

SENATE THIRD READING

SB 281 (Dodd)

As Amended June 23, 2022

2/3 vote. Urgency

SUMMARY

Extends the duration of the temporary state-only Money Follows the Person Rebalancing Demonstration (MFP) by requiring the Department of Health Care Services (DHCS) to cease enrollment January 1, 2026, instead of January 1, 2023, under existing law and by extending the sunset date of this state-only program from January 1, 2025, to January 1, 2028, (the MFP facilitates the transition of individuals from an inpatient facility who have resided in that setting for fewer than 60 days). Requires DHCS to implement and administer the California Community Transitions (CCT) program to help an eligible Medi-Cal beneficiary move to a qualified residence after the beneficiary has resided in an institutional health facility for a period of 60 days or longer. Establishes requirements for CCT beneficiary eligibility, lead agency functions, and program services. Requires DHCS to use federal funds made available through the MFP, authorized under federal Medicaid law to implement the CCT program. Requires DHCS to fund the CCT program and to administer the program in a manner that attempts to maximize federal financial participation if the MFP is not reauthorized, or if sufficient funds are not appropriated through the MFP. Contains an urgency clause to ensure that the provisions of this bill go into immediate effect upon enactment.

COMMENTS

- 1) *BACKGROUND ON MFP AND CCT PROJECT.* In 2005, the federal Deficit Reduction Act established the MFP, which authorized the Secretary of the Department of Health and Human Services to award competitive grants to states for demonstration projects that increased the use of home and community-based services, rather than institutional care, for Medicaid beneficiaries. In January 2007, the federal Centers for Medicare & Medicaid Services awarded DHCS a grant for the MFP called CCT. The grant requires DHCS to develop and implement strategies for transitioning Medi-Cal members who have resided continuously in health care facilities for 90 days or longer back to a federally-qualified residence. Authorization and funding for MFT has been extended several times on a short-term basis.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act of 2021, which included an extension of the MFP grant through federal fiscal year (FFY) 2023 and appropriates \$450 million for FFY 2022, and \$450 million for FFY 2023. Under the Consolidated Appropriations Act of 2021, the CCT Program will receive grant funding to continue to transition eligible beneficiaries through September 2023 and up to four years after, as long as grant funding remains available. The grant requires DHCS to develop and implement strategies for transitioning Medi-Cal members who have resided continuously in health care facilities for 90 days or longer back to a federally-qualified residence. Under the Consolidated Appropriations Act of 2021, the 90 day minimum stay requirement was reduced to 60 days, effective January 26, 2021.

In 2020, SB 214 (Dodd), Chapter 300, Statutes of 2020, establishes a state-only CCT program to provide services consistent with the MFP Program for transitioning eligible individuals out of an inpatient facility who do not meet the federal MFP Program

requirement of having resided for at least 90 consecutive days in an inpatient facility. SB 214 sunsets January 1, 2025. AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, a health budget trailer bill in 2021, among other provisions, aligned state law with the amended federal statute, by reducing the required period of residence in an inpatient facility from 90 days to 60 days. The authority to enroll new beneficiaries in the state-only CCT program ends January 1, 2023, and the authority to provide CCT services to enrolled beneficiaries expires January 1, 2024 with a state law sunset date of January 1, 2025.

The table below shows CCT enrollments and transitions for fiscal year (FY) 2019-2020, FY 2020-21, and FY 2021-2022 through June 8, 2022 for both the state-only program (SB 281) and the federally funded MFP/CCT. Starting in FY 2021-2022, the data identifies how many Medi-Cal beneficiaries were enrolled and transitioned through the CCT Project through state-funded (resided fewer than 60 days in an inpatient facility) and federally-funded (resided 60 or more days in an inpatient facility). Note, below is a snapshot of data entered into the CCT database, the number of enrollments and transitions will increase significantly as data entry is completed.

CCT Enrollments by Fiscal Year:

Fiscal Year	State-Funded, SB 281 – CCT Effective 7/27/21	Federally-Funded, MFP/CCT	Total
2019-2020	0	448	448
2020-2021	0	818	818
2021-2022 (partial thru 6/8/22)	112	441	553

CCT Transitions by Calendar Year:

Fiscal Year	State-Funded, AB 133 – CCT Effective 7/27/21	Federally-Funded, MFP/CCT	Total
2019-2020	0	202	202
2020-2021	0	422	422
2021-2022 (partial thru 6/8/22)	20	265	285

According to the Author

The CCT is part of the federal demonstration project called MFP. Established in 2007, CCT made funding available to help low-income seniors and people with disabilities transition from skilled nursing facilities back into homes of their own. Surveys of nursing residents reveal that a majority of residents do not want to remain in a nursing facility, but thousands of Californians with disabilities are, not because they need the level of care, but simply because they lack the appropriate services and resources necessary to transition. The lack of services and support for this population results in individuals languishing in institutionalized care, at great public cost, when that level of care is neither necessary nor desired. CCT empowers those trapped in institutionalized settings, so they can return to a life of dignity and choice. Without these resources, people with disabilities who are low income simply cannot leave the nursing facility.

Arguments in Support

This bill is jointly sponsored by East Bay Innovations and Disability Rights California (DRC), which write in support that this bill would ensure continuation of the successful CCT, which has assisted more than 3,500 individuals in moving out of a nursing home and into their own home or other community setting. DRC writes that the CCT has successfully demonstrated the State is able to accomplish three goals simultaneously: 1) Medi-Cal beneficiaries living in skilled nursing institutions for longer than 60 days can be transitioned back into community living; 2) California can comply with the *Olmstead* decision requiring the State to enable people with disabilities to live in the most integrated setting possible; and, 3) the State can realize savings since community living is more cost effective for the State. Accordingly, DRC writes the average savings per participant per year average approximately \$60,000, and that even if the program were funded entirely with General Fund (GF) it would still generate savings for the state. Moreover, beyond the savings CCT generates the program helps move people out of institutions and into their homes and communities. Significantly, of the CCT transitions, 83% remained in the community for at least a year.

East Bay Innovations, a CCT provider, writes that this bill will create permanent and stable program authority and funding in California, thereby enabling CCT organizations to continue to successfully reintegrate individuals back into community settings from skilled nursing facilities and other hospital/institutional settings.

Arguments in Opposition

The Department of Finance writes that it is opposed to this bill because it could result in unknown, but potentially significant General Fund cost pressure if the federal government does not reauthorize the Money Follows the Person Rebalancing Demonstration.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, the DHCS 2022 May Medi-Cal Estimate projects savings of \$34.4 million in fiscal year (FY) 2022-23 (\$19.4 million GF, \$15 million federal funds) from MFP alone. The savings result from individuals moving from year-round nursing facility services to MFP, with the cost of a year of nursing facility services at approximately \$90,000 (\$45,000 GF) in 2022-23, to the lower annual cost of \$18,000 (\$4,500 GF) to return to the community with MFP. Implementation of the CCT will likely result in further cost savings.

VOTES

SENATE FLOOR: 37-0-3

YES: Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

ABS, ABST OR NV: Caballero, Limón, Stern

ASM HEALTH: 15-0-0

YES: Wood, Waldron, Aguiar-Curry, Arambula, Bigelow, Carrillo, Flora, Maienschein, Mayes, McCarty, Nazarian, Luz Rivas, Rodriguez, Santiago, Akilah Weber

ASM APPROPRIATIONS: 15-0-1

YES: Holden, Bigelow, Bryan, Calderon, Carrillo, Megan Dahle, Davies, Mike Fong, Fong, Gabriel, Levine, Quirk, Robert Rivas, Akilah Weber, Wilson

ABS, ABST OR NV: Eduardo Garcia

UPDATED

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