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Senate Budget & Fiscal Review

**OUTCOMES: Senate Subcommittee #3 on Health & Human Services
Tuesday, May 20**

VOTE ONLY

0530 California Health and Human Services Agency (CHHSA)

1. Office of Systems Integration (OSI) – CalHEERS (DOF ISSUE 406)

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve. It is recommended to approve this request and adopt the following placeholder budget bill language:

Amendment to Provision 3 of Item 0530-001-9745

3. (a) Of the funds appropriated in this item, ~~\$87,091,000~~ \$160,242,000 is for the support of activities related to the California Healthcare Eligibility, Enrollment, and Retention System project also known as CalHEERS. Expenditure of these funds is contingent upon review and approval of a plan submitted to the Director of Finance.

(b) The Director of Finance may augment this item above the amount specified in subdivision (a) contingent upon review and approval of a revised plan submitted to the Director of Finance.

2. Office of the Patient Advocate

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Adjust OPA’s Budget. It is recommended to adjust OPA’s budget, a reduction of \$648,000, to reflect the transfer of resources to DMHC.

4140 Office of Statewide Health Planning and Development (OSHPD)

1. Song-Brown Primary Care Residency

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this request and adopt the proposed placeholder trailer bill language.

4150 Department of Managed Health Care

1. New Customer Relationship Management System

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

2. AB 1 X1 – Medi-Cal Expansion Workload

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

3. SB 2 X1 – Individual Mandate Workload

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

4. Transfer of Funding from the Office of the Patient Advocate

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Augment budget and adopt provisional budget bill language. It is recommended to augment DMHC’s budget to account for the transferred resources and adopt the following provisional budget bill language:

Add Provisional language to Budget Bill Item 4150-001-0933

X. Of the amount appropriated in this item, \$583,000 is available to the Department of Managed Health Care to contract with community based organizations to provide assistance to consumers in navigating private and public health care coverage pursuant to Code Section 1368.05 of the Health and Safety Code.

4260 Department of Health Care Services

1. CalHEERS and Medi-Cal Enrollment

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Approve.

2. AB 1 X1 – Medi-Cal Eligibility Under ACA – Request for Positions

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

3. AB 85 - County Realignment - Request for Positions

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

4. Medi-Cal ACA Implementation New County Administration Methodology – January Budget Proposal

- Approved (3-0)

Subcommittee Staff Comment and Recommendation—Reject. The Administration has a revised proposal to implement SB 28 that is discussed later in the agenda.

5. Suspend Cost-of-Living Adjustment for County Eligibility Administration

- Approved (3-0)

Subcommittee Staff Recommendation—Modify. It is recommended to modify the proposed placeholder trailer bill language by suspending the county COLA for the budget year only and not on a permanent basis. The May Revise proposes increased funding for county eligibility administration and resources to develop a new county budgeting methodology.

6. Coordinated Care Initiative (CCI) Position Request

- Approved (3-0)

Subcommittee Staff Recommendation—Approve.

7. SB 1 X1 - Mental Health and Substance Use Disorder Benefit Expansion

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve.

8. Implementation of SB 82 and SB 364 – Staff Request

- Approved (3-0)

Subcommittee Staff Comment and Recommendation—Modify. It is recommended to reduce this request by one position (related to SB 82) as part of the estimated workload for these proposed positions is based on the assumption that 2,000 crisis beds would be up in 2014-15; however, awards to develop only 835 beds have been recommended by the California Health Facilities Financing Authority (CHFFA).

9. Pediatric Dental Outreach Proposal

- Approved (3-0)

Subcommittee Staff Recommendation—Approve.

10. Medi-Cal Managed Care Ombudsman Program

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Add nine positions. Given that almost seven million individuals now receive Medi-Cal through managed care, it is appropriate to ensure that resources are available to assist consumers and help them understand their managed care benefits and

help resolve any questions or issues. Consequently, it is recommended to add nine permanent positions (one health education consultant and eight associate governmental program analysts) for \$1,015,000 (\$507,000 General Fund) in 2014-15 and \$997,000 (\$498,000 General Fund) annually thereafter to the Medi-Cal Managed Care Ombudsman Program.

11. State Only Health Programs

- Approved (2-0, Senator Morrell not voting)

Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language. It is recommended to adopt placeholder trailer bill language to require DHCS to work with stakeholders to develop a notification to be sent to enrollees in the state-only health programs to inform them that they may qualify for comprehensive coverage through Covered California or Medi-Cal. This notification would be sent annually prior to the open enrollment period for Covered California.

12. Substance Use Disorder Program Integrity – Counselor & Facility Complaints

- Approved (3-0)

Subcommittee Staff Comment and Recommendation—Approve. No issues have been raised with this proposal. It is recommended to approve the budget request and adopt the proposed placeholder trailer bill language.

13. Family Health Programs Adjustments (DOF Issue 104)

- Approved staff recommendation (2-0, Senator Morrell not voting)

Subcommittee Staff Comment and Recommendation—Approve.

4265 Department of Public Health

1. Health in All Policies Task Force

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Reject. The Subcommittee requested DPH to identify alternative funding sources since the proposed funding sources (e.g., the Licensing and Certification Fund and Genetic Disease Testing Fund) do not have a nexus to the proposed activities of the task force. Additionally, given the problems with the Licensing and Certification program and the Governor’s request to increase the genetic disease testing fees, it does not appear appropriate to use funding from these programs to support this task force.

DPH was unable to identify alternative funding sources; consequently, it is recommended to reject this proposal.

2. OA: Cross Match of ADAP Data with Franchise Tax Board

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve.

3. Drinking Water Program Transfer to State Water Resources Control Board

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve the budget adjustments and placeholder trailer bill language to transfer the drinking water program to the State Water Resources Control Board. This recommendation conforms to Subcommittee No. 2 recommendations.

4. Authority to Apply for Federal Grants

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Adopt Placeholder Trailer Bill Language. It is recommended to adopt the following placeholder trailer bill language:

Add Health and Safety Code 131058 as follows:

131058. The State Department of Public Health may investigate, apply for, and enter into agreements to secure federal or non-governmental funding opportunities for the purposes of advancing public health, subject to the provisions of Section 13326 of the Government Code for federal funding or applicable administrative review and approval of non-governmental funding opportunities.

5. Medical Marijuana Program Fund Budget Adjustment (DOF ISSUE 500)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve.

6. Proposition 99 Estimate Update (DOF ISSUES 501, 502, 503, 504)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve.

7. Women, Infants, and Children (WIC) Program (DOF ISSUE 651)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve.

8. Suspension of Tuberculosis Control Mandate

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Reject and Modify. It is recommended to reject the proposed suspension of this mandate in the budget year, pay the backlog of claims, adopt placeholder trailer bill language to remove these mandates on LHOs, and augment DPH's budget by \$250,000 General Fund (LAO's estimate of these mandate costs statewide) to account for the shift of these responsibilities as mandates to LHO to part of the existing TB control funding.

4280 Managed Risk Medical Insurance Board

1. Eliminate MRMIB

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Adopt Placeholder Trailer Bill Language. It is recommended to make the appropriate budget and position adjustments in the MRMIB and DHCS budgets and to adopt placeholder trailer bill language to eliminate MRMIB and transfer its programs to DHCS.

4560 Mental Health Services Oversight and Accountability Commission

1. Reappropriation of Funds For Evaluation Contract (DOF ISSUE 100)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve. It is recommended to approve this request and adopt the following placeholder budget bill language:

4560-490—Reappropriation, Mental Health Services Oversight and Accountability Commission. Notwithstanding any other provisions of law, the period to liquidate encumbrances of the following citations are extended to June 30, 2015:

3085—Mental Health Services Fund

(1) Item 4560-001-3085, Budget Act of 2011 (Ch. 33, Stat. of 2011)

ISSUES FOR DISCUSSION

4150 Department of Managed Health Care (DMHC)

1. Federal Mental Health Parity Rules (DOF ISSUE 073)

- Approved staff recommendation (2-0, Senator Morrell not voting)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve the budget request and adopt the placeholder trailer bill language to provide DMHC the authority to enforce these requirements and conform to federal rules to impose these requirements on large group products.

The Governor’s January budget did not include a proposal to implement the new federal rules requiring health plans that offer mental health and substance use disorder benefits do so in a manner comparable to medical and surgical benefits. This issue was discussed at the March 20th Subcommittee No. 3 hearing. Since that hearing, DMHC has convened a stakeholder workgroup to discuss implementation of federal mental health parity and submitted this proposal.

4560 Mental Health Services Oversight and Accountability Commission

1. Triage Grant Personnel and Reappropriation (DOF ISSUE 523 and 101)

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Approve and Modify BBL. It is recommended to approve the request for staff positions to ensure that the Commission has the resources necessary to monitor the grants and evaluate the outcomes from these grants. It is also recommended to modify the requested budget bill language to reappropriate \$19.3 million by providing that \$7 million of these funds be made available for suicide prevention efforts. Given the one-time availability of unawarded MHSA funds, it is recommended to redirect \$7 million for suicide prevention efforts at the Golden Gate Bridge. Modified budget bill language:

4560-491—Reappropriation, Mental Health Services Oversight and Accountability Commission. The balances of the appropriations provided in the following citations are reappropriated for the purposes specified below and shall be available for encumbrance or expenditure until June 30, 2017.

3085—Mental Health Services Fund

(1) Item 4560-001-3085, Budget Act of 2013 (Ch. 20, Stat. of 2013)

Provisions:

1. Of the funds reappropriated in this item, up to \$7,000,000 shall be made available for suicide prevention efforts.

2. It is the intent of the Legislature, that the remaining funds continue funding triage personnel grants approved by the Commission. Therefore, notwithstanding any other provision of law, the balance of the appropriation may, upon approval of the Department of Finance, be reappropriated for additional grants. The funds reappropriated by this provision shall be made available consistent with the amount approved by the Department of Finance subject to the availability of funds within the state administrative cap of the Mental Health Services Fund for grants approved by the Mental Health Services Oversight and Accountability Commission not sooner than 30 days after providing notification in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

4120 Emergency Medical Services Authority (EMSA)

1. California Poison Control System Augmentation (DOF ISSUE 500)

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this proposal. No issues have been raised.

It is also recommended to reject the April Finance Letter requesting to use First 5 State Funds for this purpose, as the May Revision proposal replaces the April Letter.

2. Local Trauma System Plan Reviews

- This issue was pulled from the agenda and not discussed.

4265 Department of Public Health

1. AIDS Drug Assistance Program (ADAP) Update (DOF ISSUE 650)

- Approved staff recommendation (2-0, Senator Morrell not voting)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve the adjustments to the ADAP estimate, approve the addition of the two HCV drugs to the ADAP formulary, and reaffirm adoption of placeholder trailer bill language to create an OA-HIPP medical cost wrap.

2. Biomonitoring (DOF ISSUE 506)

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this proposal.

3. Licensing and Certification (L&C) Oversight

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Comment and Recommendation. It is recommended to approve the request for \$1.4 million to continue the L&C program evaluation. Additionally, given that DPH has not provided a comprehensive proposal to immediately address the concerns with L&C, it is recommended to adopt placeholder trailer bill language that does the following:

1. On a monthly basis, the Department of Public Health shall report to the appropriate policy and fiscal committees of the Legislature and shall post on its website the following information:
 - Beginning in 2007-08 by fiscal year and by month for the budget year, the number of:
 - Complaints, immediate jeopardy complaints, investigations within 24 hours, and complaints investigated within 10 days, closed cases by calendar days (<60, 60-90, 90-365, >365) from complaint receipt to case closure, and closed cases, including disposition. This information shall be provided by facility type.
 - The number of state and federal surveys completed for all facility types and the number of surveys that were not completed on a timely basis.
 - The vacancy rate by position classification in L&C and the status of hiring new positions, to backfill vacancies or through administrative action (temporary blanket).
 - Information on if, and how, the \$9 million in L&C fund reserve is being used.
 - Status of how the \$1.4 million for L&C program evaluation is being used and the outcomes from this effort.
 - An update on DPH's efforts to evaluate and reform the L&C timekeeping systems and methodology.
 - An update on the Los Angeles County contract and L&C's oversight of this contract.
 - By December 1, 2014, an assessment of the possibilities of using other professional position classifications (besides Health Facility Evaluator Nurses) to perform L&C survey or complaint workload with the consideration that other professional classifications may be easier to hire and retain.
2. Establishes an L&C stakeholder workgroup that shall meet at least on a quarterly basis and shall include but not be limited to representatives from consumer advocate organizations, health facilities, unions, and the Legislature. This workgroup shall advise L&C on the development of solutions and new policies that would improve the program and ensure that Californians receive the highest quality of medical care in health facilities.

4. L&C – Timely Investigations of Caregivers

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this request.

4260 Department of Health Care Services

1. Pediatric Vision Pilot Projects (DOF ISSUE 107)

- Approved staff recommendation (3-0)

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this proposal and the placeholder trailer bill language. While the concept to test other models of service delivery to increase utilization of these important services is worthwhile, details on how this pilot will be implemented, including how to prevent duplicative payment for the service in the existing managed care capitation rate and payment related to this pilot will need to be worked out. Additionally, this pilot project will require federal approval.

2. Medi-Cal Program Integrity Data Analytics (DOF ISSUE 501)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve. It is recommended to approve this proposal. No issues have been raised.

3. Katie A. Settlement Agreement Reporting Requirements (DOF ISSUE 102)

- Approved staff recommendation (3-0)

Subcommittee Staff Recommendation—Approve. It is recommended to approve the request and adopt the proposed budget bill language. This proposal recognizes the new administrative activities and increased county costs as a result of the settlement agreement.

4. Medi-Cal ACA Implementation New County Administration Methodology – May Revise Proposal

- Approved staff recommendation (2-1, Senator Morrell voting no)

Subcommittee Staff Recommendation—Approve. It is recommended to approve this request.