

Senate Budget and Fiscal Review—Nancy Skinner, Chair

**SUBCOMMITTEE NO. 3**

**Agenda**

Senator Susan Talamantes Eggman, Ph.D, Chair  
Senator Melissa Melendez  
Senator Richard Pan, M.D.



**Tuesday, May 11, 2021  
1:30 pm  
State Capitol - Room 3191**

**OUTCOMES**

Consultants: Scott Ogus and Renita Polk

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**ALL ISSUES FOR DISCUSSION WERE HELD OPEN.**

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**ISSUES FOR VOTE ONLY****4170 DEPARTMENT OF AGING****Issue 1: Delay of Repeal of Funding for Aging and Disability Resource Connections (ADRCs) and Senior Nutrition Programs**

**Trailer Bill language – Governor’s Budget.** CDA proposes trailer bill language to delay the suspension of additional funding provided in the 2019 budget for ADRC programs and Older Americans Act senior nutrition programs until December 31, 2022. Rather than executing the suspension calculation this May (under current law), the Governor’s budget proposes a new suspension calculation at May Revision in 2022. Specifically, the Governor proposes that the Legislature enact new suspension language that would give the Department of Finance (DOF) the authority to make this calculation again at the time of the May Revision in 2022.

This proposal was heard at the subcommittee’s hearing on March 2, 2021.

**Staff Comment and Recommendation – Modify.** As with other issues proposed for suspension discussed in previous Subcommittee hearings, staff notes that the suspension language treats policies that are fundamentally ongoing as temporary and understates the true ongoing cost of the state’s policy commitments. The suspension language creates uncertainty in these programs, creating uncertainty for the vulnerable individuals that these programs serve. Staff recommends the following alternative to the Administration’s proposal:

- Adopt placeholder budget bill language to eliminate all program suspensions authorized in the Budget Act.
- Adopt placeholder trailer bill language to eliminate all program suspensions authorized in statute

**4260 DEPARTMENT OF HEALTH CARE SERVICES****Issue 2: Delay or Repeal of Program and Benefit Suspensions**

**Budget Bill Language and Trailer Bill Language – Governor’s Budget.** DHCS proposes provisional budget bill language and trailer bill language to delay or repeal program and benefit suspensions first adopted in the 2019 Budget Act. Specifically, the proposed language would: 1) delay or repeal suspensions for certain supplemental payments for Medi-Cal providers supported by Proposition 56 tobacco tax revenue; 2) delay suspension of certain optional Medi-Cal benefits; 3) delay suspension of provisional post-partum extension of Medi-Cal eligibility; and 4) repeal suspension of screening, brief intervention, and referral to treatment (SBIRT) for opioids and other drugs.

This proposal was heard at the subcommittee’s hearing on February 19<sup>th</sup>, 2021.

**Subcommittee Staff Comment and Recommendation—Modify.** While the Administration’s proposed delay of the suspension of these critical programs would provide temporary respite from the threat to the health and well-being of program beneficiaries that these suspension represent, their continued existence in budget bill language and statute prevents the adoption of the type of provider behavior changes required to expand access to necessary care. As expanding access to care is one of the primary goals of the programs subject to suspension, maintaining these suspensions undermines these programs’ effectiveness and reduces the effectiveness of a substantial investment of state resources. Subcommittee staff recommends the following alternative to the Administration’s proposal:

- Adopt placeholder budget bill language to eliminate all program suspensions authorized in the Budget Act.
- Adopt placeholder trailer bill language to eliminate all program suspensions authorized in statute.

### **Issue 3: Expansion of Medi-Cal Eligibility Regardless of Immigration Status**

**Legislative Augmentation.** The Governor’s 2020-21 January budget included \$80.5 million (\$64.2 million General Fund) in 2020-21 to extend Medi-Cal eligibility for all individuals 65 and older regardless of immigration status, effective no sooner than January 1, 2021, including \$5.9 million General Fund costs to the Department of Social Services for additional In-Home Supportive Services (IHSS) for this population. When fully implemented, this expansion of coverage would have resulted in annual costs of \$350 million (\$320 million General Fund), including \$119.5 million of General Fund costs for IHSS.

Due to the estimated General Fund shortfall due to the COVID-19 pandemic, the 2020 Budget Act did not include the Governor’s proposal to extend Medi-Cal eligibility to individuals 65 and older regardless of immigration status. However, the Legislature approved trailer bill language to prioritize full-scope Medi-Cal expansion to undocumented seniors in the upcoming budget if the Department of Finance determines there are sufficient General Fund revenues for that fiscal year and the ensuing three fiscal years to support the expansion.

**Subcommittee Staff Comment and Recommendation—Augment.** The trailer bill language approved by the Legislature in the 2020 Budget Act prioritized expanding full-scope Medi-Cal to undocumented seniors if sufficient General Fund revenues are available. The COVID-19 pandemic has made clear that when any California resident is denied access to health care, particularly California seniors, the health and well-being of all Californians can be put at risk. Subcommittee staff recommends the following actions:

- **Approve** expenditure authority of \$84.5 million (\$67.5 million General Fund and \$17 million federal funds) for DHCS to expand full-scope Medi-Cal coverage to income-eligible individuals 65 years of age and older regardless of immigration status, beginning January 1, 2022.
- **Adopt placeholder trailer bill language** to do the following:

- Expand full-scope Medi-Cal coverage to income-eligible individuals 65 years of age and older regardless of immigration status, beginning January 1, 2022.
- Increase eligibility for full-scope Medi-Cal coverage for income-eligible individuals regardless of immigration status by one year of age every fiscal year, beginning with expansion to individuals age 26 in 2022-23.
- Require DHCS and the Department of Finance to provide, by January 10, 2022, a fiscal and programmatic plan for expanding full-scope Medi-Cal to the remaining population ages 26 to 64 regardless of immigration status, within the subsequent five fiscal years.
- **Hold open** consideration of expanding eligibility for full-scope Medi-Cal coverage for the remaining undocumented population, ages 26 to 64 in the 2021-22 fiscal year. Upon receipt of updated fiscal estimates after the release of the May Revision, the subcommittee may wish to consider additional coverage expansions for this population, if sufficient General Fund resources are available.

## **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**

### **Issue 4: Delay of Repeal of Funding for Specified Provider Rate Increases and the Uniform Holiday Schedule**

**Governor's Budget.** DDS proposes to delay the suspension of additional funding provided in the 2019 and 2020 budgets for specified provider rate increases and the continued suspension of the Uniform Holiday Schedule until December 31, 2022. Rather than executing the suspension calculation this May (under current law), the Governor's budget proposes a new suspension calculation at May Revision in 2022. Specifically, the Governor proposes that the Legislature enact new suspension language that would give the Department of Finance (DOF) the authority to make this calculation again at the time of the May Revision in 2022.

This proposal was heard at the subcommittee's hearing on February 23, 2021.

**Staff Comment and Recommendation – Modify.** As with other issues proposed for suspension discussed in previous Subcommittee hearings, staff notes that the suspension language treats policies that are fundamentally ongoing as temporary and understates the true ongoing cost of the state's policy commitments. The suspension language creates uncertainty in these programs, creating uncertainty for the vulnerable individuals that the programs serve. Staff recommends the following alternative to the Administration's proposal:

- Adopt placeholder budget bill language to eliminate all program suspensions authorized in the Budget Act.
- Adopt placeholder trailer bill language to eliminate all program suspensions authorized in statute.

**5180 DEPARTMENT OF SOCIAL SERVICES****Issue 5: Delay of Repeal of Funding for Restoration of the Seven Percent Cut to IHSS Service Hours**

**Governor’s Budget.** CDSS proposes to delay the suspension of funding to restore the seven percent cut to IHSS service hours until December 31, 2022. Rather than executing the suspension calculation this May (under current law), the Governor’s budget proposes a new suspension calculation at May Revision in 2022. Specifically, the Governor proposes that the Legislature enact new suspension language that would give the Department of Finance (DOF) the authority to make this calculation again at the time of the May Revision in 2022.

This proposal was heard at the subcommittee’s hearing on March 2, 2021.

**Staff Comment and Recommendation – Modify.** As with other issues proposed for suspension discussed in previous Subcommittee hearings, staff notes that the suspension language treats policies that are fundamentally ongoing as temporary and understates the true ongoing cost of the state’s policy commitments. The suspension language creates uncertainty in these programs, creating uncertainty for the vulnerable individuals that the programs serve. Staff recommends the following alternative to the Administration’s proposal:

- Adopt placeholder budget bill language to eliminate all program suspensions authorized in the Budget Act.
- Adopt placeholder trailer bill language to eliminate all program suspensions authorized in statute.
- Adopt placeholder trailer bill language to permanently restore the seven percent reduction to In Home Supportive Services (IHSS) hours and repeal language allowing for the reduction currently in statute.

**Issue 6: Delay of Repeal of Funding for Various Children’s Programs**

**Governor’s Budget.** CDSS proposes to delay the suspension of funding provided in the 2019 Budget Act for the programs listed below until December 31, 2022. Rather than executing the suspension calculation this May (under current law), the Governor’s budget proposes a new suspension calculation at May Revision in 2022. Specifically, the Governor proposes that the Legislature enact new suspension language that would give the Department of Finance (DOF) the authority to make this calculation again at the time of the May Revision in 2022.

The programs proposed for funding suspensions include:

- Family Urgent Response System
- Foster Family Agency Rate Increase
- Emergency Child Care Bridge Supplement

- Child Welfare - Public Health Nurse Early Intervention Program

**Staff Comment and Recommendation – Modify.** Staff recommends the following alternative to the Administration’s proposal:

- Adopt placeholder budget bill language to eliminate all program suspensions authorized in the Budget Act.
- Adopt placeholder trailer bill language to eliminate all program suspensions authorized in statute.