



Contra  
Costa  
County

To: Board of Supervisors  
From: LEGISLATION COMMITTEE  
Date: March 7, 2017

Subject: Opposing In Home Supportive Services (IHSS) MOE Cost Shift to Counties

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**RECOMMENDATION(S):**

AUTHORIZE the Chair of the Board to send a letter to Legislative committees and the Governor opposing the proposal to discontinue the Coordinated Care Initiative (CCI) and eliminate the In Home Supportive Services (IHSS) maintenance-of-effort (MOE), as recommended by the Legislation Committee.

**FISCAL IMPACT:**

Cost: According to estimates developed by the County Welfare Directors Association, the demise of the county MOE for all 58 counties will result in \$625 million in increased county costs for the IHSS program in 2017-18 if statutory sharing ratios for the nonfederal share of the current program costs are used: 65 percent state and 35 percent county. This estimate is based on normal program growth costs and includes new costs recently enacted by the state – the minimum wage increase up to \$15 per hour and three paid sick leave days for IHSS workers – and the new federal overtime regulations. The IHSS MOE deal had limited county IHSS costs to a base year calculation of 2011-12 costs plus an annual 3.5 percent inflator.

For Contra Costa County, the Employment and Human Services Department (EHSD) has

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☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☒ RECOMMENDATION OF BOARD COMMITTEE

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Action of Board On: **03/07/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I  
Supervisor  
Diane Burgis, District III  
Supervisor  
Karen Mitchoff, District IV  
Supervisor  
Federal D. Glover, District V  
Supervisor

ABSENT: Candace Andersen, District II  
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 7, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: L. DeLaney,  
925-335-1097

cc:

estimated that the FY 17-18 IHSS MOE payment would

### FISCAL IMPACT: (CONT'D)

be approximately \$22.3 million. Under a 35% county sharing ratio, the total County costs would go up to approximately \$27.3 million. Therefore, the estimated increase in County General Fund cost would be at least \$5 million.

### BACKGROUND:

The Governor, citing a lack of cost-effectiveness of the Coordinate Care Initiative (CCI), proposes ceasing the CCI program in 2017-18.

The Governor has proposed shifting \$625 million in In Home Supportive Services (IHSS) costs to counties starting July 1 by eliminating the Coordinated Care Initiative and the county In Home Supportive Services (IHSS) Maintenance of Effort (MOE). You will recall that the CCI, created in 2012, permits Californians eligible for Medicare and Medi-Cal to receive certain benefits and services that are coordinated through a single health plan. A fundamental aspect of the CCI is a transfer of IHSS bargaining responsibilities from counties to the State. Ending the CCI would include the elimination of the IHSS Statewide Authority and reinstate the state-county share of costs that were in place prior to the establishment of the CCI.

Due to the trigger mechanism in law, this action has already occurred and does not require any legislative approval. **To avoid this massive cost shift requires new legislation or a new proposal by the Governor in his May Revision Budget.**

The importance of this issue is due to the following:

- The State has made changes to the IHSS program, including increasing the minimum wage, adding paid sick leave, restoring hours that were cut in 2009, and federal overtime regulations. As it stands now, **all of these additional costs will be shifted to counties.**
- Counties are not positioned to absorb \$625 million in costs, growing to more than \$1 billion in out years.
- IHSS is a mandated program – **costs are dictated by federal/state rules and cannot be controlled by counties.**
- The IHSS cost shift will severely erode other health and human services programs as well as impact County General Fund support for key programs such as public safety.

IHSS is one of the programs realigned in 1991. It is a caseload driven program and would receive the first-call on 1991 Realignment Sales Tax Growth. As a result of the structure of 1991 Realignment, a cost shift of this magnitude would likely prevent any sales tax general growth from going to the Health Account, which means this vital funding for Health Services could be stagnant. Additionally, in the event of a recession, or in years where counties do not meet sales tax base, funding for health services could decrease.

Counties rely on Realignment revenues to fund vital public health services such as communicable disease control, chronic disease prevention, maternal and child health programs, public health labs and health education. In addition these revenues are used to meet our Section 17000 obligation to provide health services to indigent individuals. Given the threats to the Affordable Care Act (ACA), California could see large increases in the number of uninsured individuals. It is of critical importance that these funds be protected so they can be used to meet this need.

*Coordinated Care Initiative:* While State Finance Director Cohen has decided to repeal the CCI, including the elimination of the enhanced rates for health plans, the eradication of the Statewide Public Authority, and a return to pre-MOE state-county costs sharing (65/35), he does indicate that the budget proposes to continue the Cal Medi-Connect program, continue mandatory enrollment for dual eligibles, and include longterm services and supports – but not IHSS – into managed care. The Budget also encourages continued cooperation between plans and counties, but without funding for these activities, it is unclear how the policy directives would be carried out.

The county IHSS MOE for all counties will expire on June 30 of this year, health plans will lose their enhanced capitation rates for IHSS benefits, and the CCI would end on December 1, 2018.

“This would be devastating to counties all over the state. We undoubtedly would have to make cuts in other vital social services to cover these costs,” said CSAC President and Alameda County Supervisor Keith Carson. “These services are required by both state and federal laws, so if the costs do fall on counties, we have to pay them and we don’t have the ability to raise the revenue we’ll need to do so. That means cutting other critical local services.” “When California took over parts of IHSS in 2012, the costs were far less than they are today,” said CSAC Executive Director Matt Cate. “Since then, the state has added to the annual cost with minimum wage increases and sick-leave pay, and the federal government added overtime pay requirements. Now, when the Governor says we may be on the verge of a recession, and when the future of the Affordable Care Act is uncertain, they want to shift these higher costs back to California Counties. We simply can’t afford it.”

CSAC is urging counties to contact their legislative delegations to ask that this issue be elevated within the Senate and Assembly Democratic and Republican Caucus meetings. CSAC has met with Governor Brown and other stakeholders on this issue and requests that Boards of Supervisors make their voices and concerns heard with legislators. The goal is to communicate the real-world consequences of this cost shift and compel legislators to step in to assist.

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), and the Rural County Representatives of California (RCRC), oppose the cessation of the Coordinated Care Initiative, the dismantling of the county In Home Supportive Services (IHSS) Maintenance of Effort (MOE) cost sharing arrangement, the dissolution of the Statewide IHSS Authority, and shifting collective bargaining for IHSS workers from the Statewide IHSS Authority to the seven CCI counties. Their joint letter of opposition is attached. (*See Attachment A*).

#### ATTACHMENTS

IHSS MOE Joint Opposition Letter