

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 433 (Wahab) – As Amended July 17, 2025

Policy Committee:	Aging and Long Term Care	Vote:	5 - 1
	Human Services		5 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill prohibits a residential care facility for the elderly (RCFE) contracted for services provided to a resident enrolled in Medi-Cal from charging the resident a room and board rate exceeding the difference between the resident's income and a personal and incidental needs amount allowed for Social Security Income/State Supplementary Program (SSI/SSP) residents, as specified.

Specifically, this bill:

- 1) Prohibits a licensed RCFE contracted to receive Medi-Cal reimbursement for services provided to a resident enrolled in Medi-Cal from charging the resident a room and board rate exceeding the difference between the resident's income and the personal and incidental needs amount set by the California Department of Social Services (CDSS) for a recipient SSI/SSP in nonmedical out-of-home care (NMOHC). Specifies, for the purposes of this bill, the resident's income is the income used by the Medi-Cal program to determine eligibility for covered services.
- 2) For purposes of determining Medi-Cal eligibility pursuant to this bill:
 - a) Excludes from countable income the difference between the resident's income and the rate charged by an RCFE and retained by the resident.
 - b) Specifies the exclusion in item a, above does not apply to the portion of the difference retained by the resident that exceeds the personal and incidental needs allowance set by CDSS for recipients of SSI/SSP in NMOHC.
- 3) Specifies that the Medi-Cal eligibility described in item 2, above, applies in addition to any other deductions or calculations to determine financial eligibility pursuant to applicable existing law.

FISCAL EFFECT:

- 1) CDSS estimates General Fund costs of \$2.9 million in fiscal year (FY) 2025-26, \$2.8 million in FY 2026-27, and \$2.7 million annually ongoing to support 14 permanent full-time positions to manage increased workload. Tasks include investigating complaints related to the rate restrictions, providing legal consultation and representation, updating regulations and forms, updating inspection tools and procedures, and, to the extent this bill results in facility closures due to declining profits, processing potential facility closures.

- 2) Potential costs of an unknown amount (GF and federal funds) to the Department of Health Care Services (DHCS) to manage increased workload. DHCS was unable to provide a cost estimate by the time of this writing.
- 3) Local costs of an unknown amount, but potentially significant, to counties to revise income disregard amounts pursuant to this bill when determining Medi-Cal eligibility for program participants. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

COMMENTS:

- 1) **Purpose.** According to the author:

The ALW program, designed to help the most vulnerable of Assisted Living residents, is in danger of being made obsolete for many of its participants. While residents receiving SSI payments are protected from rent increases, 44% of ALW beneficiaries do not have SSI, though they are low income and meet the level for full scope Medi-Cal. Recently, a small number of unscrupulous RCFE providers who provide room and board to ALW program participants have begun targeting non-SSI participants, increasing their room and board rates regardless of how much they can afford.

This bill is co-sponsored by the California Advocates for Nursing Home Reform (CANHR) and Justice in Aging. Recent amendments removed all opposition.

- 2) **Background. RCFEs.** RCFEs are non-medical facilities that provide personal care and housing to those who require assistance with daily living, but who do not require 24-hour nursing care. California's network of RCFEs includes small homes with up to six residents to larger RCFEs that can house over 100 residents.

RCFEs charge for a service package based on a resident's needs for care and supervision, as determined by the facility and signed into contract through the admission agreement. When a resident enters an admission agreement, it is likely the agreement will be amended as the resident's needs increase. The average monthly cost to live in an RCFE in California is \$5,250. Most residents pay for care via private pay.

SSI/SSP. SSI is a federal program that provides a monthly cash benefit to qualified low-income individuals and couples in order to help them pay for basic living expenses, such as food, clothing and shelter. To be eligible for SSI, a person must be at least 65 years of age, blind, or disabled and meet certain income and resource requirements. A qualified SSI recipient is automatically eligible for the state's SSP program, which uses state General Fund monies to augment SSI payments.

California also augments the SSI payment for NMOHC for people living in certain out-of-home facilities, including RCFEs. The NMOHC rate calculation ensures SSI/SSP recipients maintain a minimum monthly personal and incidental needs allowance. Facilities may not charge individuals receiving SSI/SSP above the state-mandated rate.

In 2025, residents of RCFEs who are SSI/SSP recipients receive a NMOHC monthly rate of \$1,599. Of this amount, \$1,420 is paid to the RCFE, and \$179 is retained by the resident as a personal and incidental needs allowance.

ALW. ALW is a federal Medicaid Home and Community Based Services waiver effective through February 28, 2029, designed to test the efficacy of providing an assisted living benefit to beneficiaries under the Medi-Cal program. Administered by DHCS, ALW is limited to individuals eligible for Medi-Cal, without a Medi-Cal share of cost, who require a nursing home level of care but choose to reside instead in an assisted living environment, including an RCFE. The ALW program is not an entitlement program and there are a limited number of spaces. Existing law authorizes CDSS and DHCS, as determined necessary and appropriate, to waive licensing provisions for facilities providing services to ALW participants, including RCFEs.

The ALW program requires each participant to have sufficient funds to pay their room and board, and have funds remaining to meet personal and incidental needs. If an ALW participant is also an SSI/SSP recipient, their room and board rate is capped at the SSI/SSP NMOHC rate, and the resident is allowed to retain the minimum monthly personal and incidental needs allowance (\$179 in 2025). According to data from DHCS, in 2024, approximately 56% of ALW participants received SSI/SSP. ALW program participants who do not receive SSI/SSP payments must pay for their own care at an RCFE and, unlike residents who receive SSI/SSP, are subject to rate increases.

This bill limits the room and board rate an RCFE may charge residents receiving contracted Medi-Cal services through programs such as ALW and others.

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