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July 30, 2019

ALL COUNTY LETTER (ACL) NO. 19-69

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL IHSS PROGRAM MANAGERS
PUBLIC AUTHORITY EXECUTIVE DIRECTORS

SUBJECT: COUNTY IN-HOME SUPPORTIVE SERVICES MAINTENANCE OF
EFFORT ADJUSTMENT FOR A LOCALLY NEGOTIATED SHIFT
REDUCING PROVIDER BENEFITS AND INCREASING THE
PROVIDER WAGE

REFERENCE: [WELFARE & INSTITUTIONS CODE \(W&IC\) SECTION 12306.16](#)
[SENATE BILL \(SB\) 855 \(27\)](#)
[CFL NO. 18/19-56, DATED FEBRUARY 12, 2019](#)
[ACL NO. 18-79, DATED JULY 6, 2018](#)

The purpose of this letter is to provide counties with information regarding the adjustment to the County In-Home Supportive Services (IHSS) Maintenance of Effort (MOE) when there is a locally negotiated decrease to health benefits and a corresponding increase to the provider wage.

PUBLIC AUTHORITY/NONPROFIT CONSORTIUM RATE

The Public Authority (PA)/Nonprofit Consortium (NPC) rate is made up of the current IHSS provider wage (includes wage supplements), benefits (health and non-health), taxes, and the administrative rate. Any changes made to this rate, except for minimum wage increases and continued wage supplements, need a Board of Supervisors (BOS) letter approving the increase or decrease. These rate packages are then approved by Department of Health Care Services (DHCS), as well as California Department of Social Services (CDSS), with a formal approval letter being sent to the PA/NPC with the new PA/NPC rate and the effective date.

ADJUSTMENTS TO COUNTY IHSS MOE

IHSS provider wages, wage supplements, and/or benefit increases that are locally negotiated, mediated, imposed, or adopted by ordinance result in an adjustment to the County IHSS MOE ([W&IC 12306.16\(d\)](#)). Historically, locally negotiated health benefits

and wages were treated the same and counties were able to shift benefits to wages with no County IHSS MOE impact. Counties can still utilize this benefit for a regular wage increase or choose to implement a wage supplement with the shifted amount from reducing benefits.

Due to the Fair Labor Standards Act's (FLSA) overtime provisions, when a county locally negotiates a shift reducing benefits and increasing provider wages or creating a wage supplement, the County IHSS MOE will need to be adjusted to account for overtime hours. This is necessary as overtime is factored into a County IHSS MOE adjustment for any locally negotiated provider wage or wage supplement increase, whereas, it is not factored in with locally negotiated benefits. Refer to [CFL 18/19-56](#) for how the MOE adjustment is calculated for overtime.

SCENARIOS

County A

Scenario:

County A negotiated a \$0.60 increase to their provider wages and a \$0.60 decrease to their health benefits to take effect August 1, 2019.

Effective Date	Provider Wage	Health Benefits	Total
January 1, 2019	\$12.00	\$0.60	\$12.60
August 1, 2019	\$12.60	\$0.00	\$12.60
Variance	\$0.60	(\$0.60)	\$0.00

County A's starting provider wage is \$12.00 and their starting health benefits are \$0.60. They locally negotiated a \$0.60 increase to their provider wage and a \$0.60 decrease to their health benefits. Since there is a 1:1 shift reducing health benefits and increasing the provider wage, the County IHSS MOE will not be adjusted for the \$0.60 shift. However, there will be a one-time adjustment to the County IHSS MOE of 35 percent of the nonfederal share for the overtime hours associated with the \$0.60 increase to provider wages.

County B

Scenario:

County B negotiated a \$0.75 wage supplement to their provider wages and a \$0.60 decrease to their health benefits to take effect August 1, 2019.

Effective Date	Provider Wage	Wage Supplement	Health Benefits	Total
January 1, 2019	\$12.00	\$0.00	\$0.60	\$12.60
August 1, 2019	\$12.00	\$0.75	\$0.00	\$12.75
Variance	\$0.00	\$0.75	(\$0.60)	\$0.15

County B's starting provider wage is \$12.00 and their starting health benefits are \$0.60. They locally negotiated a \$0.75 wage supplement and a \$0.60 decrease to their health

benefits. It is not a 1:1 shift reducing health benefits and increasing the provider wage; the provider wage is increasing by more than the shifted amount. Therefore, there will be a one-time adjustment to the County IHSS MOE of 35 percent of the nonfederal share for the additional \$0.15 and a one-time adjustment of 35 percent of the nonfederal share for the overtime hours associated with the \$0.60 shift from health benefits to provider wages. Subsequent applications of the wage supplement will not adjust the county IHSS MOE.

Questions or requests for clarification regarding the information in this letter should be directed to the Adult Programs Division (APD) Fiscal and Administrative Bureau's Financial Management Unit (FMU) at APD_FMU@dss.ca.gov or by calling (916) 653-3850. The inquiry will be directed to the assigned APD FMU Analyst for each county.

Sincerely,

Original Document Signed By

DEBBI THOMSON
Deputy Director
Adult Programs Division