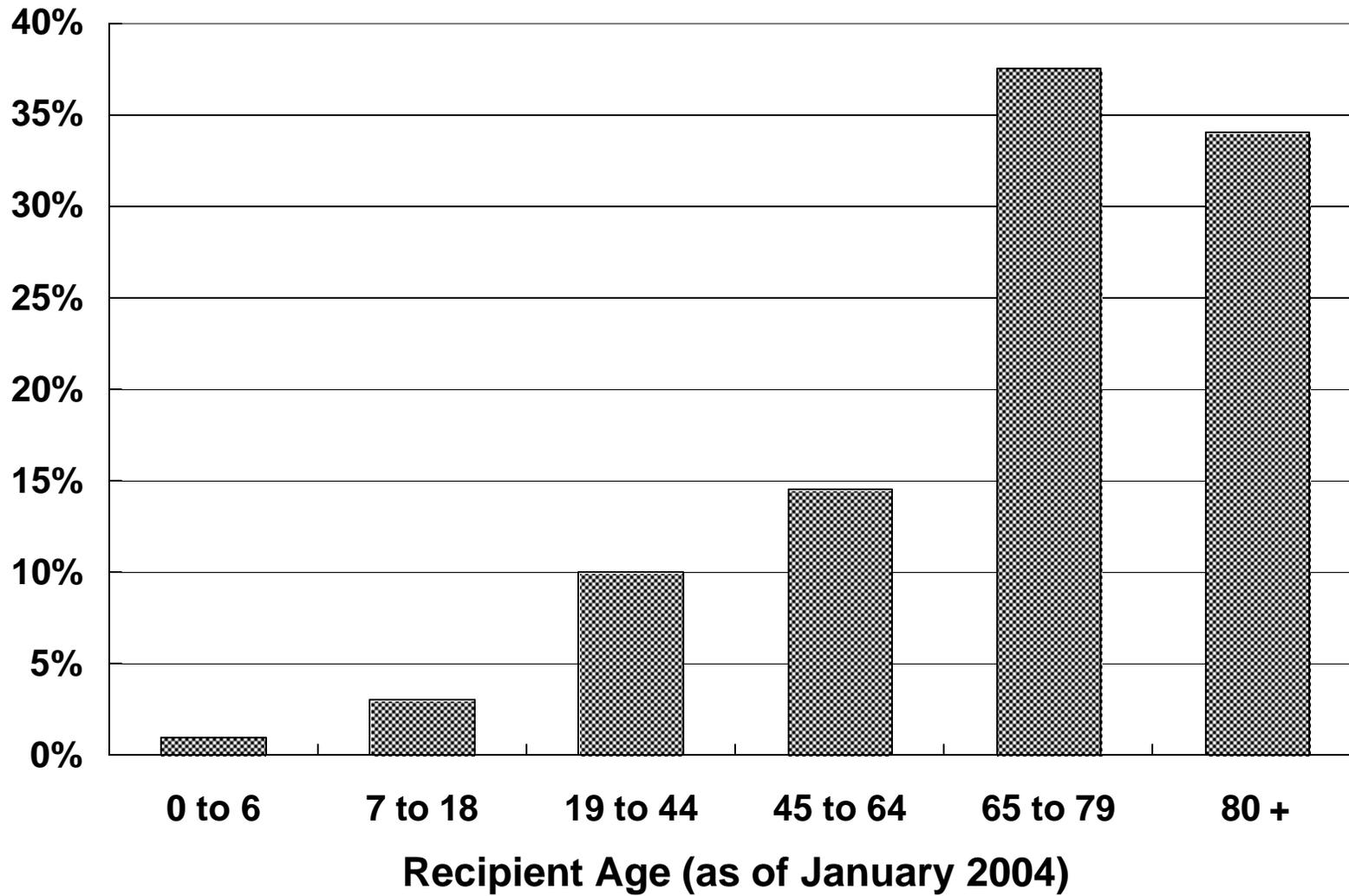


Chart C - IHSS Provider Wage Costs (\$M)

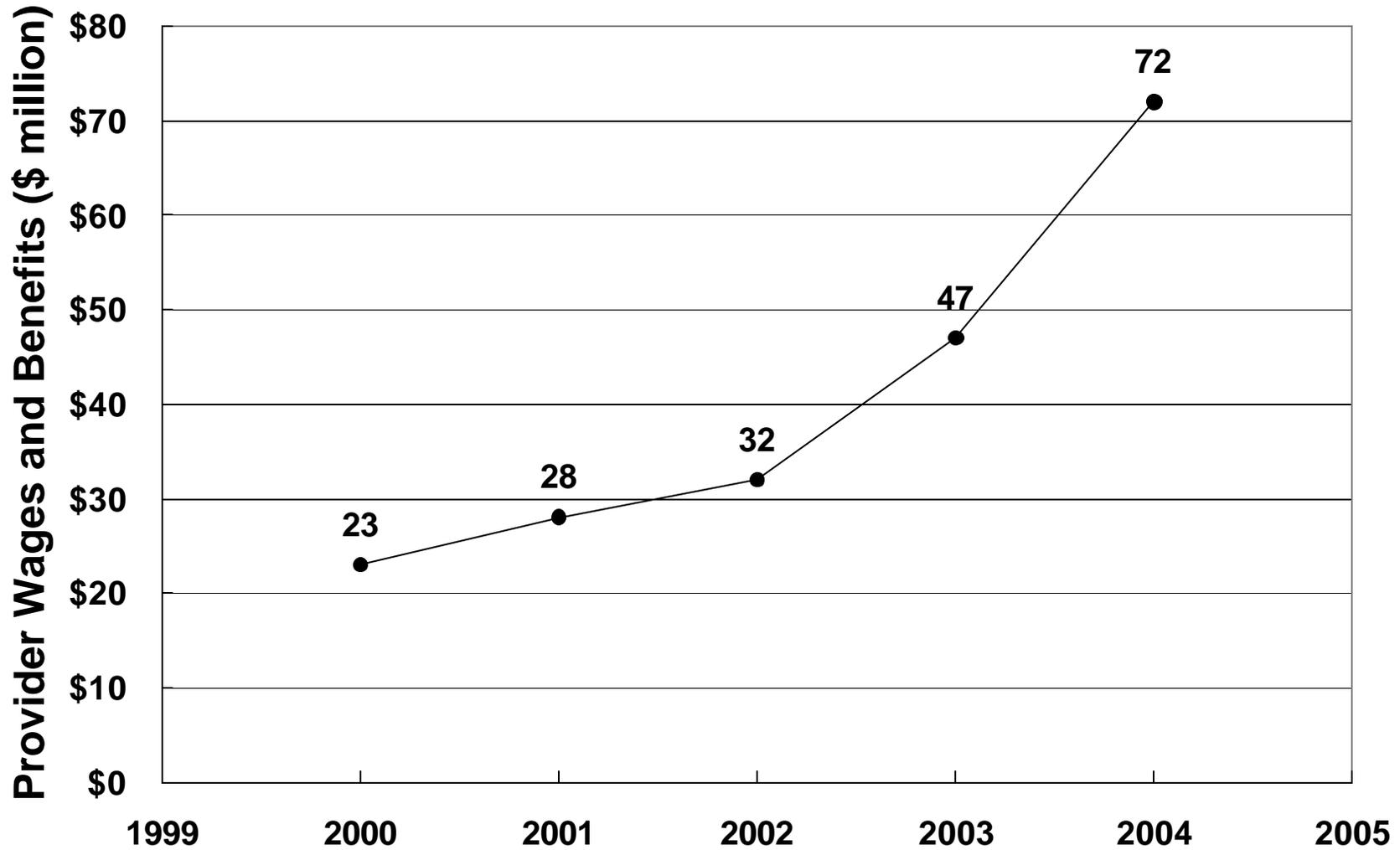


Chart D - Provider Wage and Benefits History

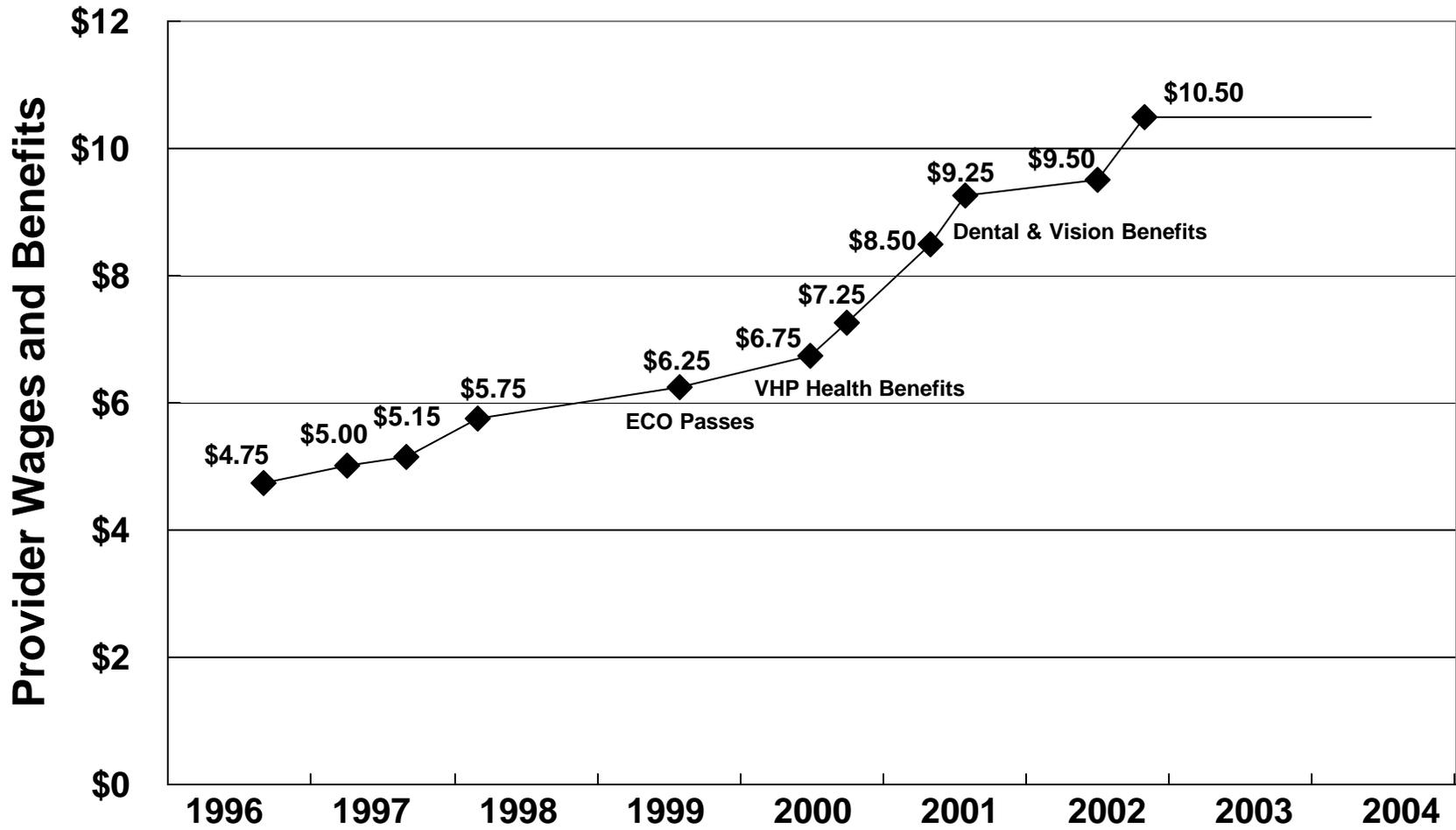


Chart E - Wage Increases for Providers (selected California counties)

