STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025-26	4170	California Department of Aging

Hyperion Budget Request Name	Relevant Program or Subprogram
4170-005-BCP-2025-GB	3905100-Health Insurance Counseling

Budget Request Title
Health Insurance Counseling and Advocacy Program Administration Funding

Budget Request Summary
The California Department of Aging (CDA) requests $2.3 million Health Insurance Counseling and Advocacy Program (HICAP) in 2025-26 and 2026-27 to further the HICAP modernization efforts and serve more Medicare beneficiaries, improve service quality and access, and improve cultural competency and services to diverse and underserved communities.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	N/A

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign*	Department CIO	Date
	N/A	N/A

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

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal?☐☐N/A

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

Prepared By	Date	Reviewed By	Date
Denise Likar	1/10/2025	Mark Beckley	1/10/2025
Department Director	**Date**	**Agency Secretary**	**Date**
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Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Shelina Noorali	1/10/2025

A. Problem Statement

The California Department of Aging (CDA) requests $2.3 million Health Insurance Counseling and Advocacy Program (HICAP) in 2025-26 and 2026-27 to further the HICAP modernization efforts and serve more Medicare beneficiaries, improve service quality and access, and improve cultural competency and services to diverse and underserved communities.

HICAP is California's federal State Health Insurance Assistance Program (SHIP). HICAP offers 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 counseling services is limited to Medicare beneficiaries and persons imminent of Medicare eligibility, while community education and outreach is provided to the public. As of June 2024, more than 6.8 million Californians have Medicare coverage.

Between Fiscal Year (FY) 2018-19 and FY 2022-23, the number of Medicare beneficiaries residing in California increased by approximately 8.1 percent (6.24 million in FY 2019-20 and 6.74 million in FY 2023-24), while nationally, the number of Medicare beneficiaries increased at a slightly faster pace for the same five-year period (8.4 percent). Conversely, this five-year period coincided with a 20 percent decrease in active HICAP counselors, many of which are older adult volunteers, and resulted in a nearly 16 percent decrease in the number of clients counseled. As the Medicare beneficiary population increases, the number of active HICAP counselors providing the services and the number of people served has decreased.

The program's capacity to scale services and outreach efforts to meet the growing number of California's Medicare beneficiaries has had some challenges. These include the growing complexity of the Medicare program, the dynamic health insurance landscape available to Medicare beneficiaries in California, the changing demographics of older Californians, and the COVID-19 pandemic and the resulting economic impacts that continues to have community level impact today (i.e., recruitment and retention of volunteer HICAP counselors).

In FY 2021-22, CDA received approval for limited-term HICAP Fund budget bill language flexibilities and increased expenditure authority. The intent of this limited-term augmentation was to implement HICAP modernization efforts in line with the Master Plan for Aging's (MPA) Health Care Reimagined goal which advances access to services that help older adults live at home, improve health outcomes, and increase quality of life. Augmentation funding provided Area Agencies on Aging (AAAs) with resources to increase Full Time Equivalencies (FTEs) for paid HICAP Volunteer Coordinators to support recruiting and training more volunteer counselors, while State Operations resources allowed for improvements to HICAP data management, fiscal oversight, and training/technical assistance. With receipt of the augmentation funding, local HICAPs have begun rebounding their recruitment and training of new volunteer HICAP counselors including 64 new HICAP counselors registered in FY 2021-22, 88 in FY 2022-23 and 84 in FY 2023-24. However, the number of new HICAP counselors are still below highs observed in years before the COVID-19 pandemic. The augmentation funding

has been instrumental in providing stability to local HICAPs and provides necessary resources to recruit, retain, and train volunteer HICAP counselors. Although volunteer HICAP counselor numbers are still rebounding, the volunteers that remain are serving more Medicare beneficiaries and assisting more older adults in navigating increasingly complex Medicare options.

In March 2024, CDA selected Manatt, Phelps & Phillips, LLP (doing business as Manatt Health Strategies, LLC) to provide support in developing a business and implementation plan to guide HICAP modernization efforts, which is intended to address the capacity of local HICAPs to serve the growing number and diversity of Medicare beneficiaries in California. This HICAP Modernization Business Plan and Strategic Roadmap (HICAP Modernization Plan) is expected to be complete by June 2025, following a 12-month project period that will prioritize an organized process for developing the plan, while empowering partners, stakeholders, and the public with opportunities to provide input and information on community-level needs. The HICAP Modernization Plan will build on prior work supported by The SCAN Foundation and ATI Advisory, which included a report summarizing the results from a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis and corresponding key recommendations that were released in FY 2021-22, and a vision and principles memorandum that was incorporated into the CDA business plan solicitation.

This request seeks to continue the administrative investments and budget bill language initiated in FY 2021-22 while CDA continues the next phase of work that embarks on the development and implementation of the HICAP Modernization Plan. Additional investments will align with the business plan to make sure California's Medicare beneficiaries have increased accessibility to HICAP services that are community-driven and equitable.

Resource History

(Dollars in thousands)

Program Budget	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Authorized Expenditures	$2,506	$2,502	$3,987	$4,582	$4,852	$4,586
Actual Expenditures	$2,503	$2,502	$3,414	$4,460	$3,432	TBD
Revenues	$4,349	$4,142	$4,142	$7,246	TBD	TBD
Authorized Positions	2.0	2.0	4.0	4.0	4.0	4.0
Filled Positions	2.0	2.0	4.0	4.0	4.0	4.0
Vacancies	0.0	0.0	0.0	0.0	0.0	0.0

Workload History

Workload Measure	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Clients Served (Finalized Intakes)	64,470	63,254	50,925	50,744	54,177	57,194
% Change	5.79%	-1.89%	-19.49%	-0.36%	6.77%	5.57%
Active HICAP Counselors	747	677	604	618	595	526

(Volunteers and Paid)						
Number of New HICAP Counselors Registered	81	71	47	64	88	84
Est. Number of Counselor Resignations	107	114	132	130	124	109
Average Clients Served per counselor	86	93	84	82	91	109
Estimated CDA Sponsored Technical Assistance/Training Event Hours	92	62	64	67	86	83

B. Justification

Continuation of the resources provided in FY 2021-22 through 2026-27 is crucial to support local HICAP providers with resources to recruit new volunteers and coordinate volunteer activities and for CDA to adequately support and monitor local HICAP programs. In addition, continuation of the budget bill language will make sure that CDA has access to resources to implement elements of the HICAP Modernization Plan.

Local Assistance Resources

Local Assistance resources of $1.8 million will provide stability to local HICAP programs to retain one FTE staff position and/or conduct program activities that support recruiting, training, and coordinating volunteer counselors for the purpose of serving the increasing number of Medicare beneficiaries across the state. Medicare continues to evolve into increasingly complex insurance options and requires local HICAPs to invest in effective and continued training for volunteer HICAP counselors. This funding is essential to allow HICAPs to continue these robust training efforts. As demonstrated within this proposal, while counselor numbers are not yet at peak levels, the number of individuals counseled continues to grow. CDA anticipates that a key component of the HICAP Strategic Plan will include a comprehensive volunteer recruitment effort that will further strengthen the local programs. Removal of these funds will result in a negative impact and directly affect older adults, adults with disabilities, and their caregivers in their ability to effectively navigate Medicare insurance options. A decrease in resources would set back the progress made by HICAP programs since FY 2021-22 and would likely result in greater attrition of volunteers and less clients being served.

State Operations Resources

CDA requests limited term resources from the HICAP Special Fund for 1 Research Data Specialist II (RDS II) and 2 Associate Governmental Program Analysts (AGPAs) to continue planning, implementation, and maintenance of CDA's HICAP Modernization Business Plan and Strategic Roadmap.

1 RDS II

Oversees, reviews, updates, and provides recommendations for HICAP data collection and reporting. To modernize the local HICAP programs, CDA intends to reassess information that is currently captured and make informed funding decisions based on that information for each local HICAP program. This position will continue to assist the local HICAP programs in reviewing the data that is collected and the way that data is utilized to make sure that the HICAP program is reaching its target population and achieving statewide equity goals.

1 AGPA

Reviews, monitors, and supports local HICAP programs in strategically expending state and federal funds to enhance, develop, and expand the program.

Responsible for review of the monthly expenditures, closeouts, and annual budgets to ensure that HICAPs were adequately investing in modernizing and expanding services.

Engages and meet with local HICAP programs to discuss best practices and assess expansion efforts.

1 AGPA

Serves as a project lead for the development of new training resources and updating of existing training resources, coordinates in-person and virtual meetings and training events and provides technical assistance to AAAs and HICAP service providers.

C. Departmentwide and Statewide Considerations

In FY 2020-21, CDA began modernization efforts for the HICAP in alignment with the MPA's Health Care Reimagined goal, which advances access to services that older adults need to live at home, improve health outcomes, and increase quality of life.

In FY 2023-24, CDA initiated the development of the HICAP Modernization Plan in partnership with Manatt Health Strategies, LLC, and funded through the HICAP Special Fund. Key action dates for the development of the business plan include, but are not limited to, the following:

1. CDA Kickoff and On-Boarding Meeting (June 2024)
2. Project Plan Development (July 2024)
3. Stakeholder Forum Workplan Development (August 2024)
4. HICAP Modernization Business Plan Draft (December 2024)
5. HICAP Modernization Business Plan Final (May 2025)

D. Outcomes and Accountability

With the increased resources, CDA will be equipped to lead and implement fiscal and data related HICAP Modernization efforts to serve more older Californians that have or soon will be eligible for Medicare health insurance.

CDA will continue ongoing stakeholder collaboration throughout HICAP Modernization, while providing AAAs and HICAP service providers with (1) strengthened technical assistance and training, (2) increased monitoring and oversight, (3) development of data informed policies and procedures to enhance and expand HICAP services.

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Clients Served (clients counseled from Finalized Intakes)[1,2]	57,194	58,624	60,089	61,592	63,131	64,710
Active HICAP Counselors (Volunteers and Paid)[1,2]	526	539	553	566	581	595
Average Clients Served per counselor	109	109	109	109	109	109
CDA Sponsored Technical Assistance/Training Event Hours[3]	86	141	141	141	141	141

[1] Projection for Current Year (CY) based on FY 2023-24 performance data.
[2] Projection for Budget Year (BY) – BY+4 does includes annual 2.5 percent project increases for Clients Served and Active HICAP Counselors.
[3] Projection based on analysis of historical data related to training/technical assistance opportunities offered by CDA staff to AAAs and HICAP service providers.

E. Implementation Plan

CDA will maintain existing staffing to continue modernization efforts and increased support to local HICAP providers.

CDA will allocate and distribute the additional $1.8 million local assistance funding to the local HICAP programs for continued support of volunteer coordinator staffing resources.

F. Supplemental Information

Proposed Budget Bill Language:

CDA requests budget bill language which would allow expenditure authority to be increased upon 30-day notification to the Legislature during FY 2025-26. This flexibility will allow CDA and local HICAP programs to implement elements from the HICAP Modernization Plan that is projected to be completed by June 2025.

CDA requests provisional language, during FY 2025-26 and 2026-27, to exempt this request 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.

BCP Fiscal Detail Sheet

BCP Title: Health Insurance Counseling and Advocacy Program Administration Funding

BR Name: 4170-005-BCP-2025-GB

Budget Request Summary

Personal Services

Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Salaries and Wages Earnings - Temporary Help	0	251	251	0	0	0
Total Salaries and Wages	**$0**	**$251**	**$251**	**$0**	**$0**	**$0**
Total Staff Benefits	0	124	124	0	0	0
Total Personal Services	**$0**	**$375**	**$375**	**$0**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 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	6	6	0	0	0
5322 - Training	0	6	6	0	0	0
5324 - Facilities Operation	0	12	12	0	0	0
5346 - Information Technology	0	15	15	0	0	0
54XX - Special Items of Expense	0	1,830	1,830	0	0	0
Total Operating Expenses and Equipment	**$0**	**$1,878**	**$1,878**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	**$0**	**$2,253**	**$2,253**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
State Operations - 0289 - State HICAP Fund	0	423	423	0	0	0
Total State Operations Expenditures	**$0**	**$423**	**$423**	**$0**	**$0**	**$0**
Local Assistance - 0289 - State HICAP Fund	0	1,830	1,830	0	0	0
Total Local Assistance Expenditures	**$0**	**$1,830**	**$1,830**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$2,253**	**$2,253**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
3905100 - Health Insurance Counseling	0	2,253	2,253	0	0	0
Total All Programs	**$0**	**$2,253**	**$2,253**	**$0**	**$0**	**$0**

Personal Services Details

Salaries and Wages

Salaries and Wages	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
TH00 - Temporary Help	0	251	251	0	0	0
Total Salaries and Wages	**$0**	**$251**	**$251**	**$0**	**$0**	**$0**

Staff Benefits

Staff Benefits	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5150900 - Staff Benefits - Other	0	124	124	0	0	0
Total Staff Benefits	**$0**	**$124**	**$124**	**$0**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Personal Services	**$0**	**$375**	**$375**	**$0**	**$0**	**$0**