

How Could Cuts to Medi-Cal Home and Community-Based Services Impact California?

Introduction

The Technical Appendix provides additional findings and figures to supplement the information and findings included in *How Could Cuts to Medi-Cal Home and Community-Based Services Impact California?* The Technical Appendix also provides a comprehensive overview of the key assumptions that informed ATI's financial model indicating the potential impacts of state cuts to home and community-based services (HCBS).

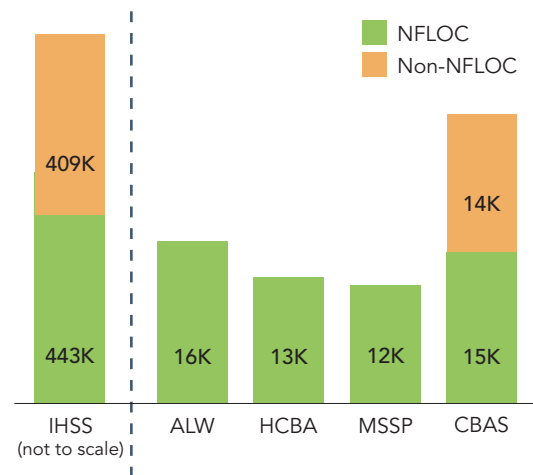
Additional Findings

The five HCBS programs included in the analysis serve about 923,000 Californians in 2025, based on both May enrollment and yearly waiver slots, with 54% of those (approximately 500,000) meeting nursing facility level of care (NFLOC) requirements. These programs are In-Home Supportive Services, Home and Community-Based Alternatives Waiver, Community-Based Adult Services, Assisted Living Waiver, and the Multipurpose Senior Services Program. **Figure 1** (at right) shows the number of people using these HCBS programs who do and do not meet NFLOC.

Table 1 (next page) shows the breakdown of:

1. Non-NFLOC HCBS (as applicable) recipients vs. NFLOC recipients per day in 2025 across the five HCBS programs.
2. The average cost to California of serving NFLOC HCBS recipients in 2025.
3. The average cost to California of nursing facility care per day in 2025.

Figure 1. HCBS Program Users by NFLOC Status, 2025



Notes: ALW is Assisted Living Waiver; CBAS is Community-Based Adult Services; HCBA is Home and Community-Based Alternatives Waiver; HCBS is home and community-based services; IHSS is In-Home Supportive Services; MSSP is Multipurpose Senior Services Program; NFLOC is nursing facility level of care. The NFLOC portion of CBAS users is based on the NFLOC share of IHSS users, since the two programs are the only analyzed programs that include non-NFLOC users.

Sources: "In-Home Supportive Services Program Data," California Department of Social Services, May 2025; "Community-Based Adult Services (CBAS) Center Overview," California Department of Aging, May 2025; and "CA Assisted Living Waiver (0431.R04.00)," "CA Home and Community-Based Alternatives Waiver (0139.R06.00)," and "CA Multipurpose Senior Services Program Waiver (0141.R07.00)," US Centers for Medicare & Medicaid Services, 2025.

Assumptions and Data Sources

Across each of the five HCBS programs, the 2025 net state spending analysis in the [accompanying brief](#) incorporated a set of assumptions defining the number of program recipients per month, the percentage of the population meeting NFLOC requirements, the average number of service hours used monthly per recipient, average hourly service costs, and California's share of total program costs. The 2025–2026 California

Table 1. Select Medi-Cal HCBS Program Enrollment and California’s LTSS Program Spending, 2025

	NON-NFLOC USERS PER DAY IN 2025	NFLOC USERS PER DAY IN 2025	CALIFORNIA'S AVERAGE SPENDING PER NFLOC USER PER YEAR IN 2025
IHSS	409,365	443,478	\$19,098
CBAS	14,014	15,181	\$13,919
HCBA	0	12,574	\$26,752
MSSP	0	11,940	\$2,979
ALW	0	16,344	\$28,446
Nursing Facility			\$62,546

Notes: *ALW* is Assisted Living Waiver; *CBAS* is Community-Based Adult Services; *HCBA* is Home and Community-Based Alternatives Waiver; *HCBS* is home and community-based services; *IHSS* is In-Home Supportive Services; *MSSP* is Multipurpose Senior Services Program; *NFLOC* is nursing facility level of care. Model results represent first-order impacts and focus on spending on the NFLOC HCBS population. The NFLOC portion of CBAS users is based on the NFLOC share of IHSS users, since the two programs are the only analyzed programs that include non-NFLOC users.

Sources: “[In-Home Supportive Services Program Data](#),” California Department of Social Services, May 2025; “[Community-Based Adult Services \(CBAS\) Center Overview](#),” California Department of Aging, May 2025; [CA Assisted Living Waiver \(0431.R04.00\)](#),” “[CA Home and Community-Based Alternatives Waiver \(0139.R06.00\)](#),” and “[CA Multipurpose Senior Services Program Waiver \(0141.R07.00\)](#),” US Centers for Medicare & Medicaid Services, 2025; Juwan Trotter, “[The 2025-26 Budget: In-Home Supportive Services](#),” Legislative Analyst’s Office, March 6, 2025; and “Freestanding Nursing Facility Level-B (FS/NF-B) Rates on File for Dates of Service January 1, 2025–December 31, 2025,” [downloadable Excel file](#), California Department of Health Care Services, accessed July 25, 2025.

Governor’s Budget informed the model assumptions for IHSS, including an annual 7.5% growth rate for monthly program recipients, no change in monthly service hours, and an annual hourly service cost growth rate of 2.9%; other assumptions are based on California Department of Health Care Services (DHCS) waiver projections and, where necessary, historical trends.¹ Future projections (2026–2030) account for projected price growth for each program and for nursing facility rates.

Please note that throughout the Assumptions and Data Sources section, results on the right-hand side of calculations may not equal the formula on the left-hand side of the calculations. The formula shows rounded inputs, while the results reflect the unrounded inputs as used in the actual model.

IHSS **2025 Model²**

- ▶ 852,843 users per month
- ▶ 52% of those users have NFLOC (proxying NFLOC based on the Community First Choice Option

(CFCO) user population and its prevalence in the program)

- ▶ 160 hours per month for CFCO users in IHSS (proxying NFLOC users)
- ▶ Hourly costs of \$21.65
- ▶ Federal share of 54%
- ▶ **Non-Federal Spend per user per year (PUPY) for NFLOC** = $160 * 21.65 * (100\% - 54\%) * 12 = \$19,097.52$
- ▶ **Non-Federal Spend for all users with NFLOC** = $\$19,097.52 * (852,843 * 52\%) = \$8,469,335,130.79$
- ▶ **Non-Federal Spend for 10% of users with NFLOC** = $10\% * \text{above} = \$846,933,513$

Future Projections³

- ▶ Users per month grow by 7.5% yearly.
- ▶ Hours per month stay constant.
- ▶ Hourly costs grow by 2.9% yearly.

ALW⁴

2025 Model

- ▶ 16,344 users per month, assuming all waiver slots are filled (given waitlist)
 - ▶ *Note that DHCS' ALW user count in April 2025 suggested 96% of waiver slots were filled that month.*
- ▶ 100% have NFLOC (based on waiver eligibility requirements)
- ▶ \$43,176 spend per user
- ▶ 365:277 ratio of users to user-years (based on waiver projection "average length of stay in the waiver")
- ▶ Federal share of 50%
- ▶ **Non-Federal PUPY for NFLOC** = $\$43,176 * (365 / 277) * (100\% - 50\%) = \$28,446.48$
- ▶ **Non-Federal Spend for all users with NFLOC** = $\$28,446.48 * (16,344 * 100\%) = \$464,929,364$
- ▶ **Non-Federal Spend for 10% of users with NFLOC** = $10\% * \text{above} = \$46,492,936$

Future Projections

- ▶ Waiver slots grow by waiver projections.
- ▶ Waiver costs grow by waiver projections.

HCBA⁵

2025 Model

- ▶ 12,574 users per month, assuming all waiver slots are filled (given waitlist)
 - ▶ *Note that DHCS' HCBA user count in April 2025 suggested only 76% of waiver slots were filled that month.*
- ▶ 100% have NFLOC (based on waiver eligibility requirements)
- ▶ \$48,960 spend per user (*note: must convert to per user-year*)

- ▶ 365:334 ratio of users to user-years (based on waiver projection "average length of stay in the waiver")
- ▶ Federal share of 50%
- ▶ **Non-Federal PUPY for NFLOC** = $\$48,960 * (365 / 334) * (100\% - 50\%) = \$26,752.12$
- ▶ **Non-Federal Spend for all users with NFLOC** = $\$26,752.12 * (12,574 * 100\%) = \$336,381,196$
- ▶ **Non-Federal Spend for 10% of users with NFLOC** = $10\% * \text{above} = \$33,638,120$

Future Projections

- ▶ Waiver slots grow by waiver projections.
- ▶ Waiver costs grow by waiver projections.

MSSP⁶

2025 Model

- ▶ 11,940 users per month, assuming all waiver slots are filled
- ▶ 100% have NFLOC (based on waiver eligibility requirements)
- ▶ \$4,782 spend per user (*note: must convert to per user-year*)
- ▶ 365:293 ratio of users to user-years (based on waiver projection "average length of stay in the waiver")
- ▶ Federal share of 50%
- ▶ **Non-Federal PUPY for NFLOC** = $\$4,782 * (365 / 293) * (100\% - 50\%) = \$2,978.59$
- ▶ **Non-Federal Spend for all users with NFLOC** = $\$2,978.59 * (11,940 * 100\%) = \$35,564,401$
- ▶ **Non-Federal Spend for 10% of users with NFLOC** = $10\% * \text{above} = \$3,556,440$

Future Projections

- ▶ Waiver slots grow by waiver projections.
- ▶ Waiver costs grow by waiver projections.

CBAS

2025 Model⁷

- ▶ 29,195 users per day
 - ▶ 29,980 total users per day multiplied by percentage of CBAS users with Medi-Cal (~97%)
- ▶ 52% have NFLOC (based on the share of IHSS users estimated to have NFLOC)
- ▶ \$76.27 per diem (*note: this may overestimate CBAS payments given many Medi-Cal managed care plans pay 10% less*)
- ▶ Federal share of 50%
- ▶ **Non-Federal PUPY for NFLOC** = $\$76.27 * 365 * (100\% - 50\%) = \$13,919.28$
- ▶ **Non-Federal Spend for all users with NFLOC** = $\$13,919.28 * (29,195 * 52\%) = \$211,313,073$
- ▶ **Non-Federal Spend for 10% of users with NFLOC** = $10\% * \text{above} = \$21,131,307$

Future Projections⁸

- ▶ Daily attendance is assumed to grow 3% based on January 2019–2020 growth rate.
 - ▶ *Note: More recent growth rates have been highly variable, receding quickly from a post-pandemic high growth rate (current year-over-year growth is 7%; prior year was 17%).*
- ▶ Per diem is expected to remain constant given no change in rates since 2009.

Nursing Facility

2025 Model⁹

- ▶ \$325 daily average Medi-Cal spending for all NF stays, grown by the compound annual growth rate in Nursing Facility Level B (NF-B) per diems paid by Medi-Cal from 2019 to 2025
- ▶ Federal share of about 47%

- ▶ **Non-Federal PUPY** = $\$325 * 365 * (100\% - 47\%) = \$62,871$

Future Projections¹⁰

- ▶ Costs are assumed to grow 6% annually, consistent with the historical NF-B per diem price trend as well as with recent national nursing facility price inflation (6.0% in 2024).

About the Author

[ATI Advisory](#) is a health care research and advisory firm dedicated to system reform that improves health outcomes and makes care better for everyone. ATI guides public and private leaders in solving the most complex problems in health care through objective research, deep expertise, and ideas that can be brought to action.

About the Foundation

The [California Health Care Foundation](#) (CHCF) is an independent, nonprofit philanthropy that works to improve the health care system so that all Californians have the care they need. We focus especially on making sure the system works for Californians with low incomes and for communities who have traditionally faced the greatest barriers to care. We partner with leaders across the health care safety net to ensure they have the data and resources to make care more just and to drive improvement in a complex system.

CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system.

Endnotes

1. Many of the assumptions for the 2025 net state spending and the future net state spending projections were sourced from the California Legislative Analyst's Office (LAO) and the Governor's budget projections for 2025-2026. Juwan Trotter, "[The 2025-26 Budget: In-Home Supportive Services](#)," LAO, March 6, 2025.
2. "[In-Home Supportive Services \(IHSS\) Program Data](#)," California Department of Social Services, May 2025; and Trotter, "[The 2025-26 Budget](#)."
3. Trotter, "[The 2025-26 Budget](#)."
4. "[CA Assisted Living Waiver \(0431.R04.00\)](#)," Centers for Medicare & Medicaid Services (CMS), February 16, 2024; [Assisted Living Waiver \(ALW\) Year to Date Enrollment and Waitlist January 2019 through April 2025](#), California Department of Health Care Services (DHCS), April 2025; and ATI Analysis of "[MBES Financial Management Report FY24](#)," calculated for California 1915(c) HCBS as non-federal Medicaid spend divided by Medicaid spend (not counting ARRA or Covid categories). (2025). Centers for Medicare & Medicaid Services, CMS, accessed July 2025.
5. "[CA Home and Community Based Alternatives Waiver \(0139.R06.00\)](#)," CMS, March 25, 2025; [Home and Community-Based Alternatives Waiver \(HCBA\) Monthly Dashboard: April 2025](#), DHCS, April 2025; and "MBES Financial Management Report FY24," CMS.
6. "[CA Multipurpose Senior Services Program Waiver \(0141.R07.00\)](#)," CMS, September 26, 2024; and "MBES Financial Management Report FY24," CMS.
7. "[Community-Based Adult Services: Center Overview](#)," California Department of Aging (CDA), May 2025; [Community-Based Adult Services \(CBAS\): Billing Codes and Reimbursement Rates](#) (PDF), DHCS, February 2023; and [California Medi-Cal Managed Care Plans and Sub-Contracted Plans by County](#) (PDF), California Association for Adult Day Services (CAADS), last revised February 2, 2024.
8. "Center Overview," CDA; and Lydia Missaelidea (interim executive director, CAADS), "[RE: FY 24-25 State Budget Proposals to address severe lack of equitable access to Community Based Adult Services \(CBAS\)](#)" (PDF), August 22, 2023.
9. "Freestanding Nursing Facility Level-B (FS/NF-B) Rates on File for Dates of Service January 1, 2025–December 31, 2025," [downloadable Excel file](#), DHCS, accessed July 25, 2025; and "MBES Financial Management Report FY24," CMS.
10. "[2019-20 Peer Group Weighted Averages](#)," PDF, DHCS, accessed July 25, 2025; "Freestanding Nursing Facility," DHCS; and "[Healthcare Price & Use Indices](#)," Peterson-KFF Health System Tracker, accessed August 4, 2025.