



February 24, 2017

The Honorable Joaquin Arambula, M.D.
Chair, Assembly Budget Subcommittee No. 1
State Capitol Room 5155
Sacramento, CA 95814

Re: Elimination of the Coordinated Care Initiative - **OPPOSE**

Dear Assembly Member Arambula,

The County Health Executives Association of California, representing local health departments throughout our state, opposes the Administration's termination of the Coordinated Care Initiative (CCI) and the elimination of the county In-Home Supportive Services (IHSS) maintenance-of-effort (MOE), which would result in shifting insurmountable costs from the state to counties.

The creation of the CCI created a county MOE requirement for IHSS, replacing the previous county-state sharing ratio for the non-federal share of costs (35 percent county, 65 percent state). The elimination of the MOE would reinstate the county-state sharing ratio, resulting in \$623 million in new costs being shifted to counties in 2017-18. These costs grow to roughly \$1.6 billion by 2022-23 due to recent laws enacted by the state such as the minimum wage increase up to \$15 per hour by 2022, extension of three paid sick leave days to IHSS workers (SB 3, Chapter No. 4, Statutes of 2016), and the restoration of the seven percent cut in IHSS hours. Additionally, the program now bears new overtime costs as a result of federal regulations passed last year.

This massive cost shift to counties will directly impact 1991 Realignment funds (sales tax and vehicle license fee revenues), which is a dedicated funding source used to fund health, mental health and social services programs. As IHSS costs grow, sales tax growth funding made available for health and mental health decline. Realignment revenue projections are not strong enough to keep pace with the growing costs of the IHSS program. By eliminating the county MOE and reinstating the county-state sharing ratio, health and mental health would no longer receive sales tax growth dollars, thereby keeping sales funding for those

services stagnant. In the event of a recession, sales tax dollars for those health and mental health services would likely decline and would lack the ability to rebound.

Local health departments rely on 1991 Realignment revenues to fund critical public health services focused on improving and protecting the health of our communities. These services include preventing the spread of infectious diseases, administering immunizations, preventing chronic diseases, providing health education, promoting healthy behaviors, operating public health laboratories, preparing and responding to emergencies and disasters, and administering maternal and child health programs. These programs continue to be met with declining federal resources, which are already largely categorical and do not allow for much flexibility at the local level.

1991 Realignment revenues are also the primary source of funding for the provision of indigent health care services, which counties are required to provide through Welfare and Institutions Code Section 17000. Through the Affordable Care Act and California's decision to expand Medi-Cal, the number of uninsured individuals in our state have drastically decreased. However, in the unfortunate event that the ACA is repealed, our counties would likely be once again met with ensuring the provision of health care services to a growing number of medically indigent individuals seeking care. This funding is vitally needed to meet those needs.

The Administration has acknowledged that the elimination of the CCI would result in financial hardship to the counties. Should counties be forced absorb these costs, counties will likely experience cuts to county operations, which would include, but not be limited to health and human services programs and staff.

It is for these reasons that we respectfully oppose the Governor's elimination of the CCI. Should you have any questions, please feel free to contact me at (916) 327-7540.

Sincerely,

As Signed By

Michelle Gibbons
Executive Director

cc: On Next Page

cc: Honorable Members, Assembly Budget Subcommittee No. 1 on Health and Human Services
The Honorable Assembly Speaker Anthony Rendon
The Honorable Philip Ting, Chair Assembly Committee on Budget
Michael Cohen, Director, Department of Finance
Will Lightbourne, Director, Department of Social Services
Jennifer Kent, Director, Department of Health Care Services
Donna Campbell, Deputy Secretary of Legislative Affairs, Office the Governor
Chris Woods, Office of Assembly Speaker Anthony Rendon
Gail Gronert, Office of Assembly Speaker Anthony Rendon
Cyndi Hillery, Assembly Republican Caucus
Archie Anthony, Assembly Republican Fiscal Office