

# SUBCOMMITTEE NO. 3

# Agenda

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



Tuesday, May 18, 2021  
1:30 p.m.  
State Capitol - Room 3191

## PART A

Consultant: Scott Ogus

<u>Item</u>	<u>Department</u>	<u>Page</u>
<b>0530</b>	<b>CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY</b> .....	<b>2</b>
	Issue 1: Office of Youth and Community Restoration (Issue 039-MR) .....	2
	Issue 2: Children and Youth Behavioral Health Initiative (Issues 043-MR and 044-MR) .....	4
<b>4140</b>	<b>OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT</b> .....	<b>7</b>
	Issue 1: Song-Brown Health Care Workforce Program Augmentation (Issue 114-MR) .....	7
	Issue 2: Geriatric Care Workforce Programs (Issue 113-MR) .....	9
	Issue 3: Children and Youth Behavioral Health Initiative (Issue 115-MR) .....	11
	Issue 4: Miscellaneous Technical Adjustments .....	14
<b>4560</b>	<b>MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION</b> .....	<b>15</b>
	Issue 1: Mental Health Student Services Act Partnership Grant Program Augmentation.....	15
<b>4800</b>	<b>CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)</b> .....	<b>17</b>
	Issue 1: Advanced Premium Assistance Subsidy Program Reduction .....	17
	Issue 2: One-Dollar Premium Subsidy Program.....	19
	Issue 3: Health Care Affordability Reserve Fund.....	21

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**0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY**

**Issue 1: Office of Youth and Community Restoration (Issue 039-MR)**

**Budget Change Proposal - May Revision Adjustment.** CHHSA requests 14 positions and General Fund expenditure authority of \$4.2 million in 2021-22 and \$4.1 million annually thereafter. If approved, these positions and resources would augment CHHSA’s January budget proposal to establish and operate the Office of Youth and Community Restoration (OYCR), as part of the proposed realignment of youthful offenders to local jurisdictions. The combined proposals request 33 positions and General Fund expenditure authority of \$7.6 million in 2021-22 and \$7.2 million annually thereafter.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23*</b>
0001 – General Fund	\$4,167,000	\$4,113,000
<b>Total Funding Request:</b>	<b>\$4,167,000</b>	<b>\$4,113,000</b>
<b>Total Positions Requested:</b>	<b>14.0</b>	<b>14.0</b>

\* Positions and resources ongoing after 2022-23.

**Background.** Senate Bill (SB) 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020, repealed previous provisions that would have created the Department of Youth and Community Restoration and the provisions that would have transferred the responsibilities of the Division of Juvenile Justice (DJJ) within the California Department of Corrections and Rehabilitation (CDCR) to CHHS. Instead, SB 823 established the OYCR within CHHS, effective July 1, 2021. SB 823 directed the juvenile justice subcommittee of the Children Welfare Council to advise and provide recommendations to the OYCR related to the policies, programs, and approaches that improve youth outcomes, reduce youth detention, and reduce recidivism. The OYCR will provide staffing support to elicit, examine, and operationalize the expertise of subcommittee members.

Moving the DJJ under CHHS was intended to align the rehabilitative mission of the state’s juvenile justice system with trauma-informed and developmentally appropriate services supported by programs overseen by the state’s Health and Human Services Agency. The transition of justice-involved youth being served in local communities will promote trauma-responsive, culturally informed services for youth involved in the juvenile justice system that supports the youths’ successful transition into adulthood and help them become responsible, thriving, and engaged members of their communities.

**Staff Comment and Recommendation – Hold Open.**

In previous hearings of both Subcommittees No. 3 and 5 concerns regarding the level of staffing in the OYCR and independence of the Ombudsperson were expressed. The requested resources appear to address those concerns by moving the Ombudsperson into its own unit and providing additional staff. However, the Subcommittee may want to consider language detailing the authorities and responsibilities of the Ombudsperson in more detail, perhaps modeled after other existing Ombudspersons for the foster care system and the long-term care system. Current statute does not provide the OYCR Ombudsperson the same authority as other Ombudspersons. For example, statute does not specifically allow the Ombudsperson access to copies of records that they may need to investigate complaints – one of the duties of the Ombudsperson outlined in current statute.

**Questions.** The subcommittee has requested CHHSA to respond to the following:

1. Please provide a brief overview of this proposal.

**Issue 2: Children and Youth Behavioral Health Initiative (Issues 043-MR and 044-MR)**

**Budget Change Proposal - May Revision.** CHHSA requests one position and expenditure authority from the Coronavirus Fiscal Recovery Fund (CFRF) of \$35.1 million in 2021-22, \$20.1 million in 2022-23, General Fund expenditure authority of \$100,000 in 2023-24, and \$10.1 million annually thereafter. If approved, these resources would support the following two components of the Administration’s Children and Youth Behavioral Health Initiative:

- Public Education and Change Campaign – The Office of the Surgeon General within CHHSA requests one position and expenditure authority from the CFRF of \$25.1 million in 2021-22, \$100,000 in 2022-23, and General Fund expenditure authority of \$100,000 annually thereafter to support a public awareness campaign to address adverse childhood experiences (ACEs) and toxic stress, as well as to provide trauma-informed training for educators.
- Coordination, Subject Matter Expertise, and Evaluation – CHHSA requests expenditure authority from the CFRF of \$10 million in 2021-22, \$20 million in 2022-23, and General Fund expenditure authority of \$10 million annually beginning in 2024-25 to provide cross-department coordination, convene and engage with stakeholders, draft and run procurement for services including subject matter experts, and commission an initiative-wide independent evaluator for all program components.

<b>Program Funding Request Summary – Public Education and Change Campaign</b>		
Fund Source	2021-22	2022-23*
8506 – Coronavirus Fiscal Recovery Fund	\$25,100,000	\$100,000
<b>Total Funding Request:</b>	<b>\$25,100,000</b>	<b>\$100,000</b>
<b>Total Positions Requested:</b>	<b>1.0</b>	<b>1.0</b>

\* Positions and resources ongoing after 2022-23, shifting to General Fund in 2023-24.

<b>Program Funding Request Summary – Coordination, Subject Matter Expertise, and Evaluation</b>		
Fund Source	2021-22	2022-23*
8506 – Coronavirus Fiscal Recovery Fund	\$10,000,000	\$20,000,000
<b>Total Funding Request:</b>	<b>\$10,000,000</b>	<b>\$20,000,000</b>
<b>Total Positions Requested:</b>	<b>0.0</b>	<b>0.0</b>

\* Additional fiscal year resources requested – 2024-25 and ongoing: \$10,000,000 General Fund.

**Background.** The California Health and Human Services Agency (CHHSA), the Office of the Surgeon General (OSG), the Office of Statewide Health Planning and Development (OSHPD), the Department of Managed Health Care (DMHC), the Department of Health Care Services (DHCS), and the Department of Public Health (DPH) are requesting positions, expenditure authority, and statutory changes to implement the California Children and Youth Behavioral Health Initiative. According to the Administration, this initiative would transform California’s behavioral health system into an innovative ecosystem where all children and youth age 25 and younger, regardless of payer, would be screened, supported, and served for emerging and existing behavioral health needs. The components of the proposal are as follows:

- California Health and Human Services Agency (CHHSA) – CHHSA requests expenditure authority from the CFRF of \$10 million in 2021-22, \$20 million in 2022-23, and General Fund expenditure authority of \$10 million annually beginning in 2024-25 to provide cross-department coordination, convene and engage with stakeholders, draft and run procurement for services including subject matter experts, and commission an initiative-wide independent evaluator for all program components.
- Office of the Surgeon General (OSG) - The Office of the Surgeon General within CHHSA requests one position and expenditure authority from the CFRF of \$25.1 million in 2021-22, \$100,000 in 2022-23, and General Fund expenditure authority of \$100,000 annually thereafter to support a public awareness campaign to address adverse childhood experiences (ACEs) and toxic stress, as well as to provide trauma-informed training for educators.
- Office of Statewide Health Planning and Development (OSHPD) – OSHPD requests expenditure authority from the CFRF of \$700 million in 2021-22, and General Fund expenditure authority of \$125 million in 2022-23 and \$75 million in 2023-24 to support workforce, education, and training efforts. Specifically, these funds would support: 1) expanding training capacity for psychiatry and social workers, 2) creating a school behavioral health coach and counselor workforce, 3) developing the substance use disorder workforce, 4) building the behavioral health workforce pipeline, 5) establishing “earn and learn” apprenticeship models, 6) enhancing training to serve justice- and system-involved youth, 7) expanding behavioral health training for primary care providers, 8) expanding peer personnel training and placement programs, and 9) augmenting existing OSHPD workforce programs for behavioral health disciplines.
- Department of Managed Health Care (DMHC) – DMHC is requesting trailer bill language to require Knox-Keene licensed health care service plans to reimburse behavioral health services provided in school settings for plan members, regardless of whether the provider is part of the plan’s contracted provider network. The Department of Health Care Services would establish a statewide reimbursement schedule that would govern payment for behavioral health services by health care service plans in the school setting, unless the provider was under contract with the plan.
- Department of Health Care Services (DHCS) – DHCS requests 78 positions and expenditure authority from the CFRF of \$22 million in 2021-22, \$24 million in 2022-23, and expenditure authority of \$12 million (\$6 million General Fund and \$6 million federal funds) annually beginning in 2024-25 to implement a Behavioral Health Service Virtual Platform, school-linked behavioral health services, plan offered behavioral health services, and to expand the continuum of behavioral health treatment resources.
- Department of Public Health (DPH) – DPH requests ten positions and expenditure authority from the CFRF of \$5 million in 2021-22, General Fund expenditure authority of \$50 million in 2022-23, \$40 million in 2024-25, and \$5 million annually thereafter to implement and build an effective public education and change campaign around behavioral health to: 1) promote general public acceptance and awareness, 2) partner with community leaders for culturally specific campaigns, and 3) empower youth to co-design the campaign.

**Office of Surgeon General – ACEs, Toxic Stress, and Trauma-Informed Public Awareness Campaign and Training.** As part of the Administration’s California Children and Youth Behavioral Health Initiative, the Office of Surgeon General (OSG) proposes the following expenditures:

- Public Awareness Campaign on ACEs and Toxic Stress - \$24 million in 2021-22 would support OSG to engage leading experts and consultants to develop content and messaging for a public

awareness campaign on ACEs and toxic stress, which would include the latest evidence on trauma-informed and trauma-sensitive responses. This proposal is similar to a proposal by OSG in the 2020 Governor's January budget that was withdrawn due to the pandemic-induced General Fund deficit.

- Trauma-Informed Training for Educators - \$1 million in 2021-22 would support OSG to engage leading experts and consultants to develop a curriculum of trauma-informed training specific to the education sector. The training would include the standardized language, guidelines, and current scientific evidence to focus on mitigating the long-term harms of COVID-19, ACEs, and toxic stress. The training would be accredited by OSG and be made available statewide.
- State Operations – One Information Officer, supported by \$100,000 annually would respond to media inquiries, provide interview preparation, manage speaker presentation, provide presentation preparation, provide audio/visual support, write news releases or op-eds, and provide general communication support.

**California Health and Human Services Agency - Coordination, Subject Matter Expertise, and Evaluation.** As part of the Administration's California Children and Youth Behavioral Health Initiative, CHHSA requests contract resources of \$10 million in 2021-22, \$20 million in 2022-23, and \$10 million annually beginning in 2024-25 to support the following activities:

- Behavioral Health Panel – CHHSA would procure a wide range of subject matter expertise to advise and guide the initiative through a policy and program behavioral health panel. The panel would advise on the content and focus of a commissioned independent evaluation of the initiative, and may be called upon for technical assistance by other departments implementing the initiative.
- Youth Advisory Board – CHHSA would establish a youth advisory board overseeing and steering the initiative, including advising on the appropriate use of technology platforms and other aspects of the initiative.
- Coordination Across Departments – CHHSA would provide multi-system coordination, particularly between the education and behavioral health systems, as well as between public and commercial health plans and providers.
- Independent Evaluation – CHHSA would engage a consultant to produce an independent, multi-year evaluation to identify best and emerging practices, and inform future policy and program work.

**Staff Comment and Recommendation – Hold Open.**

**Questions.** The subcommittee has requested CHHSA to respond to the following:

1. Please provide a brief overview of all of the components of the California Children and Youth Behavioral Health Initiative.
2. Please provide a brief overview of the Office of Surgeon General's Public Awareness and Change Campaign portion of the proposal.
3. Please provide a brief overview of CHHSA's portion of the proposal for coordination, subject matter expertise, and evaluation.

**4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT****Issue 1: Song-Brown Health Care Workforce Program Augmentation (Issue 114-MR)**

**Budget Change Proposal and Budget Bill Language - May Revision.** OSHPD requests General Fund expenditure authority of \$50 million in 2021-22. If approved, these resources would allow OSHPD to provide additional awards to support and sustain new primary care residency programs through the Song-Brown Health Care Workforce Training Program. OSHPD also requests provisional budget bill language to specifically allocate these funds for new residency programs.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23</b>
0001 – General Fund	\$50,000,000	\$-
<b>Total Funding Request:</b>	<b>\$50,000,000</b>	<b>\$-</b>

**Background.** The Song-Brown Health Care Workforce Training Act (Song-Brown Program) was established in 1973 to increase the number of family physicians to provide needed medical services to the people of California. The program encourages universities and primary care health professionals to provide healthcare in medically underserved areas and provides financial support to family medicine, internal medicine, OB/GYN, and pediatric residency programs, as well as family nurse practitioner, physician assistant, and registered nurse education programs throughout California. The Song-Brown program is aided by the California Healthcare Workforce Policy Commission (CHWPC), a 15-member citizen advisory board that provides expert guidance and statewide perspectives on health professional education issues, reviews applications, and recommends contract awards. OSHPD, as part of its proposed recast and reorganization into the Department of Health Care Access and Information (HCAI), proposes to transition the CHWPC to the California Health Workforce Education and Training Council, which will combine oversight of the Song-Brown Program with programs being transitioned from the Health Professions Education Foundation. This proposal was heard during the subcommittee's hearing on May 4<sup>th</sup>, 2021.

The 2017 Budget Act authorized \$33.3 million annually over three years for augmentation of health care workforce initiatives at OSHPD. In the 2020 Budget Act, this allocation was extended permanently. The \$33.3 million annual allocation provides up to \$18.7 million for existing primary care residency slots, up to \$3.3 million for new primary care residency slots at existing residency programs, up to \$5.7 million for primary care residency slots at teaching health centers, up to \$3.3 million for newly accredited primary care residency programs, up to \$333,000 for the State Loan Repayment Program, and up to \$2 million for OSHPD state operations costs. Unspent funds in each of these categories from prior years are available for expenditure for the subsequent five fiscal years. For example unspent funds from 2017-18 are available until June 30, 2023, and unspent funds from 2018-19 are available until June 30, 2024. According to OSHPD, the Song-Brown program awarded the following in 2020-21:

- 1) *Existing Primary Care Residency Slots* – \$19.4 million to support 155 existing residency slots
- 2) *New Primary Care Residency Programs* - \$4 million to support six new programs.
- 3) *Teaching Health Centers (THC)* - \$8.5 million to support 50 residency slots at existing THCs
- 4) *New Primary Care Residency Slots at Existing Programs* - \$3.9 million to support 13 new residency slots in existing programs

In 2019, the California Future Health Workforce Commission submitted a report, titled *Meeting the Demand for Health: Final Report of the California Future Health Workforce Commission*, which focuses on addressing California's looming health workforce shortage. According to the report, California is projected to have a shortage of 4,103 primary care clinicians by 2030.

**Resource Request.** OSHPD requests General Fund expenditure authority of \$50 million in 2021-22 to provide additional awards to support and sustain new primary care residency programs through the Song Brown Program. According to OSHPD, the institutional award size is based upon providing up to \$800,000 to support the costs for a new primary care residency program to receive accreditation. OSHPD expects to provide 10 program awards annually between 2021-22 and 2026-27.

OSHPD also requests provisional budget bill language to specifically allocate these funds for new residency programs. The language would amend provision 3 of Item 4140-101-0001, as follows:

4140-101-0001

3. Of the funds appropriated in this item, up to \$18,667,000 is available to fund grant awards for existing primary care residency slots, up to \$3,333,000 is available to fund new primary care residency slots at existing residency programs, and up to \$5,667,000 is available to fund primary care residency slots for existing teaching health centers under the Song-Brown Health Care Workforce Training Act (Article 1 (commencing with Section 128200) of Chapter 4 of Part 3 of Division 107 of the Health and Safety Code). Of the funds appropriated in this item, up to \$3,333,000 is available to fund newly accredited primary care residency programs and, as of June 30, 2023 2022, unspent amounts may be redirected to fund new residency slots at existing programs if newly accredited primary care residency programs have not been established. **Of the funds appropriated in the item, \$50,000,000 is available to fund new primary care residency programs.** Of the funds appropriated in this item, up to \$333,000 is available for the State Loan Repayment Program.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

**Questions.** The subcommittee has requested OSHPD to respond to the following:

1. Please provide a brief overview of this proposal.



<b>Issue 2: Geriatric Care Workforce Programs (Issue 113-MR)</b>
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**Budget Change Proposal and Budget Bill Language - May Revision Adjustment.** OSHPD requests General Fund expenditure authority of \$5 million in 2021-22. If approved, these resources would allow OSHPD to increase its allocation to support geriatric workforce programs, originally proposed in the January budget. The combined allocation from both requests would be \$8 million, \$7.9 million for support of the programs, and \$150,000 for administration. OSHPD also requests to amend the previously requested provisional budget bill language to reflect the combined funding request.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23</b>
0001 – General Fund	\$5,000,000	\$-
<b>Total Funding Request:</b>	<b>\$5,000,000</b>	<b>\$-</b>

**Background.** In January 2021, the Administration released its Master Plan for Aging (MPA), a comprehensive framework for supporting aging Californians. According to the MPA, the increasing number of older adults living longer requires California to develop a larger and more diverse pool of health care workers with expertise and experience in geriatric medicine, including dementia care, behavioral health, palliative care, and the ability to work in interdisciplinary teams. Among the recommendations contained within the MPA is an expansion of training opportunities for geriatricians, gerontologists, as well as nurses and social workers with geriatric training.

OSHPD administers programs designed to increase access to healthcare to underserved populations and provide a culturally competent healthcare workforce. These programs award 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. According to OSHPD, its existing workforce programs administered by the Healthcare Workforce Development Division (HWDD), and Health Professions Education Foundation (HPEF) train health care professionals that include geriatric providers. In particular, OSHPD reports geriatric providers participate in the Health Careers Training Program Mini Grants, the State Loan Repayment Program, and the six scholarship and six loan repayment programs in the HPEF.

**Augmentation to January Budget Request.** In the Governor’s January budget, OSHPD requested General Fund expenditure authority of \$3 million in 2021-22, with \$2.9 million allocated to local assistance and \$150,000 allocated to state operations. The local assistance resources would support scholarships and loan repayments for geriatric care providers through existing health care workforce development programs in HWDD and HPEF. According to OSHPD, expanding funding for existing programs would enable the state to leverage these programs’ infrastructure to quickly increase awards to geriatric providers. If this funding is approved, OSHPD expects to be able to support 17 additional workforce awards annually, including ten loan repayment awards, two scholarships, and five career pipeline grants.

In the May Revision, OSHPD requests additional General Fund expenditure authority in 2021-22 of \$5 million to augment its January budget request. The combined request would provide \$7.9 million for scholarship and loan repayments for geriatric providers. The state operations allocation would remain at \$150,000.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

**Questions.** The subcommittee has requested OSHPD to respond to the following:

1. Please provide a brief overview of this proposal.

**Issue 3: Children and Youth Behavioral Health Initiative (Issue 115-MR)**

**Budget Change Proposal - May Revision.** OSHPD requests expenditure authority from the Coronavirus Fiscal Recovery Fund (CFRF) of \$700 million in 2021-22, General Fund expenditure authority of \$125 million in 2022-23, and General Fund expenditure authority of \$75 million in 2023-24. If approved, these resources would support behavioral health workforce, education, and training through OSHPD’s existing programs, as well as the development of new programs.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23*</b>
0001 – General Fund	\$-	<b>\$125,000,000</b>
8506 – Coronavirus Fiscal Recovery Fund	\$700,000,000	\$-
<b>Total Funding Request:</b>	<b>\$700,000,000</b>	<b>\$125,000,000</b>

\* Additional fiscal year resources requested: 2023-24: \$75,000,000.

**Background.** The California Health and Human Services Agency (CHHSA), the Office of the Surgeon General (OSG), the Office of Statewide Health Planning and Development (OSHPD), the Department of Managed Health Care (DMHC), the Department of Health Care Services (DHCS), and the Department of Public Health (DPH) are requesting positions, expenditure authority, and statutory changes to implement the California Children and Youth Behavioral Health Initiative. According to the Administration, this initiative would transform California’s behavioral health system into an innovative ecosystem where all children and youth age 25 and younger, regardless of payer, would be screened, supported, and served for emerging and existing behavioral health needs. The components of the proposal are as follows:

- California Health and Human Services Agency (CHHSA) – CHHSA requests expenditure authority from the CFRF of \$10 million in 2021-22, \$20 million in 2022-23, and General Fund expenditure authority of \$10 million annually beginning in 2024-25 to provide cross-department coordination, convene and engage with stakeholders, draft and run procurement for services including subject matter experts, and commission an initiative-wide independent evaluator for all program components.
- Office of the Surgeon General (OSG) - The Office of the Surgeon General within CHHSA requests one position and expenditure authority from the CFRF of \$25.1 million in 2021-22, \$100,000 in 2022-23, and General Fund expenditure authority of \$100,000 annually thereafter to support a public awareness campaign to address adverse childhood experiences (ACEs) and toxic stress, as well as to provide trauma-informed training for educators.
- Office of Statewide Health Planning and Development (OSHPD) – OSHPD requests expenditure authority from the CFRF of \$700 million in 2021-22, and General Fund expenditure authority of \$125 million in 2022-23 and \$75 million in 2023-24 to support workforce, education, and training efforts. Specifically, these funds would support: 1) expanding training capacity for psychiatry and social workers, 2) creating a school behavioral health coach and counselor workforce, 3) developing the substance use disorder workforce, 4) building the behavioral health workforce pipeline, 5) establishing “earn and learn” apprenticeship models, 6) enhancing training to serve justice- and system-involved youth, 7) expanding behavioral health training for primary care providers, 8) expanding peer personnel training and placement programs, and 9) augmenting existing OSHPD workforce programs for behavioral health disciplines.

- Department of Managed Health Care (DMHC) – DMHC is requesting trailer bill language to require Knox-Keene licensed health care service plans to reimburse behavioral health services provided in school settings for plan members, regardless of whether the provider is part of the plan’s contracted provider network. The Department of Health Care Services would establish a statewide reimbursement schedule that would govern payment for behavioral health services by health care service plans in the school setting, unless the provider was under contract with the plan.
- Department of Health Care Services (DHCS) – DHCS requests 78 positions and expenditure authority from the CFRF of \$22 million in 2021-22, \$24 million in 2022-23, and expenditure authority of \$12 million (\$6 million General Fund and \$6 million federal funds) annually beginning in 2024-25 to implement a Behavioral Health Service Virtual Platform, school-linked behavioral health services, plan offered behavioral health services, and to expand the continuum of behavioral health treatment resources.
- Department of Public Health (DPH) – DPH requests ten positions and expenditure authority from the CFRF of \$5 million in 2021-22, General Fund expenditure authority of \$50 million in 2022-23, \$40 million in 2024-25, and \$5 million annually thereafter to implement and build an effective public education and change campaign around behavioral health to: 1) promote general public acceptance and awareness, 2) partner with community leaders for culturally specific campaigns, and 3) empower youth to co-design the campaign.

**Office of Statewide Health Planning and Development – Workforce, Education and Training.** As part of the Administration’s California Children and Youth Behavioral Health Initiative, OSHPD requests expenditure authority from the CFRF of \$700 million in 2021-22, and General Fund expenditure authority of \$125 million in 2022-23 and \$75 million in 2023-24 to support workforce, education, and training efforts. Specifically, these funds would support the following programs:

- Expand Training Capacity for Psychiatry and Social Workers - \$71.5 million over two years would support expanding training capacity for child and adolescent psychiatry, public mental health nurse practitioners, and social workers. These resources would build on existing programs, such as the Psychiatric Education Capacity Expansion program, and would add new programs that train non-prescribing clinicians, child and adolescent social workers, and child welfare workers.
- School Behavioral Health Coaches and Counselors - \$427 million over two years would support training programs for behavioral health counselors and coaches to provide a variety of interventions on school campuses. According to OSHPD, these counselors and coaches would improve health outcomes by enhancing the ability of educators to improve educational outcomes, as well as a central component of establishing community schools as centers of wellness.
- Substance Use Disorder Workforce - \$76 million over two years would support development of a new substance use disorder (SUD) workforce framework and plan focused on: 1) expanding knowledge of existing licensed behavioral health clinicians to provide age-appropriate SUD treatment, 2) providing financial support for high school graduates or community college students to obtain an undergraduate social work degree to begin an SUD career serving youth and families, 3) developing an SUD career ladder for existing SUD counselors including financial support, 4) establishing and supporting programs to help registered SUD counselors become certified and train in age-appropriate treatment, and 5) developing SUD educational capacity programs.
- Behavioral Health Workforce Pipeline - \$24 million over two years would build on OSHPD’s existing programs, such as the Mini-Grants program, to support career exploration in behavioral health disciplines. OSHPD would also support programs to provide mentorship, as well as

academic, career, and psychosocial support to prepare students from underrepresented and low-income background for behavioral health careers.

- “Earn and Learn” Apprenticeship Models - \$9.5 million over two years would support “Earn and Learn” models that provide tuition support and on-the-job training at a behavioral health provider organization while an individual attends a post-secondary education program or completes training. The employer would provide a position for the graduate and there would be a period of service obligation. The program would provide financial support to the employer to mentor and supervise the students.
- Training to Serve Justice- and System-involved Youth - \$9.5 million over two years would support enhanced training to existing and new staff across the child welfare, education, and probation sectors on effective behavioral health strategies with justice- and system-involved youth.
- Behavioral Health Training for Primary Care Providers - \$9.5 million over two years would support an increase in funding for the Train New Trainers Psychiatry Fellowship Scholarship, previously approved in the 2019 Budget Act, which provides training to primary care staff to directly serve, rather than refer, for moderate behavioral health conditions. The current program would be expanded to include pediatricians and other child or young adult providers.
- Peer Personnel Training and Placement Programs - \$28.5 million over two years would support expansion of OSHPD’s Peer Personnel Training and Placement Program, which trains and places peer personnel in positions throughout the public mental health system.
- Existing Behavioral Health Workforce Programs - \$199.5 million over two years would support OSHPD’s existing loan repayment, stipend, and scholarship programs for behavioral health disciplines.

#### **Subcommittee Staff Comment and Recommendation—Hold Open.**

**Questions.** The subcommittee has requested OSHPD to respond to the following:

1. Please provide a brief overview of OSHPD’s workforce development proposals as part of the California Children and Youth Behavioral Health Initiative.

**Issue 4: Miscellaneous Technical Adjustments**

**Budget Bill Language - May Revision.** OSHPD requests budget bill language for two technical adjustments:

- OSHPD requests elimination of Item 4140-011-0121 to withdraw a proposed \$40 million one-time loan from the Hospital Building Fund to the General Fund proposed in the January budget. According to OSHPD, given the state's improved fiscal condition, this loan is no longer necessary.
- OSHPD requests budget bill language to extend the period to liquidate encumbrances from allocations to the Steven M. Thompson Corps Loan Repayment Program, originally authorized in the 2019 Budget Act. According to OSHPD, this extension is needed to allow program grantees additional time to fulfill their respective service grant agreements.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

**Questions.** The subcommittee has requested OSHPD to respond to the following:

1. Please provide a brief overview of these technical adjustments.

**4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION****Issue 1: Mental Health Student Services Act Partnership Grant Program Augmentation**

**Budget Change Proposal – May Revision Adjustment.** MHSOAC requests expenditure authority from the Mental Health Services Fund of \$30 million in 2021-22. If approved, these resources would allow MHSOAC to augment its proposed expansion of the Mental Health Student Services Act Partnership Grant Program proposed in the January budget. The combined allocation for these two proposals would be \$50 million for the grant program and \$5 million for administration.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23</b>
3085 – Mental Health Services Fund	\$30,000,000	\$-
<b>Total Funding Request:</b>	<b>\$30,000,000</b>	<b>\$-</b>
<b>Total Requested Positions:</b>	<b>0.0</b>	<b>0.0</b>

**Background.** The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of \$50 million in 2019-20 and \$10 million annually thereafter for the Mental Health Student Services Act (MHSSA), a competitive grant program to establish mental health partnerships between county mental health or behavioral health departments and school districts, charter schools, and county offices of education. These partnerships support: (1) services provided on school campuses; (2) suicide prevention; (3) drop-out prevention; (4) outreach to high-risk youth and young adults, including, but not limited to, foster youth, youth who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ), and youth who have been expelled or suspended from school; (5) placement assistance and development of a service plan that can be sustained over time for students in need of ongoing services; and (6) other prevention, early intervention, and direct services, including, but not limited to, hiring qualified mental health personnel, professional development for school staff on trauma-informed and evidence-based mental health practices, and other strategies that respond to the mental health needs of children and youth.

Combining the \$50 million allocation in 2019-20 with the annual \$10 million allocations for the subsequent three fiscal years, MHSOAC allocated a total of \$75 million over four years for funding of the MHSSA Partnership Grant Program. The funding was made available in two categories: 1) \$45 million for counties with existing school mental health partnerships, and 2) \$30 million for counties developing new or emerging partnerships. Within each category, funding was made available based on the population size of a county with a total of six grants at \$2.5 million each made available to small counties (less than or equal to 200,000 population), six grants at \$4 million each made available to medium counties (between 200,000 and 750,000 population), and six grants at \$6 million each made available to large counties (greater than 750,000 population).

According to MHSOAC, only 18 awards were made due to funding constraints. MHSOAC estimates approximately \$80.5 million would be required to fund all 38 grant applications for school-mental health partnerships, \$45.5 million with existing partnerships and \$35 million for new and emerging partnerships.

**Augmentation to January Budget Request.** In the Governor’s January budget, MHSOAC requested expenditure authority from the Mental Health Services Fund of \$25 million in 2021-22 to expand the MHSSA Partnership Grant Program to additional counties. In the May Revision, MHSOAC requests additional expenditure authority from the Mental Health Services Fund of \$30 million in 2021-22 to further expand the MHSSA Partnership Grant Program. Of the \$30 million, \$5 million would be allocated to administration of the program. If both requests are approved, the combined allocation for the grant program would be \$50 million.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

**Questions.** The subcommittee has requested MHSOAC to respond to the following:

1. Please provide a brief overview of this proposal.
2. How many additional previously unfunded grants could be funded with the combined \$50 million allocation?



**4800 CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)**

**Issue 1: Advanced Premium Assistance Subsidy Program Reduction**

**General Fund Reduction – May Revision.** Covered California requests a reduction in General Fund expenditure authority of \$405.6 million in 2021-22 to reflect savings in the state premium affordability subsidy program resulting from more generous federal premium subsidies authorized by the American Rescue Plan.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23</b>
0001 – General Fund	(\$405,647,000)	\$-
<b>Total Funding Request:</b>	<b>(\$405,647,000)</b>	<b>\$-</b>

**Background.** 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 federal poverty level (FPL) purchasing health care coverage in Covered California. Approximately 17 percent of the funds supplement 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 covers 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 offsets 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 Offers 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 would be 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.

**May Revision Proposes to Revert State Subsidy Funding to the General Fund.** Covered California requests a reduction in General Fund expenditure authority of \$405.6 million in 2021-22 to reflect savings in the state premium affordability subsidy program resulting from more generous federal premium subsidies authorized by the American Rescue Plan. In addition, Covered California is reflecting a General Fund savings in 2020-21 of \$272.2 million as a result of the federal subsidy program. The combined amount over two fiscal years previously allocated to improve health care premium affordability assistance would be \$677.9 million.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

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

1. Please provide a brief overview of this proposal.
2. The 2019 Budget Act included resources to improve health coverage affordability for consumers for three years. Please explain why these resources are not being reallocated to further improve health coverage affordability beyond the new federal subsidies.

**Issue 2: One-Dollar Premium Subsidy Program**

**Budget Change Proposal and Trailer Bill Language– May Revision.** Covered California requests General Fund expenditure authority of \$20 million annually. If approved, these resources would allow Covered California to subsidize the one dollar per month premium required for the cost of providing abortion services, for which federal funding is prohibited. Covered California also requests trailer bill language to implement the one dollar premium subsidy program.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23*</b>
0001 – General Fund	\$20,000,000	\$20,000,000
<b>Total Funding Request:</b>	<b>\$20,000,000</b>	<b>\$20,000,000</b>

\* Resources ongoing after 2022-23.

**Background.** Section 1303 of the federal Patient Protection and Affordable Care Act (ACA) prohibits the use of certain federal funds to pay for coverage of abortions by Qualified Health Plans offering coverage in health benefit exchanges, including state-based exchanges such as Covered California. Section 1303 requires plans to charge and collect at least one dollar per enrollee per month for coverage of such abortion services. As a result, Covered California enrollees that would receive federal or state subsidies that would combine to reduce premium costs to zero, instead have to arrange to pay one dollar per month.

The availability of zero dollar premiums to exchange beneficiaries could significantly improve enrollment, particularly among individuals with incomes between 150 and 200 percent of the federal poverty level (FPL), as well as facilitate other coverage reforms, such as seamless transitions between Medi-Cal and zero dollar premium plans and strategies to prevent coverage lapses due to non-payment of premiums. A recent study in Health Affairs<sup>1</sup> suggested the availability of zero dollar premiums could improve enrollment for individuals between 150 and 200 percent of the FPL by as much as 14 percent. This “zero price effect” suggests a substantially larger enrollment effect from reducing the last dollar of premiums from one dollar to zero, compared to the effect from reducing a larger premium by one dollar.

**One-Dollar Premium Subsidy Program.** Covered California requests General Fund expenditure authority of \$20 million annually to subsidize the one dollar per month premium required for the cost of providing abortion services, for which federal funding is prohibited. This premium subsidy program would be implemented for the 2022 coverage year. Covered California also requests trailer bill language to implement the one dollar premium subsidy program. According to Covered California, approval of this proposal would allow auto-enrollment into zero-dollar coverage of individuals who are no longer eligible for Medi-Cal, but are below 150 percent of the FPL, or otherwise eligible for zero-dollar coverage.

<sup>1</sup> Drake C., Anderson D. “Terminating Cost-Saving Reduction Subsidy Payments: The Impact of Marketplace Zero-Dollar Premiums on Enrollment”. Health Affairs. January 2020.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

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

1. Please provide a brief overview of this proposal.

**Issue 3: Health Care Affordability Reserve Fund**

**Budget Change Proposal and Trailer Bill Language– May Revision.** Covered California requests trailer bill language to establish the Health Care Affordability Reserve Fund. In addition, Covered California requests a one-time transfer of General Fund of \$333.4 million for the purpose of future health care affordability measures.

<b>Program Funding Request Summary</b>		
<b>Fund Source</b>	<b>2021-22</b>	<b>2022-23</b>
0001 – General Fund	\$333,439,000	\$-
<b>Total Funding Request:</b>	<b>\$333,439,000</b>	<b>\$-</b>

**Background.** In addition to the state subsidy program to improve health coverage affordability, 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 offsets General Fund expenditures for the state subsidy program. In the May Revision, Covered California is proposing to revert the allocations to the state subsidy program authorized in the 2019 Budget Act to the state’s General Fund, due to the implementation of more generous federal subsidies through the American Rescue Plan through the 2022 coverage year.

**Health Care Affordability Reserve Fund.** Covered California proposes trailer bill language to establish the Health Care Affordability Reserve Fund, as well as a transfer of General Fund resources of \$333.4 million. According to the Administration, the individual mandate penalty is estimated to result in General Fund revenue of \$353.4 million in 2020-21 and 2021-22 as a result of individuals failing to enroll in health coverage. The \$333.4 million proposed transfer to the fund represents this revenue, reduced by the \$20 million May Revision budget request for a one dollar premium subsidy program. The Administration indicates this reserve fund would 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.

**Subcommittee Staff Comment and Recommendation—Hold Open.**

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

1. Please provide a brief overview of this proposal.