



CWDA

Advancing Human Services
for the Welfare of All Californians

BUDGET FACT SHEET:

In Home Supportive Services: Increase Administrative Funding

Purpose:

In Home Supportive Services (IHSS) is a county-administered program that ensures eligible elder adults, blind, and/or disabled individuals remain in their homes and receive directed services and care to avoid costly institutionalization. As of October 2022, over 691,000 older adults and persons with disabilities receive in-home care from 600,514 trusted IHSS caregivers in California¹. However, county IHSS programs are not fully funded to carry out the administrative duties required to meet both state and federal mandates. The problem lies with the current funding methodology, which fails to take into account all persons that IHSS serves and understates the cost of staffing. This funding gap worsens each year as the program continues to grow, and as California passes new legislation and requirements that have workload impacts to counties, such as the recent expansion of Medi-Cal to undocumented persons over age 50.

Proposed Solution:

Update the worker costs used in the CDSS funding methodology to actual county costs of staffing for the program. Also update the methodology to account for time spent processing applications that do not result in an opened case. The County Welfare Directors Association (CWDA) is requesting a total of \$240.2 million State General Funds (SGF) to rectify these two flaws in the current funding methodology, as further explained below.

Background:

IHSS is one key strategy in meeting the goals of California's Master Plan for Aging to support an increasingly aging population, as adults 65 and older have increased from 16 percent of the population in 2010 and are projected to

reach 25 percent of the population by 2030. The IHSS Program enables California to meet federal requirements as set forth under the Olmstead decision (1999) affirming the rights of persons with disabilities to receive services in community-based settings when appropriate as an alternative to institutional settings. As a result, the IHSS Program continues to grow each year in

response to increasing demand. The recent expansion of IHSS to include undocumented older adults in the Medi-Cal program will enable more older Californians to access home-based care to live safely in their homes and communities, but also will create further demand for IHSS services.

Older adults and persons with disabilities who require in-home assistance for activities of daily living apply to the county IHSS program and assessments for eligibility are performed by IHSS workers in county human service agencies. However, due to the increasing demand for IHSS, coupled with an inadequate level of funding to support this work, IHSS staff caseloads in most counties are unacceptably high and continue to grow. For example, in Los Angeles County, workers have an average caseload of 450 individuals, the highest it has been for many years. Across most counties, it has become increasingly challenging to provide each IHSS consumer with well-rounded services and still meet state and federal programmatic requirements.

Problems with the current funding methodology:

The California Department of Social Services (CDSS) establishes the funding methodology for the administrative activities associated with the IHSS program and provides counties with funding through a county IHSS fixed administrative allocation. Unfortunately, the CDSS funding methodology is fundamentally flawed in two major ways, leading to significant gaps in funding to counties:

- The main driver of underfunding is that the state’s methodology undervalues the hourly cost of IHSS workers. This is because CDSS uses a fixed administrative allocation rather than looking at actual county costs of IHSS staffing. CDSS has not adjusted this rate for increases in costs over time, thus the rate is frozen at the 2017-18 level. Utilizing 2021 County Expense Claim (CEC) data, CWDA estimates the cost to rectify this component at \$185 million SGF.
- An additional issue with the methodology is that it does not include the workload associated with processing an application if that application does not lead to someone actually receiving services. Importantly, this includes IHSS recipients who are approved for services, but who are unable to secure a provider. For example, August 2022 CMIPS data shows that 89 percent of “authorized” cases (those successfully completing the application process) were actually paid in that month³. County staff still must process initial and ongoing eligibility for those cases and may do work related to the cases in months that they are not receiving paid services. CWDA estimates the cost to rectify this component to be \$55 million SGF.

Prior funding increases not sufficiently keeping pace with existing and rising workloads:

Chapter 25, Statutes of 2017 required CDSS to work with the Department of Finance, CWDA, and the California State Association of Counties (CSAC) to examine the workload and budget assumptions for the IHSS program. California Association of Public Authorities (CAPA) also joined this effort given the public authorities’ role in collective bargaining, provider enrollment and registry services. This mandate was intended to both help address recent administrative cuts that resulted from the Great Recession (a 5 percent across-the-board cut to IHSS administration equaling \$15.4 million SGF), and to account for the many recent changes that had been implemented in the IHSS program, such as provider enrollment, criminal background check processing, health care certification, and other activities. This resulted in rebasing IHSS administrative costs and consolidation of numerous funding premises, ultimately changing the hourly cost of a staff person. The work was completed in 2017, resulting in an augmentation to the IHSS administrative base by \$15.4 million State General Fund (\$30.4 million total funds) implemented with the State Budget Act of 2018-19, reflecting:

- Increased IHSS hours per case from 11.58 to 12.24.
- Increased IHSS worker costs from \$60.55 to \$86.23.

The effort restored the 5 percent across-the-board cut but failed to adequately fund the cost of social work staffing. Specifically, the hourly costs of an IHSS social worker (based on county-reported worker data) adjusted for changes to the California Necessities Index (CNI) would have been \$101.39/hour in FY 2017-18, rather than \$86.23/hour. Four years later, this discrepancy has only gotten worse.

¹ Per October 2022 IHSS Program Data General Summary.

² Per 2022 May Revision Caseload Projections, average is calculation of yearly percentage increases in caseload 2010 to 2021.

³ Per statewide August 2022 CMIPS data, 684,042 cases were authorized while 607,264 were paid in that month. Note: this can vary month-to-month; application data is not reported but can potentially be obtained through county reports.

Consequences of Underfunding:

Administrative underfunding is contributing to higher caseloads in some counties and contributes to counties' inability to recruit and retain staff. It also hampers counties' ability to ensure IHSS applications are processed on a timely basis and that reassessments occur every 12 months, as required under federal and state law. Counties increasingly struggle to meet federal and state mandates to assess and determine needed services on a timely basis for older adults and persons with disabilities. IHSS programs will be stretched even thinner to meet existing and new demands because the funding gap continues to grow based on the flawed administrative funding methodology that continues to undervalue the true cost of staffing, and does not fully account for the work counties must do for cases that are open and authorized but do not receive services in a given month.

IHSS and the Master Plan on Aging:

This proposal addresses the flaws in the IHSS Program administrative funding structure and invests in the social workers who perform the critical functions of the IHSS Program. IHSS is a critical tool in implementing the Master Plan on Aging, aligning well with many of its goals. By allowing qualified IHSS recipients to remain in their own homes and receive care, this ultimately reduces hospitalization, nursing home care, and premature death. Increasing administrative funding will allow county administrators to retain talent, reduce intake times, and increase availability of services for a population that is expected to grow significantly in the coming decade.

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