



# County of Santa Cruz

## HUMAN RESOURCES AGENCY

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March 1, 2001

AGENDA: March 13, 2001

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

### REPORT AND RECOMMENDATIONS REGARDING THE IN-HOME SUPPORTIVE SERVICES ADVISORY COMMITTEE

Dear Members of the Board:

On March 21, 2000, your Board approved the establishment of an In-Home Supportive Services (IHSS) Advisory Committee. As you know, the role of this advisory body is to make recommendations to your Board regarding preferred modes of service delivery for IHSS as directed in Assembly Bill 1682. The purpose of this letter is to provide a quarterly report on the activities of the IHSS Advisory Committee, and to summarize the findings and recommendations of the committee regarding the preferred options for employer of record for IHSS providers.

AB 1682 requires every county to make a recommendation regarding mode of IHSS service delivery by June 30, 2001 and implement an employer of record for IHSS providers no later than December 31, 2002. Your Board established an accelerated schedule for these activities, requiring that recommendations be complete by March 31, 2001 and that the new program be implemented no later than March 31, 2002.

#### STATUS REPORT OF COMMITTEE ACTIVITIES

Since September, the IHSS Advisory Committee has conducted an in-depth study of the three allowable options for mode of IHSS service delivery and the employer of record entities related to each mode. The options available per AB 1682 are as follows:

Service Delivery Mode	Employer of Record Option
County Homemaker	county
Independent Provider	Public Authority or Non-Profit Consortium
Contract Care	IHSS Contractor

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The committee adopted criteria for evaluating and comparing the above options that are detailed in the attached report. The committee's evaluation process involved a study of each of the three service delivery options, a comparison of the options according to the established criteria, and an evaluation of the advantages and disadvantages of each option.

Public input was collected from IHSS consumers, providers, community service agencies and other interested parties. Service Employee International Union (SEIU) Local 415 assisted by encouraging participation of IHSS Independent Providers. To accommodate the needs of persons who might not be able to attend the public meeting, information was available on the committee's Internet site. Comments were accepted by mail and e-mail, and Human Resources Agency (HRA) staff conducted a random sample telephone survey in both English and Spanish of IHSS consumers regarding the topics presented at the public meeting.

At the final meeting of the quarter, the committee members reviewed all of the materials resulting from their work and formulated their findings. The three service modes and their related employer of record options were rated according to the established criteria and were ranked in order of preference. Additional considerations were also discussed and a list of recommendations were articulated for presentation to your Board. This information is discussed below and included in the attached (Attachment 1) full Report of Findings and Recommendations of the IHSS Advisory Committee. A meeting schedule for 2001 was also adopted. The committee agreed to meet twice monthly beginning January 19, 2001 to expedite the implementation planning process for service delivery.

## **RELATED ACTIVITIES**

As you know, in October your Board authorized an increase in wages to IHSS Independent Providers from \$5.75 per hour to \$7.25 per hour effective December 1, 2000. Following that action, it was announced that the state minimum wage would increase to \$6.25 an hour on January 1, 2001. The increased minimum wage allows for greater state participation in the MSS provider wage than had been projected when initial calculations were prepared for your Board. In addition, the state confirmed that it will participate in the cost of a 3% wage increase to independent providers in non-public authority counties effective January 1, 2001. Your Board also took action in October to authorize an independent contractor agreement with Eldon Luce, an expert consultant on AB 1682 and the establishment of public authorities; and your Board authorized reimbursement to IHSS Advisory Committee members for limited costs involved in their voluntary participation on the committee.

In December, the Human Resources Agency (HRA) prepared, and submitted to the state, a required report regarding progress on AB 1682 implementation activities. HRA also prepared a fiscal analysis to assist your Board in evaluating the recommendations from the committee. The results of that analysis including the committee's findings and recommendations, are summarized below in this letter and included in the attached (Attachment 1) report.

**FINDINGS AND RECOMMENDATIONS REGARDING EMPLOYER OF RECORD**

The IHSS Advisory Committee has met and fully considered the Employer of Record options for providers of In-Home Supportive Services. The process included an overview of the MSS Program, an orientation to the committee members regarding the committee charge under AB 1682, comprehensive analysis of the service delivery options, analysis of cost and other considerations, evaluation of advantages and disadvantages of each service delivery mode and the related employer option, public input, comparison of the options, and a rating and ranking process.

While the committee determined that the majority of IHSS consumers are served well by the IP mode, there is a portion of the MSS consumer population that requires a higher level of service. Cost factors rule out County Homemaker and Contract Care modes as feasible options to serve the entire population of IHSS consumers. Thus, it was determined that no single service delivery option can meet the needs of all IHSS consumers. Based on this conclusion, the committee is recommending that the preferred mode of IHSS service delivery for Santa Cruz County be a "mixed mode" combination of Independent Provider and Contract Care. The recommended respective employer of record options for the mixed mode are the public authority for Independent Providers and an MSS contractor for the Contract mode. Since the Contract mode already exists in Santa Cruz County, it would be necessary to establish a public authority if your Board accepts the recommendation to maintain a mixed mode.

**FISCAL ANALYSIS**

The funding of IHSS is the product of a complex relationship of federal, state and County financing, with differing levels of required County matching funds. The following charts provide a cost comparison between current Fiscal Year 00/01 IHSS costs and projected Fiscal Year 01/02 costs based on the IHSS Committee's recommendation for a mixed mode and establishment of a public authority.

The projected costs for FY 01/02 reflect current client utilization trends in both the Independent Provider (IP) and Contract modes. For discussion purposes, the budget assumes an implementation date of November 1<sup>st</sup> for the public authority. Thus, the current IP rate of \$7.25 plus associated costs is used for four months and a projected public authority rate of \$10.3 8 per hour is used for eight months of the budget calculation. The current contract rate of \$13.68 is also used, although a lower number of service hours is projected based on current utilization trends.

The above public authority rate assumes an IP hourly wage of \$8.50 plus an allowance of \$.60 an hour for benefits. It is important to note that the \$8.50 hourly wage assumes maximum funding participation from the state. You may recall from last year's state budget negotiation, that Governor Davis set annual ceilings on state participation contingent upon a five percent increase in State General Fund revenue. Assuming this "trigger" is achieved, the maximum hourly wage the state would participate in funding for FY 01/02 is \$8.50, otherwise state participation would be capped at \$7.50, the maximum rate for FY 00/01.

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It is expected that the IP wage under a public authority in Fiscal Year 01/02 will reflect the maximum state participation allowable and leverage available realignment funds with no additional general fund contribution from the County. To be eligible for maximum funding participation from the state, the County must first establish a public authority and receive state approval for a public authority rate. The public authority rate includes the cost of provider wages and benefits, payroll taxes, public authority administrative costs, and first year start-up costs such as office furniture, software and equipment that will not carry over into subsequent years.

### FY00/01 – FY01/02 Cost Comparison for IHSS Based On Recommendations

#### FY 00/01 IHSS Budget

Service Delivery Mode	Service Hours	Total Cost	Federal	State	County
Independent Provider	940,740	\$6,259,501	\$2,042,392	\$2,308,145	\$1,908,964
Contract Care	190,000	\$2,599,208	\$671,505	\$1,253,007	\$674,696
<b>Total</b>	<b>1,130,740</b>	<b>\$8,858,709</b>	<b>\$2,713,897</b>	<b>\$3,561,152</b>	<b>\$2,583,660</b>

#### FY 01/02 Cost Projection for Mixed Mode of Public Authority (IP) and Contract Care

Service Delivery Mode	Service Hours	Total Cost	Federal	State	County
Independent Provider	961,548	\$8,847,289	\$3,261,004	\$3,500,423	\$2,085,862
Contract Care	170,000	\$2,325,600	\$769,048	\$1,011,692	\$544,860
<b>Total</b>	<b>1,131,548</b>	<b>\$11,172,889</b>	<b>\$4,030,052</b>	<b>\$4,512,115</b>	<b>\$2,630,722</b>

### PUBLIC AUTHORITY MODEL

An important consideration before the committee was the evaluation of the two options for public authority governance. The two available options described in AB 1682 are:

County PA Model – Board of Supervisors acts as the public authority governing body with an advisory committee appointed by the Board and that has a majority of consumer members.

Stand-alone PA Model - Independent public authority with a consumer majority governing board appointed by the Board of Supervisors.

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The committee carefully weighed both options and determined that each model offered advantages. After much discussion, the committee voted to recommend the County model, with a further recommendation that after two years of public authority operation, the decision be reviewed to determine if the Stand-alone model would then be appropriate. It should be pointed out that the committee was not unanimous in this decision, as both models received support from some members, however this recommendation was carried by a clear majority vote.

### **NEXT STEPS**

At the direction of your Board, the MSS Advisory Committee will proceed with implementation planning. An outline of the implementation planning process is contained in the consulting agreement previously approved by your Board on October 24, 2000, and is provided as Attachment 2. The implementation planning team will include participation from stakeholders and representatives of other county departments in addition to the members of the IHSS Advisory Committee. The implementation plan recommendation will specify the design of staffing and program operations of the proposed public authority for Santa Cruz County and a detailed budget.

The attached Report of Findings and Recommendations of the IHSS Advisory Committee details in full the committee's activities and conclusions regarding the preferred options for Employer of Record in Santa Cruz County and additional related considerations. If approved and adopted by your Board, the recommendations will provide a framework for the next stage of committee activity and for the development of the required ordinance to establish a public authority.

IT IS THEREFORE RECOMMENDED that your Board:

1. Accept and file this report on the progress of the In-Home Support Services (IHSS) Advisory Committee and direct the HRA Administrator to return to your Board on April 17, 2001 with the next status report of the MSS Advisory Committee; and
2. Accept and approve the recommendations from the IHSS Advisory Committee as presented in the attached REPORT OF FINDINGS AND RECOMMENDATIONS, and authorize the Committee to proceed with implementation planning for a mixed mode of independent and contract service delivery model and to establish a public authority as the employer of record for the independent provider mode; and
3. Accept and approve the recommendation that the governing body of the public authority be the County Board of Supervisors and that after a period of two years, the public authority governance model be reviewed; and
4. Accept and approve the recommendation to draft an ordinance to establish the public authority.

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Very truly yours,



CECILIA ESPINOLA  
Administrator

Attachments:

Report of Findings and Recommendations of the IHSS Advisory Committee

Outline of Implementation Planning Activity - Independent Contractor Scope of Service

CEAFN

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RECOMMENDED:



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SUSAN A. MAURIELLO

- CC: County Administrative Office  
County Counsel  
Commission on Disabilities  
Seniors Commission  
Long Term Care Interagency Commission  
Service Employees International Union Local 415  
United Domestic Workers Union

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