

March 27, 2012

In-Home Supportive Services: Background and Policy Considerations of Proposed Integration Into Medi-Cal Managed Care

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:
Senate Human Services Committee
Hon. Carol Liu, Chair





Overview of In-Home Supportive Services

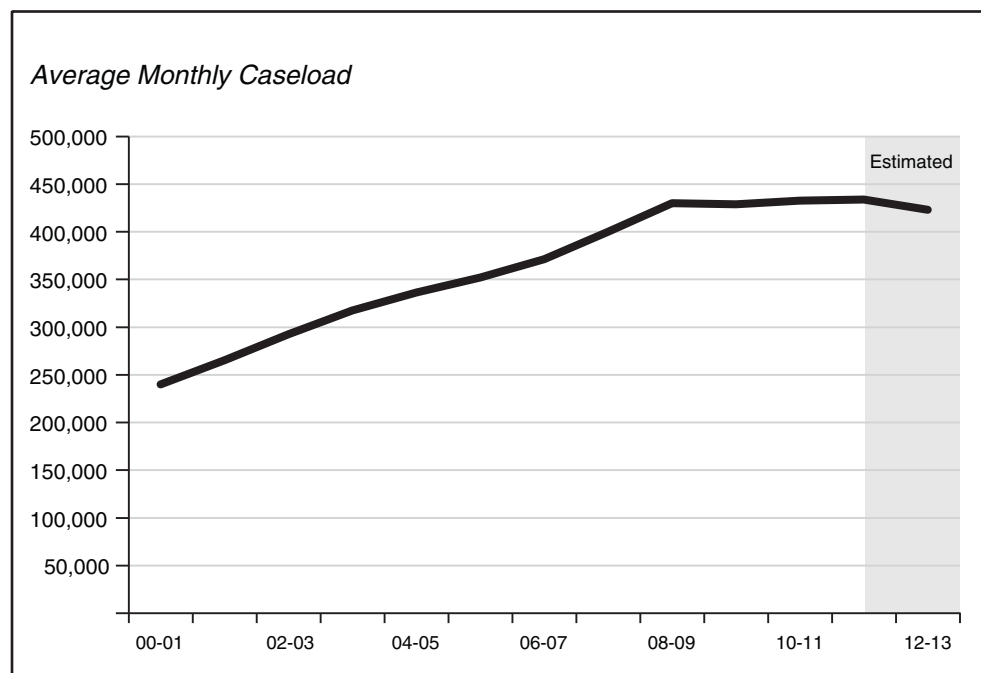
- Services.** The In-Home Supportive Services (IHSS) program provides various services to eligible aged, blind, and disabled persons who are unable to remain safely in their own homes without such assistance. The IHSS providers assist recipients with tasks such as bathing, housework, feeding, and dressing. Recipients are eligible to receive up to 283 hours of IHSS per month.
- Eligibility.** When a potential IHSS recipient applies for the program at a county office, the determination of their eligibility is a two-step process that takes into account the applicant's income and need for services.
- IHSS Is a Medicaid Benefit.** In California, the federal Medicaid program is administered by the state as the California Medical Assistance Program (Medi-Cal). This program provides health care services to welfare recipients and other qualified low-income persons. About 99 percent of IHSS recipients receive IHSS services as a Medicaid benefit.
- Funding Shares.** The IHSS program is funded by a combination of state, county, and federal funds. Currently, for the majority of IHSS costs, the federal share is about 50 percent, the state share is 32.5 percent, and the counties pay about 17.5 percent.

Handout Organization

- Provides background information about the IHSS program.
- Provides status updates for recent major reductions to the program.
- Provides an LAO assessment of the Governor's budget proposal to make IHSS a managed care benefit.



IHSS Caseload and Costs



- Monthly Caseload.** For 2012-13, the IHSS average monthly caseload is estimated to be 423,000. This is a projected 2.5 percent decrease from the 2011-12 estimated caseload (434,000).
- Recent Slowing in Growth of IHSS Caseload.** The IHSS caseload has grown by about 60 percent since 2000-01. As shown in the figure, there has been slowing in the growth of the caseload in recent years.
- Average Cost Per Case.** Based on the Governor's budget, it is estimated that the average annual cost per case will be about \$13,000 (total funds) in 2012-13. By comparison, in 2002-03, the average cost per case was about \$9,200.



IHSS Caseload and Costs

(Continued)



General Fund Expenditures. The most recent estimates of the General Fund (local assistance) cost of the IHSS program is about \$1.6 billion in 2011-12. This is a 48 percent increase over the General Fund cost in 2002-03 (about \$1.1 billion) and a 204 percent increase over the General Fund cost in 1998-99 (about \$527 million).



Current Assessment Process

- Social Workers Perform Assessment in Recipient's Home.*** A county social worker visits the home of the IHSS applicant to perform an individualized assessment and determine if there is a need for services.
- Hourly Task Guidelines Are Used to Determine Hours.*** To perform the assessment, the social worker uses a tool, known as the hourly task guidelines, to assist them in determining the number of hours for each type of service a recipient may require to remain safely at home.
- Recipients Are Required to Submit a Health Certificate.*** As part of the 2011-12 budget, recipients are now required to obtain a health certificate from a licensed health care professional that states that without IHSS he/she would be at risk of out-of-home placement.
- Recipients Are Reassessed Annually.*** Recipients are generally reassessed for services every 12 months. However, if a recipient's condition changes, they are able to request a reassessment at any time.



IHSS Wages and Providers



IHSS Wages

- ***State/County Participation in Provider Wages.*** Current law authorizes the state to pay 65 percent of the nonfederal cost of IHSS provider wages and benefits up to specified levels. Counties pay the remaining 35 percent of the nonfederal cost.
- ***Current Wages.*** Currently, the state participates at 65 percent of the nonfederal cost of wages of up to \$12.10 per hour (including \$0.60 for health benefits). The *2009-10 Budget Act* reduced state participation in wages to wages up to \$10.10 per hour (including \$0.60 for health benefits). However, due to a federal court injunction, this reduction has not been implemented.
- ***Wage Varies by County.*** Although the state currently participates in wages and benefits up to \$12.10 per hour, combined wages and benefits as of January 2012 ranged by county from \$8 to \$14.78 per hour.
- ***The Role of the Public Authority.*** The IHSS provider wages are collectively bargained at the local level. In most counties, entities known as “public authorities” represent the county in IHSS wage negotiations. Public authorities are considered to be the employer of record for purposes of determining wages and benefits.



IHSS Wages and Providers

(Continued)



Provider/Consumer Relationship

- **Consumer Control.** The IHSS recipient is considered to be the employer of the provider (for purposes other than determining wages and benefits) and has the responsibility to hire, supervise, and fire their provider.
- **Provider Eligibility.** Under current law, those convicted of elder abuse, child abuse, or Medi-Cal fraud within the last ten years are ineligible to be IHSS providers. Additionally, those convicted of certain other serious felonies may be ineligible to be providers unless they qualify for a waiver.



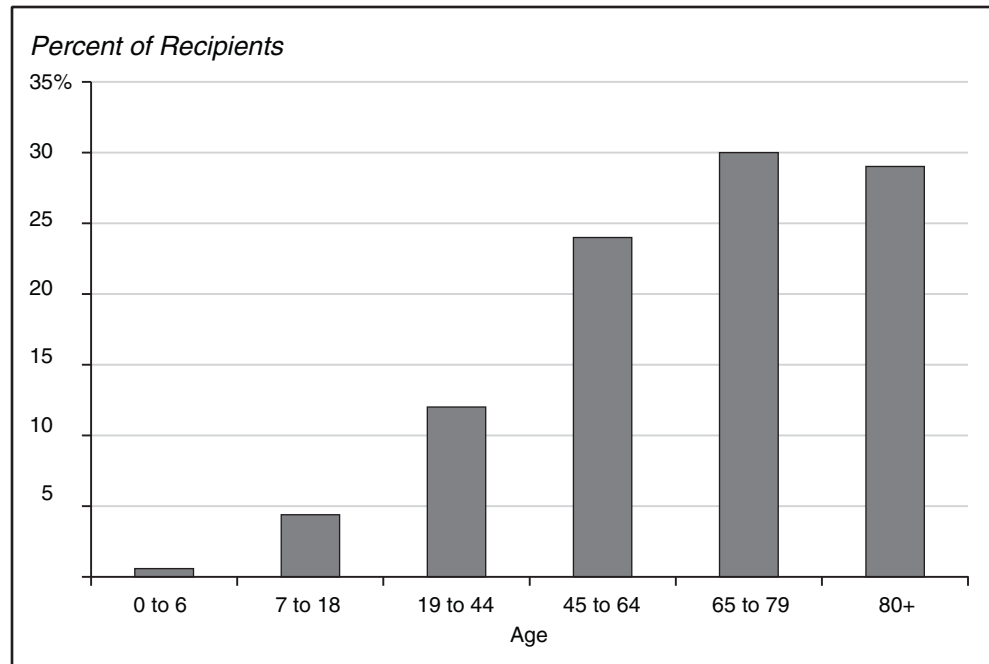
IHSS Recipient Information

- Diversity in Hours Authorized.*** Recipients of IHSS may receive up to 283 hours of services each month. The Governor's budget estimates that the average number of monthly hours per recipient will be about 88 hours in the budget year (prior to any proposed reductions).

- Provider and Recipient Relationship.*** About 72 percent of IHSS recipients have a relative provider.



Age of the IHSS Population



- Age of IHSS Recipients.** As shown above (February 2012 data), IHSS recipient ages range from young children to over 80 years.
- Most IHSS Recipients Are Elderly.** In February 2012, nearly 60 percent of IHSS recipients were over the age of 65.
- Children a Small Portion of IHSS Caseload.** Only about 5 percent of recipients are children age 18 or younger.



Recent Major Changes to the IHSS Program

General Fund (In Millions)

Policy Change	Estimated Solution Value ^a	Implemented?			
		Yes	No		
			Pending Federal Approval	Enjoined by Court	Start-Up Delays
2009-10					
Implementation of antifraud activities	\$162	X			
Functional index service reductions and eliminations	102			X	
Reduction in state participation in provider wages	98			X	
Elimination of Share of Cost Buy-Out program	42	X			
Public Authority reduction	13	X			
2010-11					
Provider tax and supplemental payment	190		X		
3.6 percent across-the-board reduction in hours	35	X			
2011-12					
Medication dispensing pilot project	140				X
Implementation of additional federal funding available under Affordable Care Act	128		X		
Triggered 20 percent across-the-board reduction in hours	100			X	
Elimination of IHSS for recipients without a health certificate	67	X			

^a We note that these values reflect the estimated savings from the policy at the time it was enacted. Once implemented, these values could change to account for a full year of savings, interactions with other program changes, and actual data.
IHSS = In-Home Supportive Services.

In the past three years, changes have been made to the IHSS program which were estimated to save about \$1 billion General Fund. However, in most cases these changes have not yet been implemented because the state is either waiting for federal approval, has been enjoined by the court, or has experienced start-up delays.



Governor's Care Coordination Initiative Would Integrate Medi-Cal Long-Term Services and Supports and Medicare Benefits Within Managed Care



Recent Legislation Creates Opportunity to Improve Coordination of Care for Dual Eligibles

- California was one of 15 states awarded \$1 million to develop strategies for implementing models of care that coordinate services for “dual eligibles” (seniors and persons with disabilities who are enrolled in both Medi-Cal and Medicare).
- Chapter 714, Statutes of 2010 (SB 208, Steinberg), authorized a coordinated care pilot project for dual eligibles in up to four counties. The demonstration is scheduled to begin in January 2013.



Governor Proposes to Expand Four-County Demonstration to Integrate Care for Dual Eligibles

- Demonstration would be expanded to up to 10 counties in 2013, an additional 20 counties in 2014, and the remaining 28 counties in 2015.
- Uses a capitated managed care model to integrate Medicare and Medi-Cal benefits, including long-term services and supports (LTSS).



Governor Proposes to Include LTSS in Managed Care

- LTSS, including IHSS, will be included as managed care benefits for nearly all Medi-Cal beneficiaries (including, but not limited to, dual eligibles).
- Integration of LTSS into managed care will occur on a schedule that is similar to the expansion of the dual demonstration described above.



Governor's Proposal Has Potential to Improve Outcomes and Reduce Costs

- Governor's Care Coordination Initiative Has Merit in Concept.*** While we have a variety of implementation concerns about the Governor's proposal (discussed later), we support the general concept of aligning incentives and coordinating services to improve health outcomes, reduce program costs, and increase accountability.
- Managed Care Has the Potential to Improve Outcomes and Reduce Costs.*** Once managed care plans have the financial risk for the delivery of nearly all services to Medi-Cal beneficiaries, the plans could use a variety of tools to contain costs—many of which could simultaneously result in improved health outcomes through better coordination of care and greater emphasis on preventing unnecessary institutional costs.
- Could Lead to Greater Accountability for Outcomes.*** The Governor's proposal establishes the state as the level of government ultimately responsible for ensuring high-quality services are available. In addition, managed care plans become the primary entity responsible for coordinating services for beneficiaries and the state could focus its oversight and monitoring efforts on managed care plans to ensure beneficiaries are receiving the services they need.



Key Implementation Issues Must Be Addressed to Increase Likelihood of Success

Although we have noted several aspects of the Governor's proposal that have merit in concept, there are numerous details that are crucial to success. We describe some of the key implementation issues related to the Care Coordination Initiative in general that the Legislature should consider when evaluating how IHSS would work as a managed care benefit.

- Strong Oversight of Managed Care Plans Is Essential.*** Despite the potential benefits of managed care, the state must have strong monitoring and enforcement of standards related to quality of care, provider network adequacy, and financial solvency to ensure managed care plans are providing beneficiaries the services they need, including IHSS.
- It Will Take Time for Managed Care Plans to Understand LTSS.*** Most managed care plans have limited experience with community-based services, such as IHSS. It will take time for these plans to develop relationships with LTSS providers and understand how these programs can be best utilized to reduce hospital and nursing home costs.
- Consideration Should Be Given to the Level of Program Utilization and Control Granted to Plans.*** Prior to the integration of any program, such as IHSS, into managed care, it must first be decided which parts of the program are fundamental and necessary to preserve, and which components the managed care plans should have the ability to control.



Implementation Decisions for IHSS Are Particularly Challenging

Depending on the level of control delegated to the managed care plans to manage utilization of IHSS, the changes made to the program by managed care plans could range from minimal to substantial. Below we list some of the key aspects of the IHSS program that will have to be considered when making IHSS a managed care benefit.

- Scope of Services.** The IHSS program currently offers assistance with a range of personal care services such as laundry, meal preparation, and bathing. Would all of these services remain available if IHSS becomes a managed care benefit?
- Selection of Providers.** Currently, IHSS recipients are authorized to hire any individual who successfully completes the statutory provider enrollment process. Will recipients continue to be able to hire a provider of their choice? Will managed care plans have any role in the selection of providers?
- Consumer Direction of Care.** The recipient has the ability to direct their own care. The recipient is the employer for purposes of hiring, firing, and training a provider. Will this role continue if IHSS is made a managed care benefit? Will managed care plans have any role in the selection of providers?
- Determining Provider Wages.** The IHSS wages and benefits are currently collectively bargained at the local level. If IHSS is made a managed care benefit, it is important to decide how wages and terms of employment will be determined. Will plans continue to contract with the local public authorities, or will wages be negotiated with plans directly?
- Administering Provider Payroll.** Currently, the Case Management Information and Payrolling System (CMIPS) issues paychecks to providers and stores information about each recipient's IHSS usage. What will be the continued role of CMIPS if IHSS becomes part of managed care?



Implementation Decisions for IHSS Are Particularly Challenging (Continued)

- Role of County in Conducting Assessments and Granting Services.** Currently, county social workers conduct IHSS assessments. It is important to determine what the county and managed care plan involvement in the assessment will be in the future.
- Current County Share of Cost in IHSS.** Because the counties currently have a share of cost in the IHSS program, it is important to determine how that share of cost will be treated in the future. Will the county share be locked in at current levels? Does a county maintenance of effort make sense?
- Short- Versus Long-Term Vision of IHSS.** Since the release of the Governor's budget, the administration has provided more detail about how IHSS will work as a managed care benefit in the first three years of implementation. Although it appears that, under the administration's plan, managed care plans will have a more active role in the IHSS program, the administration indicates that many aspects of the current program will remain intact. The Legislature should consider whether the administration's three-year vision for IHSS as a managed care benefit will continue after the third year of the integration of IHSS within managed care.