



Master Plan on Aging LTSS Subcommittee
SEIU Local 2015 Recommendations
December 13, 2019

1. BACKGROUND

California is facing a rapidly aging population and the number of younger adults with disabilities in the state is expected to grow 20 percent over the next 20 years.¹ The state's long-term care (LTC) delivery system² as currently constituted will not be able to meet the needs of California's older adults and populations with disabilities in the coming decades. By 2030, more than one million California seniors will need community-based long-term services and supports (LTSS) and assistance with activities of daily living (ADLs) and the number of nursing home residents will increase by 16 percent.^{3,4}

To meet the growing need for services, California must invest in its LTC workforce. For example, the state will need between 600,000 and 3.2 million LTSS caregivers by 2030 and nearly 16,000 new certified nursing assistants.⁵ But the professionals caring for these vulnerable populations earn low wages and have insufficient training and job growth opportunities, leading to high turnover rates and deterring new entrants into the workforce. California already has more unpaid LTSS caregivers than paid, made up mostly of parents, spouses, partners, and other adults. In 2017, unpaid family caregivers in California provided an estimated four billion hours of care (worth approximately \$63 billion), which was time many caregivers had to spend away from paying jobs.⁶

SEIU Local 2015 ("Local 2015") today represents approximately 400,000 LTC caregivers, including 385,000 In-Home Supportive Services (IHSS) providers, who provide services to seniors and persons with disabilities in home and community-based settings and skilled nursing and assisted living facilities in 49 of California's 58 counties. Local 2015 is dedicated to working with the state to address the impending shortage of LTC workers and ensuring access to the LTC services that Californians need. Local 2015, as the voice of its members, and in coordination with other local unions and advocates for seniors, persons with disabilities, and workers, supports policies that (1) allow seniors and persons with disabilities to age in the setting of their choice, without facing the dire economic consequences often associated with the high cost of care; and (2) create high quality union jobs, promote the rights of workers, and advocate for social justice and health equity. To achieve these objectives, Local 2015 proposes the following priority recommendations be adopted by the Master Plan on Aging's LTSS Subcommittee in a way that promotes consumer choice, quality union jobs, financial stability for critical LTC programs, provider rate transparency and accountability, health equity and integration of services at the care delivery level.

¹ SEIU Local 2015 Resolution on the California Master Plan on Aging.

² For the purpose of these recommendations, "long-term care" refers to care provided in both institutional and community-based settings.

³ SEIU Local 2015 Resolution on the California Master Plan on Aging.

⁴ Beck, Laurel, Hans Johnson. (2015). Planning for California's Growing Senior Population. Public Policy Institute of California. Available at: <https://www.ppic.org/publication/planning-for-californias-growing-senior-population/>

⁵ Thomason, Sarah, and Annette Bernhardt. (2017). California's Homecare Crisis: Raising Wages Is Key to the Solution. UC Berkeley Labor Center. Available at: <http://laborcenter.berkeley.edu/californias-homecare-crisis/>

⁶ Reinhard, Susan C., et al. (2019). Valuing the Invaluable: 2019 Update Charting a Path Forward. AARP Public Policy Institute. Available at: <https://www.aarp.org/content/dam/aarp/ppi/2019/11/valuing-the-invaluable-2019-update-charting-a-path-forward.doi.10.26419-2Fppi.00082.001.pdf>

2. RECOMMENDATIONS

Recommendation #1: Centralize Collective Bargaining for all IHSS Providers

Issue Statement

Over 500,000 IHSS workers provide personal care, domestic, protective supervision and paramedical services that allow over 600,000 Medi-Cal beneficiaries who are age 65 and older, blind and/or disabled to live safely in their homes and communities. The IHSS program is central to California's efforts to provide community-based, coordinated LTC services and promote consumer choice and independence. Community-based IHSS services are vastly preferred by beneficiaries and their families and help the state meet its community integration obligations under the Americans with Disabilities Act. The program's workforce is critical to the success of those efforts.

Today, Local 2015 must negotiate 37 separate contracts with counties to determine the terms and conditions of employment for IHSS providers including wages, benefits and other job protections. This fragmented structure can result in job instability for workers moving around the state and is a major factor in the estimated 33 percent turnover rate of the workforce.⁷ Fragmentation also creates challenges for consumers in finding providers to assist with their care needs given there is no centralized registry that is accessible. Additionally, it means that individual counties bear the significant administrative costs and burden of contract negotiations, forgoing any efficiencies that could be gained through a statewide approach. It also leaves IHSS providers with no recourse when counties cannot or choose not to engage in contract negotiations, depending on county fiscal capacity and resources, as has been the case in several counties. For the state, which is ultimately accountable to program participants and its federal partners for IHSS program quality and costs, the fragmentation results in uneven implementation of the IHSS program across counties. This lack of uniformity inhibits the state's ability to monitor program performance, as well as missed opportunities for financial streamlining and savings. Additionally, as the state moves toward statewide managed care for its Medi-Cal beneficiaries, determining the appropriate intersection with the IHSS program will be simplified with increased standardization across the program.

By 2030, IHSS enrollment is projected to increase 64 percent to roughly one million enrollees and program spending is projected to grow 92 percent to \$25 billion.⁸ Low and inconsistent wages and benefits, poor job protections, and a lack of training opportunities and retirement security must be addressed in order to meet the demands that will be placed on the IHSS workforce in coming years. Establishing statewide and centralized collective bargaining will help address these issues while also ensuring counties and the state can meet their future obligations to IHSS consumers, workers and all program partners.

Solutions Statement

The state should pass legislation to establish a statewide entity authorized to negotiate with IHSS employee representative organizations on employment conditions, including wages, benefits and other terms and conditions. A single bargaining entity would ensure fair and consistent compensation and working conditions across the state and relieve individual counties of some of their administrative and cost burdens associated with contract negotiations. The legislation should also:

⁷ SEIU Local 2015. (2018). "Long-Term Care in California: Priorities for the New Administration."

⁸ UCLA Center for Health Policy Research. (2019) "California Health Interview Survey: Assessing Use of and Demand for Long-Term Services and Supports in the California Health Interview Survey" (Presentation).

- Establish the terms and conditions the entity would be authorized to negotiate and approve, including wages, benefits, retirement, training opportunities and anti-harassment and discrimination policies.
- Define a reasonable timeframe in which negotiations should take place.
- Define required make-up of the individuals serving on the entity so that the entity appropriately reflects the population of IHSS providers.

Any effort undertaken by the state should consider lessons learned from the Coordinated Care Initiative (CCI). Despite legislation requiring establishment of an IHSS statewide bargaining authority, tied initially to the seven counties participating in the Initiative and then proposed to expand to other counties, efforts were abandoned in 2017. However, the need for centralized collective bargaining and a more standardized approach to IHSS workforce development and program performance still exists, and the state should immediately work to establish a functional statewide bargaining structure for IHSS in legislation.

The state can model the structure of similar legislation recently enacted for family childcare providers (AB 378), a workforce that in many ways mirrors the IHSS workforce: both are almost exclusively female and predominantly people of color, including working mothers and recent immigrants. Both workforces also have very high turnover rates (30 percent for early childcare providers).⁹ A statewide bargaining entity would be well-positioned to support and strengthen the IHSS workforce, avoiding a worker shortage that could potentially cripple the state’s HCBS deliver system, while ensuring local, state and federal dollars are maximized in service to California’s most vulnerable residents.

Timeline: 1 year

Recommendation #2: Funding Stability for IHSS

Issue Statement

Today, seniors and people with disabilities represent 15 percent of Medi-Cal enrollees but 50 percent of total program spending.¹⁰ The demographic trends facing California will dramatically increase the demand for LTC services and create serious risks for the Medi-Cal program—the state’s primary payer of LTC. These risks include unsustainable LTC program enrollment and cost growth, increased pressure on an already burdened LTC workforce and barriers to access to critical services for the state’s most vulnerable residents.

Medi-Cal’s IHSS program, in particular, is projected to grow from 610,000 enrollees to roughly one million enrollees by 2030, with program spending projected to grow from over \$13 billion to \$25 billion in the same period.¹¹ Other program trends, including a growth in the 85 and older population and an increase in female participants (historically, the primary caregivers for people needing LTC services) also raise alarms about long-term IHSS program sustainability. IHSS is a unique participant-directed service delivery model, in which 70 percent of its 522,000 providers are family members other than a spouse or parent, and workers are disproportionately women and workers of color. The program has a complex multi-partner administrative, programmatic and financing structure, and generates over \$8 billion in federal revenue to the state. In recent years, IHSS has experienced significant funding instability as its financing structure fluctuates and it is often the target of reactionary fiscal policy. As currently structured and financed, the

⁹ California Assembly Bill 378. Available at:

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB378

¹⁰ Finocchio, Len, et al. (2019). Medi-Cal Facts and Figures: Crucial Coverage for Low-Income Californians. California Health Care Foundation. Available at: <https://www.chcf.org/wp-content/uploads/2019/02/MediCalFactsFiguresAlmanac2019.pdf>

¹¹ UCLA Center for Health Policy Research. (2019) “California Health Interview Survey: Assessing Use of and Demand for Long-Term Services and Supports in the California Health Interview Survey” (Presentation).

program is unsustainable and will not meet the needs of its aging and growing membership. Immediate protections coupled with longer-term structural and financing reforms are necessary to preserve the program and ensure access to critical community-based services and community integration for some of Medi-Cal's most vulnerable beneficiaries.

Solutions Statement

Before current IHSS funding expires on December 31, 2021, the state should permanently restore the 7 percent cut to IHSS hours that has existed since the 2013 IHSS settlement and explicitly commit to finding a permanent funding source to prevent future cuts and stabilize and protect the program. In the event of a new funding source being identified in the short-term, a portion of the funding should be dedicated for IHSS program stability.

Given the structural and financial complexity of Medi-Cal's IHSS program, its growing size and costs, its intersection with the state's other programs (physical health, behavioral health, nursing facility and HCBS waiver services), and its significant impact on health care consumers, providers/workers, counties and the state's economy, the state must prioritize LTC reform, including long-term sustainability of the IHSS program, as one of its top policy priorities. Through a dedicated CalAIM work stream and/or the creation of a multi-year Long-Term Care Reform Team (LRT) as part of the Master Plan on Aging final report, comprehensive LTC reform needs to be a core focus of state Medi-Cal policy makers. This effort must consider the critical role of IHSS in the broader LTC and health care delivery system and state transformation goals, with a goal of ensuring consumer access to critical community-based services, workforce protections and development, and program stability and long-term sustainability. Topics that policy-makers and their stakeholder partners need to address include, but are not limited to:

- Coordination or integration of LTC services with physical health, behavioral health and other Medi-Cal services, regardless of whether these services are carved in to managed care or remain in the fee-for-service delivery system. This topic must address integration of services and an individual's care team at the care delivery level, but also should focus on administrative and financial integration.
- Through the use of new "in lieu of services" or otherwise, expanded access to community-based services, such as personal care and respite, which are vastly preferred by consumers and their families.
- Administrative efficiencies and streamlining, including program oversight and operational structures, and program integrity initiatives.
- The use of data analytics and program evaluations to inform future program eligibility, covered benefits, care delivery models, quality measurement and payment structures to ensure all eligible populations are getting the right services at the right time and in the right settings in a cost-effective way.
- Innovative and dedicated funding sources to support the reformed program(s) and ensure their long-term program stability and sustainability. These sources could include savings created from administrative reforms (including centralized collective bargaining, as described in recommendation #1), program reforms, state rainy day funds, or existing or new provider, commercial property, or other taxes. Additionally, to the extent that the state is able to create a social insurance benefit (see recommendation #3) that relieves financing pressures on publicly-funded LTC services, any county or state savings generated should be dedicated to supporting the reformed IHSS/LTC programs.

Timeline: 3 years

Recommendation #3: Establish a Social Insurance Benefit

Issue Statement

More than half (56 percent) of Californians over age 40 have no savings plan to pay for LTC, more than one-third (37 percent) have no savings to draw on to pay for LTC,¹² and only a small percentage have an LTC insurance policy, which often come with high premiums and limited benefits.¹³ A lack of affordable financing options to pay for LTC puts significant pressure on Medi-Cal—the state’s dominant LTC payer—and forces Californians to spend down their life savings in order to qualify for Medi-Cal so that they can access needed services, meaning that families must choose between needed care and economic security. Californians who do not qualify for Medi-Cal will most often turn to unpaid family caregivers to provide needed LTC, as the cost of facility-based care is prohibitive for most families. Nursing home costs in California averaged \$290 a day in 2017, with the annual cost of care close to \$110,000.¹⁴ Unpaid caregiving involves significant financial and personal cost. Family caregivers spend nearly \$7,500 of their own money per year in order to help the individual they are caring for.¹⁵ Plus, family caregivers often have to take time off from their paying job or quit their jobs altogether, compounding long-term economic strain on families.¹⁶ Overall, individuals with LTSS needs can experience financial burdens more than 2 to 3 times higher than those without LTSS needs,¹⁷ and individuals with high LTSS needs are more likely to report difficulty paying for food, rent, utilities, medical care, and prescription drugs.¹⁸ Under today’s limited LTC financing options, needing LTC is becoming inextricably linked to economic insecurity.

Solutions Statement

In order to ensure access to affordable and high quality LTC, including HCBS and LTSS, California should establish a statewide mandatory social insurance LTC benefit. The state, in consultation with stakeholders, should undertake a process to determine appropriate eligibility criteria, benefits packages, and financing under various eligibility and benefit scenarios, ranging from broad and comprehensive to targeted (to specific populations and/or services). Eligibility criteria and benefits should consider the need of and impact on family caregivers and other informal or natural supports. Financing should also consider a potential buy-in option. To support this critical analysis, the state will be able to rely on the assessment of statewide use of and demand for LTC currently underway through the California Health Interview Survey. The results of the study can also be used to establish baseline measures and monitor population trends as California’s population continues to age.¹⁹ The state should also consider undertaking a campaign to build public support for this approach.

As a model, California should consider work underway in Washington State to establish a state-managed LTC trust fund, which will provide a \$36,500 annual benefit to eligible individuals (indexed annually for inflation), beginning in 2025. The fund will be financed with a payroll tax beginning in 2022. Eligibility

¹² SEIU Local 2015 Resolution on the California Master Plan on Aging.

¹³ Washington Long-Term Care Trust Act Fact. Available at <https://www.agingwashington.org/files/2019/02/2019-Long-Term-Care-Trust-Act-Factsheet.pdf>.

¹⁴ California Partnership for Long-Term Care. (2019). “Cost of Long-Term Care.” Available at: <https://www.rureadyca.org/cost-long-term-care>

¹⁵ Rainville , Chuck, et al. (2016). Family Caregiving and Out-of-Pocket Costs: 2016 Report. American Association of Retired Persons. Available at: <https://www.aarp.org/caregiving/financial-legal/info-2019/out-of-pocket-costs.html>

¹⁶ Ibid.

¹⁷ Willink, Amber, et al. (2019). The Financial Hardship Faced by Older Americans Needing Long-Term Services and Supports. Commonwealth Fund. Available at: <https://www.commonwealthfund.org/publications/issue-briefs/2019/jan/financial-hardship-older-americans-ltss>.

¹⁸ Ibid.

¹⁹ UCLA Center for Health Policy Research. (2019) “California Health Interview Survey: Assessing Use of and Demand for Long-Term Services and Supports in the California Health Interview Survey” (Presentation)

will be based on level of assistance needed for ADLs and the benefit may be used to provide financial support to family caregivers. Washington projects state Medicaid savings of \$3.9 billion by 2052.²⁰ Additionally, the state plans to seek an 1115 Demonstration Waiver to allow the state to share in savings generated in the federal match for Medicaid LTSS and Medicare due to operation of the program.

Local 2015, in concert with the California Aging and Disability Alliance, strongly believes a social insurance LTC benefit program will improve access to LTC for all Californians who need it without asking them to sacrifice economic security, while also preserving Medi-Cal funded LTC for Californians most in need.

Timeline: 5 years

²⁰ Washingtonians for a Responsible Future. (2019). "Long Term Care Trust Act Fact Sheet." Available at: <https://www.agingwashington.org/files/2019/02/2019-Long-Term-Care-Trust-Act-Factsheet.pdf>