Master Plan for Aging
Recommendation Form

State-County Fiscal Incentives/Rebalancing

Issue Statement:
<u>Misalignment of financial incentives:</u> Counties have no incentive to promote access to HCBS as an alternative to institutionalization. Specifically, counties contribute funding for specified HCBS (e.g., IHSS), but do not contribute to cost for long-term nursing home placement.

MPA Framework Goal:
- **Goal 1:** Services and Supports: We will be able to live where we choose as we age and have the help we and our families need to do so.

Outcome: State-County budget structure promotes access to services that are based on individual need, rather than funding source.

Recommendation: Rebalance the state-county fiscal relationship to ensure individuals have access to the LTSS setting of their choice based on needs and preferences.

Target Population and Numbers: Older adults and people with disabilities who qualify for Medi-Cal; Medi-Cal managed care organizations; Counties and Labor organizations

Detailed Recommendation:
The state should work with counties, Medi-Cal managed care plans, and other stakeholders including, but not limited to, consumer advocates and labor representatives to devise a fiscal arrangement that encourages appropriate incentives for placement in home- and community-based settings as alternatives to institutionalization where feasible and in accordance with an individual's needs, desires and preferences. This may entail appropriate cost sharing for both institutional (e.g., nursing facility) and HCBS (e.g., IHSS).

Evidence that supports the recommendation:
- Unknown

Examples of local, state or national initiatives that can be used as an example of a best practice: Not applicable

Implementation:
- **State Agencies/Departments:** The new Department of Community Living, the Departments of Health Care Services, Rehabilitation and Social Services would work with local government officials, health plans, labor unions and other stakeholders to develop options for local budget structuring options that promote appropriate fiscal incentives.

- **State Legislature:** The Legislature would provide statutory authority through the budget and legislative process to enable the realignment of state/local funding formulas.
- **Local Government:** The state would partner with local government in the development of realigned funding formulas.
- **Federal Government:** The state would partner with the federal government to ensure federal funding streams are not threatened through a state/local realignment process.
- **Private Sector:** The state would partner with private health plans in addition to counties and other stakeholders in realigning funding formulas.
- **Community-Based Organizations:** The state would partner with community-based organizations and service providers at the local level in realigning funding formulas.
- **Philanthropy:** Not applicable.

Person-Centered Metrics: Increase in percentage of Medi-Cal LTSS expenditures for HCBS relative to Medi-Cal institutional expenditures.

Evaluations:

- **Short-term (by 2020):** not applicable/long-term strategy
- **Mid-term (by 2025):** not applicable/long-term strategy
- **Long-term (by 2030):** State-local fiscal structure is realigned to provide appropriate fiscal incentives that encourage access to HCBS over institutionalization, in accordance with individual needs and preferences.

Data Sources: Not applicable

Potential Costs/Savings: Unknown

Prioritization: Longer-term priority

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