

San Francisco In-Home Supportive Services (IHSS): What FMAP Changes Mean for the County Budget

May 7, 2009

Millions of dollars in federal stimulus money is now available to help counties offset the state's cuts to IHSS.

The Federal Stimulus Act (American Recovery and Reinvestment Act or ARRA) would dramatically increase the FMAP (Federal Medical Assistance Percentage) for Medicaid-funded programs like IHSS, reducing the non-federal share of cost for these programs and thereby reducing county outlays for providers' wages & benefits.

Even if the state reduces its share of cost to \$9.50 for wages and \$0.60 for benefits, the ARRA funding is more than enough to offset the county's increased share of non-federal cost for Budget Year 2009-10 and allow the county to maintain current provider rates at \$11.54 and \$1.85, with money to spare for potential increases in healthcare costs and any wage increases potentially necessary to comply with San Francisco's Minimum Compensation Ordinance.

In fact, the ARRA changes would

- Save the City and County of San Francisco (CCSF) a net \$3.8 million in IHSS program costs over the 2009-10 Budget Year if CCSF maintained current hourly wages & benefit expenditures ⁱ
- Reduce CCSF's per hour cost share by \$0.17 (from \$2.79 to \$2.62)
- Bring in at least \$10.5 million in guaranteed retroactive funding for IHSS expenditures in the 2008-09 Budget Year, bringing CCSF's total cash flow savings on the IHSS program from October 2008 through June 2010 to \$14.3 million.

Current & New FMAP Shares

	Federal	State	County
Current Cost Share	49.50%	32.80%	17.70%
New ARRA Share	61.59%	24.97%	13.44%

If CCSF's hourly wage and benefit expenditures for the IHSS providers were maintained at current levels for the 2009-10 Budget Year, the change in cost sharing displayed above would result in the following breakdown for caregivers' \$11.54 in wages and \$1.85 in benefits, after accounting for the reduction in state matching funds:

Wages

	First \$9.50			Remaining \$2.04			Total
	Federal	State	County	Federal	State	County	
Current Cost Share	\$4.70	\$3.12	\$1.68	\$1.01	\$0.66	\$0.37	\$11.54
New ARRA Share	\$5.85	\$2.37	\$1.28	\$1.26	\$0.00	\$0.78	\$11.54

Benefits ⁱⁱ

	First \$0.60			Remaining \$1.25			Total
	Federal	State	County	Federal	State	County	
Current Cost Share	\$0.30	\$0.20	\$0.11	\$0.62	\$0.00	\$0.63	\$1.85
New ARRA Share	\$0.37	\$0.15	\$0.08	\$0.77	\$0.00	\$0.48	\$1.85

Retroactive Savings

Better yet, the above change in federal/non-federal cost sharing is retroactive to October 2008, so CCSF will be paid its portion of the additional federal funds available back to that date, through realignment funding, for the remainder of Budget Year 2008-09, providing an extra **\$10.5 million** in retroactive savings to offset its IHSS program expenditures for the coming year: ⁱⁱⁱ

Wages

	Reduction in Cost Share for 10/08 – 6/09	Retroactive Savings
First \$11.50	4.26%	(\$7,670,186)
Remaining \$0.04	12.09%	(\$75,715)
Total		(\$7,745,901)

Benefits

	Reduction in Cost Share for 10/08 – 6/09	Retroactive Savings
First \$0.60	4.26%	(\$400,184)
Remaining \$1.25	12.09%	(\$2,366,109)
Total		(\$2,766,293)

Grand Total (Wages + Benefits)	\$10,512,194
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CCSF Cost Share

2009-10 CCSF Share on first \$9.50 + \$0.60 of IHSS Provider Wage and Benefit Expenditures

	Wages		Benefits	
	CCSF Share	2009-10 IHSS Cost to CCSF	CCSF Share	2009-10 IHSS Cost to CCSF
Up to State Match				
Current	\$1.68	\$37,230,565	\$0.11	\$2,351,404
With ARRA changes	\$1.28	\$28,269,988	\$0.08	\$1,785,473
Difference (savings)	(\$0.40)	(\$8,960,577)	(\$0.03)	(\$565,931)

2009-10 CCSF Share on remaining \$2.04 + \$1.25 of IHSS Provider Wage and Benefit Expenditures

	Wages		Benefits	
	CCSF Share	2009-10 IHSS Cost to CCSF	CCSF Share	2009-10 IHSS Cost to CCSF
Remainder				
Current	\$0.37	\$8,285,268	\$0.63	\$13,976,684
With ARRA changes	\$0.78	\$17,349,111	\$0.48	\$10,630,583
Difference (savings)	\$0.41	\$9,063,844	(\$0.15)	(\$3,346,101)

Summary

Total Change in CCSF Cost to Maintain Current Level of IHSS Provider Wage and Benefit Expenditures

	Change in CCSF Share	Change in CCSF Cost
Up to \$9.50 + \$0.60	(\$0.43)	(\$9,526,508)
Remainder to maintain current rates	\$0.26	\$5,717,742
Total Net Program Cost/(Savings) due to State and Federal Changes	(\$0.17)	(\$3,808,765)
Total Retroactive Savings for Budget Year 2008-09	N/A	(\$10,512,194)
Total Cash Flow Savings		(\$14,320,959)

ⁱ All annualized costs for Budget Year 2009-10 assume caseload growth based on average monthly growth over the past three years (Budget Year 2009-10 Total Hours = 22,141,281).

ⁱⁱ Does not account for any increases in health benefit premiums. As of 5-6-2009, administrators of the San Francisco Health Plan reported they did not anticipate an increase in health benefit premiums, but this information has not yet been confirmed.

ⁱⁱⁱ Retroactive hours used are for October 2008 – June 2009, with projected hours March 2009-June 2009 calculated as in footnote i. (Total Hours 10/08-6/09 = 15,656,635).