

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 02/20)

Fiscal Year 2021-22	Business Unit 4170	Department California Department of Aging	Priority No.
Budget Request Name 4170-033-BCP-2021-A1		Program Health Insurance Counseling and Advocacy Program (HICAP)	Subprogram

Budget Request Description
 Health Insurance Counseling and Advocacy Program (HICAP) Modernization

Budget Request Summary

The California Department of Aging (CDA) requests \$2,059,000 in 2021-22 and \$2,041,000 in 2022-23 from the HICAP Special Fund to support two-year limited-term resources equivalent to 3.0 positions and \$1.4 million local assistance funding to modernize the Health Insurance Counseling and Advocacy Program (HICAP). Additionally, CDA requests provisional language for this temporary augmentation.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. Project Approval Document:

Approval Date:

If proposal affects another department, does other department concur with proposal? Yes No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Thomas Cameron, Deputy Director	Date 4/1/2021	Reviewed By Mark Beckley, Chief Deputy Director	Date 4/1/2021
Department Director Kim McCoy Wade, Director	Date 4/1/2021	Agency Secretary Mark Ghaly, MD, MPH, California Health & Human Services Agency	Date 4/1/2021

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

PPBA Tyler Woods	Date submitted to the Legislature 4/1/2021
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Analysis of Problem

A. Budget Request Summary

The California Department of Aging (CDA) requests \$2,059,000 in 2021-22 and \$2,041,000 in 2022-23 from the HICAP Special Fund to support two-year limited-term resources equivalent to 3.0 positions and \$1.4 million local assistance funding to begin modernizing the Health Insurance Counseling and Advocacy Program (HICAP). Additionally, CDA requests provisional language for this temporary augmentation.

HICAP provides free, confidential one-on-one counseling, education, and assistance to individuals and their families on Medicare, Long-Term Care insurance, other health insurance related issues, and planning ahead for Long-Term Care needs. HICAP services are provided through the state-wide network of 26 local Area Agencies on Aging (AAAs).

B. Background/History

HICAP is the California's implementation of the federal State Health Insurance Assistance Program (SHIP). HICAP officers consumer-oriented Medicare counseling and education services including: (1) community education regarding Medicare Parts A and B, Medicare Part D Prescription Drug Plans, Medicare Advantage (MA) Plans, Medicare Supplement Insurance and long-term care insurance; (2) individual health insurance counseling that provides objective and accurate comparisons of choices; (3) informal advocacy services regarding enrollment, disenrollment, claims, appeals, prescription drug exceptions and other urgent Part D Plan coverage issues; and (4) legal referral and, in some geographic areas, legal assistance for filing grievances and appeals. Eligibility for HICAP services is limited to Medicare beneficiaries and persons imminent of Medicare eligibility.

HICAP was first established by Chapter 1464, Statutes of 1984. The Federal SHIP program was established by the Omnibus Reconciliation Act of 1990 (Public Law 101-508). CDA became California's administrator of the SHIP in 1992. The Mello-Granlund Older Californians Act (Chapter 1097, Statutes of 1996) required HICAP management and operation responsibilities to be contracted through local the AAAs.

HICAP is primarily funded from three sources: (1) fees assessed on Medicare Health Care Service Plans deposited in the HICAP Special Fund; (2) reimbursements from the Insurance Fund; and (3) federal SHIP grant funding provided by the Administration for Community Living (ACL). Welfare and Institutions Code (WIC) Section 9541.5 establishes an annual fee on managed care Medicare Health Care Service Plans (e.g., Medicare Advantage) between \$1.40 and \$1.65 per enrollee which is currently levied at \$1.40. WIC 9541.5 also provides legislative intent for expenditures from the HICAP Special Fund to be matched 1:2 with funding from the Insurance Fund. The Insurance Fund receives fees from non-managed care insurance policies regulated by the Department of Insurance including Medicare Supplemental Insurance (e.g., Medigap) policies.

The total number of Medicare-eligible beneficiaries in California has increased from 4,200,600 in 2005-06 to 6,401,581 in 2020-21. Over this period, HICAP Special Fund revenues have grown from \$3.2 million in 2005-06 to an estimated \$4.1 million in 2020-21. Meanwhile, state fund expenditure authority for local HICAP programs has not been changed from \$6.7 million since 2005-06 (\$2.2 million HICAP Fund, \$4.5 million Insurance Fund Reimbursement). Federal SHIP grant funding increased from \$1.4 million in 2005-06 to \$4.1 million in 2020-21 but is not expected to increase in the foreseeable future.

The 2021 Governor's Budget projects that the HICAP Special Fund will have a \$10.6 million balance at the end of 2021-22, given current revenue and expenditure levels, in addition to a \$4 million loan balance due from the General Fund.

Resource History
(Dollars in thousands)

Program Budget	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (Authorized)
HICAP Special Fund Expenditures ¹	\$2,496	\$2,437	\$2,478	\$2,501	\$2,503	\$2,502
HICAP Special Fund Revenues	\$3,629	\$3,823	\$3,976	\$4,168	\$4,349	\$4,142
Federal Fund Expenditures ²	\$5,196	\$5,431	\$4,179	\$4,783	\$4,837	\$5,625
Insurance Fund Reimbursement Expenditures	\$4,843	\$4,843	\$4,756	\$4,867	\$4,862	\$4,867
Total Fund Expenditures	\$12,535	\$12,711	\$11,413	\$12,151	\$12,202	\$12,994
Authorized Positions	2.0	2.0	2.0	2.0	2.0	2.0
Filled Positions	2.0	2.0	2.0	2.0	2.0	2.0
Vacancies	0.0	0.0	0.0	0.0	0.0	0.0

¹ Includes state operations and \$2.2 million local assistance. State operations amount has increased due to state-wide employee compensation adjustments. Does not include state-wide pro rata assessment.

² Includes SHIP Grant and additional Financial Alignment Initiative activities in Coordinated Care Initiative counties.

Workload History

Workload Data	2016-17¹	2017-18	2018-19	2019-20²	2020-21²
Clients Served (Clients Counseled from Finalized Intakes)	66,198	60,940	64,470	63,253	52,000
Active HICAP Counselors (Volunteers and Paid)	799	770	747	629	518
Average Clients Served per counselor	83	79	86	101	100
Community Education Events (Interactive Presentations)	3,686	3,612	3,479	2,475	1,600
Percent of Medicare beneficiaries served by HICAP (per CA population)	1.08%	0.98%	1.01%	0.93%	0.81%

¹ First full cycle using new data collection methodology.

² Estimated values.

C. State Level Consideration

Modernizing the HICAP program supports the Master Plan for Aging's Health Care Reimagined goal by helping older adults access services that they need to live at home, improve health, and increase quality of life.

CDA's vision and mission of leading innovative, person-centered, and outcome-based programs, which are part of CDA's Strategic Plan, is designed to transform aging for all Californians by increasing an individual's choices, equity, and well-being. A key objective of CDA's Strategic Plan involves providing older adults and adults with disabilities with information and tools to support their health and well-being.

This proposal is consistent with the Department's mission statement: to promote the independence and well-being of older adults, adults with disabilities, and families through: 1) access to information and services to improve the quality of their lives; 2) opportunities for community involvement; 3) support for family members providing care; and 4) collaboration with other state and local agencies.

D. Justification

By 2030, Californians age 65 and older are projected to account for 8,450,915 individuals or approximately 20 percent of the total California population. This population trend represents a substantial increase in the older adult population from 2020 demographics of 6,248,140 individuals or approximately 16 percent of the total California population. The increased older adult population will increase the number of Medicare-eligible beneficiaries who need for HICAP services. Additionally, the increasing complexity of Medicare and Long-Term Services and Supports programs necessitates modernizing HICAP services through a combination of statewide and local solutions.

Stater Operations Resources

CDA requests two-year limited-term resources equivalent to 3.0 positions to lead and coordinate state-wide modernization efforts and to provide assistance to local HICAP programs:

- 1.0 Research Data Specialist (RDS) II to oversee, review, update and provide recommendations for HICAP data collection and reporting. To modernize the local HICAP programs, CDA intends to reassess the information that is captured and how to best utilize that information to make informed funding decisions for each local HICAP program. While the HICAP program currently collects and reviews information, there is very limited staff time available to review best practices, implement and suggest new data collection metrics and tools, or reassess the way in which the data is leveraged. This position will assist the local HICAP programs in reviewing the data that is collected and the way that data is utilized to ensure that the most vulnerable older adults were adequately supported by the HICAP services.
- 1.0 Associate Governmental Program Analyst (AGPA) to serve as a fiscal analyst to review, monitor, and support local HICAP programs in strategically expending state and federal funds to enhance, develop, and expand the program. This position will be responsible for review of the monthly expenditures, closeouts, and annual budgets to ensure that HICAPs were adequately investing in modernizing and expanding services. The AGPA will regularly engage and meet with local HICAP programs to discuss best practices and assess expansion efforts.
- 1.0 AGPA to serve as a project lead for the development of new training resources, to provide technical assistance, and to also provide program monitoring for local HICAP programs. Prior to the COVID-19 pandemic, state sponsored in-person training events included bi-annual conferences, new HICAP program manager orientation trainings, and Long-Term Care Insurance training. Comparatively, distance learning software was used in limited circumstances to provide technical assistance in group settings. This position will

allow CDA to modernize and expand training and technical assistance through distance learning solutions.

Local Assistance Resources

Fifty-eight percent of HICAP service providers report insufficient staffing necessary to manage existing workload and modernization. In addition, 73 percent of HICAP service providers report insufficient funding to procure needed equipment and supplies. Several of the HICAPs have only part-time Volunteer Coordinators and no dedicated staff.

CDA requests local assistance resources of \$1,386,000 in FY 2021-22 and 2022-23 to allow each local HICAP program to retain one full-time equivalent staff position to support recruiting and training volunteer counselors to serve the increasing number of Medicare beneficiaries. This additional staff and volunteer capacity will also allow local HICAP programs to participate in the development and implementation of modernization strategies in collaboration with CDA.

Provisional Language

CDA requests provisional language which would allow expenditure authority to be increased upon 30-day notification to the Legislature during this two-year modernization period. This flexibility will allow CDA and local HICAP programs to implement additional modernization options as priorities are developed, within existing HICAP Special Fund resources. The 2021 Governor's Budget projects that the HICAP Special Fund will have a \$10.6 million balance at the end of 2021-22 given current expenditure and revenue levels.

CDA requests provisional language, during this two-year modernization period, to exempt this temporary augmentation and any increase made pursuant to provisional authority from matching by the Insurance Fund, notwithstanding to intent language in Welfare and Institutions Code Section 9541.5, as this request is a one-time investment in modernizing HICAP based on available surpluses in the HICAP Special Fund.

E. Outcomes and Accountability

CDA, in collaboration with the local HICAP programs and other stakeholders, will explore and develop modernization strategies including, but not limited to, the following options to improve HICAP services and expand access:

- Evaluating the ongoing resources needs of local HICAP programs, in consultation with the Department of Finance, to better align service levels with eligible Medicare beneficiaries' needs and available resources.
- Leveraging data-driven approaches and implementing new technologies to innovative service delivery and streamline administrative workload.
- Updating training resources for local HICAP counselors to better incorporate state-wide goals such as equity and access to long-term care.
- Developing a state-wide outreach strategy to better reach eligible older adults, to increase awareness of the valuable services available from local HICAP programs, and to improve brand recognition.
- Updating consumer resources to be more accessible, including Spanish and additional languages.

Any additional resources necessary to implement these options, during the two-year modernization period, could be requested through proposed provisional authority subject to 30-day notification and review by the Legislature.

Any ongoing changes to HICAP program levels would be subject to review through the budget process and appropriation by the Legislature for fiscal year 2023-24.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve the department's request for \$2,059,000 in 2021-22 and \$2,041,000 in 2022-23 from the HICAP Special Fund to support two-year limited-term resources equivalent to 3.0 positions and local assistance funding to modernize HICAP.

Pros:

- State-wide and local modernization and outreach efforts will provide Medicare beneficiaries with greater access to HICAP services.
- Every local HICAP program will have resources for one fulltime equivalent staff position to prepare volunteers for the increase number of Medicare beneficiaries and allow local HICAP programs to collaborate on modernization efforts.
- CDA will be effectively develop and implement modernization strategies and provide state-wide leadership, assistance, and training for HICAP in collaboration with local programs and stakeholders.

Cons:

- Increased expenditure of HICAP Special Funds, which could otherwise be used to lower fees assessed to Medicare Health Care Service Plans which are passed through to consumers.

Alternative 2: Approve \$1,386,000 HICAP Special Fund Local Assistance funding only.

Pros:

- Every local HICAP program will have resources for 1.0 fulltime equivalent staff position to prepare volunteers to provide services to the increasing number of Medicare beneficiaries.

Cons:

- CDA will not have the necessary resources to provide state-wide leadership, assistance, and training for HICAP, which will hinder the efficacy and coordination of modernization and outreach efforts.
- Increased expenditure of HICAP Special Funds, which could otherwise be used to lower fees assessed to Medicare Health Care Service Plans which are passed through to consumers.

Alternative 3: Maintain status quo.

Pros:

- No increase in state expenditures.

Cons:

- The state-wide HICAP network will not be prepared for the increasing number of Medicare beneficiaries.
- Local HICAP programs will continue to lack adequate staff resources and volunteer capacity.
- CDA would continue to have limited capacity to provide assistance and training to local HICAP programs and volunteers.

- Many Medicare beneficiaries will continue to lack knowledge of and sufficient access to HICAP services.

G. Implementation Plan

CDA will, allocate and distribute via contracts, the additional \$1,386,000 million Local Assistance funding to the local HICAP programs so they can immediately begin working to hire a full-time staff position, or increase the time-base for any part-time staff positions. CDA will also hire 3 limited-term positions to lead and coordinate state efforts.

CDA will facilitate a stakeholder consultation process including local HICAP Programs to explore and develop modernization strategies to improve HICAP services and expand access.

H. Supplemental Information

Appendix A: Proposed Provisional Language

Appendix B: Workload Analysis (separate document)

I. Recommendation

Approve the CDA's request for \$2,059,000 in 2021-22 and \$2,041,000 in 2022-23 from the HICAP Special Fund, and provisional language, to support two-year limited-term resources equivalent to 3.0 positions and \$1.4 million local assistance funding to modernize the Health Insurance Counseling and Advocacy Program.

Attachment A: Provisional Language

Add the following provisions to Item 4170-001-0289:

1. Notwithstanding any other provision of law, upon request by the Department of Aging, the Department of Finance may increase the expenditure authority in this item up to the total amount of proceeds available in the State HICAP Fund not sooner than 30 days after notification in writing of the necessity thereof is provided to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
2. Of the funds appropriated in this item, \$673,000 is a temporary augmentation to the Health Insurance and Counseling and Advocacy Program. Notwithstanding any other provision of law, the amount of this augmentation and any increase made pursuant to provision 1 shall be exempt from the ratio provided by subdivision (d) of Welfare and Institutions Code Section 9541.5.

Add the following provisions to Item 4170-101-0289:

1. Notwithstanding any other provision of law, upon request by the Department of Aging, Finance may increase the expenditure authority in this item up to the total amount of proceeds available in the State HICAP Fund not sooner than 30 days after notification in writing of the necessity thereof is provided to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
2. Of the funds appropriated in this item, \$1,386,000 is a temporary augmentation to the Health Insurance and Counseling and Advocacy Program. Notwithstanding any other provision of law, the amount of this augmentation and any increase made pursuant to provision 1 shall be exempt from the ratio provided by subdivision (d) of Welfare and Institutions Code Section 9541.5.

BCP Fiscal Detail Sheet

BCP Title: Health Insurance Counseling & Advocacy Program Modernization

BR Name: 4170-033-BCP-2021-A1

Budget Request Summary

Personal Services

Personal Services	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Salaries and Wages Earnings - Permanent	0	223	223	0	0	0
Total Salaries and Wages	\$0	\$223	\$223	\$0	\$0	\$0
Total Staff Benefits	0	111	111	0	0	0
Total Personal Services	\$0	\$334	\$334	\$0	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5301 - General Expense	0	3	3	0	0	0
5302 - Printing	0	3	3	0	0	0
5304 - Communications	0	3	3	0	0	0
5320 - Travel: In-State	0	17	17	0	0	0
5322 - Training	0	6	6	0	0	0
5324 - Facilities Operation	0	45	45	0	0	0
5342 - Departmental Services	0	229	229	0	0	0
5346 - Information Technology	0	15	15	0	0	0
5368 - Non-Capital Asset Purchases - Equipment	0	18	0	0	0	0
54XX - Special Items of Expense	0	1,386	1,386	0	0	0
Total Operating Expenses and Equipment	\$0	\$1,725	\$1,707	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Total Budget Request	\$0	\$2,059	\$2,041	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
State Operations - 0289 - State HICAP Fund	0	673	655	0	0	0
Total State Operations Expenditures	\$0	\$673	\$655	\$0	\$0	\$0

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Local Assistance - 0289 - State HICAP Fund	0	1,386	1,386	0	0	0
Total Local Assistance Expenditures	\$0	\$1,386	\$1,386	\$0	\$0	\$0
Total All Funds	\$0	\$2,059	\$2,041	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
3905100 - Health Insurance Counseling	0	2,059	2,041	0	0	0
Total All Programs	\$0	\$2,059	\$2,041	\$0	\$0	\$0

Personal Services Details

Salaries and Wages

Salaries and Wages	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2021)	0	139	139	0	0	0
5758 - Research Data Spec II (Eff. 07-01-2021)	0	84	84	0	0	0
Total Salaries and Wages	\$0	\$223	\$223	\$0	\$0	\$0

Staff Benefits

Staff Benefits	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5150900 - Staff Benefits - Other	0	111	111	0	0	0
Total Staff Benefits	\$0	\$111	\$111	\$0	\$0	\$0

Total Personal Services

Total Personal Services	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Total Personal Services	\$0	\$334	\$334	\$0	\$0	\$0