



AltaMed



CAADS

California Association for Adult Day Services

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CALIFORNIA TO LOSE MILLIONS OF DOLLARS BY ELIMINATING ADULT DAY HEALTH CARE PROGRAM

*Independent Report Also Concludes More Than 10,000 Californians Would
Be Put Out of Work; Millions Lost in Future Sales & Income Tax Revenues*

SACRAMENTO, CA – California would stand to lose millions of dollars and displace as many as 10,000 workers if a proposal by Governor Arnold Schwarzenegger to eliminate Adult Day Health Care (ADHC) in California would be approved by the legislature, says an independent report by Virginia-based The Lewin Group. The report, conducted on behalf of the Congress of California Seniors, also determined that the state would be at risk of losing tens of millions of dollars in lost sales and income tax revenues. The full report can be downloaded at www.lewin.com.

“For those of us who work with seniors and the disabled every day, the human toll as a result of eliminating this life-saving program is obvious,” said Hank Lacayo, State President for the Congress of California Seniors. “But the financial implications to the State are very sobering and yet another reason not to eliminate ADHC. Frankly, at a time when legislators are looking to save money, eliminating ADHC flies in the face of that exercise.”

Governor Schwarzenegger in his January budget proposed eliminating altogether the ADHC program, which serves more than 39,000 seniors and disabled Californians in order to save the State an estimated \$135 million General Fund in fiscal year 2010-11. According to The Lewin Group’s findings, elimination of the ADHC program would not only erase the proposed savings as estimated by the Governor’s Administration, but result in an immediate cost to the state of more than \$51 million in FY 2010-11, growing to \$72 million by 2020-21.

“Now is not the time for California’s leaders to practice bad math,” said Cástulo de la Rocha, President and CEO of AltaMed Health Services, California’s largest Federally Qualified Health Center. “With an estimated \$20 billion shortfall, it is incumbent upon our elected leaders to make sure every dollar is spent wisely. Cutting a program that will have a devastating impact on the lives of thousands of Californians while costing the state more money in the process will not help balance the budget. It will only make it worse.”

The largest impact to the State's General Fund would result from nearly 36 percent, or 14,000 current patients, projected to be admitted into nursing facilities within the first year at a cost of more than \$93.4 million to the state. As Californians become older and the need for nursing home assistance grows (without an ADHC program), the growth in cost would exceed \$152 million by 2021. In addition, some ADHC patients would shift to other Medi-Cal home and community-based services adding \$43.4 million to state expenditures for those programs. The Lewin Group also estimates that an additional 1,477 individuals with developmental disabilities currently receiving ADHC care would be forced to transition into care administered by the Department of Development Services, as required through the Lanterman Act, at a cost of more than \$14.6 million to the state in FY 2011.

Aside from the direct costs to the state, The Lewin Group's report also estimated more than 7,600 current ADHC workers would lose their jobs as a result of the program's elimination, costing the state more than \$7.6 million in lost income tax revenue, a loss of more than \$500,000 in sales tax revenue and a decrease of more than \$30 million in reduced consumer spending in the first year alone.

Equally sobering, the Lewin report estimated that about 2,100 people who are currently employed would have to give up their jobs and an additional 6,200 would need to reduce the amount of work they are currently engaged in order to provide care to a loved one as a result of the program's elimination. As a result, the State could stand to lose anywhere between \$10 to \$15 million in income tax revenues and \$5 million in sales tax revenues in FY 2010-11 alone.

"Eliminating a program that results in a cost to the state and not a savings, increases the unemployment rolls, and forces California to lose millions in lost wages and lost tax revenues cannot be considered a viable proposal," said John Joseph, AARP's Regional Advocacy Leader. "Should the legislature approve the Governor's proposal more than 8,000 family caregivers will have to either give up their jobs or severely curtail the number of hours they work in order to care for their loved one. That is just plain wrong."

Finally, the report raised the possibility that the court could find California non-compliant with the Americans with Disabilities Act based on the U.S. Supreme Court *Olmstead v. L.C.*, and force the State to continue the program. In its decision, the Supreme Court ruled that states are required to make reasonable program and policy modifications to prevent unnecessary institutionalization.

"Elimination of ADHC would wipe out a community alternative that is fundamental to the state's ability to comply with the Supreme Court's *Olmstead* decision. This action would immediately trigger an emergency legal challenge in federal court based on the Americans With Disabilities Act," concluded Dawn Myers Purkey, President of the California Association of Adult Day Services.

About the Congress of California Seniors – The Congress of California Seniors (CCS), founded in 1977, is a statewide nonprofit advocacy organization and is registered with the IRS as a 501(c)(4) California

corporation. Our board of directors is comprised of senior leaders and advocates from among the Congress of California Seniors 105 affiliated organizations. The organization is funded through membership dues, contributions from affiliated organizations, individual donations and corporations. CCS focuses its primary attention on legislative and consumer issues that impact older adults.

About The Lewin Group – The Lewin Group, an Ingenix company, is a premier national health care and human services consulting firm with 40 years’ experience finding answers and solving problems for leading organizations in the public, nonprofit, and private sectors. The Lewin Group operates with editorial independence and provides its clients with the very best expert and impartial health care and human services policy research and consulting services. For more information on The Lewin Group please visit www.lewin.com

About AARP – Founded in 1958, AARP is a nonprofit, nonpartisan membership organization that helps people 50 and over improve the quality of their lives. AARP has grown to 40 million members and has offices in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. As the nation’s largest membership organization for people 50+, AARP is leading a revolution in the way people view and live life after 50. AARP’s mission is to enhance the quality of life for all as we age, leading positive social change and delivering value to members through information, advocacy and service.

About AltaMed Health Services – AltaMed has delivered quality care to the underserved communities of Southern California for more than 40 years. Accredited by the Joint Commission, AltaMed prides itself in the quality of its care delivered by its premier health care professionals. AltaMed is the largest Federally Qualified Community Health Center in California delivering more than 650,000 annual patient visits through its 43 sites in Los Angeles and Orange Counties.

About CAADS: The California Association for Adult Day Services, founded in 1976, is a non-profit membership organization advocating for quality adult day services to meet the needs of an aging population and family caregivers. CAADS member-centers provide innovative community-based day programs as an alternative to institutional care, supporting families, 40,000 frail elders, persons with physical or mental disabilities, and individuals with Alzheimer’s disease in over 300 state-licensed health and social service programs.

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