Senate Budget and Fiscal Review – Mark Leno, Chair
SUBCOMMITTEE #3 on
Health & Human Services

Chair, Senator Holly J. Mitchell

Senator William W. Monning
Senator Jeff Stone, Pharm. D.

May 7, 2015

9:30 a.m. or Upon Adjournment of Session

Room 4203, State Capitol

Agenda
Part C
(Michelle Baass)

PLEASE NOTE:

Only those items contained in this agenda will be discussed at this hearing. *Please* see the Senate Daily File for dates and times of subsequent hearings.

Issues will be discussed in the order as noted in the Agenda unless otherwise directed by the Chair.

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VOTE ONLY

4265 Department of Public Health (DPH)

1. California Gambling Education and Treatment Services (CalGETS)

Budget Issue. DPH's Office of Problem Gambling (OPG) requests two permanent positions and $5 million (Indian Gaming Special Distribution Fund) in 2015-16 to make permanent the regional pilot California Gambling Education and Treatment Services (CalGETS) program. Of this request, $4 million will be allocated to local governments, public universities, and/or community organizations for treatment programs serving problem and pathological gamblers and their families. This proposal includes trailer bill language to delete outdated verbiage related to the program.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve and Adopt Placeholder Trailer Bill Language.

2. Biomonitoring Resources and April Finance Letter

Budget Issue. In the January budget, DPH requested six, two-year limited-term positions and $900,000 annually for fiscal years 2015-16 and 2016-17 to support the California Environmental Contaminant Biomonitoring Program (CECBP) including investigating the feasibility of detecting and measuring emerging chemical threats to California. Funding for this request is split between the Toxic Substances Control Account ($775,000) and the Birth Defects Monitoring Fund ($125,000).

An April finance letter requested a technical correction to this proposal. It is requested that funding from the Toxic Substances Control Account be decreased by $150,000 and that the funding from the Birth Defects Monitoring Fund be increased by $175,000. The letter also notes that the requested amount in the budget bill is incorrectly overstated by $350,000 for DPH.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

3. Food Safety Inspection

Budget Issue. DPH requests six permanent positions and $804,000 (Food Safety Fund) in the Food and Drug Branch (FDB) to carry out statutorily mandated responsibilities to inspect food processors and distributors. DPH will utilize registration fee revenues collected specifically for this purpose to fund the activities.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

4. Food Safety Stipulated Judgment Appropriation and Trailer Bill Language

Budget Issue. DPH requests four five-year limited-term positions and $716,000 (Food Safety Fund) to implement the food safety transportation enforcement activities as a result of the Sysco Corporation stipulated judgment. DPH also requests budget trailer bill language (TBL) to amend Health and Safety Code Section 110050 to authorize the deposit into the Food Safety Fund of awards to the department pursuant to court orders or settlements for food safety-related activities.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve and Adopt Placeholder Trailer Bill Language.

5. USFDA Tobacco Retail Inspection Contract

Budget Issue. DPH requests nine limited-term positions and $1,078,000 additional reimbursement authority coinciding with the remainder of DPH's contract with the federal Food and Drug Administration (FDA) for its Stop Tobacco Access to Kids Enforcement (STAKE) Unit to inspect 20 percent of tobacco retailers annually in California.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

6. Inspection of Public Beaches Resources (SB 1395, 2014)

Budget Issue. DPH requests one three-year limited-term position and $384,000 (General Fund) in 2015-16 and $182,000 (General Fund) in 2016-17 and ongoing to implement the mandated provisions of SB 1395 (Block), Chapter 928, Statutes of 2014. This bill authorizes the department to develop regulations for alternative beach water quality test that would shorten the amount of time required to produce results.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

7. Medical Waste Resources (AB 333, 2014)

Budget Issue. DPH requests $333,000 (Medical Waste Management Fund) in 2015-16 and 2016-17, and three two-year limited-term positions to implement the mandated activities specified in AB 333 (Wieckowski), Chapter 564, Statutes of 2014. This bill provides updates to the Medical Waste Management Act, and ensures public health protection for the proper transportation, temporary storage, and disposal of medical waste.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

8. Notification of Increases in Federal Grants – Budget Bill Language

Oversight Issue. Existing budget bill language requires the Administration to report federal fund grant increases over $400,000 to the Legislature on a timely basis. Given that DPH receives numerous federal grants, the practice of reporting these federal grant increases to the Legislature has occurred on an annual basis (instead of on a more timely basis). If the Legislature does not become aware of the a federal grant increase (for an existing grant or a new grant) on a timely basis, its review of the request for change in expenditure authority may not have any significance because the department may have already received the funds and implemented program changes.

Subcommittee Staff Comment and Recommendation—Modify Budget Bill Language. It is recommended to modify budget bill language to require the Administration to report increases in federal grants (over $400,000) on a quarterly basis. The report to the Legislature would include the project title, budget act appropriation amount, quarter, adjustment, date department received notice of grant award, and comments. The modified budget bill language for items 4265-001-0890 and 4265-111-0890 is:

1. Of the funds appropriated in this item, $61,108,000 shall be available for administration, research, and training projects. Notwithstanding Section 28.00, the State Department of Public Health shall report, **no later than 30 days after the end of each quarter**, under that section any new project over $400,000 or any increase in excess of $400,000 for an identified project.

4120 Emergency Medical Services Authority (EMSA)

1. Document Imaging Workload and Efficiencies

Budget Proposal. EMSA requests one permanent Office Technician, three Seasonal Clerks and $366,000 (Emergency Medical Services Personnel (EMSP) Fund) in 2015-16 to address increased workload associated with the document imaging of paramedic licensure and enforcement files.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

2. Disaster Preparedness and Emergency Response Resources for California

Budget Issue. EMSA requests $500,000 General Fund and two permanent Senior Emergency Services Coordinators. The additional funding and new positions would be utilized to reestablish the southern California component of the California Medical Assistance Team, stabilize existing disaster medical preparedness programs, and coordinate joint activities with the Department of Public Health's (DPH) Emergency Preparedness Office including catastrophic event planning, and emergency operations center planning and development.

This issue was discussed at the March 5th Subcommittee hearing. EMSA submitted the supplemental report, as required by the 2014 budget, to the Legislature in April.

Subcommittee Staff Recommendation—Approve.

0530 California Health and Human Services Agency

1. Office of the Patient Advocate

Budget Issue. The Office of Patient Advocate (OPA) requests $206,000 in 2015-16 and $182,000 ongoing to convert one limited-term position, expiring June 30, 2015, to a permanent position, a data warehouse, and other services to implement the Complaint Data Reporting Project. The source of funding for this proposal is the Managed Care Fund (90 percent) and the Insurance Fund (10 percent).

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

4140 Office of Statewide Health Planning and Development

1. Elective Percutaneous Coronary Intervention Program Outcomes Reporting

Budget Issue. OSHPD requests two permanent positions, one Research Scientist III and one Research Program Specialist I, and increased expenditure authority of $372,000 in 2015-16 and $319,000 ongoing from the California Health Data and Planning Fund for the implementation of SB 906 (Correa), Chapter 368, Statutes 2014. This bill establishes the Elective Percutaneous Coronary Intervention (PCI) Program and requires OSHPD to produce annual risk-adjusted public performance reports on participating hospital's PCI-related mortality, stroke, and emergency coronary artery bypass graft outcomes.

This issue was discussed at the March 5th Subcommittee hearing.

Subcommittee Staff Comment and Recommendation—Modify. It is recommended to approve these positions as limited-term for two years. Subcommittee staff finds that once the data procedures and processes to create the report are established, ongoing workload for two staff positions may not be justified.

2. Authority for Inter-Item Transfer of Funds – Budget Bill Language

Budget Issue. An April finance letter requests budget bill language to allow for the transfer of funds between 4140-101-0143 to 4140-001-0143. Item 4140-101-0143 is for the support of locally-administered activities and includes grants from the California Endowment. Beginning in 2013-14, the California Endowment committed over $52 million over four years to OSHPD's healthcare workforce development programs. The grant agreement includes the provision to evaluate program priorities each year consistent with the goals of OSHPD and the California Endowment to train and increase the healthcare workforce. According to annual program priorities, some funds may be transferred to support programs funded at the state level such as the Rotations in Community Health Program (CalSEARCH) and the California Post-Baccalaureate Program (CalPostBac).

In 2015-16, $850,000 in grant funding would be transferred as follows:

- CalPostBac: $300,000
- CalSEARCH: $400,000
- California Department of Public Health Fellowship Program: $150,000

CalSEARCH provides grants to clinics and community health centers to support externships, internships and clinical rotations for community health workers/promotores, frontline workers, as well as primary care providers.

CalPostBac provides grants to post-baccalaureate educational entities whose efforts will support under-represented minority undergraduates re-apply to medical schools.

Subcommittee Staff Recommendation—Approve and Adopt Placeholder Budget Bill Language.

4150 Department of Managed Health Care (DMHC)

1. Federal Mental Health Parity Rules

Budget Issue. DMHC requests 11.0 positions (5.5 permanent and 5.5 two-year limited-term) to address workload associated with conducting medical surveys of the 45 health plans affected by the federal Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). In addition, two additional positions are requested starting in 2016-17, providing 7.5 permanent positions ongoing.

This issue was discussed at the March 19th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

2. Additional Enrollment in Individual Market

Budget Issue. DMHC requests seven permanent positions and $1,134,000 for 2015-16 and $1,070,000 for 2016-17 and ongoing to address the increased workload resulting from the revised projected increase in enrollment in the individual market pursuant to SB 2 X1 (Hernandez), Chapter 2, Statutes of 2013-14 of the First Extraordinary Session. This request includes $208,000 for 2015-16 and ongoing for expert witness and deposition costs for enforcement trials.

This issue was discussed at the March 19th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

3. Large Group Claims Data Exposure (SB 1182, 2014)

Budget Issue. DMHC requests one permanent position (a senior legal analyst), effective January 1, 2016, and $85,000 for 2015-16 and $148,000 for 2016-17 and ongoing to address the increased workload resulting from the implementation of SB 1182 (Leno), Chapter 577, Statutes of 2014, regarding large group claims data exposure. This request also includes $23,000 for 2015-16 and $45,000 for 2016-17 and ongoing for clinical consulting services to provide methodology and statistical sampling of the claims data provided.

This issue was discussed at the March 19th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

4. Dental Plans Medical Loss Ratio (AB 1962, 2014)

Budget Issue. DMHC requests 1.5 permanent positions and $189,000 for 2015-16 and $173,000 for 2016-17 and ongoing to address the increased workload resulting from the implementation of AB 1962 (Skinner), Chapter 567, Statutes of 2014, regarding dental plan medical loss ratios (MLR).

This issue was discussed at the March 19th Subcommittee hearing.

Subcommittee Staff Recommendation—Approve.

ITEMS FOR DISCUSSION

4150 Department of Managed Health Care

1. Annual Health Care Service Plans Timeliness Standards (SB 964, Hernandez)

Budget Issue. DMHC, through an April finance letter, requests 25 permanent positions and $3,802,000 (Managed Care Fund) for 2015-16 and $3,594,000 (Managed Care Fund) for 2016-17 and ongoing to address the increased workload resulting from the implementation of SB 964 (Hernandez), Chapter 573, Statutes of 2014. The requested positions are:

Program/Classification	2015-16 & ongoing
Office of Plan Licensing	
Attorney IV	1.5
Attorney III	3.0
Attorney I	3.0
Health Program Specialist I	4.5
Associate Health Program Advisor	4.0
Research Program Specialist II	2.0
Research Program Specialist I	2.0
AGPA	2.0
Health Program Manager I	1.0
Help Center	
Attorney I	1.0
AGPA	1.0
TOTAL	**25.0**

This request includes $230,000 for 2015-16 and ongoing for statistical consulting services to assist the Office of Plan Licensing in conducting accurate network reviews. The consultant will be responsible for interpreting data, developing standards, and determining network trends.

Office of Plan Licensing. DMHC regulates health care service plans in California under the provision of the Knox-Keene Health Care Service Plan Act of 1975 (KKA), as amended. The DMHC Office of Plan Licensing (OPL) is tasked with reviewing new license applications, material modifications (those filings requesting approval of a major change such as a merger, acquisition, new product, etc.) and amendments to any previously approved documents of licensed health plans in California. Workload within the OPL review process includes an assessment of provider networks (including doctors, specialists, and hospitals) for new license applicants, service area expansions, block transfer filings, Covered California annual certification, and every time a health plans network changes 10 percent or more. OPL is also tasked with reviewing plans' annual reports regarding compliance with timely access requirements (required to be submitted to the DMHC for review by California Code of Regulations Title 28, Section 1300.67.2.2).

According to DMHC, SB 964 legislation adds the following new requirements:

- Review health plan compliance with timely access standards and make recommendations for changes on an annual basis.
- Review all full service and mental health plan networks for adequacy and availability of providers – separately for Medi-Cal, individual market, and all other markets.
- Review grievances submitted to health plans regarding network adequacy and timely access.
- Post approvals for waivers from, or alternate standards for, timely access requirements on website on and after January 1, 2015.
- Post findings from timely access compliance review on website beginning December 1, 2015.

In addition, the new legislation gives DMHC authority to require health plans to use a standardized methodology for reporting compliance with timely access regulatory requirements. According to DMHC, OPL currently lacks adequate staffing to perform the reviews of the networks as required by SB 964. Existing staff is at capacity and cannot absorb this workload which requires knowledge about provider contracting, networks, enrollee communications and the health care delivery system.

Throughout California's 58 counties, each health plan's multiple provider networks must be reviewed individually for network adequacy. Developing new standardized methodologies will be a time-intensive and highly sophisticated process requiring a level of expertise not currently found in OPL.

There are a total of 45 health plans in California, all operating in one or more counties, which are subject to annual network reviews under SB 964. In order to perform a complete network review of a health plan, OPL must evaluate the health plans on an individual basis in all 58 counties. Reviewing the health plans at the county level is necessary due to differences in geographic location, demographics, and availability of provider options. For example, in San Luis Obispo County there are seven participating health plans that provide coverage (Aetna, Anthem Blue Cross, Blue Shield, Cigna HealthCare, GEMCare Health Plan, CenCal Health, and United Healthcare). In Los Angeles County, there are 12 participating health plans that provide coverage (Aetna, Anthem Blue Cross, Anthem Blue Cross Partnership Plan, Blue Shield, Care1st Health Plan, CIGNA, Health Net, Kaiser, LA Care, Molina, Seaside Health Plan, and United Healthcare).

Each of these participating health plans includes up to five different types of provider networks that DMHC must review, with each type requiring a separate review process. The five provider type categories are:

- Primary care providers
- Specialty care physicians
- Hospitals
- Mental health providers
- Ancillary providers, which include: acupuncture, pediatric dental and vision, home health, skilled nursing facilities, pharmacy, durable medical equipment, and hospice care

Together, these five provider type categories are considered a Plan Network Offering. There are four unique types of Plan Network Offerings: (1) Health Maintenance Organization (HMO), (2) Preferred Provider Organization (PPO), (3) Exclusive Provider Organization (EPO), and (4) Medi-Cal.

For every Plan Network Offering, the primary care, specialty care, and hospital care networks all warrant separate reviews because each one has different requirements for adequacy. For example, primary care providers must be accessible within 15 miles or 30 minutes, whereas the required access for specialty care physicians is a "reasonable" standard. Accordingly, each of these provider networks must be looked at separately by each Plan Network Offering. However, each health plan has only one mental health network and one ancillary network within each of the counties in which they operate, regardless of how many Plan Network Offerings they offer. As such, only one review of each is required.

In addition to network reviews, SB 964 also imposes new requirements concerning the review of annual timely access reports submitted by full service and mental health plans. One of the new requirements is that each of the 45 health plans subject to annual timely access reporting requirements must now report timely access compliance separately for (1) Medi-Cal, (2) individual market, and (3) all other markets. This yields 135 (45 x 3 = 135) separate timely access reports, all of which the OPL is now required to review on an annual basis.

Help Center. To ensure health plan compliance with the law, DMHC Help Center's Division of Plan Surveys conducts routine medical surveys of health plans every three years, and non-routine surveys more often, if necessary. The scope of the surveys are developed to focus on evaluating a health plan for compliance regarding: access and availability, quality management, the health plan's record for handling enrollee grievances and appeals, utilization management, and overall performance in meeting enrollees' health care needs.

SB 964 requires the DMHC to perform an annual comprehensive assessment of the enrollee grievances regarding network adequacy and timely access that health plans are now required to annually submit to the DMHC under this legislation. In addition, SB 964 requires DMHC to post its finding on its public website. The Division of Plan Surveys will incorporate their findings into the scope of their existing triennial routine medical surveys. Their findings may also serve as the basis for conducting non-routine surveys and making other inquiries regarding barriers consumers may be facing in accessing care.

Subcommittee Staff Comment and Recommendation—Approve. It is recommended to approve this proposal as the more systematic and organized review of health plan networks, as required by SB 964, will result in increased workload for DMHC. Prior to SB 964, DMHC reviewed approximately 500 health plan networks for timely access and adequacy on a piecemeal-basis. With SB 964, DMHC anticipates conducting about 5,000 health plan network reviews on an annual and systematic-basis.

Questions. The Subcommittee has requested DMHC respond to the following questions.

1. Please provide an overview of this request.

2. Please provide a status update on DMHC's implementation of SB 964.

3. How is DMHC working with stakeholders to implement SB 964?

2. Health Premium Rate Review Federal Grant and Budget Bill Language

Budget Issue. DMHC, through an April finance letter, requests an increase in expenditure authority of $589,000 federal funds to administer the Health Insurance Rate Review (Cycle IV) federal grant. As outlined in the Cycle IV grant requirements, and in support of the Affordable Care Act (ACA) and conforming state legislation, SB 1163 (Leno), Chapter 661, Statutes 2010, the federal funds will be used for actuarial consulting services and to enhance the information technology (IT) infrastructure of the DMHC premium rate review program. This grant was awarded to DMHC on September 19, 2014. The Administration notes that although DMHC provided timely notice of the increase in federal grant funds, the review by the Department of Technology (because of the IT component) resulted in this proposal coming forward as an April finance letter, instead of in the fall as a Section 28.00 budget letter.

As part of this request, DMHC requests the addition of the following provisional budget bill language to item 4150-001-0890:

> Notwithstanding any other provision of law, of the funds appropriated in this item, up to $395,000 is available for the Premium Rate Review Cycle IV Website Enhancement Implementation costs, for expenditure or encumbrance until June 30, 2016. Funding provided pursuant to this provision shall be made available only upon approval of the Department of Finance and approval of a Feasibility Study Report (FSR) or an FSR Reporting Exempt Request by the Department of Technology.

Background. The Cycle IV federal grant will enhance the DMHC premium rate review program through the implementation of best practices used by other state rate review agencies. The major goals of the grant are to: incorporate best practices that will enhance DMHC's rate review process; continue to build upon and improve DMHC's existing rate review program; improve the IT infrastructure that supports DMHC rate review functions, including more robust data analyses; and develop statistical reports using information from rate filings and financial reports submitted to the DMHC by health plans.

DMHC will utilize $395,000 of the Cycle IV federal grant funds to contract with an IT consultant to assist in the design, development, and implementation of new analytical capabilities to assess the validity of rate increases and improve the IT infrastructure that supports the DMHC rate review functions. The consultant will be responsible for:

- Collaborating with DMHC rate review and IT staff to plan the development of new analytical capabilities to assess the validity of rate increases.
- Conducting a baseline assessment of the existing DMHC rate review website.
- Providing recommendations for enhancements to the content of the website; including how information is gathered and stored, page layouts, and visual design based on stakeholder comments.
- Developing and implementing webpages and features for consumer ease of access.

DMHC will utilize the remaining $194,000 of the Cycle IV federal grant funds for actuarial consulting services to provide rate reviews. The department currently has a similar contract through September 2015 funded by the Cycle II federal grant. The actuarial consultant will be responsible for:

- Providing guidance and consultation to DMHC rate review staff on complex rate review matters such as base rates, risk adjustment factors, benefit valuation, capitation, risk-sharing mechanisms, underwriting issues, and target loss ratios.
- Performing trend analyses for health plan products.
- Providing recommendations for improvements to materials and forms related to the process for rate review and financial reporting.
- Providing guidance on legislative or regulatory changes on premium rates and the health care industry.
- Analyzing health plan premium rates to identify unreasonable, unjustified and/or excessive rate increases.

The successful completion of the IT and actuarial consulting contracts will support DMHC in improving its collection of premium rate data, analysis and reporting capabilities, and consumer access to understandable information and data. It will also help DMHC to ensure that consumers are confident that health insurance premium rates are truly reflective of the underlying factors.

The Cycle IV federal grant funds must be expended and all grant activities completed by September 18, 2016. In order to meet this deadline, it is important that the DMHC is able to execute the IT and actuarial contracts upon approval of this request. The DMHC is currently drafting the Scope of Work and Request for Proposal for the actuarial consultant services.

Subcommittee Staff Comment and Recommendation—Approve and Modify Budget Bill Language. It is recommended to approve the funding request and to modify the proposed budget bill language to allow DMHC to proceed with procuring a vendor if the Department of Technology does not reject the Feasibility Study Report (FSR) by July 1, 2015. DMHC has until September 2016 to expend and complete all grant activities; consequently, it is recommended to provide the Department of Technology with a timeframe to take action on the FSR to ensure that DMHC is able to complete these activities.

Modified budget bill language:

> Notwithstanding any other provision of law, of the funds appropriated in this item, up to $395,000 is available for the Premium Rate Review Cycle IV Website Enhancement Implementation costs, for expenditure or encumbrance until June 30, 2016. Funding provided pursuant to this provision shall be made available only upon approval of the Department of Finance and approval of a Feasibility Study Report (FSR) or an FSR Reporting Exempt Request by the Department of Technology. **If the Department of Technology does not approve the FSR by July 1, 2015, the Department of Managed Health Care may proceed with the Premium Rate Review Cycle IV Website Enhancement Implementation, assuming all other conditions contained in this Item have been met.**

Questions. The Subcommittee has requested DMHC respond to the following questions.

1. Please provide an overview of this request.

Multiple Departments

1. Health-Related Proposals for General Fund Investment

Various stakeholders have submitted proposals to the Subcommittee for General Fund investments. The table below includes issues that have not been previously discussed in this Subcommittee. General Fund proposals that have been previously discussed in a subcommittee hearing can be found in Appendix A.

Table: Health-Related Proposals for General Fund Investment

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
Department of Health Care Services		
Medi-Cal		
1. Restore Optional Benefits	The 2009 budget eliminated several Medicaid optional benefits from the Medi-Cal program. These benefits were eliminated for budgetary, not policy, reasons in response to the fiscal crisis. There is considerable support for restoring these benefits to the Medi-Cal program. See table below for more information on these costs.	
	Acupuncture	$1.8 million
	Audiology	$2 million
	Chiropractic	$257,000
	Incontinence Cream and Washes	$5 million
	Optician / Optical Lab	$4.9 million
	Podiatry	$1.1 million
	Speech Therapy	$131,000
	Adult Dental (full restoration)	$93.1 million
2. Pediatric Day Health Care Centers Rate Increase	Pediatric day health center providers request a five percent increase in the Medi-Cal reimbursement rate. These providers are not subject to the AB 97 payment reductions, but note that they have not seen rate increases in over 10 years and cannot adequately cover their costs.	unknown

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
3. Investment in Children's Health	Various children's advocates propose increased investments in children's health care. This includes increased funding to establish targeted remedies for identified problems in children's access to care, invest in data monitoring and tracking of children's Medi-Cal access to care, and addressing identified access shortcomings, and enroll uninsured children eligible for Medi-Cal, particularly children of color.	unknown
4. Estate Recovery	Senator Hernandez and multiple advocates request to limit estate recovery in the Medi-Cal program by requiring collection for only those health care services required to be collected under federal law, to make it easier for individuals to pass on their assets by using a narrower definition of "estate" in federal Medicaid law, and to allow a hardship exemption from estate recovery for a home of modest value. SB 33 (Hernandez) would implement these changes.	$27.4 million
5. Community Clinic Reimbursement for Drugs and Supplies	Planned Parenthood requests to revise the Medi-Cal and Family PACT reimbursement formula for drugs and supplies dispensed by specified clinics, by requiring the clinic dispensing fee to be the difference between the actual acquisition cost of a drug or supply and the Medi-Cal reimbursement rate, and remove the maximum dispensing fee caps in existing law. Planned Parenthood makes this request because it finds that the current billing system the clinics must use is overly complex, and leads to numerous billing errors which require staff time at both the clinic and the state to resolve. These errors can take months to resolve and chronically deny the clinics Medi-Cal fees to which they are entitled. SB 447 (Allen) would implement this change.	$6 million (could be higher depending on what drugs and supplies are covered)

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
6. Increase the Medi-Cal Aged and Disabled Program Level to 138% FPL	Advocates request to increase the amount of income that is disregarded in calculating eligibility for purposes of the Medi-Cal aged and disabled (A&D) program. The Western Center on Law and Poverty notes that the A&D program is a critical part of the Medi-Cal program and it provide free, comprehensive coverage to persons over the age of 65 and those with disabilities while simultaneously allowing them to have a monthly income. The A&D program was enacted in 2000, with an income eligibility standard of 199% FPL plus income disregards, making the eligibility criteria equivalent to 133% of the FPL. However, the disregards lose real value every year, with the resulting income standard today at only 123% of the FPL. When a senior has even a small increase in their income that puts them over 123% FPL, they are forced into the Medi-Cal Medically Needy program with a high share of cost. AB 763 (Burke and Bonilla) would implement this change.	$30 million (per Assembly Appropriation's analysis)
7. Increase Personal Needs Allowance (PNA) for Individuals In Skilled Nursing Facilities	Assembly Members Gipson and Brown request an increase of the PNA from $35 to $80. For persons residing in a nursing home, Medicaid allows the resident to retain only a small amount of income each month, called a PNA. Federal law establishes a minimum PNA of $30 a month for an individual ($60 for couples). States may set higher levels. The PNA has not been increased since 1984.	$13.4 million
8. AIDS Medi-Cal Waiver Rate Increase	AIDS Project Los Angeles proposes a rate increase for the AIDS Medi-Cal Waiver program. It notes that provider reimbursement rates for this program are lower than Medi-Cal rates for the same services. It argues that agencies have been forced to either reduce services or withdraw from the program due to inadequate funding.	$4.8 million
9. Program of All-inclusive Care for the Elderly (PACE) Geographic Rate Differential	CalPACE requests funding to address the geographic rate differential between PACE facilities in southern California and northern California.	$4.4 million (per CalPACE estimate)

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
10. Expand Medi-Cal to Cover Remaining Uninsured Regardless of Immigration Status	Advocates request to fund SB 4 (Lara) in the budget. SB 4 extends eligibility for full-scope Medi-Cal benefits to individuals who are otherwise eligible for those benefits but for their immigration status; and requires the Secretary of California Health and Human Services Agency to apply to the federal Department of Health and Human Services for a Section 1332 innovation waiver in order to allow persons otherwise not able to obtain coverage through Covered California because of their immigration status to obtain coverage without premium or cost-sharing subsidies by waiving the requirement that Covered California offer only qualified health plans. SB 4 also establishes the California Health Exchange Program for All Californians as a state exchange for individuals ineligible for Covered California because of their immigration status in the event federal approval of the Section 1332 waiver is not granted.	likely hundreds of millions
Other		
11. Robert F. Kennedy Health Plan	The United Farm Workers request funding to sustain its Robert F. Kennedy Farm Workers Medical Plan. The 2014 budget included $3.2 million special fund to support this health plan.	$2.5 million
12. Caregiver Resource Centers (CRCs)	Advocates request funding for the CRCs. CRCs are community-based centers that offer services to families designed to assist unpaid family caregivers of adults with chronic, disabling health conditions. Funding for CRCs was reduced by 74 percent in 2009.	$7.6 million
Department of Public Health		
13. Children's Dental Disease Prevention Program (DDPP)	Advocates propose to restore funding for DDPP. From 1980 to 2009, the DDPP provided school-based oral health prevention services to approximately 300,000 low-income school children in 32 counties in California. Participating sites provided fluoride supplementation, dental sealants, plaque control, and oral health education.	$3.2 million
14. Teen Pregnancy Prevention	Advocates propose to restore funding for teen pregnancy prevention efforts.	$10 million

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
15. Sexually Transmitted Disease (STD) Prevention and Services	Multiple groups propose an increase in funding to local health jurisdictions to address STD screening, testing, and diagnosis and to support outreach and education. Currently, $1.6 million is allocated to local health jurisdictions for STD prevention purposes.	$10 million
16. Drug Overdose Grant Program	The Drug Policy Alliance (DPA) requests to establish a grant program for local agencies and community-based organizations in order to reduce the rate of fatal drug overdose caused by prescription analgesics and other drugs. DPA estimates this investment would save 800 lives.	$2 million
17. Pre-Exposure Prophylaxis (PrEP) Access & Affordability Program	Advocates propose funding for a PrEP Access and Affordability pilot program that would include: outreach and education, patient navigation, clinical and non-clinical provider training, and cost-sharing assistance for uninsured and underinsured individuals. If used correctly, PrEP is over 90 percent effective in preventing new infections. However, according to advocates, knowledge and use of this preventive drug therapy is quite limited due to several barriers, including the high cost of the drug.	$3 million
18. AIDS Drug Assistance Program (ADAP)/Office of AIDS Health Insurance Premium Payment (OA-HIPP) Stability Funding	Advocates propose $2 million to increase staff (enrollment workers) and $1 million to implement program improvements. Advocates explain that as the healthcare world has changed substantially, primarily as a result of Affordable Care Act implementation, enrollment in these programs has increased substantially. Moreover, in 2016, OA-HIPP will begin to cover medical out-of-pocket costs, and therefore advocates estimate a doubling of enrollment in the program. In addition to helping individuals enroll in these programs, enrollment workers also often serve as the only point of contact for a client in resolving access problems with the programs.	$3 million (potential to use special/ federal funds)

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
19. HIV/AIDS Initiatives in Mid-Size and Small Counties	Advocates propose funding to support "high-impact" HIV services in small and mid-size counties. During the recent recession, at least $82 million was cut from the Office of AIDS for HIV prevention and testing, which advocates state affected small and mid-size counties the most, resulting in a substantial reduction in services in these counties. Although large counties represent a majority of HIV cases, some small counties have experienced recent surges in HIV rates that are going unaddressed, according to supporters of this proposal.	$3 million
20. State Syringe Exchange Program	Advocates request funding for syringe exchange and disposal programs by creating a state clearinghouse in order to purchase sharps disposal containers, sterile syringes, and other materials vital to the operation of these programs. The proposal is based on the notion that the state, as a single large buyer, could obtain these materials at lower cost than is available to each individual program, thereby reducing costs and providing much-needed support to the programs at the same time. Syringe exchange programs are the longest standing evidence-based intervention to prevent HIV and hepatitis C among injection drug users. Syringe programs have proven to dramatically reduce infection rates among active injection drug users. Advocates argue that, due to the long-standing ban on federal funding, coupled with the elimination of state funding, the effectiveness of this proven intervention has been diminished in California.	$3 million
21. Hepatitis C (HCV) Rapid Testing Kits	Advocates request funding to purchase rapid hepatitis C antibody test kits—with the requested amount it is estimated that approximately 33,333 kits could be provided to community-based programs that serve low-income communities, especially the remaining uninsured. Advocates state that testing is a key component to preventing the spread of this, or any, disease.	$600,000

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
22. HCV Linkage & Retention in Care Demonstration Projects	Advocates request funding to support at least three 3-year demonstration projects to include innovative outreach, screening, and linkage to and retention in care efforts for people with HCV. The proposal estimates that these projects would serve approximately 55,555 people and would be modeled after successful programs on HIV patient navigation and linkages/retention in care. Supporters of this proposal state that projects such as these would serve to reduce new HCV infections, improve health outcomes, reduce disparities in vulnerable populations, and reduce transmission of the virus to others.	$5 million
23. Parkinson Registry	Advocates and individuals with Parkinson's propose funding for three years to fund the California Parkinson's Disease Registry to support competitive grants/contracts to research institutes, universities and nonprofit organizations to implement and maintain a comprehensive Parkinson's disease registry. Advocates report that the economic burden of the disease is at least $14.4 billion a year, nationwide. Supporters state that investment in medical research that leads to better treatments for Parkinson's disease could save millions of dollars each year and that if new therapies could be found that could produce even a modest ten percent delay in the progression of Parkinson's disease, hundreds of millions of dollars could be saved every year.	$3.7 million
24. Alzheimer Questions on Survey	The California Council of the Alzheimer Association requests funds to support the addition of the federal Centers for Disease Control and Prevention's Caregiver Module in the annual Behavioral Risk Factor Surveillance System survey. AB 1526 (Committee on Aging and Long-Term Care) would implement this.	$70,000

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
25. Adolescent Family Life Program (AFLP)	AFLP addresses the social, health, educational, and economic consequences of adolescent pregnancy by providing comprehensive case management services to pregnant and parenting teens and their children. AFLP emphasizes promotion of positive youth development, focusing on and building upon adolescents' strengths and resources to work towards improving the health of the pregnant or parenting teen, improving graduation rates, reducing repeat births, and creating networks of support for these parents. Funding for AFLP was reduced substantially in 2009, with a loss of $10.7 million General Fund.	$7.8 million
26. Autism Surveillance and Reporting	Advocates request funding to establish an autism surveillance and public health information program that will link Department of Developmental Services' records, vital statistics records, and other existing data in order to: track the numbers of children with autism in the state and monitor time, demographic, and geographic trends in occurrence; explore possible environmental causes of autism, including gene-environment, generational and epigenomic factors, and other risk factors, contributing to prevention; and provide government officials, public health leaders, scientists, medical professionals and community members with data, including an annual report to the public as well as a California autism data website, and other epidemiologic information for planning, prevention, intervention, and advocacy.	$500,000
Office of Statewide Health Planning and Development		
27. Song-Brown Residency Program Funding	Advocates for physicians propose that the budget include an ongoing increased appropriation of $8 million from the California Health Data Planning Fund (CHDPF) for the Song Brown Program in order to provide ongoing support for existing residency slots as well as to create opportunities to expand and create additional slots in the future.	$8 million from CHDPF

Proposal	Description	Annual General Fund Amount (unless otherwise noted)
Local Government Request		
28. City of Carson - Stroke Center	The City of Carson requests $500,000 to support its Joseph B. Jr. and Mary Anne O'Neal Stroke Center.	$500,000

Table: Summary of Costs to Restore Optional Medi-Cal Benefits

	Total Funds	General Fund	Federal Funds**
Optional Benefits Restoration:			
Acupuncture	$3,724,000	$1,780,000	$1,944,000
Audiology	$4,303,000	$2,056,000	$2,246,000
Chiropractic	$538,000	$257,000	$281,000
Incontinence Cream & Washes	$11,503,000	$5,013,000	$6,491,000
Optician / Optical Lab	$10,132,000	$4,921,000	$5,210,000
Podiatry	$2,376,000	$1,135,000	$1,240,000
Speech Therapy	$273,000	$131,000	$143,000
Dental*	$260,140,000	$93,122,000	$167,018,000
Grand Total	**$292,989,000**	**$108,415,000**	**$184,573,000**
* Dental: Additional costs to restore all adult dental benefits. Costs for partial dental restoration are already budgeted in the Governor's budget.			
** The Department receives 100% federal financial participation for services provided to Affordable Care Act optional Medi-Cal expansion population.			

Subcommittee Staff Comment. At the May Revision, the Legislature will have a better understanding of the state's fiscal situation and can better evaluate proposals for investment.

Subcommittee staff has requested LAO to provide a brief overview of these proposals.

Appendix A
Health-Related Proposals for Restoration and Augmentation that Have Previously Been Discussed in Subcommittee

These proposals are included for reference and are not agenda items for this Subcommittee hearing.

Program	Description	General Fund Amount Requested
Medi-Cal Rates	Consumer advocates, providers, provider associations, and other stakeholders are concerned that the existing Medi-Cal rates, payment reductions, and rate freezes directly impact an enrollee's ability to access Medi-Cal services. These stakeholders find that the existing payments do not cover the costs to provide services to Medi-Cal enrollees and are not sufficient enough to sustain their operations. Multiple stakeholders have requested an increase in Medi-Cal rates. Discussed at the March 19th Subcommittee hearing.	$275 million annually for prospective, includes: • $11 million for CBAS • $30 million for dental • $11.1 million for ICF-DD $163-$325* million one-time for retrospective $24.5 million for ICF-DD rate freeze
Medi-Cal Primary Care Rate Bump	The Affordable Care Act required Medi-Cal to increase primary care physician services rates to 100 percent of the Medicare rate for services provided from January 1, 2013 through December 31, 2014. The state received 100 percent federal funding for the incremental increase in Medi-Cal rates. Federal funding for this incremental rate increase expired December 31, 2014. It has been proposed to continue to fund this rate increase with state funds. Discussed at the March 19th Subcommittee hearing.	More than $1.6 billion
Medi-Cal Dental Anesthesia Rate	Multiple advocates request that state provide rate parity between general anesthesia and dental anesthesia providers. (The cost of equalizing facility fees and anesthesia to medical rate.) Discussed at the March 19th Subcommittee hearing.	$4.3 million

*General Fund amounts are based on the ability of the state to get federal fund participation for the elimination of this payment reduction.