

DEPARTMENT OF AGING

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**PROGRAM MEMO**

TO: AREA AGENCIES ON AGING (AAA) DIRECTORS	NO.: PM 05-14 (P)
SUBJECT: Fiscal Year (FY) 05-06 Health Insurance Counseling and Advocacy Program (HICAP) Augmentation	DATE ISSUED: October 5, 2005
REVISED	EXPIRES: September 30, 2006
REFERENCES:	SUPERSEDES:
PROGRAMS AFFECTED: <input type="checkbox"/> All <input type="checkbox"/> Title III-B <input type="checkbox"/> Title III-C1/C2 <input type="checkbox"/> Title III-D <input type="checkbox"/> Title III-E <input type="checkbox"/> Title V <input type="checkbox"/> CBSP <input type="checkbox"/> MSSP <input type="checkbox"/> Title VII <input type="checkbox"/> ADHC <input checked="" type="checkbox"/> HICAP <input type="checkbox"/> Other _____	
REASON FOR PROGRAM MEMO: <input checked="" type="checkbox"/> Change in Law or Regulation <input type="checkbox"/> Response to Inquiry <input checked="" type="checkbox"/> Other Specify: <u>Funding Augmentation</u>	
INQUIRIES SHOULD BE DIRECTED TO: Steve Miars, (916) 928-2290, e-mail smiars@aging.ca.gov	

This Program Memo (PM) provides instructions and guidance for the \$2 million additional HICAP funding that was approved by the Legislature for FY 05-06. These additional funds are being made available in recognition of the increased workload involved in implementing the new Medicare Modernization Act (MMA) Part D prescription drug benefit.

This PM formally sets forth the requirements governing the fund's usage. Attached are the allocations for these funds. The formal contract changes, revised HICAP budget forms, and amended HICAP Budget Displays, including One-Time-Only allocations, will be distributed with a separate PM after the FY 04-05 HICAP closeouts have been processed.

Background

Funds for the HICAP Program are obtained, in part, from statute enacted in 1996 which established the HICAP Fund in the Welfare and Institutions Code (WIC). This statute requires the California Department of Aging (CDA) to annually assess a fee on specified health plans and allocates a corresponding amount from the California Department of Insurance (CDI) based on a ratio established in statute.



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In order to generate \$2 million in additional funding for HICAP, the Legislature passed and the Governor signed into law changes in that assessment. Briefly these changes:

- Increase the fees charged to specified health plans.
- Increase the funding from CDI that is tied to the fees charged to the health plans.
- Require CDI to issue a supplemental billing to collect these additional funds.
- Limit the use of these additional funds to specified purposes, described below.

Limited Use of the Additional \$2 Million Augmentation

The statute is very clear on the purpose for which these funds must be used. WIC Section 9757.5 (h) states:

“It is the intent of the Legislature that, starting in the 2005-06 fiscal year, two million dollars (\$2,000,000) of additional funding shall be made available to local HICAP programs, to be derived from an increase in the HICAP fee and the corresponding Insurance Fund pursuant to subdivision (d). Any additional funding shall only be used for local HICAP funding and shall not be used for department or local area agencies on aging administration.”

Policy Requirements

The HICAP Program has already received other supplemental funding from the Centers for Medicare and Medicaid Services (CMS) to assist with implementation of this new prescription drug benefit. Previous guidance was already provided in a separate PM on use of these supplemental CMS funds [see PM 05-08 (P)]. The availability of these additional federal funds was recognized by the Legislature and the sponsors of this new state augmentation. Sponsors, budget staff, and CDA agreed that this new funding should be used to add non-volunteer, paid staffing to each HICAP’s local infrastructure. Based on this agreement, CDA is issuing the following policies on the use of these additional state funds:

- AAAs are prohibited from using any of these funds for AAA administration. In all cases, it is only the local program entity which provides direct HICAP services that is eligible to receive and use these additional funds.
- The intent of this funding is that it be used strictly in support of HICAP program operations and augmentation to the Program in direct relation to handling the increased demand for HICAP services. Overhead for additional staffing (such as additional office space, furniture, and equipment) is allowable.
- The intent of this augmentation is to first strengthen the local HICAP staffing infrastructure. It is the policy of CDA that these additional funds shall first be used to ensure that each local HICAP provider’s compliment of paid staffing is increased. Prior to this new augmentation, the current minimum paid staffing level should be one full-time Program Manager (minimum 32 hours per week on average) and the equivalent of at least one half-time volunteer coordinator. With these new funds, that minimum level should be increased by at least another full-time equivalent position. A provider may use the funding to either move existing part-time staff to full-time or use it to hire new staff.
- The funding is considered “ongoing” so that positions established this year will continue beyond this year.

- CDA has heard from some local programs that they would like to use some of this additional money to provide part-time paid jobs to existing volunteers, in order to increase counseling time. This is an allowable cost and is considered within the intent of expanding staffing infrastructure provided the process conforms to applicable federal and state tax laws.
- Additional funds should also be used to ensure that new staff has sufficient support. This includes necessary office space and equipment for new staff and related overhead expenses that are directly related to the new staff. A high priority should be given to specialized phone equipment or services that will help with high volume calls during the coming months.
- It is recognized that not all providers may need staffing. If this is the case, the HICAP provider can use the additional dollars for other purposes by following specified procedures (see the exceptions process below).

Exception Process

We recognize that there are local circumstances where the strict use of these funds for increasing paid staff may not fit the local needs. For instance, a specific local HICAP program may already be at a higher staffing level so adding new paid staff is not warranted. They may move other infrastructure needs that are more compelling and should seek an exemption. Please review the MMA Readiness Survey the local HICAPs recently completed. This survey may have identified other priority needs for consideration.

Requests for exceptions should be sent to Steve Miars (smiars@aging.ca.gov). Please include in this request the following information:

- The requesting HICAP Program and managing AAA;
- A contact person's name and phone number;
- The specific exception being requested and how the total additional funding will be used; and
- The rationale for why this is a better use of the funds than increasing staffing.

The HICAP Team will review and respond to these requests on an expedited case-by-case basis. Once CDA's approval is given, funding can be used for the activities or items specified in the request.

Separate Accounting of Funding

Because the statute requires that these funds be used for specific purposes, CDA will distribute these funds through a separate allocation, and HICAP providers and AAAs will be required to account for these funds and their usage separately. The decisions that are made on the use of these funds, including applicable exceptions that have been granted, should be reflected in the HICAP Budget Revision #1 and identified as MMA State Funds. AAAs will be required to report actual expenditures for MMA State Funds in the FY 05-06 closeout. CDA may also request expenditure information periodically during the fiscal year.

CDA appreciates the support and hard work of the AAAs and local HICAP providers during this time of unprecedented change. Please do not hesitate to contact Steve Miars at the e-mail address above if you have any questions.

Lora Connolly
Acting Director

Attachment