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Senate Budget & Fiscal Review

**OUTCOMES: Senate Subcommittee #3 on Health & Human Services  
Thursday, May 23 (Room 4203)  
Agenda Part 2**

**VOTE ONLY**

**4150 Department of Managed Health Care**

**1. Coordinated Care Initiative**

- **Motion** – Approve proposal.
- **Vote** – 3-0

**4260 Department of Health Care Services**

**1. Medi-Cal Coverage of County Medical Parole and Compassionate Release**

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Approve and adopt placeholder trailer bill language.** It is recommended to approve the position and adopt placeholder trailer bill language to ensure the cost neutrality (i.e., no General Fund impact) of SB 1462.

- **Vote** – 2-1 (Senator Emmerson voting no.)

**2. Non-Designated Public Hospital Program – Position Request**

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Reject.** It is recommended to reject this request since the Administration is not proceeding with changes to the NDPH program because federal CMS approval was not obtained (this issue is discussed in more detail later in the agenda). This position request was heard on May 2, 2013.

- **Vote** – 2-1 (Senator Emmerson voting no.)

### 3. Eliminate Physician and Clinic Seven Visit Cap

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt placeholder trailer bill language to remove this cap in statute since it would not be approved by the federal CMS.

- **Vote** – 3-0

### 4. Eliminate Contractor Costs to Survey Drug Price Information

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Reduce “Other Administration” expenditures by \$500,000 General Fund.** Since the state has put the procurement for a survey on hold, it is recommended to reduce DHCS’s other administration expenditures by \$500,000.

- **Vote** – 3-0

### 5. CCI Long Term Care Division - Position Request

- **Motion** – Approve proposal.
- **Vote** – 3-0

## 4560 Mental Health Services Oversight and Accountability Commission

### 1. Guidelines for Prevention and Early Intervention Projects

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt placeholder trailer bill language to clarify the responsibility of OAC regarding PEI guidelines.

- **Vote** – 2-1 (Senator Emmerson voting no.)

## ISSUES FOR DISCUSSION

### 4260 Department of Health Care Services

#### 1. Medi-Cal Caseload and Budget – May Revision Update

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Approve.** It is recommended to approve adjustments in caseload and budget, with any changes to conform as appropriate to other actions that have been or will be taken.

- **Vote** – 2-1 (Senator Emmerson voting no.)

#### 2. ACA – “Optional” Medi-Cal Expansion

- **Motion** – Approve staff recommendation:
  - Hold open trailer bill language item regarding the county mechanism.
  - Approve the decrease of \$5.4 million General Fund resulting from shifting newly qualified immigrants to Covered California and providing a Medi-Cal cost-sharing and benefit wrap and the decrease of \$26.4 million General Fund resulting from shifting pregnant women to Covered California and providing a Medi-Cal cost-sharing and benefit wrap; with the understanding that the details of this shift would be worked out through SBX1 1 (Hernandez and Steinberg) and ABX1 1 (Perez).
- **Vote** – 2-0 (Senator Emmerson not voting.)

#### 3. ACA – MAGI Income Conversion – State True-Up on General Fund Savings

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is too soon to tell at what level California’s MAGI conversion standard will be set. However, it is likely that it would be set at a level that would include some individuals (in the parent/caretaker relative eligibility category) that are currently receiving Medi-Cal.

It is recommended to adopt placeholder trailer bill language to require the Administration to develop a “true-up” mechanism to identify the General Fund savings as a result the state receiving an enhanced federal matching rate for currently enrolled individuals that exceed the MAGI conversion standard. This language would direct the General Fund savings to be used to invest in health, mental health, and substance use disorder services.

- **Vote** – 2-1 (Senator Emmerson voting no.)

#### 4. ACA – County Eligibility Processing Costs

- **Motion** – Use the proposed increases in county eligibility processing funding to restore Medi-Cal adult dental benefits.
- **Vote** – 1-2 (Senators DeSaulnier and Monning voting no.)
- **Motion** – Approve staff recommendation:
  - **Approve** the proposed May Revision increases of \$143.8 million (\$71.9 million General Fund) in 2013-14 for increased county costs to implement the ACA. This includes \$65 million to process new applications and redeterminations, \$4 million to develop training materials, train county eligibility workers, and \$2.9 million support planning and implementation activities.
  - **Adopt budget bill language** to allow a one-time rollover of potential unspent funds from the current year CalWORKs single allocation, up to a maximum of \$120 million General Fund, to county administration.
  - **Adopt budget bill language** to allow a rollover of unspent current year Medi-Cal administrative funds to budget year.
  - **Adopt uncodified placeholder trailer bill language** requiring the Department of Social Services to work together with counties, advocates for clients, and Legislative staff to ensure that there is no unintended impact of this action on clients’ access to employment services or child care.
- **Vote** – 2-1 (Senator Emmerson voting no.)

#### 5. Managed Care Organization Tax

- Held open.

## 6. Coordinated Care Initiative

- **Motion** – Approve staff recommendation:
  - **Adopt revised savings.** It is recommended to adopt the revised CCI savings.
    - **Vote** – 2-1 (Senator Emmerson voting no.)
  - **Take no action on proposed trailer bill language.** Trailer bill language regarding this proposal has not yet been received. Consequently, since CCI has been delayed until no sooner than January 1, 2014, it is recommended that these changes be worked out via policy bill.
  - **Adopt placeholder trailer bill language** regarding the extension of certain Medicare contracts (MIPPA/D-SNP/FIDE-SNP) with the federal CMS. Since the CCI implementation date has been delayed until at least January 1, 2014, it is important to maintain continuity of care for these dual eligibles. If these Medicare contracts are not extended then dual eligibles covered by these Medicare plans may have their care interrupted. Since these contracts must be extended by June 30, 2013, it is recommended to adopt placeholder trailer bill language.
    - **Vote** – 3-0

## 7. Healthy Families Program Transition to Medi-Cal

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Approve updated fiscal estimates.** It is recommended to approve the updated estimates regarding the transition.

There is greater potential for interruptions in care for phases 3 and 4 of this transition. This is because the level of plan and provider overlap decreases in these phases. Since there is great uncertainty regarding the networks in phases 3 and 4 as Administration has not yet been able to confirm the adequacy of plan networks in 11 of the 23 counties transitioning in Phase 3 and expansion of rural managed care has already been delayed, it is important the Administration proceed cautiously in the final phases of this transition.

- **Vote** – 2-1 (Senator Emmerson voting no.)

## 8. Add Applied Behavioral Analysis (ABA) Services to Medi-Cal Managed Care

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Add ABA services to Medi-Cal managed care for children.** It is recommended to augment the Medi-Cal budget by \$50 million General Fund and adopt placeholder trailer bill language to add ABA services to Medi-Cal managed care for children ineligible for regional center services. This funding is intended for the budget year as a short-term solution to ensure that services are maintained from July through June 30, 2014. This is necessary to ensure that these services are appropriately continued during the transitions and changes to Medi-Cal under federal health care reform so as to not impact families (again) as transitions occur.

As specified in AB 1494 (a 2012 budget trailer bill), the Legislature intended for no disruptions in services for children transitioning from HFP to Medi-Cal and required that implementation plans to be developed to ensure continuity of care. This did not occur as ABA services were disrupted.

In the long-term, SBX1 1 (Hernandez and Steinberg) and ABX1 1 (Perez) propose to make the current Medi-Cal benefit package for existing enrollees comparable to the Medi-Cal benefit package for the Medi-Cal expansion. Federal law requires that the benefit package for the Medi-Cal expansion include the Essential Health Benefits, which includes behavioral services.

- **Vote** – 3-0

## 9. Transition of AIM-linked Infants (DOF DHCS Issue 007 and MRMIB Issue 107)

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt this placeholder trailer bill language.

- **Vote** – 2-1 (Senator Emmerson voting no.)

## 10. Family Planning, Access, Care and Treatment Benefit Changes

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Reject proposed benefit changes.** It is recommended to reject this proposed benefit change to FPACT. DHCS has not provided any documentation to support these recommended benefit changes. Nor has it explained why these benefit changes would be cost effective, particularly given the enhanced federal matching rate.

DHCS committed to working with stakeholders prior to making any changes to FPACT benefits.

- **Vote** – 2-1 (Senator Emmerson voting no.)

#### **11. Federal Grant on Lesbian, Gay, Bisexual, Transgender, and Questioning Youth Suicide Prevention Project (DOF Issue 009)**

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Approve.** It is recommended to approve this proposal. It is important for DHCS to coordinate and keep in communication with other state agencies and programs on these efforts as they complement the Office of Health Equity’s work on the California Reducing Disparities Project and the LGBTQ community and the Mental Health Services Act’ state level prevention programs.

- **Vote** – 3-0

#### **12. Medi-Cal Specialty Mental Health Services – May Revision Update**

- **Motion** – Approve updated estimate.
- **Vote** – 3-0

#### **13. Drug Medi-Cal – May Revision Update**

- **Motion** – Approve updated estimate.
- **Vote** – 3-0

#### **14. Non-Designated Public Hospital Program Change in Reimbursement Methodology**

- **Motion** – Approve staff recommendation:

**Subcommittee Staff Comment and Recommendation—Approve.** It is recommended to approve DHCS’s proposal to withdraw this proposed change in NDPH reimbursement methodology as it appears that CMS is not willing to approve the SPA. The budget should reflect that this methodology would not be incorporated in the budget year.

DHCS committed to working with stakeholders prior to withdrawing the SPA.

- **Vote – 2-1** (Senator Emmerson voting no.)