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# In-Home Supportive Services (IHSS) Maintenance of Effort (MOE)

A brief refresher on the County IHSS MOE adapted from  
the CSAC IHSS Training on November 4, 2021

# Agenda

- I. History of County IHSS MOE
- II. County IHSS MOE Overview
- III. IHSS Wages and Benefits
- IV. County IHSS MOE Adjustments
- V. 1991 Realignment Caseload Growth  
Funding
- VI. Questions



# I. History of County IHSS MOE



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# History of County IHSS MOE

First County IHSS MOE and Coordinated Care Initiative (CCI) Implemented

2012

New County IHSS MOE included in 2017-18 Budget (SB 90); included mitigations to offset increased costs and reopener provision

Jun. 2017

Jan. 2017

Governor Brown ended CCI and discontinued first County IHSS MOE; proposed shifting IHSS costs to counties based on historical sharing ratio



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# History of County IHSS MOE (cont.)

Department of Finance released 1991 Realignment Report; Governor Newsom proposed (third) new County IHSS MOE

Jan. 2019

Jun. 2019

New (third) IHSS MOE enacted in 2019-20 Budget (SB 80)

Modifications to IHSS wages and bargaining provisions enacted in 2021-22 Budget (AB 135)

Jul. 2021



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## II. County IHSS MOE Overview



# County IHSS MOE Provisions

- Only covers services costs
- IHSS administration costs funded through GF allocation
- Includes wage supplement and ten percent over three years tools
- Includes adjustments for local benefit increases and health benefit cost increases
- Four percent annual inflation factor
- Includes cost increases for contract mode
- IHSS MOE increases included in 1991 Realignment Caseload Growth calculation
- County IHSS MOE amount only increases by four percent inflation factor and county share of cost of local wage and benefit increases



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# County Administration Funding Under IHSS MOE

- **County IHSS Administration and Public Authority (PA) Administration excluded from IHSS MOE beginning in 2019-20**
- **State GF provided to cover the total estimated nonfederal IHSS administrative costs – capped at amount appropriated in annual Budget Act**
- **No statutorily required county share of cost for County IHSS Administration or PA Administration**
- **BUT if county or PA spending exceeds capped allocation amount, then 100 percent county cost for nonfederal expenditures above county or PA allocation – this overspending does not count toward new IHSS MOE**
- **Annual state GF allocations for County IHSS Administration and PA Administration**



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# III. IHSS Wages and Benefits



# Timeline of Significant Wage and Benefit Provisions

<b>2017 – SB 90</b>	<ul style="list-style-type: none"><li>• <b>Established wage supplement tool</b></li><li>• <b>Established ten percent over three years tool</b></li></ul>
<b>2019 – SB 80</b>	<ul style="list-style-type: none"><li>• Enacted changes to sharing ratio and state participation cap that would occur in 2022</li><li>• Established health benefit premium MOE adjustment</li><li>• Determined state participation in non-health benefits</li></ul>
<b>2021 – AB 135</b>	<ul style="list-style-type: none"><li>• Eliminated changes to sharing ratio and state participation cap that would have occurred in 2022</li><li>• Extended use of ten percent over three years</li></ul>



# State Participation Level

- State participates in 65% of non-federal share of costs of wage and benefit increases that are locally negotiated, mediated, imposed, or adopted by ordinance
- State participates in all increases up to state participation cap for wages and health benefits
- Cap is \$1.10 above state minimum wage and remains \$1.10 above as state minimum wage increases (\$16.60 as of January 1, 2023)
- Tool available for securing state participation in a limited amount of increases above the cap (ten percent over three years)

# Wage Supplement Overview

- No changes since established by 2017 IHSS MOE legislation
- All wage increases can be done as wage supplement
- All counties can utilize the wage supplement whether at minimum wage, above minimum wage, or above state participation cap
- Can be used in conjunction with ten percent over three years/state participation above the cap tool

# Wage Supplement IHSS MOE Adjustment

- Indicate wage increase is a wage supplement when submitting rate change
- County IHSS MOE will be adjusted for the county share of the nonfederal cost of the wage increase
- County share determined by whether county is below the state participation cap and whether county is utilizing tool to secure state participation above the cap



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# Wage Supplement Subsequent Applications

- Wage supplement subsequently applied when state minimum wage equals or exceeds county wage absent the wage supplement amount
- No new IHSS MOE adjustments for subsequent applications
- No limit or end date on subsequent applications



# Ten Percent Over Three Years/State Participation Above the Cap

- Tool established by 2017 IHSS MOE legislation
- Can be utilized in conjunction with wage supplement
- County must indicate using tool when submitting rate change
- All counties can utilize once total of wages and health benefits reaches state participation cap
- Allows for state participation of 65% of the non-federal share of costs for increases up to a maximum ten percent amount over a three-year period

# Ten Percent Over Three Years/State Participation Above the Cap (cont.)

- Ten percent amount can be used at one time or over multiple increases
- Ten percent amount is for wages and health benefits
- County responsible for any amount of increase above ten percent amount within that three years
- Ten percent amount is ten percent of total of county wages and health benefits at time the tool is used



# Ten Percent Over Three Years/State Participation Above the Cap (cont.)

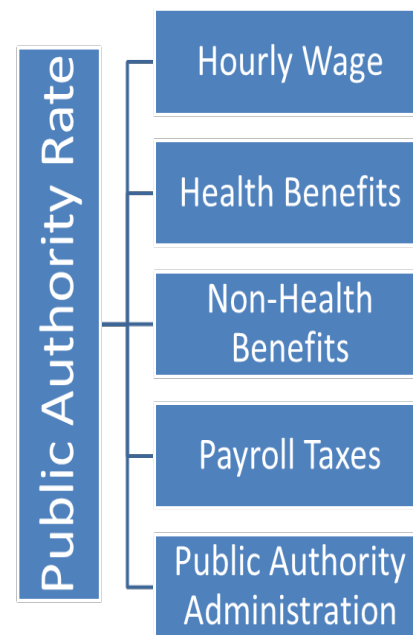
- Two uses allowed for three-year periods that begin prior to January 1, 2022 per 2017 IHSS MOE legislation
- All counties can utilize the tool for two additional three-year periods that begin on or after January 1, 2022 per AB 135
  - It does not matter how many times a county utilized tool prior to January 1, 2022
- A subsequent three-year period can only begin after a prior three-year period has ended

# IV. County IHSS MOE Adjustments



# State Approval of the Public Authority Rate

- State Approval is required for any change to the Public Authority rate.
- Increases to the hourly wage and benefits will not take effect until both CDSS and DHCS have reviewed and approved the Public Authority rate.
- County is required to pay the full cost for any increase in wages or benefits if the state does not approve the rate change.
- A request to change the Public Authority rate must be made at least 60 calendar days prior to the requested effective date of the change.
- Changes go into effect on first day of the month after state approval.



# IHSS MOE Adjustments

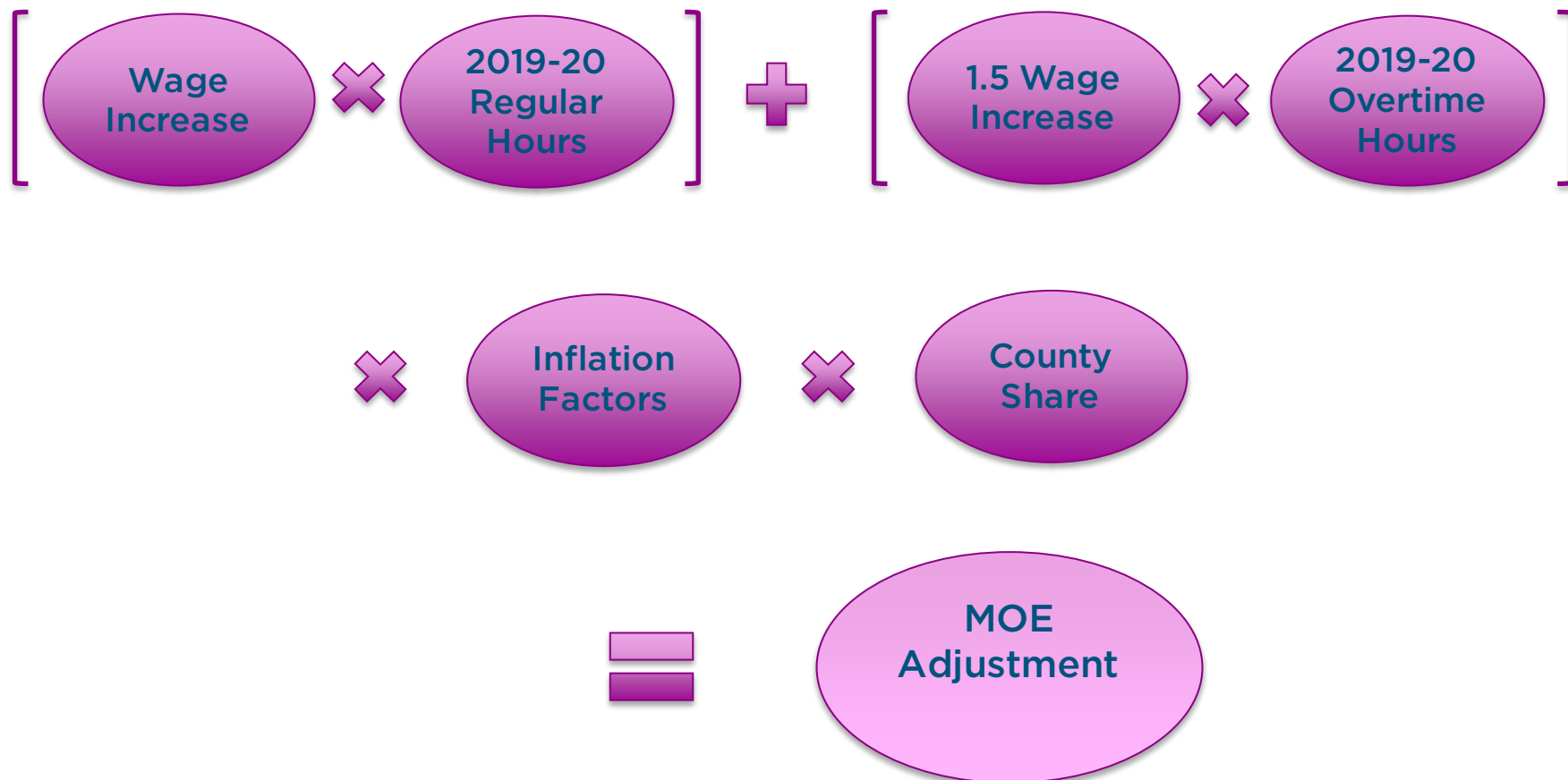
- Applies to all locally negotiated (mediated or imposed) wage increases including wage supplements and increases done with ten percent over three years tool
- Does not apply to state minimum wage increases
- 2019-20 paid IHSS hours will be used
- Cost for overtime hours for wage increase is 1.5 times increase amount
- For increases after first year, applicable inflation factors will be applied to 2019-20 hours
- County share becomes permanent addition to county MOE and subject to annual inflation factor



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# IHSS MOE Adjustment Calculation – Wages

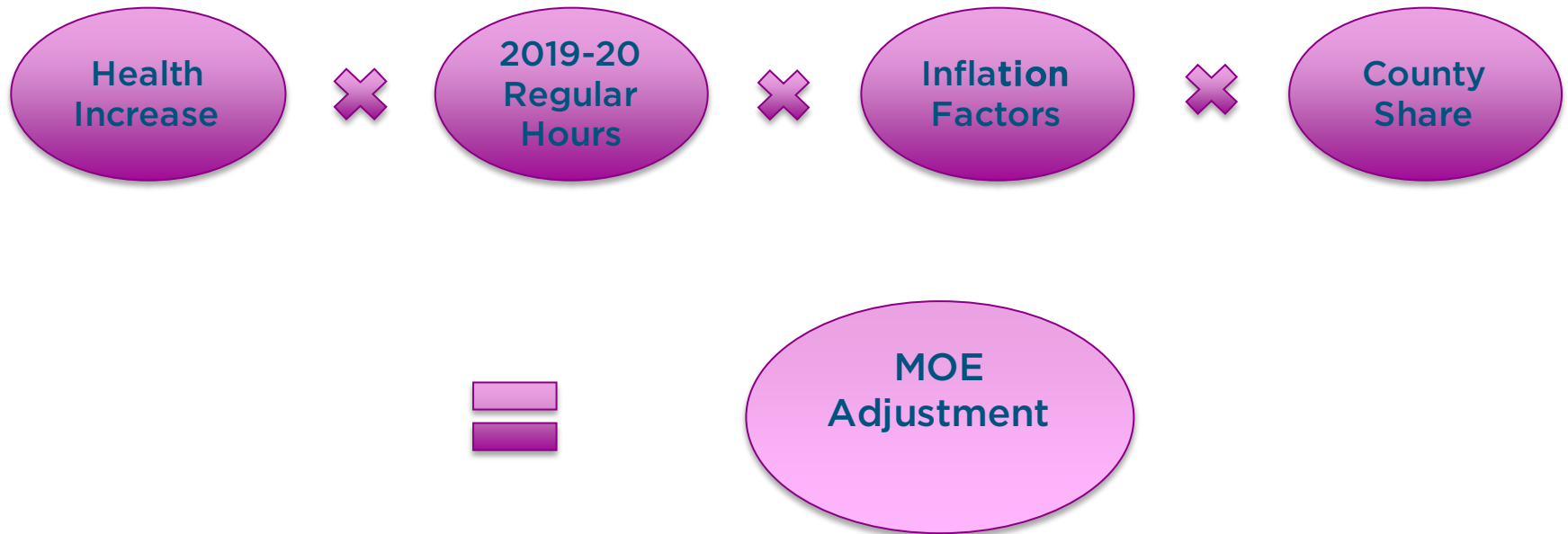


# Health Benefits

- Under the IHSS MOE, if a county locally negotiates, mediates, imposes, or adopts by ordinance an IHSS provider health benefit increase, then the county will have an IHSS MOE adjustment for the county's share of the cost of the health benefit increase
- The state pays 65 percent of the nonfederal costs of a health benefit increase up to the state participation cap; a county will pay for an increase to IHSS provider health benefits above the state participation cap



# IHSS MOE Adjustment Calculation – Health Benefits



# Health Benefit Premium Costs

- The IHSS MOE also includes an MOE adjustment for increased IHSS provider health benefit premium costs
- The state pays 65 percent of the nonfederal costs of a health benefit premium increase
- Health benefit premium cost increases are outside of the state participation cap (i.e., there is no cap on the amount of the premium increase in which the state will participate)
- MOUs or collective bargaining agreements that were submitted to the California Department of Social Services prior to July 1, 2019 are “grandfathered in” with no IHSS MOE adjustments for health benefit premium increases until the MOU or collective bargaining agreement expires



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# Non-Health Benefit Costs

- ACL 21-29 contains the most recent guidance from CDSS about non-health benefits and includes information on which benefits are eligible for state and/or federal financial participation.
- CDSS has the authority to determine that the state will not participate in certain non-health benefits but must do so in consultation with CSAC.
- The county IHSS MOE is adjusted one-time by 35% of the nonfederal cost of approved non-health benefit increases.
- Non-health benefits are not included in the state participation cap.
- Counties/PAs receive reimbursement for non-health benefit costs through the PA claim (SOC 448). The state will not reimburse claimed costs that exceed the approved non-health benefit rate.

# Allowable Health Benefit Costs

## State and Federal participation allowed MOE adjusted for 35% of the annualized nonfederal new costs

- Job Related Safety Equipment (e.g. gloves, masks, sanitizer)
- Transportation Vouchers
- Life Insurance
- Tuberculosis Testing
- Vacation/Holiday Pay

# Non Allowable Health Benefits

## State and federal participation not allowed

- Paid Union Release Time
- Pensions
- Provider Training Stipends  
*Exception for county PAs that included stipends for provider training in collective bargaining agreements negotiated between March 22, 2018 and March 11, 2021*

# V. 1991 Realignment Caseload Growth Funding



# Overall Social Services Caseload Growth – Timing

- Caseload growth for a fiscal year is calculated based on expenditures from the prior fiscal year compared to expenditures from the two-years prior fiscal year
- Caseload growth for a fiscal year is paid in the following fiscal year
- Example: 2020-21 caseload growth is 2019-20 expenditures over 2018-19 expenditures; 2020-21 caseload growth is paid in 2021-22

# IHSS Costs in Overall Social Services Caseload Growth

- The IHSS costs included in the social services caseload growth calculation will only include IHSS services costs
- IHSS administration costs have no required county share of cost; therefore no county costs to include in caseload growth calculation
- For the 2019-20 and 2020-21 calculations, IHSS costs were treated differently in the caseload growth calculation – IHSS costs were added to the net caseload growth amount calculated for all the non IHSS programs
- Beginning with the 2021-22 caseload growth calculation, IHSS costs will be included in regular social services caseload growth in same manner as other social services programs



# VI. Questions



# Resources

- CSAC Website - [www.counties.org/ihss-moe](http://www.counties.org/ihss-moe)
- CDSS Guidance
  - IHSS MOE and AB 135 guidance ([ACL 21-132](#))
  - Non-health benefits guidance ([ACL 21-29](#))
  - Final 2019-20 MOE amounts and MOE adjustment calculation description ([CFL 20/21-63](#))
  - Final 2021-22 and preliminary 2022-23 MOE amounts ([CFL 22/23-40](#))





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925 L STREET, SUITE 350 SACRAMENTO, CA 95814