



STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



ARNOLD SCHWARZENEGGER
GOVERNOR

April 2, 2009

ALL-COUNTY LETTER NO. 09-19

TO: ALL COUNTY WELFARE DIRECTORS
ALL IHSS PROGRAM MANAGERS
COUNTY FISCAL OFFICERS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order or Settlement Agreement
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: **SENATE BILL (SB) X3 6 REQUIREMENTS AFFECTING THE IN-HOME SUPPORTIVE SERVICES (IHSS) AND COUNTY WELFARE DEPARTMENT AGENCIES OPERATING A PUBLIC AUTHORITY (PA)**

REFERENCE: WELFARE AND INSTITUTIONS CODE (WIC)
SECTION 12306.1(D)(3)

The purpose of this All-County Letter is to provide counties with information on a state law change regarding financial participation in wages and health benefits for IHSS Public Authority counties. Senate Bill X3 6 (Chapter 13, Statutes of 2009), approved on February 20, 2009, reduces the level of state participation in IHSS Individual Providers' (IP) wages and health benefits, from \$12.10 to \$10.10 per hour, effective July 1, 2009. This letter will inform counties how this change will be implemented.

Public Authority (PA)/Nonprofit Consortium (NPC)

For counties that have a Public Authority (PA) or a Non-Profit Consortium (NPC), the state will only participate in the cost of IP wages (up to \$9.50) and individual health benefits (up to \$0.60) up to \$10.10 per hour. Counties shall determine what portion of the \$10.10 per hour shall be used to fund wages, individual health benefits or both.

Employer of Record for Collective Bargaining Purposes - IP Wages

For those counties who are the Employer of Record for Collective Bargaining Purposes for IHSS providers, current law allows the state to participate in IP wages of \$8.00 (minimum wage) per hour plus 5.31 percent, which equates to \$8.42 per hour. Currently, the state does not have the authority to participate in cost of health benefits when a county opts to act as the Employer of Record (AB 1682). However, Federal Financial Participation (FFP) can be claimed for wages and benefits up to 150 percent of the minimum wage for the Personal Care Services Program (PCSP) and the Independence Plus Waiver (IPW) program through the County Expense Claim.

Federal and State Sharing Ratios

For Fiscal Year 2009-10, the PCSP/IPW federal sharing ratio will continue to be 50 percent for IHSS services and administrative costs in all modes. The state and county PCSP/IPW share for IHSS administrative expenses will remain at 65 percent for the state and 35 percent for the county. The non-federal (residual) share for the state will remain at 65 percent and 35 percent for the county.

Provider Billing For Counties Above \$10.10 Per Hour

In accordance with Welfare and Institutions Code (WIC) Section 12306.1(D)(3), the state shall participate in wages and individual health benefits up to \$10.10 per hour for all public authority or nonprofit consortium providers. For counties above the \$10.10 per hour, the state participation level will be billed through the Provider Billing process. This billing process will reflect the amount eligible for Title XIX FFP and costs that need to be paid by the county above the state participation limits for PA/NPC provider wages.

PA/NPC Rate Change Request

Counties must submit a PA Rate Change Request to reduce the wages and health benefits to the \$10.10 state participation level no later than May 1, 2009 to be within the 60-day approval process timeline. However, if a county opts to remain at the current wage and benefit level, above the \$10.10 state participation level that will be programmed into the Case Management, Information and Payrolling System, the amount above the \$10.10 will become county (50 percent) and federal (50 percent) shared. These sharing ratios will become effective July 1, 2009.

The approval of the state participation in a rate increase or decrease is subject to the California Department of Social Services (CDSS) and the Department of Health Care Services (DHCS) approval and must be provided for in the annual State Budget Act or appropriated by statute. In accordance with WIC Section 12306.1(b), any change made to the PA/NPC rate shall take effect commencing the first day of the month following final approval received by CDSS and DHCS.

In accordance with Manual of Policies and Procedures Section 30-767.217 (a), "no increase in wages or benefits negotiated or agreed to pursuant to this section shall take effect until CDSS has obtained the approval of the DHCS." Currently, the review and approval process is 60 days. Before submitting a PA Rate Change Request, counties should keep in mind the state approval process time of 60 days when negotiating wage and/or health benefit effective dates with their unions.

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If you have any questions regarding this letter, please contact the Financial Management Unit, at (916) 653-3850, or you may contact the Public Authority Analyst assigned to your county.

Sincerely,

Original Document Signed By:

EVA L. LOPEZ
Deputy Director
Adult Programs Division

c: CWDA