Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Caroline Menjivar, Chair
Senator Susan Talamantes Eggman, Ph.D.
Senator Shannon Grove
Senator Richard D. Roth

Thursday, February 29th, 2024
9:30 am, or upon adjournment of session
1021 O Street – Room 2200

Consultant: Elizabeth Schmitt and Scott Ogus

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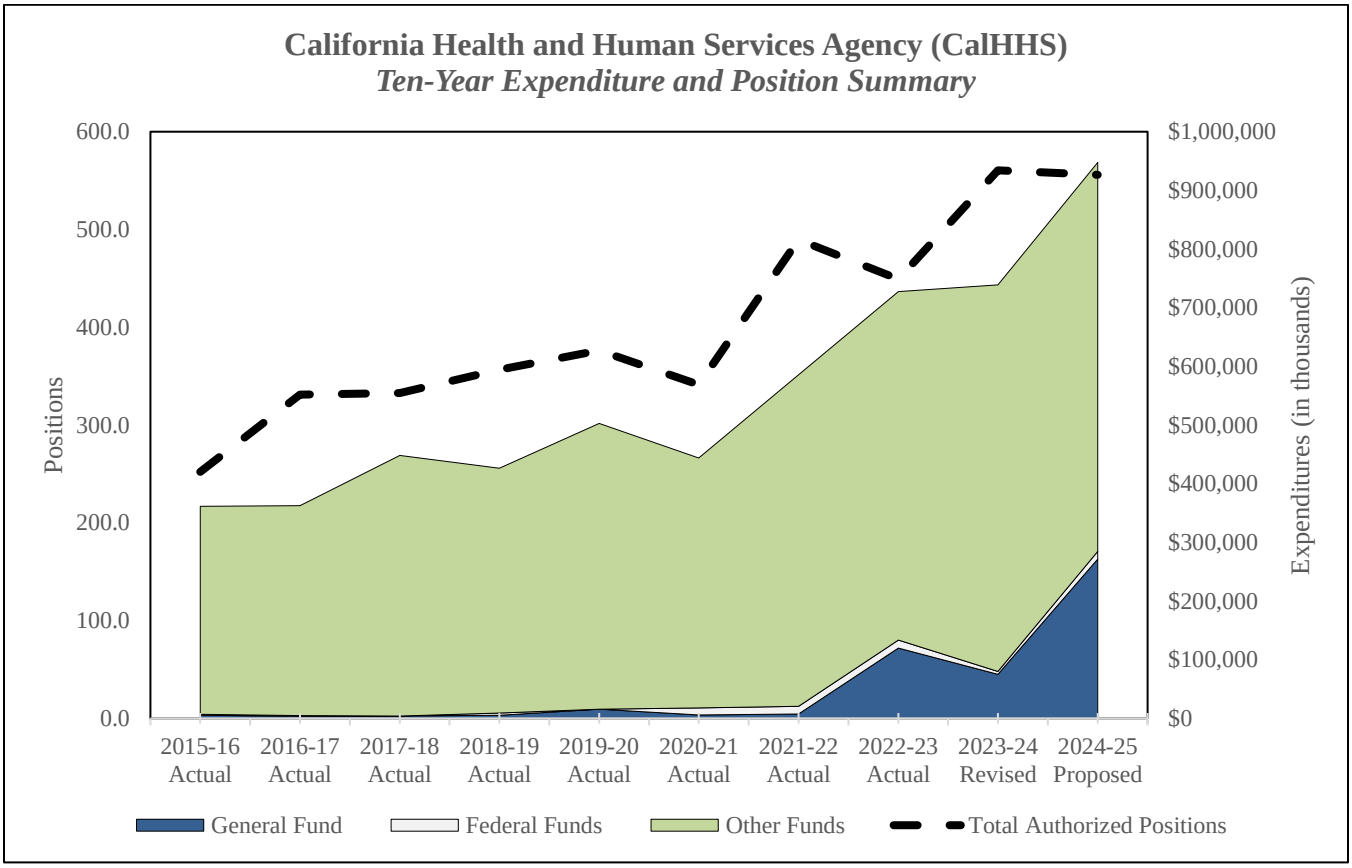
0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Overview



California Health and Human Services Agency- *Department Funding Summary*				
Fund Source	**2022-23 Actual**	***2023-24 Budget Act***	***2023-24 Revised***	***2024-25 Proposed***
General Fund	$120,022	$109,610	$74,915	$271,548
Federal Funds	$13,446	$4,832	$4,832	$13,163
Other Funds	$593,733	$655,725	$659,308	$662,920
Total Department Funding:	**$727,201**	**$770,167**	**$739,055**	**$947,631**
Total Authorized Positions:	**449.2**	**566.5**	**560.5**	**556**
Other Funds Detail:				
Reimbursements (0995)	*$25,833*	*$4,894*	*$4,980*	*$4,994*
Office of Patient Advocate Trust Fund (3209)	*$1,703*	*$2,302*	*$2,967*	*$2,380*
Data Insights and Innovation Fund (3377)	*$0*	*$0*	*$0*	*$0*
988 Suicide and BH Crisis Svcs Fund (3414)	*$0*	*$5,500*	*$5,500*	*$0*
Central Service Cost Recovery Fund (9740)	*$2,950*	*$11,367*	*$11,407*	*$11,412*
California HHS Automation Fund (9745)	*$563,247*	*$623,592*	*$626,384*	*$644,134*

Background. The California Health and Human Services Agency (CalHHS) oversees twelve departments and five offices that provide a range of health care services, social services, mental health services, alcohol and drug services, income assistance, and public health services to Californians. CalHHS is administered by a cabinet-level Secretary of Health and Human Services, appointed by the Governor and confirmed by the California State Senate. According to CalHHS, its primary mission is to provide policy leadership and direction to the departments, boards, and programs it oversees, to reduce duplication and fragmentation among departments in policy development and implementation, to improve coordination among departments on common programs, to ensure programmatic integrity, and to advance the Governor's priorities on health and human services issues.

The departments and other entities within CalHHS include:

- Department of Aging (CDA)
- Department of Public Health (CDPH)
- Department of Child Support Services (DCSS)
- Department of Community Services and Development (CSD)
- Department of Developmental Services (DDS)
- Emergency Medical Services Authority (EMSA)
- Department of Health Care Services (DHCS)
- Department of Managed Health Care (DMHC)
- Department of State Hospitals (DSH)
- Department of Rehabilitation (DOR)
- Department of Social Services (DSS)
- Department of Health Care Access and Information (HCAI)

Within CalHHS there are several other entities administered by appointed commissions or governing boards, including:

- State Council on Developmental Disabilities
- Commission on Aging
- California Senior Legislature
- California Children and Families Commission
- California Health Benefit Exchange (Covered California)
- State Independent Living Council

CalHHS also oversees the allocation of funds to local governments under 1991 and 2011 State-Local Realignment.

Within the organizational structure of CalHHS are five offices and the Center for Data Insights and Innovation.

Office of the Secretary of Health and Human Services. The Office of the Secretary formulates and coordinates policy among the Agency's departments, and communicates with the Legislature, stakeholders, and the public about issues relating to the state's health and human services programs. The Office of the Secretary is composed of six distinct offices or units, including:

- Office of Legislative Affairs – The Office of Legislative Affairs provides coordination, oversight, and management of proposed legislation and ensures the Administration's legislative priorities are developed and implemented. The office provides policy guidance, instruction, and direction to health and human services departments and entities, and coordinates with the Governor's Office on legislative positions.
- Office of External Affairs – The Office of External Affairs manages ongoing public information and public affairs functions and provides guidance and direction to public information officers in health and human services departments and entities. The office serves as the official Agency spokesperson to respond to media inquiries, and coordinates with the Governor's Office communication staff on significant and sensitive media issues.
- Office of the Agency General Counsel – The Office of the Agency General Counsel provides legal counsel to the Office of the Secretary and senior Agency staff, coordinates with the Governor's Office of Legal Affairs and with the Chief Counsels in health and human services departments and entities.
- Office of Program and Fiscal Affairs – The Office of Program and Fiscal Affairs is responsible for formulating, analyzing, revising, and evaluating the program and fiscal impacts of major health and human services policies of the Administration. This work includes assessment of all policy, legislative, fiscal, and other issues that have implications among health and human services departments and agencies, as well as other state agencies.
- Administration Unit – The Administration Unit manages personnel, human resources, training, and internal budget issues.
- Office of the Agency Information Officer – The Office of the Agency Information Officer supports health and human services departments and entities to successfully deliver data and technology solutions through portfolio support, enterprise architecture, information security, agency governance, and horizontal integration activities.
- Office of Policy and Strategic Planning – The Office of Policy and Strategic Planning is responsible for driving measurable outcomes on CalHHS guiding principles and strategic priorities through system alignment and program integration across the agency's departments and offices. The Office works on a set of initiatives to advance equity, address the social determinants of health, and ensure a whole person approach.

Office of Technology and Solutions Integration (OTSI). The Office of Technology and Solutions Integration (OTSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OTSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OTSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

Office of the Surgeon General (OSG). The Office of the Surgeon General (OSG) was established in 2019 to advise the Governor, serve as a leading spokesperson on matters of public health, and drive solutions to the state's most pressing public health challenges. The OSG has established early childhood, health equity, adverse childhood experiences (ACEs), and toxic stress as key priorities. The Surgeon General has set a goal to reduce ACEs and toxic stress by half in one generation.

Office of Law Enforcement Support (OLES). The Office of Law Enforcement Support (OLES) was established in 2014 to provide monitoring and oversight of law enforcement personnel serving in the Office of Protective Services at DSH and DDS. OLES develops training protocols, policies, and procedures for law enforcement officers operating at DSH and DDS, and investigates incidents involving law enforcement personnel at state hospitals or developmental centers.

Office of Youth and Community Restoration (OYCR). The Office of Youth and Community Restoration (OYCR) supports the transition of justice involved youth being served in local communities by promoting a youth continuum of services that are trauma responsive and culturally informed, using public health approaches that support positive youth development, building the capacity of community-based approaches, and reducing the justice involvement of youth. The OYCR also assesses the efficacy of local programs, provides technical assistance and support, reviews local Juvenile Justice Realignment Grants, fulfills statutory obligations of an Ombudsperson, and develops policy recommendations.

Center for Data Insights and Innovation (CDII). The Center for Data Insights and Innovation (CDII) was established in 2021 to advance CalHHS data initiatives and help turn data into insights, knowledge, and action. The Center combines functions from the previous Office of Health Information Integrity (CalOHII), Committee for the Protection of Human Subjects (CPHS), Office of the Patient Advocate (OPA), and Office of Innovation. These functions include ensuring state department compliance with the Health Insurance Portability and Accountability Act (HIPAA) and other related state and federal privacy laws, health plan and medical group report cards evaluating health care quality and the patient experience, and reporting on health care consumer and patient assistance centers by state agencies (Department of Managed Health Care, Medi-Cal, Department of Insurance, and Covered California). CDII also administers the CalHHS Open Data Portal, which provides public access to non-confidential health and human services data.

Subcommittee Staff Comment—This is an informational item.

Questions. The subcommittee has requested CalHHS to respond to the following:

1. Please provide a brief overview of the CalHHS mission and its oversight of key departments and other entities.

Issue 2: Office of Youth and Community Restoration (OYCR) Overview

Background. Youths accused of a crime that occurred before they turn 18 years of age start in juvenile courts. If the court determines the youth committed the crime, the court then determines where to place the youth based on statute, input from defense and prosecution, and factors such as the youth's offense and criminal history. Youths are typically allowed to remain with their families with some level of supervision from county probation officers. However, some youths— typically those who have committed more serious crimes—are housed in county juvenile facilities, such as juvenile halls or camps. As of September 2023, there were 2,878 youth housed in juvenile facilities statewide, compared to 2,146 in December 2022. In addition, if a transfer request is filed, the court may choose to transfer serious youth cases to adult court in certain circumstances.

DJJ Closure and Realignment. The 2020-21 Budget Act included a plan to permanently close the Division of Juvenile Justice (DJJ) at the California Department of Corrections and Rehabilitation (CDCR). While most youth were already housed or supervised locally, prior to July 1, 2021, counties could choose to send youths who had committed violent, serious, or sex offenses to state facilities operated by DJJ. There were typically about 650 youth statewide in DJJ facilities. DJJ permanently closed on June 30, 2023, and the last youths were transferred to counties, completing the realignment of the juvenile justice system to the county level. The plans for DJJ closure and realignment are outlined in SB 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020 and SB 92 (Committee on Budget and Fiscal Review), Chapter 18, Statutes of 2021.

Youth housed in DJJ facilities largely did not have access to the types of rehabilitative programming and community connections that are necessary for a humane and successful juvenile justice system.[1] First, the location of DJJ facilities meant that many youths were moved far from home, making it difficult to maintain ties with their families and communities. Second, DJJ facilities were notorious for violence and had high recidivism rates.[2] Overall, the facilities operated more like adult prisons than as spaces where young people could develop and prepare for adult life outside the criminal justice system. In addition, due to decades of declining juvenile crime rates, both DJJ and county juvenile facilities have been operating under capacity. Realignment is intended to move juvenile justice in California toward a rehabilitative, trauma-informed, and developmentally appropriate system.

As a result of realignment, counties are responsible for caring for youth with more serious needs and who have committed more serious offenses. The realignment plan outlined a process for counties to establish Secure Youth Treatment Facilities (SYTFs) for high-level offenders who would have previously been housed at DJJ. To assist counties with their increased responsibility, the state provides block grant funding to counties for each realigned youth, and one-time funding for planning and juvenile facility infrastructure needs, which is described in detail in the funding section below.

OYCR. To support counties in this transition, the realignment plan included the creation of the OYCR to provide statewide assistance, coordination, and oversight. OYCR is under the Health and Human Services Agency (HHS) rather than under CDCR or the Board of State and Community Corrections (BSCC),

[1] http://www.cjcj.org/uploads/cjcj/documents/unmet_promises_continued_violence_and_neglect_in_california_division_of_juvenile_justice.pdf, https://jjie.org/2020/05/19/californias-closure-of-djj-is-victory-with-significant-challenges/

[2] https://www.latimes.com/california/story/2021-02-15/california-youth-prisons-closing-criminal-justice-reform, https://www.mercurynews.com/2007/02/27/report-finds-cya-prison-still-fails-inmates/, https://www.latimes.com/archives/la-xpm-1999-dec-24-mn-47028-story.html

reflecting the intended shift away from corrections and toward services and treatment. The mission of the Office, as defined in statute, is "[T]o promote trauma responsive, culturally informed services for youth involved in the juvenile justice system that support the youths' successful transition into adulthood and help them become responsible, thriving, and engaged members of their communities."

Mandates of the OYCR include:

- Identify policy recommendations for improved outcomes for court-involved youth.
- Identify and disseminate best practices to inform rehabilitative and restorative youth practices.
- Provide technical assistance to develop and expand local youth diversion opportunities.
- Evaluate the efficacy of local programs being utilized for realigned youth and report to the Governor and Legislature by July 1, 2025.
- Develop a report on youth outcomes in the juvenile justice system based on the updated JCPSS (Department of Justice) System.
- Provide an ombudsperson to investigate complaints and resolve where possible and report regularly to the Legislature.
- Concur with the BSCC on any juvenile grants.
- Assume administration of juvenile grants no later than January 1, 2025.
- Concur with the BSCC on new standards for secure youth treatment facilities.

Welfare and Institutions Code 2200 requires that all juvenile justice grant administration functions at the BSCC move to OYCR by January 1, 2025.

Realignment Funding. The 2020-21 budget included $9.6 million General Fund for planning and facilities, and the gradual implementation of block grants to counties at a rate of $225,000 per realigned youth per year. This funding is known as the Juvenile Justice Realignment Block Grant (JJRBG) and amounts to $209 million statewide in 2024-25, based on a projected daily population of 928 realigned youth. This funding is scheduled to transition to OYCR by the end of this calendar year. Pursuant to Welfare and Institutions Code 1991, the Governor and Legislature must work with stakeholders to establish a distribution methodology for this funding that improves outcomes for this population by January 10, 2024. The Governor's proposed 2024-25 budget would extend the deadline for establishing a distribution methodology for this funding to January 10, 2025.

The 2022-23 budget included $100 million one-time General Fund for counties to invest in their juvenile facilities, in anticipation of the closure of DJJ. The funding could be used to support modifications, renovations, repairs, and maintenance for existing county-operated juvenile facilities, with a focus on providing therapeutic, youth-centered, trauma-informed, and developmentally appropriate rehabilitative programming for youth. This was not a competitive grant, and every county received some funding.

The state has also provided resources to counties for juvenile justice several times throughout the years, corresponding with changes in alignment and totaling over $200 million annually. These include:

- *Youth Offender Block Grants*. This provided counties with $117,000 per ward for lower-level offenders that were realigned to the county level in 2007, per SB 81 (Committee on Budget and Fiscal Review), Chapter 175, Statutes of 2007.

- *Local Youthful Offender Rehabilitative Facility Construction.* SB 81 also provided counties with lease-revenue funding to construct or renovate juvenile facilities. A total of $300 million was allocated.

- *Juvenile Reentry Grants*. The state provided funding to the counties after juvenile parolees released from DJJ were realigned to the county level as part of the 2010-11 budget.

OYCR Funding. The 2021 Budget Act included $27.6 million in 2021-22 and $7 million ongoing for OYCR. The 2021-22 funding included $20 million for technical assistance, disseminating best practices, and grants. The 2022 Budget Act included an additional $10 million ongoing for the Office, and language detailing the duties and responsibilities of the Ombudsperson within OYCR. The 2023 Budget Act continued the $10 million appropriation for OYCR for technical assistance, disseminating best practices, and issuing grants to counties and probation departments for the purposes of transforming the juvenile justice system to improve outcomes for justice involved youth.

Juvenile Justice Data Collection. In addition to the $10 million budget for OYCR, the 2023 Budget Act included $3.54 million to facilitate the collection of specific juvenile justice data related to realignment. These 2023 Budget Act made these funds available to county probation departments to provide OYCR with the following data for the 2021-22 and 2022-23 fiscal years, disaggregated by gender, age, and race or ethnicity:

1. Number of youth and their commitment offense or offenses, if known, who are under the county's supervision that are committed to a secure youth treatment facility, including youth committed to secure youth treatment facilities in another county.

2. The number of individual youth in the county who were adjudicated for an offense under subdivision (b) of Section 707 of the Welfare and Institutions Code or Section 290.008 of the Penal Code.

3. Number of youth, including their commitment offense or offenses, if known, transferred from a secure youth treatment facility to a less restrictive placement.

4. Number of youth for whom a hearing to transfer jurisdiction to an adult criminal court was held, and number of youth whose jurisdiction was transferred to adult criminal court.

The 2023 Budget Act requires the data listed above to be submitted to OYCR by December 30, 2023 for the 2021-22 and 2022-23 fiscal years, and by December 30, 2024 for the 2023-24 fiscal year. OYCR is currently in the final stages of compiling this data, and a summary of the available data is below. A more detailed breakdown of the data is expected from OYCR in March 2024.

OYCR

AB 102 Data Updates

	FY 2021-2022	FY 2022-2023
A. Number of youth committed to SYTF	237	427
B1. Number of youth adjudicated of a 707(b) offense	1,459	1,730
B2. Number of youth adjudicated of a PC 290.008 offense (not counted in B1)	98	74
C. Number of youth transferred from SYTF to LRP	*	100
D1. Number of youth for whom a fitness hearing was ordered	197	221
D2a. Number of youth transferred to adult criminal court	43	33
D2b. Number of youth NOT transferred to adult criminal court	80	94

Note: The data displayed reflect a statewide count.
Note: For FY 21-22, nine counties had no youth to report. (n=48)
For FY 22-23, eight counties had no youth to report. (n=49)
One county was excluded from analysis due to data accessibility challenges.
* Data not displayed for privacy – less than 11 youth

County Realignment Plans. To be eligible for JJRBG funds, each county is required to convene a subcommittee of the multiagency juvenile justice coordinating council chaired by the chief probation officer and including representatives from the district attorney, public defender, department of social services, department of mental health, the county office of education or school district, and the court, along with at least three community members. The subcommittees develop a plan for juvenile justice realignment within the county. These plans must include information on how counties will provide trauma-informed, culturally responsive, and developmentally appropriate programs and a description of data collection and outcome measures, among other topics detailed in statute (Welfare and Institutions Code Section 1995(c)). Counties were required to submit their initial plans by January 1, 2022, and must update their plan annually. OYCR is required to review these plans, return plans to counties for revision as necessary, and make the plans available on its website. Note that AB 505 (Ting), Chapter 528, Statutes of 2023, described below, made some changes to the development of these plans.

According to OYCR's 2022 County Plan Summary Report, requests for revision primarily fell within the following categories: expanded data, facility improvements, culturally responsive programming, family engagement and reentry, housing approach for secure treatment, and program effectiveness. Thirty-three

counties are adapting existing facilities to serve as a SYTF, while other counties that have had historically low referrals to DJJ are entering into regional agreements. The report notes that some counties have indicated that they are not able to care for specific sub populations, such as youth who need specialized treatment related to mental health or sex abuse offenses. Twelve counties identified a step-down placement for youth in their plan, and other counties stated that they plan to establish relationships with community service providers to develop step down plans. OYCR's report notes the importance of step-down placements in supporting youth to successfully reenter society and not stay in maximum security facilities for extended periods of time.

OYCR's 2022 County Plan Summary Report also identified priority areas for OYCR to work with counties to support best practices and provide technical assistance. These areas include: addressing the unique challenges for small, rural communities; developing methods for measuring effectiveness and outcomes relating to court-involved youth; retaining youth in the juvenile system and not in the adult prison system; and developing therapeutic facilities and building capacity to develop step-down options from secure facilities to less restrictive environments with greater access to community-based activities.

Recent Changes to OYCR Ombudsperson and County Realignment Plans. AB 505 (Ting), Chapter 528, Statutes of 2023, made several changes to statute governing the authority of the OYCR Ombudsperson to access juvenile facilities and records, and the development of county realignment plans, including:

- Authorizes the OYCR Ombudsperson to access juvenile detention facilities at any time without prior notice and to access juvenile facility records at all times.

- Authorizes the OYCR Ombudsperson to interview sworn probation personnel in accordance with applicable federal and state law, local probation department policies, and collective bargaining agreements.

- Provides that the OYCR Ombudsperson may recommend changes to improve services or to correct systemic issues.

- Requires the OYCR Ombudsperson advise all complainants that retaliation is not permitted and constitutes the basis for filing a subsequent complaint.

- Requires the OYCR Ombudsperson staff conduct a site visit to every juvenile facility and premises within the control of a county or local agency, or a contractor with a county or local agency, at least once per year.

- Makes various changes to the JJRBG county planning process, including: requires plans to be updated annually; requires the subcommittee to convene at least twice per year; allows the subcommittee to have a co-chair in addition to the probation chief; requires plans to be approved by a majority of the subcommittee; adds a new plan element regarding progress on implementation and development of innovative solutions to programs and services for youth; and requires the subcommittee to include at least three community members who have experience and expertise with community-based youth services and the juvenile justice system.

General OYCR Update. The OYCR Director was hired in January of 2022, and began hiring staff in spring 2022. As of August 2023, OYCR has authority for 28 full-time positions, with 17 positions filled across research and data, health policy, systems change and equity, and the Office of the Ombudsperson. Leading up to the closure of DJJ on June 30, 2023, OYCR provided technical assistance to courts and counties to support the return of DJJ youth with various service needs.

Some of OYCR's current projects include: a collaboration with the Vera Institute of Justice to support four counties in reducing and ending the incarceration of girls and gender expansive youth; releasing grants for less restrictive program innovation, community-based organization capacity building, intensive transitional services for youth with acute mental/behavioral health needs; trainings in coordination with California Tribal Families Coalition; family engagement services for youth at Pine Grove, and disseminating the Youth Bill of Rights.

OYCR Ombudsperson Update. The OYCR Ombudsperson line opened in August 2022. As of August 2023, the OYCR Ombudsperson had a total of 171 cases, 109 of which were in Los Angeles County. At that point in time, 53 percent of cases were closed, 46 percent were open, and one percent of cases were referred out. The most frequent issue characterizing investigations was conditions of confinement, followed by staffing, immediate safety, communication access, programming, physical health care, education, mental health care, and other issues.

Governor's Budget. The Governor's proposed 2024-25 budget includes the following proposals, which are discussed in greater detail in Issue 3 of this agenda:

- **Budget Change Proposal and Trailer Bill Language: Transfer of Juvenile Justice Programs to OYCR.** The Board of State and Community Corrections (BSCC) requests to shift the federal Title II Grant Program administrations to OYCR effective July 1, 2024. Grant administration functions include supporting the mandated state advisory group required by the Title II Grant Program known as the State Advisory Committee on Juvenile Justice and Delinquency Prevention (SACJJDP); as well as compliance monitoring functions under the Juvenile Justice and Delinquency Prevention Act (JJDPA). This proposal is specific to the above-mentioned federal grant; however, pursuant to Welfare and Institutions Code 2200, all juvenile justice grants, including the JJRBG and other state grant programs, will move under OYCR by January 2025.

- **Trailer Bill Language Proposal: Delay of Juvenile Justice Realignment Block Grant (JJRBG).** Welfare and Institutions Code 1991 requires the Governor and Legislature to work with stakeholders to establish a distribution methodology for the JJRBG that improves outcomes for realigned youth. The JJRBG provides $209 million for counties to provide appropriate rehabilitative and supervision services for realigned youth (those youth who would have been committed to DJJ prior to DJJ closure.) The Governor proposes to delay the development of a new distribution methodology from January 2024 to January 2025.

Subcommittee Staff Comment—This is an informational item.

Questions. The subcommittee requests OYCR respond to the following:

1. Please provide an overview of the county-specific juvenile justice data counties were required to submit to OYCR pursuant to the 2023 Budget Act. What do these data tell us about how realignment is implementing across the state? In what areas does the data show progress in meeting the goals of realignment and in what areas does the data indicate cause for concern?

2. Please describe the process of compiling the data mentioned above from counties. Are there any issues with data consistency, tracking, or reporting of data by county probation departments? What additional data would be helpful for OYCR to carry out its mission?

Issue 3: Transfer of Juvenile Justice Programs to the Office of Youth and Community Restoration

Budget Change Proposal and Trailer Bill Language – Governor's Budget. The Board of State and Community Corrections (BSCC) requests to shift the federal Title II Grant Program administration functions to the Office of Youth and Community Restoration (OYCR) effective July 1, 2024. Specifically, this proposal transfers the administration of the Title II Grant Program under the federal Juvenile Justice and Delinquency Prevention Act (JJDPA). The transfer of grant administering authority includes the move of related spending authority and all grant administration functions, including support for the State Advisory Committee on Juvenile Justice and Delinquency Prevention, and compliance monitoring functions under the JJDPA. This is a transfer of spending authority that has no impact on the General Fund.

Background. Welfare and Institutions Code 2200 requires that all juvenile justice grant administration functions at the BSCC move to OYCR by January 1, 2025. This is a component of the juvenile justice realignment plan laid out in SB 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020.

Title II Grant Program and Juvenile Justice and Delinquency Prevention Act (JJDPA). The Title II Grant Program is a federal juvenile justice grant program that is administered by the BSCC. As the designated state agency, BSCC is required to carry out all grant administration functions, such as conducting an annual review, revision, and approval of a comprehensive state plan for the improvement of juvenile justice and delinquency prevention activities, establishing priorities for the use of JJDPA funds, and approving expenditures of such funds. The federal Reauthorization of JJDPA in 2018 (34 U.S.C. §§ 11101 et seq.) requires a supervisory board (currently the BSCC) as well as an "advisory group" that "shall consist of not less than 15 and not more than 33 members appointed by the chief executive officer of the State" and requires the membership to reflect specific kinds of representatives and experiences. (34 U.S.C. § 11133(a)(3).) In California, the state advisory group is known as the State Advisory Committee on Juvenile Justice and Delinquency Prevention (SACJJDP). The SACJJDP is currently housed in, and administratively supported by, the BSCC.

Under the JJDPA, SACJJDP must perform certain activities, such as participating in the development and review of the state's juvenile justice plan, provide review and comment on the state's Title II Grant application, and review progress and accomplishments funded under the state's plan for the Title II Grant. (34 U.S.C. § 11133(a)(3)(B-E).) To support the SACJJDP in carrying out its required activities, the JJDPA allows the designated state agency to set aside no more than 5 percent of the annual Title II Grant allocation.

The JJDPA also establishes federal minimum standards for the protection and care of youth who have contact with juvenile justice systems. These standards are more commonly known as "the core requirements," which prohibit certain minors from being detained or confined, prohibit sight or sound contact between minors and adults in detention, and prohibit minors from being in detention in a law enforcement facility for more than six hours. (34 U.S.C. § 11133(a)(3)(11)(A) – (13)(B)).) The BSCC monitors secure facilities for compliance with these core requirements through data collection and verification efforts, and compliance monitoring inspections. (Welfare & Institutions Code § 209(f).) The federal Title II Grant Program generally provides $12 million in grant funding, largely to community-based organizations, over three-year cycles (approximately $4 million per year).

As part of this proposal, OYCR will assume administration of the Title II Grant Program as well as the connected responsibilities for compliance monitoring associated with the JJDPA. This includes position authority for four full-time staff dedicated to the Title II Grant Program: one field representative and three Associate Governmental Program Analysts. These positions will be eliminated from BSCC and transferred to OYCR as part of this transition.

Juvenile Justice Funding. This Budget Change Proposal only addresses the federal Title II Grant Program, which is one of several juvenile justice grant programs. Pursuant to Welfare and Institutions Code 2200, "all juvenile justice grant administration functions in the Board of State and Community Corrections shall be moved to [OYCR] no later than January 1, 2025."

The chart below, provided by the Legislative Analyst's Office, shows statewide funding for various juvenile justice grant programs:

Major Sources of County Juvenile Justice Funding Provided Through the State

(In Millions)

Program	2023-24 Estimated Funding	2024-25 Proposed Funding
Funding to Support Realigned Workload	**$453**	**$490**
Youthful Offender Block Grant	244	251
Juvenile Justice Realignment Block Grant	195	225
Juvenile Reentry Grant	14	15
Funding for Other Workload	**$537**	**$553**
Juvenile Probation Activities	283	291
Juvenile Justice Crime Prevention Act	199	205
Juvenile Probation Camp Funding	55	56
Totals	**$990**	**$1,043**

The Youthful Offender Block Grant supports county responsibilities realigned in 2007, and the Juvenile Justice Reentry Grant supports responsibilities realigned in 2010. The Juvenile Justice Realignment Block Grant (JJRBG) provides funding for the 2021 realignment of youth who would have formerly been committed to the Division of Juvenile Justice (DJJ). The JJRBG is currently based on a temporary formula. Current law requires the Governor and the Legislature to work with stakeholders to establish a permanent allocation formula in 2024; the Governor's Budget proposes extending the temporary formula for one year and developing a permanent formula in 2025 instead.

In addition to the grants stemming from various realignments, the state funds counties for juvenile-justice related workload through the Juvenile Probation Activities grant, the Juvenile Justice Crime Prevention Act, and the Juvenile Probation Camp Funding grant. Overall, the state provides approximately $1 billion to counties in 2024-25 for juvenile justice programs.

Trailer Bill Language: Transfer of Title II Grant Program – Governor's Budget. This proposal also includes trailer bill language that establishes OYCR as the designated state agency under the JJDPA and authorizes OYCR to carry out all grant administration functions pursuant to the JJDPA. The trailer bill language also repeals code sections related to an inactive advisory group on runaway and homeless youth (Welfare and Institutions Code Sections 1785, 1786, 13704, and 13812).

Trailer Bill Language: Delay of JJRBG Formula – Governor's Budget. Additionally, the Governor proposes trailer bill language to delay the development of a new distribution methodology for the JJRBG from January 2024 to January 2025.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes that this Budget Change Proposal lacks clarity regarding full implementation of Welfare and Institutions Code 2200, which requires all juvenile justice programs to move from BSCC to OYCR by January 1, 2025. This proposal only transfers the relevant position authority for one federal program, the Title II Grant Program, which funds about $4 million in juvenile-justice related programming per year, a fraction of the approximately $1 billion in overall funding the state provides to counties to administer juvenile justice programs.

The Administration has indicated that JJRBG is with OYCR per statute, and there is not currently position authority at BSCC that needs to transfer to OYCR. OYCR is already tasked with reviewing county realignment plans connected to the JJRBG.

However, the other juvenile justice programs mentioned above (Youthful Offender Block Grant, Juvenile Reentry Grant, Juvenile Probation Activities Grant, Juvenile Justice Crime Prevention Act, and Juvenile Probation Camp Funding grant) are not included in this proposal. The Administration has not provided an answer on why the bulk of juvenile justice grant programs are absent from this proposal and what issues exist that would prevent full fidelity to the statute.

Questions. The subcommittee requests the Department of Finance respond to the following:

1. Please provide a brief overview of this proposal.

2. Please describe each of the following programs and their 2024-25 budget allocations: Youthful Offender Block Grant, Juvenile Reentry Grant, Juvenile Justice Realignment Block Grant, Juvenile Probation Activities grant, Juvenile Justice Crime Prevention Act, and Juvenile Probation Camp Funding grant. Please describe how these programs are currently administered and how they are interrelated.

3. Welfare and Institutions Code 2200 requires all juvenile justice grant administration functions to move under OYCR by January 1, 2025. Please explain why this proposal speaks only to the federal Title II Grant Program and not the totality of juvenile justice grant administration functions that are required by law to move to OYCR. How does the Administration plan to fulfill the state's obligation to focus

juvenile justice programs under OYCR? How will OYCR fulfill its statutory mandate to administer these grants without resources for this transition?

4. Welfare and Institutions Code 1991 requires the Governor and Legislature to work with stakeholders to establish a distribution methodology for the Juvenile Justice Realignment Block Grant (JJRBG) by January 2024. The Governor's proposed trailer bill language would extend the current temporary formula for one year, and instead establish a new distribution methodology in 2025. Statute requires that the permanent formula be one that improves outcomes for the population. What is the reason for delaying the new formula? What is the Administration considering as it looks to develop a new JJRBG formula that improves outcomes, and how will the Administration engage with stakeholders as part of this work?

Issue 4: Deferral of CalHHS Innovation Accelerator

General Fund Budget Solution – Governor's Budget. CalHHS requests to revert and delay General Fund expenditure authority of $42 million in 2023-24 and $32 million in 2024-25, approved in the 2023 Budget Act, for the CalHHS Innovation Accelerator. This project, which intends to pursue innovative opportunities for addressing major health challenges, such as diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease, would be delayed until 2025-26 and 2026-27.

Multi-Year Funding Request Summary				
Fund Source	**2023-24**	**2024-25**	**2025-26**	**2026-27**
0001 – General Fund	($42,000,000)	($32,000,000)	$42,000,000	$32,000,000
Total Funding Request:	**($42,000,000)**	**($32,000,000)**	**$42,000,000**	**$32,000,000**

Background. The 2023 Budget Act included General Fund expenditure authority of $42 million in 2023-24 and $32 million in 2024-25 to support the CalHHS Innovation Accelerator. According to the Administration's original proposal, submitted in June 2023, the CalHHS Innovation Accelerator is a public-private partnership to create the environment for researchers and developers to create solutions to the greatest health challenges facing Californians, such as diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality, and preventing and mitigating infectious disease. The Accelerator would: 1) identify a set of five key areas or health disparities that threaten Californians; 2) seek to fund researchers and implementation efforts to create and/or identify solutions that can close targeted disparities; and 3) create the conduit and connections that ensure these solutions and inventions are brought into Californians safety net programs to have more immediate benefit to Californians facing these disparities. The 2023 Budget Act also included language exempting the Accelerator from state contracting requirements.

Budget Solution. CalHHS requests to revert and delay General Fund expenditure authority of $42 million in 2023-24 and $32 million in 2024-25, approved in the 2023 Budget Act, for the CalHHS Innovation Accelerator. This delay in funding is being proposed to address the General Fund shortfall.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CalHHS to respond to the following:

1. Please provide a brief overview of this program.

2. What entities would be partners and receive funding through this program?

3. Please provide some examples of the types of innovations that would be accelerated by this program, including how they would be incorporated into safety net programs to address disparities.

0977 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Issue 1: Overview

Background. The California Health Facilities Financing Authority (CHFFA) was established in 1979 in the State Treasurer's Office to provide financial assistance to nonprofit and public health facilities through bonds, loans, and grants. CHFFA achieves these goals by providing cost-effective tax-exempt bond, low-cost loan, and direct grant programs.

The Authority is governed by nine members, including the State Treasurer, the State Controller, the Director of Finance, two members appointed by the Senate Rules Committee, two members appointed by the Speaker of the Assembly, and two members appointed by the Governor subject to confirmation by the Senate. Of the members appointed by the Senate, one member must be a licensed physician or surgeon, and one must be a current or former health facility executive. Of the members appointed by the Assembly, one member must be trained in investment or finance and one member represents the general public. The members appointed by the Governor also represent the general public. Appointed members serve for four years.

California Health Facilities Financing Authority Three-Year Funding Summary			
Fund Source	**2022-23**	**2023-24**	**2024-25**
	Actual	***Revised***	***Proposed***
0001 – General Fund	$49,777,000	$1,003,000	$-
0904 – CHFFA Fund	$19,867,000	$9.668,000	$9,676,000
3085 – Mental Health Services Fund	$9,915,000	$11,005,000	$4,000,000
3357 – Supp Housing Prog Subacct	$140,971,000	$140,000,000	$140,000,000
6046 – Children's Hospital Fund	$414,000	$5,362,000	$5,362,000
6079 – Children's Hosp Bond Fund	$304,000	$40,498,000	$40,500,000
6090 – Childrens Hosp 2018 Fund	$4,665,000	$200,639,000	$200,640,000
Total Department Funding:	**$225,913,000**	**$408,175,000**	**$400,178,000**
Total Authorized Positions:	**18.5**	**26.5**	**26.5**

CHFFA was created to be the state's vehicle for providing financial assistance to public and non-profit health care providers in California through loans funded by the issuance of tax-exempt bonds. CHFFA has financed a wide range of providers and programs throughout the state and administers the following major programs: 1) Bond Financing Program, 2) the Healthcare Expansion Loan Program (HELP II), 3) Non-Designated Public Hospital Bridge Loan Programs, 4) Distressed Hospital Loan Program, 5) Children's Hospital Programs of 2004, 2008, and 2018, 6) Investment in Mental Health Wellness Grant Program, 7) Investment in Mental Health Wellness Grant Program for Children and Youth, 8) Community Services Infrastructure Grant Program, and 9) Specialty Dental Clinic Grant Program.

Bond Financing Program. The Bond Financing Program provides eligible borrowers access to low interest rate capital markets through the issuance of tax-exempt and taxable conduit revenue bonds. Tax-exempt and taxable bonds may be issued as either a public offering or a private placement. Due to the

cost of issuing bonds, this program is primarily utilized by borrowers with capital project financing needs in excess of $5 million. Financing through this program may be used to fund construction or renovation projects, land acquisition for future projects, acquisition of existing health facilities, refinancing of existing debt, working capital for start-up facilities, purchase of equipment, and the costs of issuance. According to CHFFA, as of December 31, 2023, the program has issued bonds worth approximately $47.7 billion to 275 health institutions.

Healthcare Expansion Loan Program II (HELP II). CHFFA established HELP II in 1995 to assist small and rural health facilities and district hospitals to obtain financing to support expansion and improvement of services to the people of California. Health facilities eligible for financing under HELP II must meet one of the following conditions:

- Receive no more than $30 million in annual gross revenues.
- Located in a rural Medical Service Study Area as defined by the California Workforce Policy Commission.
- A district hospital.

Eligible facilities must be non-profit or publicly operated, have been in existence for at least three years performing the same types of services, and demonstrate evidence of fiscal soundness and ability to meet the terms of the loan. Eligible health facilities may receive loans under the following general terms:

- Two percent fixed interest rate for property acquisition, construction, renovation up to $2 million (maximum 20 year repayment period).
- Two percent fixed interest rate for equipment up to $2 million (maximum five year repayment period).
- Three percent fixed interest for loan refinancing up to $1 million (maximum 15 year repayment period).

According to CHFFA, as of December 31, 2023, HELP II has provided more than $144.9 million in loans to eligible health facilities.

Nondesignated Public Hospital Bridge Loan Programs. The Nondesignated Public Hospital Bridge Loan Program, established in the 2021 Budget Act, authorized CHFFA to issue zero interest rate, two-year term loans to eligible nondesignated public hospitals affected by financial delays associated with the transition from the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Program to the Quality Incentive Program (QIP). The 2021 Budget Act authorized $40 million in loans (NDPH I) and the 2022 Budget Act authorized an additional $40 million (NDPH II). According to CHFFA, there were 15 applications approved totaling $17.8 million in the first round and 12 applications approved totaling $22.2 million in the second round of NDPH I. There were nine applications received and approved totaling $40 million in one funding round, exhausting the total amount appropriated, for NDPH II.

Distressed Hospital Loan Program. The Distressed Hospital Loan Program (DHLP) was established by AB 112 (Committee on Budget), Chapter 6, Statutes of 2023, and authorizes the Department of Health Care Access and Information (HCAI), in collaboration with CHFFA, to make interest-free cashflow loans to financially distressed not-for-profit or public hospitals or governmental entities representing a closed hospital, to prevent hospital closure or facilitate the reopening of these hospitals. AB 112 authorized the

transfer of up to $150 million to the newly established Distressed Hospital Loan Program Fund to support the program. AB 118 (Committee on Budget), Chapter 42, Statutes of 2023, authorized an additional transfer of $150 million from the Medi-Cal Provider Payment Reserve Fund, which collects revenue from the state's recently enacted tax on managed care organizations, to the Distressed Hospital Loan Fund to further support the loan program. According to CHFFA, the first application period opened on June 16, 2023, with a submission deadline of July 31, 2023. HCAI awarded loans to 17 hospitals, one hospital forfeited its loan award, and of the 16 remaining hospitals, 12 have been disbursed their full loan amounts with four hospitals in progress. Two of the hospitals are in bankruptcy, which will require unique agreements for their special circumstances.

Children's Hospital Grant Programs of 2004, 2008 and 2018. The Children's Hospital Programs' purpose is to improve the health and welfare of California's critically ill children by providing a stable and ready source of funds for capital improvement projects for children's hospitals. There have been three separate initiatives passed by California voters to support Children's hospitals: 1) Proposition 61 in November 2004, which enabled the State of California to issue $750 million in general obligation bonds to fund the Children's Hospital Program of 2004; 2) Proposition 3 in November 2008, which allowed the State of California to issue an additional $980 million in general obligation bonds to fund the Children's Hospital Program of 2008; and 3) Proposition 4 in November 2018, which permitted the State of California to issue $1.5 billion in general obligation bonds to fund the Children's Hospital Program of 2018. According to CHFFA, as of December 31, 2023, 46 grants totaling approximately $763 million have been awarded for the Children's Hospital Program of 2004, 40 grants totaling over $1 billion for the Children's Hospital Program of 2008, and 30 grants totaling approximately $724 million for the Children's Hospital Program of 2018.

Investment in Mental Health Wellness Grant Program. SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, provided $142.5 million in one-time General Fund, $4 million in ongoing Mental Health Services Act (MHSA) funding, and $2.8 million in federal matching funds (reimbursements) to provide grants for community-based mental health crisis support. Known as the Investment in Mental Health Wellness Act of 2013, SB 82 authorized CHFFA to disburse funds to California counties or their nonprofit or public agency designees to develop mental health crisis support programs. The one-time General Fund grants support capital projects to increase capacity for crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and peer respite. The MHSA and federal funds grants support personnel costs associated with operation of mobile crisis support teams. The grants support capital improvement, expansion and limited start-up costs.

CHFFA conducted six funding rounds for competitive grant awards, approving a total of 79 projects (69 capital and 10 personnel) in 41 counties. Approximately $136.5 million of capital funding and $20 million of funding for mobile crisis support team personnel has been encumbered. As of December 31, 2023, 59 capital projects are complete, consisting of 434 crisis residential treatment beds, 200 crisis stabilization beds, six peer respite care beds, and an equivalent of 110 mobile crisis support teams. An additional 128 crisis residential treatment beds are still pending. The personnel funding supported 57.25 mobile crisis support team positions.

Investment in Mental Health Wellness Grant Program for Children and Youth. SB 833 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2016, expanded the Investment in Mental Health Wellness Grant Program by establishing the Children and Youth (CY) Grant Program with the goal of

improving access to mental health crisis services for children and youth ages 21 and under. The 2016 Budget Act included one-time General Fund expenditure authority of $27 million, and allocated any unspent funds under the Investment in Mental Health Wellness Act of 2013 (SB 82) program to support the CY Grant Program, with the goal of adding 200 mobile crisis support teams (MCSTs) and 120 crisis stabilization and crisis residential treatment beds, with funding allowed for capital improvement, expansion and limited start-up costs. According to CHFFA, it has completed five funding rounds, awarding 23 grants totaling $46.6 million. A total of $42.6 million was awarded for capital funding and $4 million for annual MCST personnel funding for up to five years. As of December 31, 2023, 13 out of the 25 approved MCST vehicles are operational, and 29.25 of the 44.75 approved MCST personnel have been hired.

Community Services Infrastructure Grant Program (CSI Grant Program). SB 843 (Committee on Budget and Fiscal Review), Chapter 33, Statutes of 2016, established the CSI Grant Program, a one-time competitive grant program to expand access to jail and prison diversion programs and services for those with mental health illness, substance use disorders, or who have suffered from trauma. CSI Grant Program funding supports capital improvement, expansion and limited start-up costs. The 2017 Budget Act authorized one-time General Fund expenditure authority of $67.5 million to support the program. According to CHFFA, after four funding rounds the program awarded 18 grants to ten counties totaling $65.7 million that will serve an average of approximately 1,339 justice-involved individuals annually. As of December 31, 2023, eight CSI grant projects are open and operational and will serve an average of approximately 984 justice-involved individuals annually.

Specialty Dental Clinic Grant Program. The 2022 Budget Act authorized General Fund expenditure authority of $25 million in 2022-23 and $25 million in 2023-24 to establish a competitive grant program to support the construction, expansion, modification, or adaptation of specialty dental clinics in California. The Specialty Dental Clinic Grant Program aims to support special health care needs populations by increasing timely access, reducing geographic shortages, increasing equity, and supporting quality of care, while also encouraging prevention services, early intervention, behavior support service and intervention, provider education, and community outreach activities that bring care to community sites. In consultation with stakeholders, CHFFA approved guidelines and the application and opened the first funding round on October 2, 2023, with a deadline to submit applications by April 1, 2024. CHFFA has received a total of nine applications so far.

The Governor's January budget proposes to delay funding for Specialty Dental Clinic Grant Program until 2025-26. CHFFA reports it will continue accepting applications but has notified potential applicants that the review will be on hold until funding is available. At that time, if needed, applicants may have the opportunity to amend their applications to reflect any project updates.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CHFFA to respond to the following:

1. Please provide a brief overview of CHFFA's mission and programs.

Issue 2: Delay of Specialty Dental Clinic Grant Program

General Fund Budget Solution – Governor's Budget. CHFFA proposes to revert total General Fund expenditure authority of $48.8 million, originally authorized in the 2022 Budget Act, to support the Specialty Dental Clinic Grant Program. According to the Governor's January budget summary, the Administration intends to reauthorize funding to implement this program in the 2025 Budget Act.

Multi-Year Funding Request Summary				
Fund Source	**2022-23**	**2023-24**	**2024-25**	**2025-26**
0001 – General Fund	($23,750,000)	($25,000,000)	$-	$48,750,000
Total Funding Request:	**($23,750,000)**	**($25,000,000)**	**$-**	**$48,750,000**

Background. The 2022 Budget Act authorized General Fund expenditure authority of $25 million in 2022-23 and $25 million in 2023-24 to establish a competitive grant program to support the construction, expansion, modification, or adaptation of specialty dental clinics in California. The Specialty Dental Clinic Grant Program aims to support special health care needs populations by increasing timely access, reducing geographic shortages, increasing equity, and supporting quality of care, while also encouraging prevention services, early intervention, behavior support service and intervention, provider education, and community outreach activities that bring care to community sites. In consultation with stakeholders, CHFFA approved guidelines and the application and opened the first funding round on October 2, 2023, with a deadline to submit applications by April 1, 2024. CHFFA has received a total of nine applications so far.

Budget Solution. CHFFA proposes to revert total General Fund expenditure authority of $48.8 million, originally authorized in the 2022 Budget Act, to support the Specialty Dental Clinic Grant Program. According to the Governor's January budget summary, the Administration intends to reauthorize funding to implement this program in the 2025 Budget Act. These reversions are intended to address the General Fund shortfall.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CHFFA and the Department of Finance to respond to the following:

1. Please provide a brief overview the Specialty Dental Clinic Program.

2. Please describe how the funding applications received prior to the April 1, 2024, deadline will be impacted by the proposed delay in funding for the program.

Issue 3: Distressed Hospital Loan Program – Trailer Bill Language

Trailer Bill Language – Governor's Budget. CHFFA proposes trailer bill language to extend the deadline to utilize funds for the administration of the Distressed Hospital Loan Program from June 30, 2026, to December 31, 2031. This proposal was not included in the Governor's January budget.

Background. The Distressed Hospital Loan Program (DHLP) was established by AB 112 (Committee on Budget), Chapter 6, Statutes of 2023, and authorizes the Department of Health Care Access and Information (HCAI), in collaboration with CHFFA, to make interest-free cashflow loans to financially distressed not-for-profit or public hospitals or governmental entities representing a closed hospital, to prevent hospital closure or facilitate the reopening of these hospitals. AB 112 authorized the transfer of up to $150 million to the newly established Distressed Hospital Loan Program Fund to support the program. AB 118 (Committee on Budget), Chapter 42, Statutes of 2023, authorized an additional transfer of $150 million from the Medi-Cal Provider Payment Reserve Fund, which collects revenue from the state's recently enacted tax on managed care organizations, to the Distressed Hospital Loan Fund to further support the loan program. According to CHFFA, the first application period opened on June 16, 2023, with a submission deadline of July 31, 2023. HCAI awarded loans to 17 hospitals, one hospital forfeited its loan award, and of the 16 remaining hospitals, 12 have been disbursed their full loan amounts with four hospitals in progress. Two of the hospitals are in bankruptcy, which will require unique agreements for their special circumstances.

AB 112 authorized up to five percent of the total program funds allocated to the DHLP to CHFFA to administer the program. The funds were made available for encumbrance and expenditure until June 30, 2026. However, the loan program is authorized in statute until December 31, 2031, creating an inconsistency in the availability of funding to administer the program and the program's authorized term of operation.

Trailer Bill Language. CHFFA proposes trailer bill language to extend the deadline to utilize funds for the administration of the Distressed Hospital Loan Program from June 30, 2026, to December 31, 2031. According to CHFFA, this extension would allow it to utilize the $7.5 million allocated for administration of DHLP until the end of the program's authorized term of operation in December 31, 2031. No additional funds would be authorized by this proposed language. CHFFA reports, through the end of the program's operation, it would require staff to assist HCAI to administer loan terms and develop the process and application for loan forgiveness or modification.

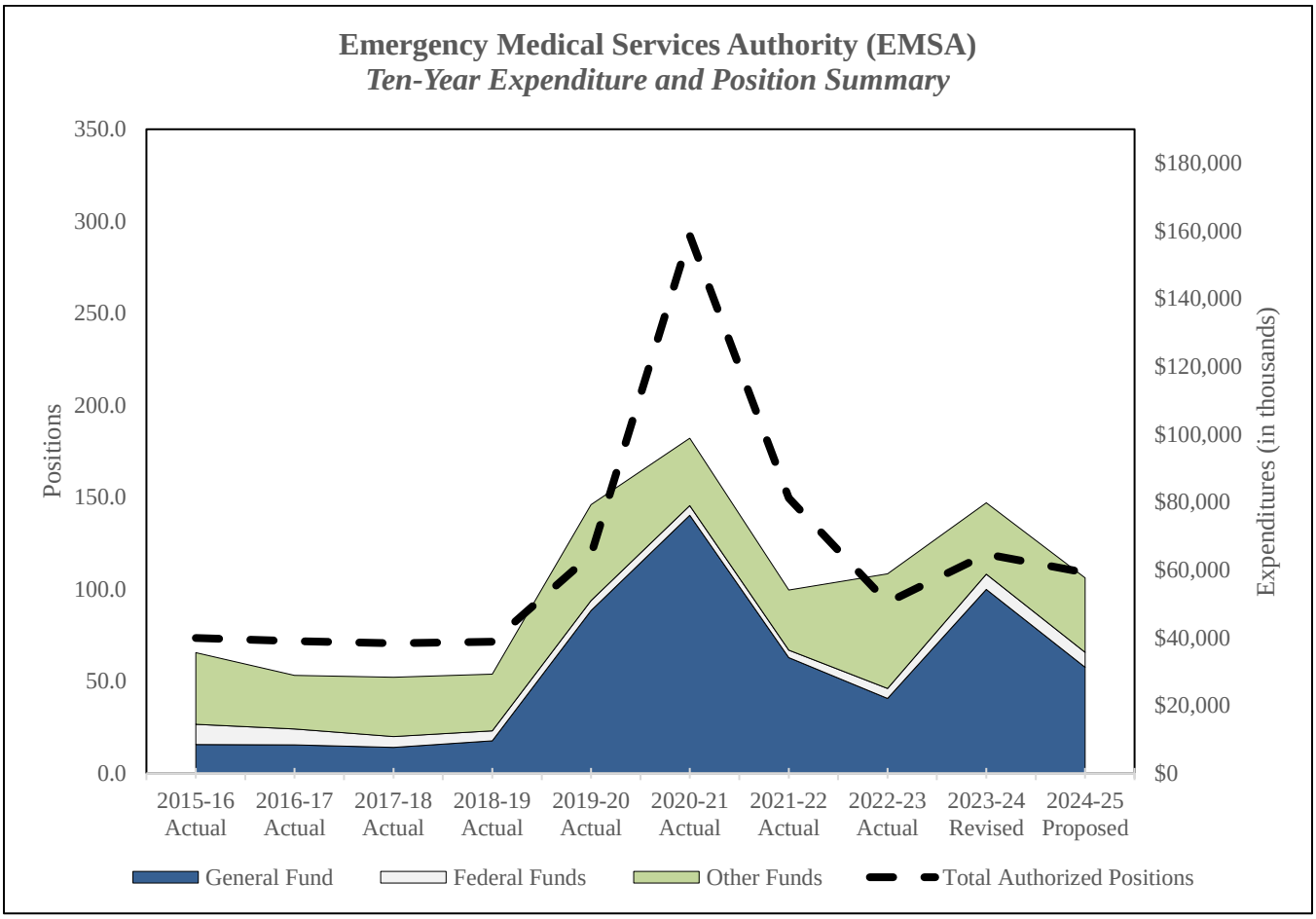
Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CalHHS to respond to the following:

1. Please provide a brief overview of this proposal.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 1: Overview



Emergency Medical Services Authority - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	***2022-23 Actual***	***2023-24 Budget Act***	***2023-24 Revised***	***2024-25 Proposed***
General Fund	$22,037	$33,652	$54,209	$31,261
Federal Funds	$2,976	$4,465	$4,521	$4,412
Other Funds	$33,846	$21,628	$21,076	$21,946
Total Department Funding:	**$58,859**	**$59,745**	**$79,806**	**$57,619**
Total Authorized Positions:	**92.7**	**119.0**	**119**	**109**
Other Funds Detail:				
EMS Training Prog. Approval Fund (0194)	*$92*	*$246*	*$252*	*$253*
EMS Personnel Fund (0312)	*$3,211*	*$3,688*	*$3,102*	*$3,621*
Reimbursements (0995)	*$29,615*	*$15,957*	*$15,957*	*$16,306*

EMT Certification Fund (3137)	*$928*	*$1,737*	*$1,765*	*$1,766*

Background. The Emergency Medical Services Authority (EMSA), authorized by the Emergency Medical Services System and Prehospital Emergency Care Act, administers a statewide system of coordinated emergency medical care, injury prevention, and disaster medical response that integrates public health, public safety, and health care services. Prior to the establishment of EMSA in 1980, California did not have a central state agency responsible for ensuring the development and coordination of emergency medical services (EMS) programs statewide. For example, many jurisdictions maintained their own certification requirements for paramedics, emergency medical technicians (EMTs), and other emergency personnel, requiring individuals certified to provide emergency services in one county to re-test and re-certify to new standards to provide emergency services in a different county. EMSA is organized into three program divisions: the Disaster Medical Services Division, the EMS Personnel Division, and the EMS Systems Division.

Disaster Medical Services Division. The Disaster Medical Services Division coordinates California's medical response to major disasters by carrying out EMSA's mandate to provide medical resources to local governments in support of their disaster response efforts. The division coordinates with the Governor's Office of Emergency Services, the Office of Homeland Security, the California National Guard, the Department of Public Health, and other local, state, and federal agencies, private sector hospitals, ambulance companies, and medical supply vendors, to promote and improve disaster preparedness and emergency medical response in California.

EMS Personnel Division. The EMS Personnel Division is responsible for the certification, licensing, and discipline of all active paramedics throughout the state. The division develops and implements regulations that set training standards and the scope of practice for various levels of personnel; sets standards for and approves training programs in pediatric first aid, cardiopulmonary resuscitation (CPR), and preventive health practices for child day care providers and school bus drivers; and develops standards for emergency medical dispatcher training, pre-arrival emergency care instructions, and epinephrine auto-injector training.

EMS Systems Division. The EMS Systems Division is in charge of developing and implementing EMS systems throughout California, including supporting local Health Information Exchange projects that will allow the state to collect more meaningful data so emergency medical services providers can deliver better patient care. The division oversees system development and implementation by the local EMS agencies, the statewide trauma system, and emergency medical dispatcher and communication standards. It establishes regulations and guidelines for local agencies, reviews and approves local plans to ensure they meet minimum state standards, coordinates injury and illness prevention activities with the Department of Public Health and the Office of Traffic Safety, manages the state's EMS data and quality improvement processes, conducts Ambulance Exclusive Operating Area evaluations, and oversees the operation of California's Poison Control System and EMS for Children programs.

Subcommittee Staff Comment—This is an informational item.

Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of the Authority's mission and programs.

Issue 2: Maintenance and Repair of Critical Bio-Medical Equipment

Budget Change Proposal – Governor's Budget. EMSA requests annual General Fund expenditure authority of $2 million. If approved, these resources would allow EMSA to maintain critical biomedical equipment and medical supplies acquired during the COVID-19 pandemic, and provide lifesaving resuscitative and medical surge services to relieve suffering for disaster victims during pandemics or other catastrophic emergencies.

Multi-Year Funding Request Summary		
Fund Source	**2024-25**	**2025-26***
0001 – General Fund	$2,000,000	$2,000,000
Total Funding Request:	**$2,000,000**	**$2,000,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2025-26.

Background. As part of its mission, EMSA is responsible for the maintenance and repair of over 30,000 pieces of biomedical equipment. During the COVID-19 pandemic, EMSA purchased additional equipment to support health care facilities and other pandemic response operations, including ventilators, infusion pumps, humidifiers, automated external defibrillators, and patient monitors. As part of its disaster response, EMSA had 2,875 pieces of biomedical equipment deployed throughout the state and to assist other states in need.

The 2021 Budget Act included General Fund expenditure authority of $2 million to support a maintenance contract for 3,637 pieces of equipment related to the pandemic. The contracting process was administered by the Department of General Services (DGS) Equipment Maintenance Management Insurance Program, a competitively bid program designed to help California state agencies maintain and repair state-owned equipment. According to EMSA, funding for this maintenance contract expires at the end of 2023-24. The equipment includes 2,305 ventilators, 500 infusion pumps, 1,000 humidifiers, 32 Zoll monitors and automatic external defibrillators, and 95 patient monitors.

Resource Request. EMSA requests annual General Fund expenditure authority of $2 million to maintain critical biomedical equipment and medical supplies acquired during the COVID-19 pandemic, and provide lifesaving resuscitative and medical surge services to relieve suffering for disaster victims during pandemics or other catastrophic emergencies. These resources would support continuation of a biomedical maintenance contract to support the 3,637 pieces of equipment acquired during the COVID-19 pandemic.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: California EMS Information System Maintenance and Operations

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $4.2 million in 2024-25 and $4.4 million in 2025-26. If approved, these resources would allow EMSA to continue maintenance and operations for the California Emergency Medical Services Information System.

Multi-Year Funding Request Summary		
Fund Source	**2024-25**	**2025-26**
0001 – General Fund	$4,200,000	$4,400,000
Total Funding Request:	**$4,200,000**	**$4,400,000**
Total Requested Positions:	**0.0**	**0.0**

Background. The California Emergency Medical Services Information System (CEMSIS) is a secure, centralized, data system for collecting data about individual emergency medical service requests, patients treated at hospitals, and emergency medical services (EMS) provider organizations. CEMSIS was established as part of an emergency procurement during the COVID-19 pandemic. The 2022 Budget Act included expenditure authority of $4.8 million, including one-time funding of $1.7 million from the Preventative Health Services Block Grant, to support the emergency procurement for the first year of a two-year emergency contract with ImageTrend, Inc., for the migration, maintenance, and continued operation of CEMSIS. The contract included the option to extend the term for up to two, one-year optional terms.

The 2023 Budget Act included General Fund expenditure authority of $4.9 million in 2023-24 and $185,000 in 2024-25 to extend the contract for a second year and collaborate with the CalHHS Office of Technology and Solutions Integration (OTSI) to assist in the procurement process for continued operation of CEMSIS. EMSA had previously planned to migrate CEMSIS into a new system under its California Emergency Data Resources System (CEDRS) project. However, EMSA has identified other CalHHS and EMSA systems that can serve its business needs and will maintain CEMSIS as its own system.

Resource Request. EMSA requests General Fund expenditure authority of $4.2 million in 2024-25 and $4.4 million in 2025-26 to continue maintenance and operations for CEMSIS. These resources would support the optional third and fourth year of the ImageTrend Inc. contract while the CEMSIS procurement process continues and is completed with the support of OTSI.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Storage of Emergency Medical Response Equipment and Supplies

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $3 million in 2024-25, $3.1 million in 2025-26, and $3.2 million in 2026-27. If approved, these resources would support continued storage and security of emergency medical response equipment and supplies.

Multi-Year Funding Request Summary			
Fund Source	**2024-25**	**2025-26**	**2026-027**
0001 – General Fund	$3,002,000	$3,086,000	$3,172,000
Total Funding Request:	**$3,002,000**	**$3,086,000**	**$3,172,000**
Total Requested Positions:	**0.0**	**0.0**	**0.0**

Background. According to EMSA, during the COVID-19 pandemic its single 25,000 square foot warehouse was insufficient to house the needed equipment and supplies to support the state's emergency response efforts, as well as future responses. During this period, EMSA leased three additional warehouses to support emergency operations, including in-processing and storage of 6,000 intravenous infusion pumps, 15,491 ventilators, 88 oxygen concentrators, and other related patient interface devices and medical supplies. In 2021-22, EMSA reports these three warehouses were consolidated into a single warehouse with 255,000 square feet of storage space and 13,000 square feet of office space.

EMSA reports it is currently leasing the larger warehouse under the terms of a six year contract that ends on May 31, 2029. This warehouse would provide storage and space for maintenance of essential emergency medical equipment and supplies to be ready for immediate deployment throughout the state in response to medical emergencies and disasters. The 2021 Budget Act authorized General Fund expenditure authority of $3.1 million per year for three years to support the warehouse until 2023-24.

Resource Request. EMSA requests General Fund expenditure authority of $3 million in 2024-25, $3.1 million in 2025-26, and $3.2 million in 2026-27 to support continued storage and security of emergency medical response equipment and supplies. These resources would allow EMSA to support three additional years of the lease for its equipment and supplies warehouse.

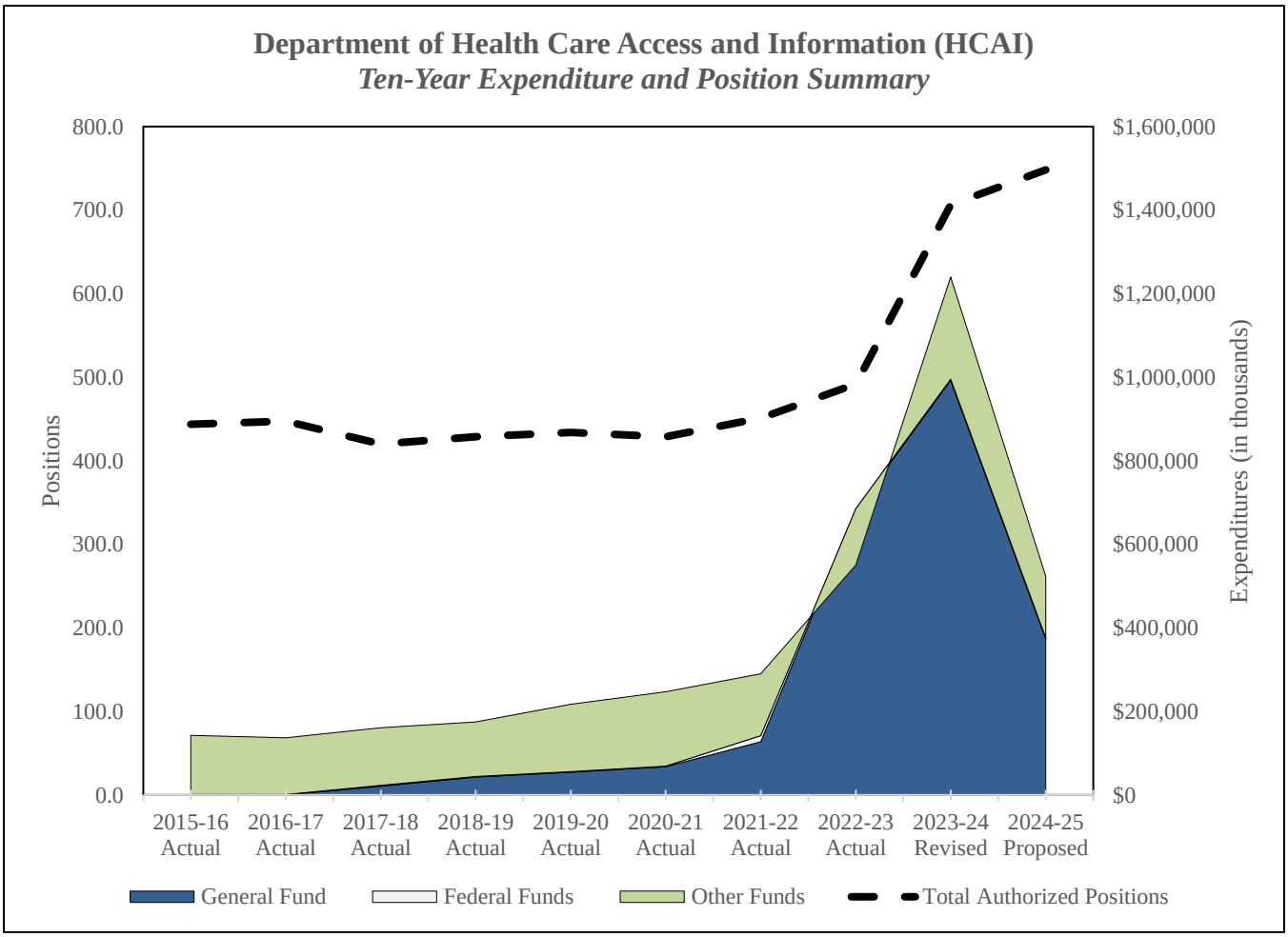
Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of this proposal.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 1: Overview



Department of Health Care Access and Information - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	***2022-23 Actual***	***2023-24 Budget Act***	***2023-24 Revised***	***2024-25 Proposed***
General Fund	$682,467	$287,885	$992,344	$373,219
Federal Funds	$2,960	$3,000	$3,142	$2,871
Other Funds	($134,931)	$375,870	$244,343	$147,389
Total Department Funding:	**$550,496**	**$666,755**	**$1,239,829**	**$523,479**
Total Authorized Positions:	**491.9**	**703.1**	**706.2**	**748.2**
Other Funds Detail:				
Hospital Building Fund (0121)	*$58,528*	*$76,866*	*$77,777*	*$77,893*

CA Health Data and Planning Fund (0143)	*$33,256*	*$42,666*	*$45,455*	*$43,864*
Registered Nurse Education Fund (0181)	*$2,047*	*$2,170*	*$2,183*	*$2,185*
Health Facility Const. Loan Ins. Fund (0518)	*$33,261*	*$5,448*	*$6,124*	*$6,387*
Health Professions Education Fund (0829)	*$14,517*	*$3,106*	*$3,095*	*$1,095*
Medically Underserved Account/Phys (8034)	*$1,701*	*$4,416*	*$4,416*	*$4,416*
Reimbursements (0995)	*$6,114*	*$7,940*	*$7,940*	*$7,947*
Mental Health Practitioner Ed. Fund (3064)	*$749*	*$762*	*$762*	*$762*
Vocational Nurse Education Fund (3068)	*$138*	*$235*	*$235*	*$235*
Mental Health Services Fund (3085)	*$4,302*	*$199,005*	*$13,831*	*$2,605*
Small and Rural Hosp Relief Fund (3391)	*$500*	*$2,171*	*$0*	*$0*
CA E-Cig Excise Tax fund (3394)	*$0*	*$1,085*	*$0*	*$0*
Opioid Settlements Fund (3397)	*$0*	*$30,000*	*$25,000*	*$0*
Distressed Hosp Loan Prog Fund (3432)	*($292,101)*	*$0*	*$0*	*$0*
HCBS American Rescue Plan Fund (8507)	*$2,057*	*$0*	*$57,525*	*$0*

Background. The Department of Health Care Access and Information (HCAI) collects and disseminates information about California's healthcare infrastructure, promotes an equitably distributed healthcare workforce, and publishes information about healthcare outcomes. HCAI also monitors the construction, renovation, and seismic safety of hospitals and skilled nursing facilities, and provides loan insurance to facilitate the capital needs of California's not-for-profit healthcare facilities.

Cal-Mortgage Loan Insurance Division. HCAI's Cal-Mortgage Loan Insurance Division administers the California Health Facility Construction Loan Insurance Program. Cal-Mortgage provides credit enhancement for eligible health care facilities when they borrow money for capital needs. Cal-Mortgage insured loans are guaranteed by the "full faith and credit" of California, which permits borrowers to obtain lower interest rates. Eligible health facilities must be owned and operated by private, nonprofit public benefit corporations or political subdivisions such as cities, counties, healthcare districts or joint powers authorities. Health facilities eligible for Cal-Mortgage include hospitals, skilled nursing facilities, intermediate care facilities, public health centers, clinics, outpatient facilities, multi-level facilities, laboratories, community mental health centers, facilities for the treatment of chemical dependency, child day care facilities (in conjunction with a health facility), adult day health centers, group homes, facilities for individuals with developmental disabilities, and office or central service facilities (in conjunction with a health facility). As of October 31st, 2023, Cal-Mortgage insures 58 loans with a total value of approximately $1.3 billion.

Facilities Development Division – Hospital Seismic Safety. In 1971, the Sylmar earthquake struck the northeast San Fernando Valley, killing 64 people and causing significant damage to structures. In particular, the San Fernando Veterans Administration Hospital in Sylmar, constructed in 1926 with unreinforced concrete, collapsed, resulting in the deaths of 44 individuals trapped inside the building. In addition, a more recently constructed psychiatric ward at Sylmar's Olive View Community Hospital collapsed during the quake, resulting in three deaths and the evacuation of more than 1,000 patients. In response to these tragic events, the Legislature approved the Alfred E. Alquist Hospital Facilities Seismic Safety Act (Alquist Act), which required hospitals to meet stringent construction standards to ensure they are reasonably capable of providing services to the public after a disaster. In 1983, the act was amended

to transfer all hospital construction plan review responsibility from local governments to HCAI, creating the state's largest building department, the Facilities Development Division.

In 1994, the Northridge earthquake struck the San Fernando Valley again, resulting in major structural damage to many hospitals constructed prior to the Alquist Act, many of which were evacuated. In contrast, hospitals constructed in compliance with Alquist Act standards resisted the Northridge earthquake, suffering very little structural damage. In response, the Legislature approved SB 1953 (Alquist), Chapter 740, Statutes of 1994, which amended the Alquist Act to require hospitals to evaluate and rate all general acute care hospital buildings for seismic resistance according to standards developed by HCAI to measure a building's ability to withstand a major earthquake. SB 1953 and subsequent HCAI regulations also require hospitals to submit plans to either retrofit or relocate acute care operations according to specific timeframes.

Health Care Workforce Development Division. HCAI administers programs designed to increase access to healthcare to underserved populations and provide a culturally competent healthcare workforce. Specifically, HCAI encourages demographically underrepresented groups to pursue healthcare careers, incentivizes primary care and mental health professionals to work in underserved communities, evaluates new and expanded roles for health professionals and new health delivery alternatives, designates health professional shortage areas, and serves as the state's central repository of health education and workforce data.

California Health Workforce Education and Training Council. HCAI's health care workforce development programs are coordinated by the California Health Workforce Education and Training Council. The council is composed of 18 members who represent graduate medical education and training programs, health professionals, and consumer representatives. Six members are appointed by the Governor, three members are appointed by the Speaker of the Assembly, and three members are appointed by the Senate Rules Committee. In addition, the council includes the following individuals or their designees: the Director of the Department of Health Care Services, the Director of the Department of Health Care Access and Information, the Secretary of Labor and Workforce Development, the President of the University of California, the Chancellor of the California State University, and the Chancellor of the California Community Colleges.

HCAI awards scholarships and loan repayments to aspiring health professionals and graduate students who agree to provide direct patient care in medically underserved areas for one to four years. HCAI serves as California's Primary Care Office supporting the state's healthcare workforce through pipeline development, training and placement, financial incentives, systems redesign, and research and policy with a focus on underserved and diverse communities.

Loan Repayments, Scholarships, and Grants. HCAI's Workforce Development Division administers a myriad of loan repayment, scholarship, and grant programs to support students, graduates, and institutions providing direct patient care in areas of unmet need. Loan repayment programs include: 1) the Bachelor of Science Nursing Loan Repayment Program, 2) the California State Loan Repayment Program, 3) the County Medical Services Loan Repayment Program, 4) the Licensed Mental Health Services Provider Education Program, 5) the Licensed Vocational Nurse Loan Repayment Program, and 6) the Steven M. Thompson Physician Corps Loan Repayment Program.

Scholarship programs include: 1) the Allied Healthcare Scholarship Program, 2) the Advanced Practice Healthcare Scholarship Program, 3) the Associate Degree Nursing Scholarship Program, 4) the Bachelor of Science Nursing Scholarship Program, 5) the Licensed Vocational Nurse to Associate Degree Nursing Scholarship Program, 6) the Vocational Nurse Scholarship Program, 7) the Train New Trainers Primary Care Psychiatry Fellowship Scholarship Program, 8) the Primary Care Training and Education in Addiction Medicine Fellowship Scholarship Program, 9) the Behavioral Health Scholarship Program, and 10) the Golden State Social Opportunities Program.

Grant programs include: 1) the Song-Brown Healthcare Workforce Training Program, 2) Behavioral Health Programs, 3) the Health Professions Careers Opportunity Program, 4) Rural Health Grant Programs, and 5) Healthcare IT Workforce Programs.

Workforce Development Initiatives. In addition to its loan repayment, scholarship and grant programs, HCAI is a partner in advancing a number of state initiatives with workforce development components, including:

- Children and Youth Behavioral Health Initiative – As part of a $4.4 billion investment over five years to improve behavioral health access and outcomes for children and youth from zero to age 25, HCAI administers several workforce development initiatives including: 1) increasing training capacity for psychiatry and social workers, 2) creating a wellness coach and counselor workforce, 3) developing a substance use disorder workforce, 4) building a behavioral health workforce pipeline, 5) building "earn and learn" apprenticeship models, 6) enhance training to serve justice- and system-involved youth, 7) enhancing behavioral health training for primary care providers, 8) targeting professionals to medically underserved areas and populations, 9) expand peer personnel training and placement programs, and 10) augment HCAI programs to support behavioral health disciplines.

- Community Health Workers/Promotores/Representatives (CHW/P/Rs) – This initiative, in partnership with the Department of Health Care Services, is meant to standardize certification requirements and conditions for participation in Medi-Cal for community health workers, promotores, and representatives (CHW/P/Rs).

- Twenty-First Century Nursing Initiative – The 2022 Budget Act included $220 million to address the largest issues facing our nursing workforce and supporting the development of that workforce in a way that meets California's health care needs. This initiative is subject to delays proposed in the Governor's January budget.

- Reproductive Health Care Access Initiative – The 2022 Budget Act included $120 million to establish and administer five programs designed to support and expand abortion, abortion-related care, and reproductive services across the state including: 1) Clinical Infrastructure scholarship and loan repayment program, 2) Capital Infrastructure program to enhance physical and digital security infrastructure, 3) Uncompensated Care Fund, 4) Abortion Practical Support Fund, and 5) California Reproductive Health Service Corps.

Health Workforce Pilot Projects Program. HCAI administers the Health Workforce Pilot Projects (HWPP) Program to allow organizations to test, demonstrate, and evaluate new or expanded roles for

healthcare professionals, or new healthcare delivery alternatives before licensing laws are made by the Legislature. Current projects include expansions for community paramedicine and allied dental providers.

Information Services Division. The Information Services Division (ISD) collects and disseminates timely and accurate healthcare quality, outcome, financial, and utilization data, and produces data analyses and other products.

Information Technology Services and Support. The division supports operations, data collection, and reporting functions through maintenance of technical infrastructure and enterprise systems, including IT customer support, project portfolio management, and enterprise architecture.

Data Collection and Management. The division collects and publicly discloses facility level data from more than 6,000 licensed healthcare facilities including hospitals, long-term care facilities, clinics, home health agencies, and hospices. These data include financial, utilization, patient characteristics, and services information. In addition, approximately 450 hospitals report demographic and utilization data on approximately 16 million inpatient, emergency department, ambulatory surgery patients, and by physician, about heart surgery patients.

Healthcare Data Analytics. The division produces more than 100 data products, including maps and graphs, summarizing rates, trends, and the geographic distribution of services. Risk-adjusted hospital and physician quality and outcome ratings for heart surgery and other procedures are also published. The division conducts a wide range of special studies on such topics as preventable hospital admissions and readmission, trends in care, and racial or ethnic disparities. The division also provides information to the public on non-profit hospital and community benefits, and hospital prices and discount policies.

Engagement and Technical Assistance. The division provides assistance to the members of the public seeking to use HCAI data and, upon request, can produce customized data sets or analyses for policymakers, news media, other state departments, and stakeholders.

Office of Health Care Affordability. The 2022 Budget Act established within HCAI the Office of Health Care Affordability (OHCA) to analyze and help constrain the growth of the cost of health care in California. The Office is governed by an eight-member Health Care Affordability Board, with four members appointed by the Governor and confirmed by the Senate, one member each appointed by the Senate Committee on Rules and the Speaker of the Assembly, the Secretary of Health and Human Services, and the Chief Health Director of the California Public Employment Retirement System (CalPERS). OHCA's primary responsibilities are to analyze the health care market for cost trends and drivers of spending, develop data-informed policies for lowering health care costs for consumers and purchasers, create a state strategy for controlling the cost of health care, ensure affordability for consumers and purchasers, and enforce cost targets. The first cost target will be developed for the 2025 calendar year, for reporting purposes only. The 2026 cost target will be the first in which enforcement action will be taken against providers that fail to meet the target. Enforcement actions will be progressive, beginning with technical assistance or corrective action plans, and could result in financial penalties.

CalRx. CalRx was established by SB 852 (Pan), Chapter 207, Statutes of 2020, the California Affordable Drug Manufacturing Act of 2020. CalRx is authorized to develop, produce, and distribute generic drugs and sell them at low cost. The program will target prescription drugs where the pharmaceutical market

has failed to lower drug costs, even when a generic or biosimilar medication is available. The current projects in development by CalRx include:

- Biosimilar Insulin Initiative – CalRx has partnered with CivicaRx, a non-profit pharmaceutical company, to develop the most popular short- and long-acting types of insulin. The 2022 Budget Act included $50 million to support development of the insulin product and $50 million to establish an insulin manufacturing facility based in California. According to CivicaRx, the manufacturer suggested retail price for a 10mL vial of insulin will be no more than $30, and a five-pack of 3mL pens will be no more than $55. Californians and their health insurers commonly pay $300 per vial and $500 for a five-pack of pens in the current marketplace.

- Naloxone Access Initiative – CalRx will partner with a pharmaceutical company who can develop, make, and distribute naloxone nasal spray at a much lower cost. The 2023 Budget Act included $30 million from the Opioid Settlements Fund to support this project.

Subcommittee Staff Comment. This is an informational item.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of HCAI's mission and programs.

2. Please provide a status update on implementation of the Office of Health Care Affordability, including statutory and regulatory milestones achieved, evaluation and analysis of cost growth targets, and expected timelines for future actions to restrain the growth of health care costs in California.

3. Please provide a status update on development of biosimilar insulin and improving access to naloxone through CalRx.

Issue 2: CalRx Technical Adjustment

Budget Change Proposal – Governor's Budget. HCAI requests three positions, supported with previously approved expenditure authority, to administer the Naloxone Access Initiative at CalRx.

Multi-Year Funding Request Summary		
Fund Source	**2024-25**	**2025-26***
3397 – Opioid Settlements Fund	$-	$-
Total Funding Request:	**$-**	**$-**
Total Requested Positions:	**3.0**	**3.0**

* Positions ongoing after 2025-26.

Background. The 2022 Budget Act included expenditure authority from the Opioid Settlements Fund of $30 million to implement the CalRx Naloxone Initiative. The initiative will support development, manufacturing, or procurement of a low-cost version of a naloxone nasal product. According to HCAI, a more affordable version of naloxone will enable the state to leverage its purchasing power to make the drug more accessible in communities across California. Of the $30 million allocated for the initiative, $27.6 million was allocated to support the development, manufacturing, or procurement of the drug, and $2.4 million was allocated to HCAI to support administration of the program.

Staffing Request. HCAI requests three positions, supported with previously approved expenditure authority, to administer the Naloxone Access Initiative at CalRx. While $2.4 million was allocated for administration of the program, no position authority was established. This request would permanently establish three positions, as follows:

- One **Associate Governmental Program Analyst** would support program administration in collaboration with multidisciplinary HCAI staff, including administration, legal, external affairs and communications, and information services.
- One **Research Data Specialist II** position would apply research methodologies, including problem exploration and definition, data analysis, explanation of methods, and interpretation of findings pertaining to the development, procurement, or distribution of various medications targeted under the CalRx program, including evaluation of strategies to ensure equitable access.
- One **Health Program Specialist II** position would provide program planning project management expertise and oversight to monitor, report and troubleshoot issues for target drug initiatives under CalRx.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Alignment of Health Workforce Development Program

Budget Change Proposal – Governor's Budget. HCAI requests 16 positions, supported by previously authorized expenditure authority, to implement new and expanding health workforce development programs and initiatives.

Multi-Year Funding Request Summary		
Fund Source	**2024-25**	**2025-26***
0001 – General Fund	$-	$-
Total Funding Request:	**$-**	**$-**
Total Requested Positions:	**16.0**	**16.0**

* Positions ongoing after 2025-26.

Background. HCAI administers programs designed to increase access to healthcare to underserved populations and provide a culturally competent healthcare workforce. Specifically, HCAI encourages demographically underrepresented groups to pursue healthcare careers, incentivizes primary care and mental health professionals to work in underserved communities, evaluates new and expanded roles for health professionals and new health delivery alternatives, designates health professional shortage areas, and serves as the state's central repository of health education and workforce data.

In recent years, the Legislature has approved several significant healthcare workforce initiatives to address shortages in primary care, behavioral health and other health professionals in California's healthcare system. According to HCAI, the 2021 Budget Act expanded HCAI's health workforce funding from $170 million to over $800 million including the Children and Youth Behavioral Health Initiative, the Health Professions Career Opportunity Program, and ongoing support for the Song-Brown Healthcare Workforce Training Program. The 2022 Budget Act expanded health workforce programs by an additional $180 million for community health workers, the Comprehensive Nursing Initiative, the Social Work Initiative, expansion of behavioral health education, reproductive health initiatives, and nursing support in the Song-Brown program.

During these expansions, the overall funding for health workforce development has increased over four-fold, while the position authority has doubled from 36 positions to 73 positions.

Staffing Request. HCAI requests 16 positions, supported by previously authorized expenditure authority, to implement new and expanding health workforce development programs and initiatives. These positions would support the following functions within HCAI:

Alignment of Existing Program Support – Three positions would provide operational support and high-level workforce policy and strategy.

- One **Career Executive Appointment A** position would serve as Senior Policy Advisor to oversee health workforce policy and research agenda development, strategic direction-setting, and ensuring HCAI delivers on its objectives to increase and diversify a health workforce that serves underserved communities and populations.
- One **Program Technician II** position would provide administrative support to senior leadership.

- One **Associate Governmental Program Analyst (AGPA)** would support the budget, accounting, invoicing, and contracting workflows across health workforce development programs to include ongoing statewide initiatives.

Operations Support for Program Development – Three positions would serve as a Project Management Unit to ensure health workforce projects are progressing successfully based on consistent project management practices across the division.

- One **Health Program Specialist I** position would support development of the Project Management Unit and serve as lead staff in providing long-term project management support services to the department's new and expanding workforce development programs.
- Two **AGPAs** would support the development of the Project Management Unit and provide support in developing project management plans and supporting the implementation and evaluation of existing and new programs to ensure the workforce development program portfolio is meeting the needs of underserved communities and Medi-Cal members.

Capacity to Support New and Expanded Grant Program Implementation – Six positions would support administration of grants in new and expanded programs.

- Three **AGPAs** would support ongoing administration of scholarship, loan repayment, education capacity, and training programs, and complete the rebalancing of workload to ensure HCAI has the capacity to support the increase and oversight of grant awards for future years.
- One **Program Technician II** position would support the increased number of awards, including assisting in processing grant agreements, tracking and monitoring program reports, processing invoices to ensure awardees receive timely payments, and perform general administrative duties.
- Two **Staff Services Manager I** positions would support realignment of the division's grant administration and manage two new units consisting of the grant staff in this proposal and existing grant staff.

Health Workforce Research and Data Center Structural Capacity Support – Four positions would support expanded demand for health workforce data and analysis generated by HCAI, CalHHS, program partners and stakeholders.

- One **Research Data Supervisor I** position would be responsible for supervision of the Data Support Services Unit.
- One **Research Data Specialist I** position would be responsible for health workforce data management, data analysis, integrating Research Data Center and Program data, and workforce data and research support.
- Two **Research Data Analyst II** positions would be responsible for health workforce data management, custom data requests, grant program evaluation, and workforce program analytical support.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Healthcare Workforce Delays and Reversions

General Fund and Mental Health Services Fund Budget Solution – Governor's Budget. HCAI requests to revert expenditure authority of $14 million ($7 million General Fund and $7 million Mental Health Services Fund) and delay expenditure authority of $329.5 million ($140.1 million General Fund and $189.4 million Mental Health Services Fund) approved in the 2022 and 2023 Budget Acts for several health care workforce development programs. The programs that would be reverted or delayed are as follows:

- *Psychiatry Loan Repayment Program Reversion and Delay.* $14 million ($7 million General Fund and $7 million Mental Health Services Fund) would be reverted from resources allocated in the 2022 and 2023 Budget Acts to support a psychiatry loan repayment program for psychiatrists who agree to a term of service at the Department of State Hospitals. $7 million Mental Health Services Fund from 2023-24 would be delayed until 2025-26 to support a psychiatry loan repayment program for psychiatrists who agree to a term of service providing care for a local behavioral health department.
- *Comprehensive Nursing Initiative Delay.* $70 million General Fund from 2024-25 would be delayed until 2025-26 to support the Comprehensive Nursing Initiative.
- *Social Work Initiative.* $51.9 million Mental Health Services Fund from 2023-24 and $70.1 million General Fund from 2024-25 would be delayed until 2025-26 to support the Social Work Initiative.
- *Addiction Psychiatry and Addiction Medicine Fellowships.* $48.5 million Mental Health Services Fund from 2023-24 would be delayed until 2025-26 to support addiction psychiatry and addiction medicine fellowships.
- *University and College Training Grants for Behavioral Health Professionals.* $52 million Mental Health Services Fund from 2023-24 would be delayed until 2025-26 to support university and college training grants for behavioral health professionals.
- *Expand Masters in Social Work Slots at Public Schools of Social Work.* $30 million Mental Health Services Fund from 2023-24 would be delayed until 2025-26 to support expansion of Masters in Social Work slots at public schools of social work.

Health Care Workforce Investments Delays and Reversions			
Psychiatry Loan Repayment Program			
Fund Source	**2023-24**	**2024-25**	**2025-26**
General Fund	**($7,000,000)**	**$-**	**$-**
Mental Health Services Fund	**($14,000,000)**	**$-**	**$7,000,000**
Comprehensive Nursing Initiative			
Fund Source	**2023-24**	**2024-25**	**2025-26**
General Fund	**$-**	**($70,000,000)**	**$70,000,000**
Mental Health Services Fund	**$-**	**$-**	**$-**
Social Work Initiative			
Fund Source	**2023-24**	**2024-25**	**2025-26**
General Fund	**$-**	**($70,100,000)**	**$70,100,000**
Mental Health Services Fund	**($51,900,000)**	**$-**	**$51,900,000**
Addiction Psychiatry and Addiction Medicine Fellowships			

Fund Source	2023-24	2024-25	2025-26
General Fund	**$-**	**$-**	**$-**
Mental Health Services Fund	**($48,500,000)**	**$-**	**$48,500,000**
University and College Training Grants for Behavioral Health Professionals			
Fund Source	**2023-24**	**2024-25**	**2025-26**
General Fund	**$-**	**$-**	**$-**
Mental Health Services Fund	**($52,000,000)**	**$-**	**$52,000,000**
Expand Masters in Social Work Slots at Public Schools of Social Work			
Fund Source	**2023-24**	**2024-25**	**2025-26**
General Fund	**$-**	**$-**	**$-**
Mental Health Services Fund	**($30,000,000)**	**$-**	**$30,000,000**

Background. The 2022 Budget Act included expenditure authority of $195.1 million ($185.1 million General Fund and $10 million Mental Health Services Fund) in 2022-23, and General Fund expenditure authority of $134.1 million in 2023-24, $34.1 million in 2024-25, and $3.2 million in 2025-26 for investments in workforce development for providers of services in the fields of behavioral health, primary care, and public health. These investments included the following:

Behavioral Health

- *Addiction Psychiatry and Addiction Medicine Fellowship Programs* - $25 million annually for two years to support additional slots for Addiction Psychiatry and Addiction Medicine Fellowship programs.
- *University and College Training Grants for Behavioral Health Professionals* - $26 million annually for two years to support 4,350 licensed behavioral health professionals through grants to existing university and college training programs, including partnerships with the public sector.
- *Expand Masters in Social Work (MSW) Slots at Public Schools of Social Work* - $30 million annually for two years to support grants to public schools of social work to immediately expand the number of MSW students. $27 million would support the 18 California State University programs and $3 million would support the two University of California programs.
- *Graduate Medical Education and Loan Repayment for Psychiatrists* - $19 million annually for two years to support two training programs for psychiatrists: 1) $5 million annually for two years for graduate medical education slots for psychiatrists, 2) $7 million annually for two years to support loan repayment for psychiatrists that agree to a five year service commitment at the Department of State Hospitals, and 3) $7 million annually for two years to support loan repayment for psychiatrists that agree to a five-year service commitment to provide psychiatric services in a local public behavioral health system with an emphasis on prevention and early intervention services for individuals with serious mental illness likely to become justice-involved or are, or at risk of, experiencing homelessness.

Primary Care

- *Additional Primary Care Residency Slots in Song-Brown* - $10 million annually for three years to support additional primary care residency slots in the Song-Brown Primary Care Residency Program.

- *Clinical Dental Rotations* - $10 million one-time to support new and enhanced community based clinical education rotations for dental students to improve the oral health of underserved populations.
- *Health Information Technology (IT) Workforce* - $15 million one-time to support health IT workforce recruitment and training for health clinics and other providers in underserved communities.
- *California Reproductive Health Service Corps* - $20 million one-time to support targeted recruitment and retention resources, and training programs to ensure a range of clinicians and other health workers can receive abortion training.
- *Certified Nurse Midwives Training* - $1 million one-time to allow certified nurse-midwives to participate in the Song-Brown program, consistent with the Midwifery Workforce Training Act authorized by SB 65 (Skinner), Chapter 449, Statutes of 2021.
- *Nurse Practitioner Postgraduate Training* - $4 million one-time to support Nurse Practitioner postgraduate training slots in primary care within underserved communities through the Song-Brown Healthcare Workforce Training Program.
- *Physician Assistant Postgraduate Training* - $1 million one-time to support Physician Assistant postgraduate training slots in primary care within underserved communities through the Song-Brown Healthcare Workforce Training Program.
- *Golden State Social Opportunities Program* - $10 million Mental Health Services Fund one-time to support postgraduate grants for behavioral health professionals that commit to working in a nonprofit eligible setting for two years, with priority given to individuals that are current or former foster youth and homeless youth.

The 2022 Budget Act also included General Fund expenditure authority of $677.4 million over three years to support the following care economy workforce development investments:

- *Community Health Workers* - $281.4 million over three years to recruit, train and certify 25,000 new community health workers by 2025, with specialized training to work with varying populations, such as justice-involved, people who are unhoused, older adults, or people with disabilities. The Legislature also approved trailer bill language to require HCAI to develop requirements for community health worker certificate programs, and establish other requirements for community health worker certification and renewal.
- *Comprehensive Nursing Initiative* - $220 million over three years to increase the number of registered nurses, licensed vocational nurses, certified nursing assistants, certified nurse midwives, certified medical assistants, family nurse practitioners, and other health professions.
- *Social Work Initiative* - $126 million over three years to increase the number of social workers trained in the state by supporting social work training programs and providing stipends and scholarships for working people to create a new pipeline for diverse social workers who cannot otherwise afford the financial or time investment required to complete full-time training programs.
- *Nursing in Song-Brown* - $50 million over three years to support nurse training slots in the Song-Brown Healthcare Workforce Training Program.

The 2023 Budget Act, to address a General Fund shortfall, implemented a package of delays and fund shifts to a number of the healthcare workforce programs adopted in the 2022 Budget Act. These delays and fund shifts included the following:

- *Community Health Workers.* Delay of $115 million General Fund from 2023-24 until 2024-25 ($57.5 million) and 2025-26 ($57.5 million).

- *Addiction Psychiatry and Addiction Medicine Fellowship Programs.* Shift of $48.5 million from General Fund to Mental Health Services Fund in 2023-24.
- *University and College Training Grants for Behavioral Health Professionals.* Shift of $52 million from General Fund to Mental Health Services Fund in 2023-24.
- *Expand Masters in Social Work Slots at Public Schools of Social Work.* Shift of $30 million from General Fund to Mental Health Services Fund in 2023-24.
- *Social Work Initiative.* Shift of $51.9 million from General Fund to Mental Health Services Fund in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested HCAI and the Department of Finance to respond to the following:

1. Please provide a brief overview of these proposed reversions and delays.

2. Please provide a status update of implementation of the health care workforce programs adopted in the 2022 Budget Act, including timelines of release of application periods for funding or grants, expected outcomes and expected timing of expenditures by fiscal year.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)

Issue 1: Overview and Open Enrollment Update

Background. The federal Patient Protection and Affordable Care Act (ACA) implemented significant improvements to health care coverage offered in the individual health insurance market. Beginning in September 2010, ACA individual market reforms:

1. Eliminated lifetime limits on coverage.
2. Prohibited post-claims underwriting and rescission of policies.
3. Required health plans to offer coverage to dependent children up to age 26.
4. Eliminated pre-existing condition exclusions for children.
5. Eliminated copays and other cost sharing provisions for 45 preventive services.
6. Required health plans to spend at least 85 percent of premium dollars on health expenditures or provide rebates to customers (effective January 2012).

According to federal data, by 2013, more than eight million Californians received access to no-cost preventive services and 1.4 million residents with private insurance coverage received $65.7 million in insurance company rebates.

Beginning in January 2014, the ACA implemented additional market reforms and required establishment of health benefit exchanges, which provide federally subsidized health care coverage to individuals with incomes between 138 and 400 percent of the federal poverty level (FPL). California established its own health benefit exchange, Covered California, funded by assessments on health plan premiums. Covered California offers several options for individual health care coverage negotiated for cost and quality with health plans. Enrollment occurs during an annual open enrollment period that begins November 1 and ends January 31. The ACA requires all health insurance products, with some exceptions, to cover certain essential health benefits to be considered minimum essential coverage. These benefits include:

- Ambulatory patient services
- Prescription drugs
- Emergency services
- Rehabilitative and habilitative services and devices
- Hospitalization
- Laboratory services
- Maternity and newborn care
- Preventive and wellness services and chronic disease management
- Mental health and substance use disorder services, including behavioral health treatment
- Pediatric services, including oral and vision care

Metal Tiers for Health Insurance Products in Covered California. Consumers purchasing coverage in the Covered California health benefit exchange may choose from different "metal tiers" that determine the level of coverage and cost-sharing amounts provided by the product. According to Covered California, the metal tiers provide coverage as follows:

- **Bronze:** On average, Bronze health plans pay 60 percent of medical expenses, and consumers pay 40 percent.

- **Silver:** On average, Silver health plans pay 70 percent of medical expenses, and consumers pay 30 percent. Certain income-eligible individuals may qualify for an Enhanced Silver plan, which provides coverage with lower cost-sharing. Individuals in these savings categories get the benefits of a Gold or Platinum plan for the price of a Silver plan. The three categories of Enhanced Silver plans pay 94, 87 or 73 percent of medical expenses.

- **Gold:** On average, Gold health plans pay 80 percent of medical expenses, and consumers pay 20 percent.

- **Platinum:** On average, Platinum health plans pay 90 percent of medical expenses, and consumers pay 10 percent.

Figure 1. Metal Tiers of Coverage in Covered California Health Benefit Exchange
Source: *Covered California website: "Coverage Levels/Metal Tiers" https://www.coveredca.com/individuals-and-families/getting-covered/coverage-basics/coverage-levels/*

Advance Premium Tax Credit Subsidies. The ACA subsidizes health care coverage purchased in health benefit exchanges, such as Covered California, for individuals between 138 and 400 percent of the FPL. The subsidies are provided in the form of advance premium tax credits (APTC), which reduce the amount of premium paid by income-eligible consumers purchasing coverage on the exchange. The amount of the APTC is linked to the cost of the second-lowest cost Silver plan in a consumer's coverage region. The APTC is meant to ensure that consumers are required to spend no more than two percent to 9.6 percent of their income for Silver plan premiums. Consumers may use the APTC subsidy amount to purchase other metal tiers of coverage that may be less expensive (e.g. Bronze) or more expensive (e.g. Gold or Platinum).

Individual Mandate Penalty and Cost-Sharing Reductions. In addition to individual market reforms and new coverage options, the ACA eliminated pre-existing condition exclusions for adults beginning in 2014, and imposed a requirement that individuals enroll in health plans that offer minimum essential coverage or pay a penalty, known as the individual mandate penalty. The individual mandate penalty was designed to stabilize premiums by encouraging healthy individuals to enroll in health coverage and reduce the overall acuity of health insurance risk pools. Because health plans cannot deny coverage based on a pre-existing condition, in the absence of a mandate penalty, individuals may delay enrolling in coverage until they are diagnosed with a high-cost health condition, resulting in higher overall plan expenditures, which lead to higher premiums. The ACA also limited the amount of cost-sharing that could be required of plan beneficiaries with incomes under 250 percent of the FPL. These cost-sharing reductions result in

savings to beneficiaries on deductibles, copayments, coinsurance, and maximum out-of-pocket costs. Until 2017, the federal government provided cost-sharing reduction subsidies to health plans to help mitigate the costs of limiting cost-sharing amounts for these beneficiaries. These subsidies were designed to maintain those cost-sharing limits while reducing higher premium costs that would otherwise be required.

Elimination of Cost Sharing Reduction Subsidies and Repeal of Individual Mandate. In October 2017, the federal Administration eliminated cost-sharing reduction subsidies that prevented premium growth due to ACA requirements that limited cost-sharing for health plan beneficiaries with incomes under 250 percent of the FPL. According to Covered California, the loss of these subsidies resulted in an annual reduction of approximately $750 million of federal funds available to reduce premiums. According to the Kaiser Family Foundation, health plans imposed resulting cost-sharing reduction surcharges ranging from seven to 38 percent on premiums beginning in 2018. In addition, recently enacted federal tax legislation included a reduction to zero of the individual mandate penalty for failing to purchase health care coverage. The reduction took effect for coverage in the 2019 calendar year.

State Subsidy Program and State Individual Mandate Penalty. The 2019 Budget Act included General Fund expenditure authority of $428.6 million in 2019-20, $479.8 million in 2020-21, and $547.2 million in 2021-22 to provide state premium subsidies for individuals up to 600 percent of the FPL purchasing health care coverage in Covered California. Approximately 17 percent of the funds supplemented federal APTC subsidies for individuals with incomes between 200 and 400 percent of the FPL (between $51,500 and $103,000 for a family of four) and approximately 83 percent for individuals with incomes between 400 and 600 percent of the FPL (between $103,000 and $154,500 for a family of four). The funding also covered full premium costs for individuals below 138 percent of the FPL ($35,500 for a family of four). In addition, the 2019 Budget Act included trailer bill language to implement a penalty on individuals that fail to maintain minimum essential coverage during a coverage year, to encourage enrollment in the absence of the federal individual mandate penalty. The minimum penalty is $695 for adults in a household and $347.50 for each child. The revenue from the penalty was intended to offset General Fund expenditures for the state subsidy program. According to Covered California, as of June 2020, approximately 598,000 individuals received state subsidies, with 546,000 under 400 percent of the FPL receiving an average of $14 per month and 42,000 between 400 and 500 percent of the FPL receiving an average of $301 per month.

The Federal American Rescue Plan and Inflation Reduction Act Offer More Generous Subsidies. In March 2021, President Biden signed the American Rescue Plan (ARP), which makes a significant investment in advance premium tax credits (APTC) to improve affordability for consumers seeking health care coverage in health benefit exchanges, including Covered California. For the 2021 and 2022 plan years, the ARP removes the income eligibility cap on APTC premium subsidies, which previously limited subsidies to individuals at or below 400 percent of the FPL. The ARP provides subsidies so that no individual at any income level will have to pay more than 8.5 percent of their income for a silver plan in an ACA marketplace, such as Covered California. In addition, no individual with income below 150 percent of the FPL, or any individual that receives unemployment insurance payments at any point in 2021, will pay any premiums at all for silver level coverage.

As a result of the more generous subsidies provided by the ARP, the three-year state premium subsidy program implemented by the 2019 Budget Act was subsumed by the new federal subsidies. The state

subsidy program was designed to limit individuals between 400 and 600 percent of the FPL to spending between 9.68 percent and 18 percent of income on premiums. Because the ARP caps premiums at 8.5 percent for all income levels, no state premium subsidy is necessary to reach the required contribution levels included in the state premium subsidy design. As a result, the 2021 Budget Act reverted General Fund expenditure authority of $405.6 million in 2021-22 to reflect savings in the state subsidy program resulting from the more generous federal premium subsidies. On August 16, 2022, President Biden signed the Inflation Reduction Act, which extended the ARP subsidies through the 2025 plan year.

Health Care Affordability Reserve Fund. The 2021 Budget Act included trailer bill language to establish the Health Care Affordability Reserve Fund, as well as a transfer of General Fund resources of $333.4 million, which is the revenue the Administration estimated the state would receive from the individual mandate penalty. The reserve fund was meant to provide available resources to support state subsidies if the more generous federal subsidies are not extended beyond the 2022 coverage year, or if the state implements future health care affordability measures. The 2023 Budget Act included trailer bill language to permanently transfer revenues received from the individual mandate penalty into the Health Care Affordability Reserve Fund. Previously, these revenues were transferred directly to the General Fund and used to balance the state budget.

Cost-Sharing Reduction Subsidies. The 2023 Budget Act included expenditure authority from the Health Care Affordability Reserve Fund of $82.5 million in 2023-24 and $165 million annually thereafter to support a program of financial assistance for individuals purchasing coverage in the Covered California health benefit exchange. For the 2024 coverage year, these subsidies will result in elimination of deductibles and reduction in copayments and other health care cost sharing for more than 600,000 Californians. The Legislature also approved trailer bill language to require all revenues collected from the individual mandate penalty to be annually deposited in the Health Care Affordability Reserve Fund to be used by Covered California to improve affordability in the health benefit exchange.

2024 Open Enrollment Update. The 2024 Open Enrollment period began on November 1st, 2023, and closed on February 9th, 2024, for the 2024 coverage year. The 2024 Open Enrollment continued to benefit from implementation of more generous federal subsidies from the American Rescue Plan, extended by the Inflation Reduction Act, as well as implementation of a one-dollar state subsidy program to allow for zero-dollar premiums for income-eligible individuals and the cost-sharing reduction subsidy program established by the 2023 Budget Act.

According to Covered California, as of January 31, 2024, with nine days remaining of the open enrollment period, nearly 1.8 million Californians enrolled in coverage through the Covered California health benefits exchange, including nearly 1.5 million Californians renewing coverage and more than 306,000 newly enrolled. Covered California reports that the federal subsidies available through the Inflation Reduction Act, coupled with California's new cost-sharing reduction program, helped create the highest number of new enrollments during an open enrollment period since 2020.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested Covered California to respond to the following:

1. Please provide a brief overview of Covered California's mission and programs.

2. Please provide an update on enrollment in Covered California during the most recent open enrollment period.

3. Please provide an update on development of the program design for the 2025 Open Enrollment with the additional resources authorized in the 2023 Budget Act.

Issue 2: Health Care for Striking Workers

Oversight – Health Care for Striking Workers Program. AB 2530 (Wood), Chapter 695, Statutes of 2022, requires Covered California to administer a program of financial assistance to help Californians obtain and maintain health benefits through the exchange if they lose employer-provided health care coverage as a result of a labor dispute. Eligible individuals would receive the same premium assistance and cost-sharing reductions as an individual with a household income of 138.1 percent of the federal poverty level. The financial assistance provided under AB 2530 is subject to an appropriation by the Legislature.

The 2023 Budget Act included expenditure authority from the Health Care Affordability Reserve Fund of $2 million to support health care for striking workers under AB 2530. During the significant labor actions that occurred during the 2023 calendar year, such as those in the entertainment industry and the averted Teamsters UPS strike, proponents of AB 2530 raised concerns that a $2 million capped appropriation would not have been sufficient to support the need for health care coverage for workers involved in those labor actions. Under a capped appropriation, workers who lose health care coverage as a result of a strike or other labor dispute late in the Covered California coverage year would not be able to participate in this program, as approved by the Legislature and the Governor in AB 2530, if there had been significant previous labor activity that utilized the entire $2 million appropriation before the loss of health care coverage occurred.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested Covered California and the Department of Finance to respond to the following:

1. Please provide an overview of the health care for striking workers program, including the number of workers affected in 2023 and the amount of state expenditures for the program.

2. What is the rationale for a specific, capped appropriation for a program with significant uncertainty of annual expenditures, rather than a continuous appropriation or another mechanism to augment expenditure authority to meet emergent needs of the program?

Issue 3: Proposal for Investment

Proposal for Investment. The subcommittee has received the following proposal for investment:

- **Health4All – Covered California Access Regardless of Immigration Status.** The California Immigrant Policy Center and Health Access California request General Fund expenditure authority of $15 million in 2024-25 and trailer bill language to facilitate the creation of a mirrored marketplace, as identical to the existing Covered California marketplace as is feasible, to ensure that all residents of California can shop for and enroll in coverage for themselves and their family members. According to the proponents, the creation of a mirrored marketplace would, for the first time, allow all Californians access to coverage via the Covered California exchange. In the same way that eliminating exclusions to the state's Medi-Cal program has resulted in hundreds of thousands of California residents being able to access much-needed preventative care, medications, diagnostic testing, and other services, a similar state-funded expansion of Covered California would afford over 500,000 Californians a chance to get covered and no longer rely on the emergency room as their only source of health care.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.