

SUBCOMMITTEE NO. 3

Agenda

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



Thursday, May 4, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt and Scott Ogus

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PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

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0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 1: Transfer Administration for Affordable Drug Manufacturing Act (SB 852)

Budget Change Proposal and Reappropriation – April Finance Letter. CalHHS and HCAI request reappropriation and transfer of one position and General Fund expenditure authority of \$1.2 million in 2023-24 and \$184,000 annually thereafter. If approved, this transfer of position and resources would transition administration for the Affordable Drug Manufacturing Act and CalRx from CalHHS to HCAI.

Program Funding Request Summary - CalHHS		
Fund Source	2023-24	2024-25*
0001 – General Fund	(\$1,184,000)	(\$184,000)
Total Funding Request:	(\$1,184,000)	(\$184,000)
Total Requested Positions:	(1.0)	(1.0)

* Position and resources ongoing after 2024-25.

Program Funding Request Summary - HCAI		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$1,184,000	\$184,000
Total Funding Request:	\$1,184,000	\$184,000
Total Requested Positions:	1.0	1.0

* Position and resources ongoing after 2024-25.

Background. SB 852 (Pan), Chapter 207, Statutes of 2020, the California Affordable Drug Manufacturing Act of 2020, requires CalHHS to enter into partnerships or contracts resulting in the production or distribution of generic prescription drugs, with the intent that these drugs be made widely available to public and private purchasers, providers, suppliers, and pharmacies. SB 852 targets failures in the market for generic drugs resulting from supplier concentration and other anti-competitive practices that lead to higher prices for consumers and health care service providers. The program established by SB 852, CalRx, is required to prioritize production and distribution of drugs that would have the greatest impact on lowering patient drug costs, increasing competition, addressing shortages, and improving public health. In making these determinations, CalRx must consider the drug expenditure reporting from the Department of Managed Health Care and the Department of Insurance pursuant to SB 17 (Hernandez), Chapter 603, Statutes of 2017, as well as prioritize the production of at least one form of insulin, drugs for chronic and high-cost conditions, and those that can be delivered through mail order. SB 852 also requires CalRx to report its progress on implementation to the Legislature by December 31, 2022, and report to the Legislature by December 1, 2023, on the feasibility of the state directly manufacturing and selling prescription drugs at a fair price.

CalHHS has delegated the responsibility for implementing SB 852 to HCAI. CalHHS entered into an interagency agreement to reimburse HCAI for legal services performed regarding SB 852. HCAI entered into a contract with a vendor to provide legal services for CalRx's first drug project, the CalRx Biosimilar Insulin Initiative. The 2022 Budget Act included General Fund expenditure authority of \$100 million for the initiative. Of these funds, \$50 million will support a partner to develop and bring to market

interchangeable biosimilar insulin products in both vial and pen form. On March 18, 2023, the Governor announced that CalRx would work with CivicaRx to make biosimilar insulins available for Glargine, Aspart, and Lispro within the 2024 calendar year. A 10 milliliter vial would be made available for no more than \$30, while a box of five pre-filled three milliliter pens would be made available for no more than \$55. In addition, the other \$50 million allocated in the 2022 Budget Act would support development of a California-based manufacturing facility. The Governor also announced that CalRx is exploring a contract to produce generic naloxone to help combat opioid and fentanyl overdoses.

Staffing and Resource Request. CalHHS and HCAI request reappropriation and transfer of one position and General Fund expenditure authority of \$1.2 million in 2023-24 and \$184,000 annually thereafter to transition administration for the Affordable Drug Manufacturing Act and CalRx from CalHHS to HCAI. Because CalHHS has delegated administration of CalRx to HCAI, transfer of this position and resources to HCAI would support continuing the necessary work to implement SB 852 and centralize administrative resources.

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 and HCAI to respond to the following:

1. Please provide a brief overview of this proposal.

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY**Issue 1: Office of the Agency Information Officer and Office of Systems Integration Resources**

Budget Change Proposal and Trailer Bill Language – April Finance Letter. CalHHS requests three positions and expenditure authority from the CalHHS Automation Fund of \$600,000 annually. If approved, these positions and resources would allow CalHHS to enhance enterprise-wide capabilities and improve project delivery outcomes and technical services capabilities by establishing the leadership structure for the combined responsibilities of the Agency Information Officer and Office of Systems Integration.

CalHHS also requests trailer bill language to authorize up to \$200 million in short-term General Fund loan authority in the event reimbursements do not come in on time to pay vendors.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
9745 – CalHHS Automation Fund	\$600,000	\$600,000
Total Funding Request:	\$600,000	\$600,000
Total Requested Positions:	3.0	3.0

* Position and resources ongoing after 2024-25.

Background. The Office of Systems Integration (OSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OSI 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, OSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

According to OSI, the roles of the Agency Information Officer (AIO) and OSI were combined, aligning the two organizations to provide services at an enterprise level. OSI possesses the structure to deliver systems and an expert base of technological expertise while the Office of the AIO (OAIO) has the enterprise perspective of IT activities and needs across CalHHS. OAIO and OSI believe that, by combining these roles, CalHHS can more effectively leverage the visibility and capabilities to drive the guiding principles and strategic priorities of the Agency.

Staffing and Resource Request. CalHHS requests three positions and expenditure authority from the CalHHS Automation Fund of \$600,000 annually to allow CalHHS to enhance enterprise-wide capabilities and improve project delivery outcomes and technical services capabilities by establishing the leadership structure for the combined responsibilities of the Agency Information Officer and Office of Systems Integration. CalHHS believes the requested resources would create the leadership structure necessary to enable the enterprise capabilities approach to OSI services. Specifically, CalHHS requests the following positions and resources:

- **One IT Manager II** position in Technology Support and Shared Services would perform planning work needed to identify where support is needed and appropriate across CalHHS; provide senior leadership in planning, strategy, and coordination; and engage with departments requesting support to assist in finding short-term solutions.
- **One IT Manager II** position in the Technical and Solution Consulting Division would act as a business relationship manager for the entirety of the OSI consulting model; integrate aspects of the consulting model including intake, relationship management, development of solutions strategies, and ensuring adequate resources and other support; provide a nexus between Portfolio Support and Enterprise Architecture functions and the operations of OSI consulting and project management functions; and act as an engagement manager or subject matter expert for complex or sensitive assignments.
- **One Staff Services Manager II** position in Communications Strategy would ensure all written documents for communication channels feature clear and intuitive content tailored to its specific audience; ensure content is on brand with consistent, coordinated messaging integrated throughout; edit product communications and documentation, and maintain and evolve content standards, including voice and tone, while working closely with OSI leadership, business owners, and subject matter experts.

Trailer Bill Language Proposal. CalHHS requests trailer bill language to authorize up to \$200 million in short-term General Fund loan authority in the event reimbursements do not come in on time to pay vendors. CalHHS receives reimbursements for other departments for the management of IT projects through OSI. This loan authority would allow payment of vendors if those departments are delayed in providing those reimbursements.

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.

Issue 2: Various Reappropriations and Technical Adjustments

Reappropriations and Technical Adjustments – April Finance Letter. CalHHS requests the following reappropriations and technical adjustments in its April Finance Letter:

Children and Youth Behavioral Health Initiative Reappropriation. CalHHS requests reappropriation of up to \$8.8 million of General Fund expenditure authority, originally approved in the 2021 Budget Act, for the Children and Youth Behavioral Health Initiative. The 2021 Budget Act included General Fund expenditure authority of \$50 million over five years for CalHHS to provide subject matter expertise and evaluation for the initiative.

Health Equity Training Reappropriation. CalHHS requests reappropriation of up to \$2.5 million of General Fund expenditure authority, originally approved in the 2021 Budget Act, to support expansion of equity training opportunities to staff of CalHHS departments and other entities, to create transformative change toward a more equitable state. The reappropriation would extend availability of these funds until June 30, 2024.

Gender Affirming Care Fund Technical Change. CalHHS requests a decrease of General Fund expenditure authority of \$350,000 to reflect a correct amount proposed in its January budget proposal for a consultant to plan, organize, and facilitate a transgender, gender diverse, or intersex working group, pursuant to the provisions of SB 923 (Wiener), Chapter 822, Statutes of 2022. According to CalHHS and the Department of Finance, an incorrect amount was posted in the system that did not align with the amount included in the budget change proposal.

Employee Compensation Technical Program Adjustment. CalHHS requests a shift of expenditure authority from the Office of Patient Advocate Trust Fund of \$71,000 from the Center for Data Insights and Innovation to the Office of Patient Advocate. This adjustment correctly budget for employee compensation by program.

Suicide and Crisis Lifeline – Request to Extend Authority and Contract Exemption. CalHHS requests provisional budget bill language to extend funding authority to implement requirements of AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022), until June 30, 2028, and to exempt contracts from requirements contained in the Public Contracts Code, the State Administrative Manual, and from the approval of the Department of General Services. CalHHS requests this language to allow a contractor to be hired immediately for subject matter expertise for stakeholder meetings to develop the five-year plan required by AB 988.

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 each of these proposed reappropriations and technical adjustments.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY**Issue 1: California Emergency Medical Services Information System Maintenance and Operations**

Budget Change Proposal – April Finance Letter. EMSA requests General Fund expenditure authority of \$4.9 million in 2023-24 and \$185,000 in 2024-25. If approved, these resources would provide for maintenance and operations for the California Emergency Medical Services Information System (CEMSIS).

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$4,938,000	\$185,000
Total Funding Request:	\$4,938,000	\$185,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2024-25.

Background. EMSA operates the California Emergency Medical Services Information System (CEMSIS), 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 data related to EMS in California is currently captured locally by EMS provider agencies, trauma centers, stroke centers, and other entities. This data is generally transferred to one of California's 34 local EMS agencies.

EMSA has historically contracted the management, hosting, and support of CEMSIS to a local EMS agency. EMSA reports that the local EMS agency informed EMSA in July 2022 that it would not be able to fulfill its contracted obligations to support CEMSIS, which created an immediate and urgent need to migrate the hosting and management of CEMSIS to EMSA to maintain operations. EMSA reports it issued an emergency contract to ImageTrend, Inc., on September 22, 2022, for migration and maintenance and operations for CEMSIS. The emergency contract includes a two-year base term with two optional years.

EMSA is also in the process of replacing CEMSIS with a new system, known as the California EMS Data Resource System (CEDRS). EMSA is currently in Stage 2 of the California Department of Technology's Project Approval Lifecycle process for this project. The funding requested in this proposal would support operation of CEMSIS until the implementation of CEDRS is complete.

Staffing and Resource Request. EMSA requests General Fund expenditure authority of \$4.9 million in 2023-24 and \$185,000 in 2024-25 to provide for maintenance and operations for the California Emergency Medical Services Information System (CEMSIS). Specifically, EMSA requests the following resources:

- \$4.1 million would support a CEMSIS Software and Support contractor that would provide software and support services to implement, host, and maintain CEMSIS for pre-hospital EMS, trauma, stroke, and other data. The repository would include a local data collection and storage site and technical assistance to local EMS agencies to support their data collection systems and standards to be compliant with current and future national data standards enabling them to participate in CEMSIS.

- \$242,000 would support a contract with the CalHHS Office of Systems Integration to provide contract management, vendor management, and technical subject matter expertise in support of the ImageTrend, Inc. contract.
- \$430,000 would support a data validation consultant to oversee advancements in the CEMSIS project by confirming the local EMS agency's data is compatible and in compliance with recent data standards; integrate new and existing data with CEMSIS software; assist EMSA in obtaining data and information from local EMS agencies; and ensure CEMSIS data is also uploaded to relevant nationwide information systems.
- Resources equivalent to **one Health Program Manager I** position would direct a multidisciplinary team to confer with stakeholders to provide technical assistance and guidance to improve quality of care and healthcare outcomes within California's EMS system; oversee the collection of data and research into best practices and drivers of quality care; to engage in knowledge transfer from the data validation consultant; maintain the data support and reporting requirements of CEMSIS ahead of its integration into CEDRS; and provide oversight over other staff in the EMS Division.

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 2: Appointment of Chief Medical Officer

Budget Change Proposal – April Finance Letter. EMSA requests one position and General Fund expenditure authority of \$312,000 annually. If approved, this position and resources would support establishment of the Chief Medical Officer at EMSA.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$312,000	\$312,000
Total Funding Request:	\$312,000	\$312,000
Total Requested Positions:	1.0	1.0

* Resources ongoing after 2024-25.

Background. State law requires the director of EMSA to be a licensed physician or surgeon with substantial experience in the practice of emergency medicine. According to EMSA, this requirement limits the eligibility pool and made it more challenging to recruit candidates for this role. EMSA believes removing this requirement would allow for a broader candidate pool and a focus on a public administration skillset. Acknowledging the importance of having physicians as part of the leadership team, EMSA is also proposing to create a Chief Medical Officer position to address the clinical components needed for patient safety and care while bringing substantial experience in the practice of emergency medicine.

In the Governor’s January budget, EMSA requested trailer bill language to repeal the requirement that the EMSA Director be a medical doctor (MD) and establish the position of Chief Medical Officer within EMSA’s leadership team.

Staffing and Resource Request. EMSA requests one position and General Fund expenditure authority of \$312,000 annually to support establishment of the Chief Medical Officer (CMO) at EMSA. Specifically, EMSA requests the creation of the CMO position within the leadership team. The CMO would approve revisions to the Standard Scope of Practice for EMS providers, Local Optional Scope of Practice Applications, and Trial Study applications; review and approve all local EMS authority EMS plan sections having a clinical care impact; review and approve EMSA regulations that set clinical practice, training, and continuing education standards; review and approve Quality Improvement; provide oversight of state-level Quality Improvement through the California EMS Information System (CEMSIS) data analysis and reporting, and EMSA response activities that affect patient care and outcomes, including:

- Medical personnel qualifications, staffing levels, and medical or pharmaceutical inventories for any medical teams sent into the field, such as the California Medical Assistance Teams, Alternate Care Site teams, or Ambulance Strike Teams.
- Clinical operations manual for any type of team sent out to support a Disaster Medical Services response.

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: Staffing Allocation Resources

Budget Change Proposal – April Finance Letter. EMSA requests four positions and General Fund expenditure authority of \$775,000 annually. If approved, these positions and resources would support alignment of staff allocation and reporting structure requirements mandated by the California Department of Human Resources.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$775,000	\$775,000
Total Funding Request:	\$775,000	\$775,000
Total Requested Positions:	4.0	4.0

* Positions and resources ongoing after 2024-25.

Background. According to EMSA, over the past several years the authority has experienced an increase in workload for operations and an increase in staffing levels due to the implementation of new programs and expansion of existing programs in the Emergency Medical Services (EMS) and EMS Personnel Divisions. As a result of this expansion, EMSA reports its span of control for its managers within these divisions has exceeded requirements mandated by the California Department of Human Resources (CalHR). EMSA reports it currently has a 45 percent vacancy rate and CalHR will not allow EMSA to hire these largely rank-and-file positions until a proportionate number of managerial staff are also hired.

Staffing and Resource Request. EMSA requests four positions and General Fund expenditure authority of \$775,000 annually to support alignment of staff allocation and reporting structure requirements mandated by the California Department of Human Resources. Specifically, EMSA requests the following positions:

- **Two Staff Services Manager III** positions would alleviate staffing allocation and reporting structure issues in the EMS Systems Division and the EMS Personnel Division. The position in the EMS Systems Division would provide leadership and coordinate full management and supervision of the division, including oversight of the California EMS Information System (CEMSIS), and would allow the division to meet the CalHR-required organizational structure. The position in the EMS Personnel Division would allow appropriate and full management and supervision of the division, dividing responsibilities with the existing Chief of the division, who currently supervises 12 professional staff.
- **One Staff Services Manager II** position would oversee staffing on projects, planning, and execution to provide for the success of individual projects with the EMS Standards and Training Section.
- **One Staff Services Manager I** position would allow appropriate staff allocation and reporting structures in the EMS Systems Division, particularly overseeing the EMS Systems Data program.

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.

4150 DEPARTMENT OF MANAGED HEALTH CARE**Issue 1: Add Position Authority for Workload Funded in the Governor's Budget**

Budget Change Proposal – April Finance Letter. DMHC requests 18.5 positions, supported with resources requested in other January budget proposals. If approved, these positions would support closing information technology gaps, and conducting investigations and more frequent financial examinations for risk bearing organizations.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0933 – Managed Care Fund	\$-	\$-
Total Funding Request:	\$-	\$-
Total Requested Positions:	18.5	18.5

* Positions ongoing after 2024-25.

Background. According to DMHC, recent legislative and workload budget change proposals provided support to modernize the department's antiquated information technology (IT) systems, but did not provide position authority. Because DMHC reported a 22 percent vacancy rate when it submitted the proposals to the Department of Finance, these proposals included funding, but expected the department to use vacant position authority. DMHC reports that its vacancy rate was 11.1 percent as of March 30, 2023, continues to decline each week, with most remaining vacancies filled prior to June 2023. As a result, DMHC is requesting authority for 18.5 positions to support the funding approved and requested in the budget.

Staffing Request. DMHC requests 18.5 positions, supported with resources requested in other January budget proposals to support closing information technology gaps, and conducting investigations and more frequent financial examinations for risk bearing organizations. Specifically, DMHC requests the following staff:

Office of Financial Review – 12.5 positions

- **Ten Corporation Examiners** would review claims, conduct examinations, prepare preliminary and final reports, and monitor corrective action plans.
- **2.5 Corporation Examiner IV, Supervisor** positions would perform supervisory duties during routine examinations, review reports, attend meetings, communicate issues with risk-bearing organizations or health plans to management, and plan and direct the work of the corporation examiner staff.

Office of Legal Services – One position

- **One Attorney III** position would establish and maintain an IT legal compliance program to comply with state and federal mandates and ensure the protection of sensitive and confidential data; research, review, interpret, and provide legal advice related to risk compliance and information security; investigate and provide legal support for breaches of data security; develop an Interagency Data Sharing Agreement to protect data and facilitate sharing of data with other state departments; develop

compliance policies and procedures; and serve as the legal expert and primary point of contact on the development and implementation of policy related to statewide web accessibility standards.

Office of Technology and Innovation – Four positions

- **One Information Technology Manager II** position would work with and report department status to control agencies; oversee the Information Security Program and IT Risk and Issue Management Program; create and implement information security policies; make recommendations to executive management to improve IT infrastructure and security; mentor and coach staff in information security; conduct investigations and report all DMHC security incidents; and review existing IT security policies and procedures to ensure the department is meeting statewide reporting requirements.
- **One Information Technology Specialist II** position would serve as a compliance specialist and be responsible for creating, updating, and maintaining Risk and Issue Management Plans, security policies, technology recovery plans, security procedures, and researching, documenting, and filing compliance reports to the California Department of Technology.
- **One Information Technology Specialist II** position would serve as an application security engineer and be responsible for building services that improve the security of departmental systems, embedding security best practices, conducting appropriate security analysis, defenses, and countermeasures at each phase of the software development lifecycle, and providing engineering designs for new software solutions to help mitigate security vulnerabilities.
- **One Information Technology Specialist II** position would support incident response and be responsible for analyzing, planning, preparing, coordinating, testing, executing, and monitoring complex technical network activities and security infrastructure changes as a result of assessments, audit findings, and a number of security initiatives; analyzing findings from internal and external risk assessments and audits; responding to events; escalating to the appropriate teams; and coordinating the issue to resolution.

Office of Administrative Services – One position

- **One Associate Governmental Program Analyst** would support accounting, budgeting, human resources, training, organizational effectiveness, and business management functions.

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 DMHC to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 2: Augment Behavioral Health Focused Investigations Workload

Budget Change Proposal – April Finance Letter. DMHC requests eight positions and expenditure authority from the Managed Care Fund of \$3 million in 2023-24 and \$2.9 million annually thereafter. If approved, these positions and resources would support continuation of focused behavioral health investigations and incorporation of long-range behavioral health focused assessments into the routine medical survey process for health care service plans.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0933 – Managed Care Fund	\$2,981,000	\$2,900,000
Total Funding Request:	\$2,981,000	\$2,900,000
Total Requested Positions:	8.0	8.0

* Positions and resources ongoing after 2024-25.

Background. DMHC is responsible for enforcing state and federal behavioral health parity laws, which require a health plan to provide behavioral health services under the same terms and conditions under which it provides medical and surgical benefits. DMHC’s Office of Plan Monitoring (OPM) performs medical surveys every three years for every Knox-Keene licensed health, behavioral health, and specialized plan.

The 2020 Budget Act included 14.5 positions and expenditure authority from the Managed Care Fund of \$2.8 million in 2020-21, 18.5 positions and \$4.7 million in 2021-22, and 18.5 positions and \$4.7 million annually thereafter to conduct focused investigations and enforcement of health plan compliance with behavioral health parity requirements. OPM conducts behavioral health focused investigations to assess areas of health plan delivery systems that are not commonly assessed during a routine medical survey. These surveys began in the 2021 plan year and DMHC expected to investigate five plans in the first year. DMHC reports that several factors have increased the complexity, difficulty, and volume of work associated with these investigations, including:

- Expansion of the scope of the investigations to incorporate a review and analysis of the health plans’ non-quantitative treatment limitation comparative analyses in accordance with federal mental health parity requirements.
- A large volume of documents, data and information required to be submitted by plans to DMHC.
- A significant amount of time spent coordinating with special investigators in DMHC’s Office of Enforcement.

DMHC indicates these factors have led to the department being unable to timely complete the focused investigations without additional resources.

Staffing Request. DMHC requests eight positions and expenditure authority from the Managed Care Fund of \$3 million in 2023-24 and \$2.9 million annually thereafter to support continuation of focused behavioral health investigations and incorporation of long-range behavioral health focused assessments into the routine medical survey process for health care service plans. Specifically, DMHC requests the following positions and resources:

- **One Attorney IV** position would address highly complex and in-depth legal analysis findings from the behavioral health investigations, and provide highly complex legal guidance to assist in finalizing corrective action plans and referrals to the Office of Enforcement.
- **Two Attorney III** positions would perform complex legal analysis of the findings from the behavioral health investigations, provide legal guidance, finalize corrective action plans, and draft referrals to the Office of Enforcement.
- **Two Health Program Specialist II** positions would provide analytical and project management support for behavioral health investigations, including preparing reports and supporting documents, oversee corrective action plan submittals, manage and coordinate documents and data, coordinate with legal and vendor staff to conduct periodic review, revisions, and updates of behavioral health investigation tools to incorporate updates, new law and regulations and make appropriate revisions.
- **Two Health Program Specialist I** positions would provide analytical, coordination and support for behavioral health investigations and sustained regulatory oversight of health plan behavioral health operations and delivery systems; assist in project planning scheduling and creating timeline activities for each investigation.
- **One Staff Services Manager II** position would recruit, onboard, train, and manage analyst staff and vendor contracts dedicated to behavioral health investigations and integration of behavioral health into the medical survey process.
- \$52,000 in 2023-24, and \$35,000 annually thereafter would support statistical consulting services to assist in identifying behavioral health compliance issues during investigations.
- \$1.3 million annually would support clinical consulting services to perform clinical and behavioral health compliance reviews of health plan programs, policies, procedures, reports, and non-quantitative treatment limitations comparative analyses.

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 DMHC to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Technical Adjustment Position Display Error

Budget Change Proposal – April Finance Letter. DMHC requests reduction of 62.6 positions in 2023-24, with no change in expenditure authority, to correct a position display error in budget documents prepared by the Department of Finance.

Program Funding Request Summary		
Fund Source	2023-24	2024-25
0933 – Managed Care Fund	\$-	\$-
Total Funding Request:	\$-	\$-
Total Requested Positions:	(62.6)	0.0

Background. According to DMHC and the Department of Finance, a data entry error resulted in allocation of an additional 62.6 positions to DMHC. During the 2020-21 budget process, Finance reports its Position Transparency budget entry included an additional 31.3 positions in 2023-24, when the entry should have reduced position authority by 31.3 positions. As a result, DMHC needs to adjust its position authority downward by 62.6 total positions.

Staffing Adjustment Request. DMHC requests reduction of 62.6 positions in 2023-24, with no change in expenditure authority, to correct a position display error in budget documents prepared by the Department of Finance.

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 DMHC to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Mandatory Use of Standardized Forms for Oversight

Budget Change Proposal and Trailer Bill Language – April Finance Letter. DMHC requests one position and expenditure authority from the Managed Care Fund of \$1.3 million in 2023-24, \$1.2 million in 2024-25, and \$258,000 annually thereafter. If approved, these positions and resources would support implementation of the mandatory use of standardized forms by health care service plans that describe the benefits of the enrollee’s health plan product. In addition,

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0933 – Managed Care Fund	\$1,254,000	\$1,229,000
Total Funding Request:	\$1,254,000	\$1,229,00
Total Requested Positions:	1.0	1.0

* Additional fiscal year resources requested – 2025-26 and ongoing: \$258,000.

Background. The Department of Managed Health Care (DMHC) is the primary regulator of the state’s 132 health care service plans, which provide health, mental health, dental, vision, and pharmacy services to more than 27.7 million Californians. Established in 2000, DMHC enforces the Knox-Keene Health Care Service Plan Act of 1975, which implemented California’s robust oversight regime of the managed care system. In fulfilling its regulatory responsibilities under the Act, DMHC conducts medical surveys and financial examinations to ensure health plan compliance and financial stability, provides a 24-hour call center to help consumers resolve health plan complaints, and administers Independent Medical Reviews of services denied by health plans.

According to DMHC, health plans must provide enrollees with certain documents that describe the benefit of the enrollee’s health plan product. While state and federal law govern the types of information included in these documents, each plan develops its own documents. DMHC annually reviews health plan documents to ensure compliance with the Knox-Keene Act. The following chart details the documents health plans must provide and whether an existing template is required:

Document	Template Required?
Evidence of Coverage (EOC)	Required for Medi-Cal products, but not commercial products.
Disclosure Form	Required for Medi-Cal products, but not commercial products.
Summary of Benefits and Coverage (SBC)	Required for commercial products.
Prescription Drug Formulary	Required for commercial products.
Cost-Share Summaries and Schedule of Benefits	No required template.
Explanation of Benefits	No required template.

DMHC is proposing to develop templates for the EOC and Disclosure Forms to be used by health plans for commercial products, and to develop new templates for Cost-Share Summaries and Explanations of Benefits. DMHC is also proposing to require mandatory use of these templates by health plans to standardize and provide consistency in information presented to consumers.

Staffing and Resource Request. DMHC requests one position and expenditure authority from the Managed Care Fund of \$1.3 million in 2023-24, \$1.2 million in 2024-25, and \$258,000 annually thereafter to support implementation of the mandatory use of standardized forms by health care service plans that describe the benefits of the enrollee's health plan product. Specifically, DMHC requests the following position and resources:

Office of Plan Licensing – One position, resources equivalent to one position, and \$500,000 consultant resources

- **One Attorney IV** position would conduct in depth legal research and annually review and update templates to account for changes in state and federal law and policy, including stakeholder engagement.
- Resources equivalent to **one Attorney III** in 2023-24 and 2024-25 would serve as the primary point of contact for the consultant assisting in the development and implementation of the standardized templates.
- \$500,000 in 2023-24 and 2024-25 would support a consultant to assist in developing the final template documents.

Office of Legal Services – Resources equivalent to one position

- Resources equivalent to **one Attorney III** would be responsible for conducting complex legal research to understand appropriately implement state law and assist in serving as a subject matter expert for legal advice.

Trailer Bill Language Proposal. DMHC proposes trailer bill language to require development of standard templates for various documents and require health plans to use those templates. Specifically, the language would:

- Require DMHC to develop standard templates for evidence of coverage and disclosure forms, in consultation with the Department of Insurance and interested stakeholders.
- Require health plans to use the standard templates for evidence of coverage and disclosure forms beginning January 1, 2025.
- Require DMHC to develop standard templates for schedules of benefits, explanations of benefits, cost-sharing summaries, or any similar documents.
- Authorize DMHC to require health plans to utilize the standard templates for schedules of benefits, explanations of benefits, cost-sharing summaries, or any similar documents.

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 DMHC to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 5: Withdrawal of Duplicate Enforcement Investigation and eDiscovery Software Application

Budget Change Proposal – April Finance Letter. DMHC requests reduction in expenditure authority from the Managed Care Fund of \$368,000 in 2023-24, \$367,000 in 2024-25, \$402,000 in 2025-26, \$422,000 in 2026-27, \$445,000 in 2027-28, and \$471,000 annually thereafter. If approved, this reduction in resources would reflect the withdrawal of a January budget proposal inadvertently duplicated in two requests.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0933 – Managed Care Fund	(\$368,000)	(\$367,000)
Total Funding Request:	(\$368,000)	(\$367,000)
Total Requested Positions:	0.0	0.0

* Additional fiscal year resources requested – 2025-26: \$402,000, 2026-27: \$422,000, 2027-28: \$445,000, 2028-29 and ongoing: \$471,000.

Background. The Governor’s January budget included expenditure authority from the Managed Care Fund of \$368,000 in 2023-24, \$367,000 in 2024-25, \$402,000 in 2025-26, \$422,000 in 2026-27, \$445,000 in 2027-28, and \$471,000 annually thereafter to procure an eDiscovery software application to effectively conduct investigations and manage discovery, including the ability to organize significant volumes of legal documents and data. According to DMHC, this budget proposal represented a duplication of resources requested in the department’s separate BCP on *Health Care Service Plans: Discipline: Civil Penalties (SB 858)*, heard by the subcommittee during its hearing on March 2nd, 2023. As a result, DMHC indicated it was withdrawing the duplicate proposal and would reflect the withdrawal in its April Finance Letter.

Request to Withdraw January Budget Proposal. DMHC requests reduction in expenditure authority from the Managed Care Fund of \$368,000 in 2023-24, \$367,000 in 2024-25, \$402,000 in 2025-26, \$422,000 in 2026-27, \$445,000 in 2027-28, and \$471,000 annually thereafter to reflect the withdrawal of its January budget proposal that inadvertently duplicated requests for expenditure authority for eDiscovery software. Approval of this request would authorize withdrawal of DMHC’s duplicate January budget request.

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 DMHC to respond to the following:

1. Please provide a brief overview of this proposal.

4170 DEPARTMENT OF AGING**Issue 1: Administrative Efficiencies for Area Agency on Aging Funding**

Budget Change Proposal – April Finance Letter. The California Department of Aging (CDA) requests authority to provide annual Local Assistance funding, via direct allocations, to the department’s 33 Area Agencies on Aging (AAAs) partners that receive funds to support older adults, adults with disabilities, their family caregivers, and residents in long-term care (LTC) facilities. Additionally, CDA requests provisional budget bill language to increase the maximum amount allowable for advanced payments to AAAs.

Background. CDA serves as California’s designated State Unit on Aging for the state’s Older Americans Act (OAA), Older Californians Act (OCA), and specified Medi-Cal programs that serve older adults, adults with disabilities, family caregivers, and residents in LTC facilities throughout the state. The AAAs are a long-standing, well-established network of providers that CDA has partnered with for over 40 years. CDA provides continuous, ongoing programmatic and financial oversight through audits, fiscal monitoring reviews, program reviews, and data reporting.

CDA receives state general funds, special funds, and federal grant funds to support older adult programs. In addition to general fund and special fund sources, federal funding sources include, but are not limited to: Title III, Title V, Title VII, Nutrition Services Incentive Program (NSIP), Health Insurance Counseling and Advocacy Program (HICAP), and Medicare Improvements for Patient and Providers Act (MIPPA); all funding sources are for allocation to AAAs to provide direct or subcontracted services.

State general funds and special funds are issued as a supplement to, or match for, a variety of older adult programs and federal grants that the department administers.

Per existing W&I Code section 9114, CDA is permitted to advance up to one-sixth of an AAA’s state and federal funds to provide adequate cash flow to local providers which help limit service disruptions.

Funding Authority Request. This request would allow CDA to modernize the current processes by which the department allocates funds to local partners, simplifying and streamlining tedious and time-consuming contracting processes and procedures, while simultaneously providing sufficient cash flow for non-profit and rural AAAs, which would limit any service disruptions.

Currently, CDA is required to complete annual Local Assistance (subvention) contracts with each AAA for all State, federal, and special funding. These contracts require a significant amount of internal staff work, department legal review, and external stakeholder review/approval, often causing payment delays due to the lengthy execution processes. CDA staff spend approximately eight weeks constructing the contract and, in most instances, upon receiving finalized contracts, AAAs conduct their own independent legal review which can generate additional questions, modifications, clarifications, etc., thereby adding to the workload on CDA’s program, administrative, and legal teams. Once a contract is finalized (agreed to by both CDA and AAAs), county and JPA-based AAAs must then pursue their own internal ratification processes to obtain appropriate local government approvals allowing them to execute the contract.

With the current allocation process, CDA must engage in some version of this process whenever funds are distributed to the AAAs, including one-time/limited-term funding or other special investments, such as those provided in response to the COVID-19 pandemic. In short, this cumbersome process—which CDA must complete at least twice a year for each program poses logistical and workforce barriers for both CDA and its 33 local partners, which delays an AAAs ability to subcontract with local providers who provide the critical services upon which older adults, adults with disabilities, family caregivers, and residents in LTC facilities depend.

Per W&I Code section 9114, CDA is authorized to provide AAAs with up to a one-sixth (1/6) advance of the AAA's state and federal funding allocation. CDA is requesting provisional budget bill language that would allow CDA to instead advance an amount equivalent to one-fourth (1/4) of the AAAs state and federal funding allocation. This change would allow local AAAs, specifically non-profit and rural AAAs, to be regularly resourced to meet local community cash flow needs and not impede service delivery. Due to the regular payment processing timelines, State oversight, and review processes, many AAAs are surviving on month-to-month reimbursements. Reimbursements are provided in arrears (30 days) and, further, state processing timelines can require up to 45 additional days, pushing reimbursement payments out at least 75 days for services rendered. By increasing the allowable advance maximum to one-fourth (1/4), AAAs would begin contracting periods with cash-flow available to cover costs associated with administrative overhead, direct services, payroll, and subcontractor payments.

Successful implementation of the direct allocation method could be achieved via a “zero-dollar” memorandum of understanding (MOU) between CDA and each of its 33 AAAs. The MOU would serve as an agreement between CDA and the AAAs, documenting the AAAs agreement to receive funds for a pre-determined amount of time via direct allocation, in addition to formalizing various other mandatory and standard terms and conditions. With this approach, CDA and AAAs could avoid the time and resource intensive annual contracting process by agreeing to general funding terms and conditions over a longer period. CDA will ensure the integrity and compliance of all federal, State, and special funds by continuing oversight and administration of the AAAs through ongoing technical assistance support, monthly review and approval of expenditures, and continuous financial monitoring and audit reviews to address any potential risks or concerns.

Staff Recommendation. Hold open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

Issue 2: CalFresh Health Living Program Expansion

Budget Change Proposal – April Finance Letter. CDA requests an increase of \$3.2 million in reimbursement authority to support five (5) permanent positions and increased Local Assistance funding in 2023-24 and ongoing to provide increased services, program site expansion, and enhanced curricula for the CalFresh Healthy Living (CFHL) - Supplemental Nutrition Assistance Program Nutrition Education Program (SNAP-Ed) activities for low-income adults aged 60 and older.

Background. CDA currently administers CFHL SNAP-ED activities through 16 AAAs. In administering the CFHL, CDA provides oversight, technical assistance, and training to the AAAs. Work is conducted through site visits, quarterly team meetings, annual in-person training, one-on-one technical assistance, and ongoing communication. CDA works in partnership with the AAAs to ensure the voice of older adults is represented in program planning and execution. Key messaging focuses on making healthy food choices on a limited budget, increasing the consumption of a variety of fruits and vegetables, and choosing a physically active lifestyle with emphasis placed on increasing physical activity to improve strength, balance, and flexibility. CFHL SNAP-ED interventions must meet the general low-income standard (i.e., more than 50 percent of the audience must have household incomes of less than 185 percent of the Federal Poverty Guidelines).

Beginning in 2022-23, CDA received a permanent, ongoing increase in CFHL Snap-Ed reimbursement funding from the California Department of Social Services (CDSS). This proposal seeks to align that increase in reimbursement funding with available reimbursement authority.

Staffing and Resource Request. The funding increase beginning in 2022-23 and ongoing will allow CDA to expand CFHL services. CDA currently offers CFHL in 31 of the counties in California. CDA will add up to five more Planning Service Areas (PSAs), serving eight more counties. CDA is using the increase to provide more funding to all CFHL Snap-Ed partners to increase client counts and client services.

CDA will also leverage this increase to reach FNS priority populations. Department efforts will focus on addressing racial equity, serving veterans, and members of immigrant communities and Indian tribal organizations. CDA will offer physical activity and nutrition education classes to 700 older adults at 47 sites such as veterans' centers, Indian Tribal Organizations, low-income housing, federally qualified health centers, cultural centers, and senior centers.

CDA is also participating in California's state level-collaborative, State Nutrition Action Committee (SNAC), which was formed to align nutrition and obesity prevention activities across all state programs. CDA and other state agencies began partnering with California Department of Food and Agriculture to launch and now expand and implement the Farmer's Market Initiative. SNAC is promoting the use of Market Match, a program that allows CalFresh participants to stretch their food dollars at farmers markets, as well as Farmers Market Nutrition Program (FMNP) coupons for seniors and WIC clients. In 2022, SNAC began a community garden initiative, which CDA also intends to implement with the requested staff.

Lastly, CDA is implementing several pilot programs across the AAA network to expand and enhance upon CFHL nutrition education and exercise. For each pilot that CDA implements in collaboration with the AAAs, there is research, data, needs assessments, and evaluations that much take place to ensure that

the program aligns with FNS requirements and adds value to older adults. Examples include developing a new line-dancing class and Fall Prevention Better Balance curriculum.

Currently, 1.0 Healthy Program Specialist (HPS) I and 1.0 Associate Governmental Program Analyst (AGPA) have been responsible for meeting the minimum Federal Nutrition Services (FNS) requirements of the CFHL SNAP-ED program including grant administrative activities, budget narrative review and approval, providing training on program updates, ongoing communication with the AAAs for guidance and technical assistance, yearly monitoring of activities, monthly reporting oversight for AAAs and quarterly reporting to CDSS, and participation in CDSS contractor meetings and stakeholder calls. The requested positions include the following:

- **HPS I:** CDA requests 1.0 additional HPS I to oversee the onboarding of 5 new AAA partners; lead the development of policy, tools, and resources to address racial inequities, including outreach, marketing, education, and awareness in FNS priority populations; facilitate and collaborate with the AAAs to implement new pilot programs; and participate in SNAC activities, procedure and process development, and marketing to CFHL providers. Due to the increase of CFHL funding beginning in 2022-23, CDA has already recruited for this incumbent as a blanket position. CDA requests permanence with this position.
- **1.0 Staff Services Manager (SSM) I Supervisor:** Currently CDA does not have a permanent SSM I Supervisor to oversee the CFHL program, leaving the SSM II to complete all administrative work, including staff development and oversight, while concurrently developing policy and procedures. The SSM I Supervisor was hired as a blanket position and CDA is requesting permanence with this position. Specifically, the SSM I Supervisor will work with the requested and existing CFHL staff to continue developing and providing post-pandemic technical assistance and outreach, stakeholder engagement, develop equity best practices and procedures, develop benchmarks and milestones for implementing equity practices statewide, oversee pilot programs and facilitate stakeholder engagement, and strengthen the AAA's understanding and partnership with Market Match and FMNP.
- **1.0 Office Technician (OT) (Typing):** The Office Technician would provide clerical relief, including calendaring, document remediation, formatting, review, and working with IT to update online resources, maintaining the CFHL Snap-Ed program website, and project support and work plan oversight.
- **1.0 AGPA:** CDA requests 1.0 dedicated AGPA to develop, implement, and maintain contract policy and procedures; act as contract project lead and work with key stakeholders to resolve challenges to contract related items; draft contract packages; disseminate contracts for signature; prepare contracts for execution; and disseminate executed contracts. .
- **1.0 Accounting Officer (AO) Specialist:** Currently, CDA does not have a dedicated Accounts Payables staff member to oversee the CFHL program and the high volume of payments, budgets, budget revisions, and closeouts that CHFL requires. CFHL is one of the few programs that CDA cannot offer on an advance payment system, therefore making the urgency of reimbursement a high priority, particularly for AAA providers with limited cash flow. CDA requests 1.0 AO Specialist to be responsible for all payment processing, budget and closeout review, processing,

AAA invoicing, invoicing to CDSS for reimbursement, and technical assistance to internal stakeholders.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Statewide No Wrong Door Assessment

Budget Change Proposal – April Finance Letter. CDA requests a federal authority of \$411,000 to support 1.0 position in 2023-24 and 2024-25. CDA was awarded funding by the Federal Health and Human Services, Administration for Community Living (ACL) for the purpose of assessing individual and family caregiver access to the statewide No Wrong Door System for Long-Term Services and Supports to further the implementation of the Recognize, Assist, Include, Support, and Engage Family Caregivers Act of 2017 that directs the development of a National Family Caregiver Strategy.

Background. As the most populous state in the nation, with an array of Long-term services and supports (LTSS), finding the right services can be daunting for older adults, people with disabilities, and caregivers. Accessing services often requires complex and duplicative intake, assessment, and eligibility processes with individuals and their caregivers confronted by a maze of agencies, organizations, and eligibility requirements – often during a time of crisis. Family caregivers play a critical role in supporting older adults and people with disabilities, whether providing hands-on care or assisting their loved one with navigating services across the care continuum. Further, challenges with coordinating and accessing LTSS often lead to unnecessary institutionalization or hospital placement, which is more costly and not always tailored to the needs and preferences of the individual receiving care.

As guided by the Master Plan for Aging (MPA), the state must address Long-term services and supports (LTSS) navigation challenges and understand how its No Wrong Door (NWD) system supports or fails in meeting the needs of older adults, people with disabilities, and caregivers. Initiative 72 of the California's Master Plan for Aging 2023-24 calls for establishment of a California NWD State Leadership Council (SLC) that has the structure and delegated authority to guide the development of the State's NWD system. A NWD SLC would ensure California's aging and disability network effectively connects individuals to health care and social supports in their local communities. Improved coordination among these organizations would assist older adults, people with disabilities, and caregivers access care and supports centered on the care recipient's goals and preferences, while improving the overall effectiveness of California's NWD system.

Funding Authority Request. The NWD SLC will ensure California's network of access points to LTSS effectively connects individuals to health care and social supports in their local communities and delivers the commitments in California's MPA – building a California for All Ages by 2030. CDA proposes to advance this goal through two objectives in this proposal: (1) the planning of the NWD SLC and its oversight structure and (2) build connections and pathways that support older adults, people with disabilities, and caregivers to successfully access LTSS in California.

This planning grant will fund 1.0 Staff Services Manager I (SSM I) Specialist position to work collaboratively with CalHHS and its Departments to advance development of a NWD SLC. The NWD governing body will address the following key elements of State Governance and Administration for a strong LTSS NWD System, as identified by ACL:

1. State Leadership and Collaboration
2. Stakeholder Inclusion

3. Designation of Non-State Government Entities to Perform NWD Functions
4. Person-Centeredness
5. Performance Standards and Continuous Quality Improvement
6. Staffing

According to CDA, this proposal will advance the goals of California's Master Plan for Aging and architect a NWD system that can address the needs of individuals and family caregivers in alignment with the RAISE Family Caregivers Act of 2017.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

4265 DEPARTMENT OF PUBLIC HEALTH**Issue 1: Industrial Hemp Licensing and Compliance Program Reappropriation**

Reappropriation – April Finance Letter. CDPH requests reappropriation of General Fund expenditure authority of \$1.2 million, previously approved in the 2022 Budget Act, to implement the regulation of industrial hemp products pursuant to AB 45 (Aguiar-Curry), Chapter 572, Statutes of 2021.

Background. According to CDPH, over the last several years, cannabinoids derived from industrial hemp production, such as cannabidiol (CBD), have become popular additives to foods, beverages, and cosmetics. CBD, which is not psychoactive and does not produce a “high” in the consumer, is nonetheless considered by the federal Food and Drug Administration (FDA) to be an unapproved additive, not Generally Recognized as Safe (GRAS), and is the active pharmaceutical ingredient in an FDA-approved pharmaceutical product for the treatment of certain epileptic seizures, known as Epidiolex.

In 2018, federal legislation removed industrial hemp from the Schedule I Controlled Substances list and allowed it to be legally cultivated and transferred across state lines. However, there was no change to federal food and drug laws, and CBD is still not permitted to be used in food, drugs, or cosmetics. Despite the continued federal prohibition, several states, including California, have enacted their own laws to allow the sale of industrial hemp products.

AB 45 (Aguiar-Curry), Chapter 576, Statutes of 2021, authorizes CDPH to establish a program regulating the use of industrial hemp and its cannabinoids, extracts, or derivatives in foods, beverages, cosmetics, and pet food products. AB 45 also prohibits the manufacture of industrial hemp inhalable products, except for the sole purpose of sale in other states. Industrial hemp products may be distributed or sold in the state if an independent testing laboratory certifies the concentration of the psychoactive component of cannabis, tetrahydrocannabinol (THC), does not exceed 0.3 percent, the product was tested for the hemp derivatives identified in the product label or associated advertising, and the product was produced in compliance with applicable state and federal laws. AB 45 requires CDPH to do the following:

- *Licensing and Registration.* CDPH must register and license industrial hemp processors, distributors, and inhalable manufacturers.
- *Inspections and Investigations.* CDPH must license and inspect industrial hemp manufacturers and processors to determine compliance with state and federal laws and regulations, including investigating consumer complaints and enforcement activities in coordination with the Department of Cannabis Control, the California Department of Food and Agriculture, and local law enforcement agencies.
- *Legal and Regulations.* CDPH is required to develop and promulgate regulations establishing the industrial hemp regulatory framework, including:
 - Setting initial regulations incorporating the requirements of AB 45
 - Additional regulations CDPH deems necessary for enforcement of AB 45
 - Imposing age requirements on purchase of industrial hemp products
 - Establishing record-keeping standards that will apply to transporters, manufacturers, and retailers
 - Addressing maximum serving size and number of servings per container for industrial hemp products

- Establishing and revising the Industrial Hemp Enrollment and Oversight fees
- *Testing.* Under an interagency agreement with the Department of Cannabis Control, CDPH will be required to test industrial hemp products, ingredients, and hemp extracts to ensure manufacturer compliance and to conduct enforcement actions.
- *Coordination.* CDPH, in consultation with the Department of Cannabis Control and the California Department of Food and Agriculture, is required to, if necessary, develop a process to share license, registration, cultivar, and enforcement information to facilitate educating the regulated community, compliance, and taking action against unlicensed industrial hemp manufacturers or the sale of illegal industrial hemp.

AB 45 also establishes the Industrial Hemp Enrollment and Oversight Fund, and allows CDPH to collect fees to support the new industrial hemp regulatory work. The first two fiscal years of regulatory work on industrial hemp were intended to be supported by General Fund resources, while the Industrial Hemp Enrollment and Oversight Fund would support the ongoing regulatory work with fee revenue in the third year and annually thereafter.

AB 45 contained an urgency clause, requiring CDPH to begin work on this program immediately.

SB 115 (Skinner), Chapter 2, Statutes of 2022, included 11 positions and General Fund expenditure authority of \$1.6 million in 2021-22 to begin implementation of AB 45 during the 2021-22 fiscal year. The 2022 Budget Act included an additional seven positions, for a total of 18 positions, and General Fund expenditure authority of \$4 million in 2022-23, and expenditure authority from the Industrial Hemp Enrollment and Oversight Fund of \$5.2 million annually thereafter to implement the regulation of industrial hemp products mandated by AB 45.

Reappropriation Request. CDPH requests reappropriation of General Fund expenditure authority of \$1.2 million, previously approved in the 2022 Budget Act, to implement the regulation of industrial hemp products pursuant to AB 45 (Aguiar-Curry), Chapter 572, Statutes of 2021. According to CDPH, the process to establish initial fees and the application process for the industrial hemp regulatory structure took longer than expected and CDPH was not able to collect revenue in the 2021-22 fiscal year. In addition, CDPH reports it has received fewer than expected regulatory applications, resulting in establishment of a labor-intensive process to identify industrial hemp manufacturers that are required to be licensed by CDPH pursuant to AB 45. As a result, CDPH is requesting reappropriation of the previously approved General Fund authority to continue support for the industrial hemp regulatory program.

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 CDPH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 2: Protecting Children from the Damaging Effects of Lead Exposure

Budget Change Proposal – April Finance Letter. CDPH requests two positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$9.7 million in 2023-24, 2024-25, and 2025-26, and \$6.1 million annually thereafter. If approved, these positions and resources would support expansion of services to children with blood lead levels that meet or exceed new federal standards and new lead poisoning prevention activities.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0080 – Childhood Lead Poisoning Prevention Fund	\$9,718,000	\$9,718,000
Total Funding Request:	\$9,718,000	\$9,718,000
Total Requested Positions:	2.0	2.0

* Additional fiscal year resources requested – 2025-26: \$9,718,000, 2026-27 and ongoing: \$6,114,000.

Background. The Childhood Lead Poisoning Prevention (CLPP) program was established in 1986 at CDPH to take steps necessary to reduce the incidence of childhood lead exposure in California. The program focuses on young children considered at increased risk for lead exposure, particularly those receiving publicly-funded services such as Medi-Cal and WIC, or those living in older housing stock with lead-based paint or lead-contaminated dust and soil. Children at high risk of exposure are required to be blood tested for lead and children with high blood lead levels are eligible for CLPP services. There are 43 local CLPP programs in 40 counties and three cities that provide services to eligible children under a contract with the state. The state CLPP program provides services to eligible children in the remaining 18 counties. These services include outreach to populations at high risk of lead exposure, educational and other services for children with high blood lead levels, full public health nursing and environmental services to children with lead poisoning, and follow-up to ensure sources of lead exposure are removed. The state CLPP program also provides information on laboratory reported lead tests to local CLPP programs; and statewide surveillance, data analysis, oversight, outreach and technical assistance for all counties.

A 2019 audit by the California State Auditor recommended the CLPP program focus more on primary prevention and take steps to support local health jurisdiction (LHJ) activities that directly result in a reduction of the number of children with lead poisoning. The 2020 Budget Act included resources to support implementation of the auditor’s recommendations. CDPH implemented a strategic planning process with LHJs to more fully address the audit findings and inform the Scope of Work for LHJs for the upcoming contract cycle for CLPP.

In addition, in October of 2021, the federal Centers for Disease Control and Prevention (CDC) updated its Blood Level Reference Value (BLRV) from 5 micrograms per deciliter to 3.5 micrograms to deciliter, which will increase the number of children eligible for lead poisoning basic case management services provided by CLPP. CDPH indicates the number of children requiring services will more than double beginning in 2023-24 based on the number of children who fall within the new, lower threshold of blood lead level established by CDC.

Staffing and Resource Request. CDPH requests two positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$9.7 million in 2023-24, 2024-25, and 2025-26, and \$6.1

million annually thereafter to support expansion of services to children with blood lead levels that meet or exceed new federal standards and new lead poisoning prevention activities. Specifically, CDPH requests the following positions and resources:

- \$5.9 million would be allocated for basic case management services to be performed by state and local CLPP staff.
- \$3.6 million would be allocated to develop and enhance local general prevention measures outlined in the 2023-2026 Scope of Work proposed by LHJs, and updated and approved by CDPH.
- **Two Medical Assistants** would perform technical support services, clerical, and administrative tasks to provide support to nurse consultants and public health nurses, including records review and report preparation, to support the increased case management and other lead poisoning prevention workload.

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 CDPH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Skilled Nursing Facility Staffing Requirements Compliance (AB 81) Technical Adjustment

Budget Change Proposal – April Finance Letter. CDPH requests a shift of six positions and expenditure authority of \$939,000 from the Licensing and Certification Fund to General Fund reimbursements to align budget authority with the correct funding source.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0995 - Reimbursements	\$939,000	\$939,000
3098 – Licensing and Certification Fund	(\$939,000)	(\$939,000)
Total Funding Request:	\$-	\$-
Total Requested Positions:	0.0	0.0

* Shift of positions and resources ongoing after 2024-25.

Background. The 2021 Budget Act included six positions and expenditure authority from the Licensing and Certification Fund of \$939,000 annually for DPH to enforce skilled nursing facility compliance with staffing requirements, impose penalties, and manage disputes and appeals, pursuant to the requirements of AB 81 (Committee on Budget), Chapter 13, Statutes of 2020. According to CDPH, the 2021 Budget Act proposal inadvertently allocated expenditure authority from the Licensing and Certification Fund to support the enforcement workload. CDPH reports these audits are reimbursed pursuant to an interagency agreement with DHCS, and the proper fund source for this workload is General Fund reimbursement authority.

Staffing and Resource Adjustment Request. CDPH requests a shift of six positions and expenditure authority of \$939,000 from the Licensing and Certification Fund to General Fund reimbursements to align budget authority with the correct funding source. Because the funding for this workload is provided pursuant to an interagency agreement with DHCS, the appropriate funding source should be General Fund reimbursements.

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 CDPH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Skilled Nursing Facilities Staffing Audits
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Budget Change Proposal – April Finance Letter. CDPH requests General Fund expenditure authority of \$4 million annually. If approved, these resources would support audits of skilled nursing facilities to verify compliance with minimum staffing requirements.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$4,000,000	\$4,000,000
Total Funding Request:	\$4,000,000	\$4,000,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2024-25.

Background. The Staffing Audits Section in the Center for Health Care Quality (CHCQ) at CDPH audits skilled nursing facility compliance with state and federal law governing minimum staffing requirements. Audits of all freestanding skilled nursing facilities are conducted annually and include the review of 24 days of staffing data. Included in these requirements are minimum ratios of direct care service hours per patient day, updated in 2017. SB 97 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2017, requires skilled nursing facilities to have a minimum number of direct care services hours of 3.5 per patient day, including a minimum of 2.4 hours per patient day for certified nursing assistants (CNAs). Previously, the minimum staffing requirement had been 3.2 hours per patient day, with no minimum requirements for CNAs. DPH is responsible for auditing skilled nursing facilities for compliance with these minimum staffing requirements. Failure to comply may result in administrative penalties assessed by DPH, or ineligibility for payments in the Medi-Cal Quality and Accountability Supplemental Payment (QASP) program.

Until December 31, 2022, DHCS, under an interagency agreement with CHCQ, reimbursed staffing audit costs of \$8 million (\$4 million Quality and Accountability Special Fund and \$4 million federal funds) annually. Audits conducted by CHCQ were included in the criteria for the Medi-Cal QASP program, an incentive payment program to ensure performance of quality metrics incorporated into the Skilled Nursing Facility Quality Assurance Fee (SNF QAF) originally established by AB 1629 (Frommer), Chapter 875, Statutes of 2004.

According to CDPH, CHCQ's minimum staffing audits responsibilities, administrative penalty authority and the Medi-Cal QASP program sunset on December 31, 2022. The 2022 Budget Act included trailer bill language implementing Nursing Facility Financing Reform, and established a new Workforce and Quality Incentive Program (WQIP) financed directly by the General Fund and to replace the QASP.

Staffing and Resource Request. CDPH requests General Fund expenditure authority of \$4 million annually to support audits of skilled nursing facilities to verify compliance with minimum staffing requirements. CDPH reports that, while DHCS will not utilize CDPH data as a metric to score facilities' staffing hours for compliance with the WQIP, it will utilize federally reported Payroll-Based Journal data. CHCQ staff supported by this request would continue to perform audits to validate the accuracy of data reported by facilities to the Payroll-Based Journal.

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 CDPH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 5: Radiologic Health Branch Licensing and Certification

Trailer Bill Language – April Finance Letter. CDPH proposes trailer bill language to revise the denial, suspension, revocation procedures associated with licenses and certifications held under the Radiologic Technology Act and licensed by CDPH, and expand civil penalty authority to radiological technologists and nuclear medicine technology.

Background. The Radiologic Health Branch at CDPH administers a radiation control program, including licensing of radioactive materials, registration of X-ray-producing machines, certification of medical and industrial X-ray and radioactive material users, inspection of facilities using radiation, investigation of radiation incidents, and surveillance of radioactive containment in the environment. The branch administers the Radiologic Technology Act, which establishes standards of education, training, and experience for persons who use X-rays on human beings, and to provide for the certification of radiologic technologists including for diagnostic radiologic technology, mammographic radiologic technology, and therapeutic radiologic technology. The branch also administers a certification program for individuals performing nuclear medicine technology, including the utilization of radiopharmaceuticals for the diagnosis and treatment of disease, and to establish standards of competence for nuclear medicine technology.

According to CDPH, current law prevents the branch from taking disciplinary actions against applicants and authorized individuals who have been convicted of crimes substantially related to their duties as radiologic technologists or nuclear medicine technologists. The branch is prevented from taking licensing action to deny, limit, condition, suspend, or revoke a certificate or permit against a certificate or permit holder when that person has committed a crime that increases the public's risk of future, similar criminal conduct. In addition, with the exception of mammography procedures, current law provides no authority to impose civil penalties for violations associated with medical X-ray and nuclear medicine technology procedures.

Trailer Bill Language Proposal. CDPH proposes trailer bill language to revise the denial, suspension, revocation procedures associated with licenses and certifications held under the Radiologic Technology Act and licensed by CDPH, and expand civil penalty authority to radiological technologists and nuclear medicine technology. Specifically, the language would:

- Expand and update the reasons CDPH may deny, revoke, or suspend certifications authorized under the Radiologic Technology Act or under state law governing nuclear medicine technology, including for conviction of a crime related to the duties of a radiologic technologist, for falsifying documents, and for impersonating an applicant for examination, among other reasons.
- Expands existing law provisions making violation of the Radiologic Technology Act a misdemeanor by including penalty provisions that, upon conviction, impose a fine not to exceed \$5,000 per day, per offense, or by imprisonment in the county jail not to exceed 180 days, or both.
- Makes violation of state law governing nuclear medicine technology a misdemeanor and imposes, upon conviction, fines not to exceed \$5,000 per day, per offense, or by imprisonment in the county jail not to exceed 180 days, or both.

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 CDPH to respond to the following:

1. Please provide a brief overview of this proposal.
2. What is the connection of this trailer bill proposal to the budget? Why did the Administration not pursue this change in a policy bill?

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**Issue 1: Compliance with Federal Home and Community-Based Services Requirements**

Budget Change Proposal – April Finance Letter. The Department of Developmental Services (DDS) requests \$5.4 million (\$3.8 million General Fund) in 2023-24 and \$6.7 million (\$4.6 million General Fund) in 2024-25 and ongoing for the conversion of three (3.0) Community Program Specialist II positions funded with limited-term resources to permanent positions, six (6.0) additional permanent positions, and regional center resources to address and sustain new and ongoing efforts that align California’s developmental disabilities system with federal requirements necessary for continued federal funding for Home and Community-Based Services programs.

Background. In January 2014, the Centers for Medicare & Medicaid Services (CMS) published final regulations (HCBS Final Rule) defining requirements for home and community-based settings where services are provided under Section 1915(c) HCBS waivers and Section 1915(i) HCBS State Plan Amendment (SPA) programs. The HCBS Final Rule, which took effect March 17, 2023, requires that, as a condition of receiving federal HCBS funding, home and community-based settings meet the following criteria:

- Is integrated in and supports full access to the greater community;
- Is selected by the individual from among setting options;
- Ensures individual rights of privacy, dignity and respect, and freedom from coercion and restraint;
- Optimizes autonomy and independence in making life choices; and
- Facilitates choice regarding services and who provides them.

The Final Rule builds off decades of work by the disability rights movement and furthers the goals of the Americans with Disabilities Act (ADA) and the Supreme Court’s *Olmstead* decision, holding that community living is a civil right.

States were originally provided a five-year transition period to implement the HCBS criteria, which was delayed multiple times. As of March 17, 2023, all states must be fully compliant with the Rule’s basic civil rights requirements and may, through time-limited corrective actions plans (CAPs), have additional time to fully comply with a limited number of requirements in the Rule that have been impacted by the COVID-19 public health emergency. California’s CAP includes additional time to ensure provider compliance with the following HCBS Final Rule Criteria: access to the broader community; opportunities for employment; choice of non-disability specific settings; and option for a private unit and/or choice of roommate. Therefore, service provider compliance as of March 17, 2023 does not reflect full compliance with all of the HCBS Final Rule criteria. To verify compliance with the HCBS Final Rule, DDS has primarily relied on requiring providers to submit self-assessment surveys demonstrating HCBS compliant policies, and provided technical assistance and outreach. The state also provides grants to help providers modify programs to come into compliance.

DDS is largely defining compliance for purposes of the March 17, 2023 deadline as the provider submitting documentation to DDS that the provider has policies on file consistent with the HCBS Final Rule. Given the state's Corrective Action Plan, DDS is not requiring providers to have substantially implemented those HCBS policies as of March 17, 2023. This means that many providers remain out of compliance with the full set of HCBS criteria. It is unclear how many providers are actually in full compliance with the HCBS Final Rule and whether those that are not in full compliance can easily conform to the new federal requirements. All providers will need to reach compliance with the full set of HCBS criteria by June 30, 2024 or the state faces fiscal penalties.

DDS received three-year limited-term funding for three (3.0) CPS II positions effective July 1, 2019 and the positions were extended for another year until June 30, 2023 to address the requirements of the HCBS Final Rule. As part of General Fund savings initiatives during the Great Recession, the state received approval effective October 1, 2009, for federal financial participation (FFP) through a 1915(i) SPA for individuals who did not meet the more stringent HCBS waiver requirements. While this action resulted in a significant increase in FFP, neither DDS nor the Regional Centers received funding for CMS required oversight activities, which are similar to those of the HCBS Waiver. Additionally, effective July 1, 2018, the state received approval for a Self-Determination Program Waiver (SDP Waiver) for individuals who elect to self-direct their services. The requirements of the HCBS Final Rule apply to the 1915(i) SPA and the SDP Waiver, in addition to the HCBS Waiver.

Staffing and Resource Request. CMS requires ongoing monitoring to verify continued compliance with the Final Rule. In addition to monitoring, the Department has identified a number of activities that will be necessary to effectuate continued alignment with the HCBS Final Rule. These include but are not limited to: strengthening requirements for person-centered service planning, development and provision of ongoing training for Regional Centers, providers, individuals and their families, and additional expected reporting and coordination with CMS. DDS assumes this workload can be managed with conversion of the three positions funded with limited-term resources to permanent. As noted, compliance is not a “one-time” event and CMS requires states to maintain and report on continuing compliance efforts. If the requested positions expire after 2022-23, work cited above would fall to one permanent CPS IV position, which limits the Department's ability to monitor compliance with the federal requirements to maintain eligibility for federal funding.

The requested additional four (4.0) CPS II and two (2.0) CPS III positions will address both expanded monitoring requirements regarding the HCBS Final Rule as well as provide resources in line with the increased number of individuals receiving Medicaid-funded HCBS. Current monitoring practices include reviewing a representative sample of individuals receiving HCBS and visits to approximately 100 locations statewide where services are provided. With the HCBS Final Rule focused on settings (e.g., locations where services are provided,) monitoring will need to include visits/oversight of a representative sample (approximately 370) of settings/locations. Additionally, at the time the 1915(i) SPA was approved there were 81,882 individuals enrolled on the HCBS Waiver. As of December 31, 2022, there were 148,127 individuals enrolled on the HCBS and SDP waivers and 44,721 individuals accessing services through the 1915(i) SPA. This represents an 86 percent increase in the number of individuals receiving Medicaid-funded HCBS. As CMS requires representative, statistically significant sample sizes as valid measures for compliance, the monitoring workload has increased as the number of individuals receiving HCBS has risen.

This request also includes a corresponding Regional Center staffing request of 50 positions to address HCBS Final Rule requirements and the growth in individuals enrolled in Medicaid-funded HCBS programs. Additionally, current Regional Center regulations only require regular quality assurance reviews of residential settings. However, the HCBS Final Rule requirements apply to all settings (e.g., day programs, etc.) where multiple individuals receive services. This results in a need for increased resources to conduct quality assurance/HCBS Final Rule reviews at non-residential service locations.

DDS requests 50 positions budgeted at one RC position for approximately every 1,000 individuals accessing services through the 1915(i) SPA, to address federal monitoring and reporting requirements and the additional workload associated with the HCBS Final Rule, using the same staffing formula currently budgeted for individuals enrolled in the HCBS Waiver. The workload associated with the 1915(i) SPA includes monitoring compliance with federal assurances, periodic review of services, quality assurance activities, and supporting DDS monitoring visits/follow-up. These positions will strengthen compliance with federal funding requirements in light of increased review from CMS due to HCBS Final Rule implementation.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.
2. What will be the primary responsibilities of the 50 Regional Center positions that are included in this proposal?
3. What proportion of providers are not currently in compliance with all components of the HCBS Final Rule, and will need to take additional action to come into compliance by the end of the Corrective Action Plan period on June 30, 2024?
4. Given that current compliance with the HCBS Final Rule primarily reflects that providers have submitted relevant documentation that they have a plan to implement compliant policies, how will DDS ensure that service providers have actually put those policies into practice? How do DDS and Regional Centers address providers that are out of compliance?

Issue 2: DDS Headquarters Position Authority

Budget Change Proposal – April Finance Letter. DDS requests position authority for 71 positions to support existing initiatives and operational needs. These positions will be funded with existing resources.

Background. DDS completed a review to identify positions residing in DDS’s temporary help blanket that are appropriate to move to authorized positions based on tenure and nature of the workload supported. Additionally, the 2021 Budget Act provided ongoing funding to support workload related to rate model implementation, a quality incentive program for service providers, a performance incentive program for regional centers, and the establishment of a Self-Determination Program Ombudsperson Office.

Position Authority Request. According to DDS, the permanent position request is driven by the following:

- **Enacted Initiatives.** The Budget Act of 2021 appropriated administrative resources for numerous policy initiatives without associated position authority. Since enactment, DDS has identified the need for 44 positions to support the implementation of the following initiatives:
 - Rate Study Implementation and Quality Incentives: 33 positions
 - Performance Incentive Program: four positions
 - Self Determination Ombudsperson Office: six positions
 - Employment Grant: one position
- **Employees in the Temporary Help Blanket.** DDS requests permanent position authority for 27 blanket position employees. On average, these employees have been in the blanket for over two years supporting areas such as the Safety Net, Federal Programs, and the Information Technology Division, among others. Despite the permanent nature of these positions, because they are in the temporary help blanket, they do not receive employee compensation and retirement adjustments requiring redirection of existing resources from other areas and increasing the likelihood of backlogs in other areas.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal. How many positions are currently filled and which positions would need to be hired?
2. How did DDS identify the need for resources across each enacted initiative? What are the primary responsibilities of the requested positions for rate study implementation and other enacted initiatives? What will be the key deliverables of those positions?

Issue 3: Information Security Office Support

Budget Change Proposal – April Finance Letter. The Department of Developmental Services (DDS) requests \$174,000 (\$139,000 General Fund) and one permanent position ongoing to support regional center (RC) information security efforts in meeting federal and state information technology risk and compliance requirements. This proposal augments DDS’s Information Security Office Support Budget Change Proposal from the 2023 Governor’s Budget.

Background. Rapidly evolving changes in the cybersecurity landscape continue to create additional risk for DDS and the volume of work required by the Information Security Office (ISO) to monitor, alert, respond to, and maintain evidence of compliance. The ongoing maintenance and configuration to support existing systems, adapting to changing threats, and state mandated implementation of new software technologies continue to outpace the cybersecurity capabilities in the ISO.

DDS is considered a Covered Entity (CE) under the federal Health Insurance Portability and Accountability Act (HIPAA) and, as a result, DDS’s ISO is responsible for addressing administrative tasks tied to mandated reporting and compliance standards (e.g., Federal Office of Civil Rights, and the State Center for Data Insights and Innovation (CDII) reviews).

Regional Centers (RCs) are considered Business Associates (BAs) of DDS under HIPAA, as RCs contract with vendors to provide services to individuals with intellectual and developmental disabilities through funding allocated by DDS. Therefore, a disruption of systems at an RC could directly impact the ability to provide services in an affected catchment area.

While DDS is required to maintain compliance with state and federal mandates and is subject to several annual and biannual assessments and audits to identify risk and compliance gaps, DDS BAs are not subject to these same security checks. However, as a BA of DDS, an RC is required to provide the same level of protection to Personal Health Information (PHI) as their CE under federal regulation. DDS’s ISO lacks sufficient resources to proactively assess existing security standards at RCs to help identify any risks and gaps in compliance. However, DDS has provided support to RCs during active breach events.

While RCs maintain autonomy from DDS and state security directives, they are still subject to other state and federal regulations. In addition, because of the funding relationship between DDS and RCs, IT assets purchased by RCs are issued state asset tags, increasing DDS’s risk and liability as a CE for RC security events. A breach or compromise in hardware integrity can result in state costs.

Staffing and Resource Request. Since 2019, DDS has increased efforts to support the training of RC staff on security and privacy awareness for the handling of PHI. However, the severity of events and the number of individuals impacted by RC disclosures has risen. Over the past few years, with each significant breach across various RCs, DDS has determined that common security controls as outlined in the National Institute of Standards and Technology (NIST) and utilized by the Office of Civil Rights (OCR) when auditing business operations after a reported HIPAA breach could have prevented some breaches or minimized their scale. The requested resource will help support security efforts for DDS’s RC partners.

DDS is requesting 1.0 Information Technology Specialist I. Supporting RC information security efforts, which can include assisting with the procurement of independent security assessments, or prioritizing

assessment findings, will help mitigate risks to RCs, establishing baseline expectations of cybersecurity controls and continuing the maturation of their cybersecurity posture.

In the first year of an independent security assessment cycle, an independent third-party provides a standardized and objective snapshot of RC networks and identifies security priorities. In the second year, RCs would use a template to self-perform security assessments of their own networks to track if they are improving and maturing.

The requested position will communicate IT security best practices specific to RCs, promote security actions RCs can take to maintain compliance with HIPAA, assist RCs in preparing and contracting for security assessments, including development of common standards, and help prioritize remediation steps responsive to security findings. The position would support up to five RCs per year and oversee the contractual effort for assessment and planning to support RC security maturation to meet baseline capabilities as outlined in the Cal-Secure roadmap.

DDS will provide additional support to RCs by helping them to prioritize and address critical network vulnerabilities, including through independent security assessments, and through monitoring and evaluating new and developing vulnerabilities and threats. The desired outcome will be to reduce potential breaches, improve safe and reliable connectivity between DDS and the RCs, and strengthen information security and privacy.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Porterville Developmental Center Facility Support

Budget Change Proposal – April Finance Letter. DDS requests \$201,000 (\$161,000 General Fund) and one permanent Associate Construction Analyst (ACA) position ongoing to support project and facility maintenance activities at the Porterville Developmental Center (PDC).

Background. Porterville Developmental Center, located on approximately 670 acres in the City of Porterville, opened in 1953 and houses individuals with intellectual and developmental disabilities in its general treatment and secured treatment areas. With the closing of the general treatment area in 2020, DDS continues to support individuals requiring secure treatment, such as individuals who have come in contact with the legal system or who have been determined to be a danger to themselves or others.

According to DDS, many of the buildings at PDC are over 70 years old and require significant maintenance. This applies to all buildings on the campus and includes components such as the exterior (walls, windows, roofs, and doors), HVAC, fire detection and suppression, and related plumbing and electrical systems. Historically, capital outlay, deferred maintenance, and special repair project costs at PDC have averaged approximately \$2 to \$5 million per year. Given DDS's commitment to the unique services provided at PDC, there are currently 39 active projects managed by the Department of General Services totaling approximately \$94.6 million since 2016-17.

Staffing and Resource Request. The current workload described above is covered by a single part-time ACA working as a retired annuitant at PDC. The requested position will help mitigate that risk and enhance oversight and project management. According to DDS, the additional staff will reduce the likelihood of delays and cost overruns. If the proposal is not approved, limited oversight will continue to impact project operations and will likely worsen as additional projects are identified to support the aging infrastructure. Additionally, the loss of the single part-time ACA working as a retired annuitant at PDC could stress the system if a full-time replacement is not sufficiently trained.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a brief overview of this proposal.

4440 DEPARTMENT OF STATE HOSPITALS**Issue 1: Extend Funding for HIPAA Compliance and Accounting Workload**

Budget Change Proposal – April Finance Letter. DSH requests General Fund expenditure authority of \$615,000 in 2023-24. If approved, these resources would support continue processing invoices and payments from medical providers containing protected health information in compliance with the Health Insurance Portability and Accountability Act (HIPAA).

Program Funding Request Summary		
Fund Source	2023-24	2024-25
0001 – General Fund	\$615,000	\$-
Total Funding Request:	\$615,000	\$-
Total Requested Positions:	0.0	0.0

Background. The Health Insurance Portability and Accountability Act (HIPAA), implemented in 1996, was intended to allow for portability and continuity of an individual's health care coverage by imposing significant administrative simplification and standardization requirements on health care entities, and strict security standards for protected health information (PHI). HIPAA administrative simplification and security rules apply to certain individuals or organizations known as covered entities or business associates. According to the U.S. Department of Health and Human Services (HHS), covered entities include the following:

1. Health care providers including physicians, clinics, psychologists, dentists, chiropractors, nursing homes, and pharmacies that transmit HIPAA-protected information in an electronic format.
2. Health plans including commercial health care service plans, health insurers, group health plans, and public health care programs, such as Medicare, Medicaid, and military or veteran's health care programs.
3. Health care clearinghouses that process nonstandard information they receive from another entity into a standard electronic format or data content, or vice versa.

DSH is a covered entity under HIPAA and is responsible for the security of protected health information for its patients. According to DSH, over 51,000 invoices are processed by the department annually and more than 80 percent contain PHI. DSH patients have unique and acute medical and clinical needs that oftentimes require visits to specific external providers. These medical providers' invoices in turn contain a combination of patient information such as the patient's name, patient identification number, diagnosis, medical service received, and date of service.

The 2018 Budget Act included General Fund expenditure authority of \$988,000 in 2018-19, 2019-20, and 2020-21, to support the transition of its paper-based invoice process to a third party vendor or an electronic health record. These resources supported the equivalent of eight positions to create an interim process for accounting until implementation of an electronic health record system, as well as transition invoices into a PeopleSoft accounts payable module and consolidate its six business units for each State Hospital and the Sacramento Headquarters accounting into a single business unit.

The 2021 Budget Act included General Fund expenditure authority of \$986,000 in 2021-22 and 2022-23 to continue this work and support for the equivalent of eight positions, including five Accounting Officer Specialists to continue to address the workload associated with entering invoices with PHI into the DSH accounting systems until implementation of an electronic health record, and three Associate Accounting Analysts to support reconciliation activities for transactions for the five State Hospitals and Sacramento Headquarters.

In addition, the 2021 Budget Act included resources to develop and implement a Statewide Integrated Health Care Provider Network which includes a third party administrator service to process outside medical claims. DSH reports it recently selected a vendor for this project. According to DSH, implementation, which is expected to begin this fiscal year, would alleviate the manual workload of protecting patient PHI.

Resource Request. DSH requests General Fund expenditure authority of \$615,000 in 2023-24. If approved, these resources would support continue processing invoices and payments from medical providers containing protected health information in compliance with the Health Insurance Portability and Accountability Act (HIPAA). These resources would extend support for the **five Accounting Officer Specialists**, previously approved in the 2021 Budget Act, for an additional year.

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 DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 2: Shift Funding for Patient Education from Reimbursements to Federal Funds

Budget Change Proposal – April Finance Letter. DSH requests federal fund expenditure authority of \$100,000 annually, and a corresponding decrease of reimbursement authority. If approved, this proposal would shift funding from reimbursements to federal funds for support of special education and vocational education programs for DSH patients.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0890 – Federal Trust Fund	\$100,000	\$100,000
0995 - Reimbursements	(\$100,000)	(\$100,000)
Total Funding Request:	\$-	\$-
Total Requested Positions:	0.0	0.0

* Funding shift ongoing after 2024-25.

Background. The federal Individuals with Disabilities Education Act (IDEA) and Workforce Investment and Opportunity Act (WIOA) requires DSH to provide certain educational programs to patients under the age of 22, and state Education Code Section 56850 requires DSH to seek to maximize federal financial participation for these services. Federal funds available under IDEA are received from the Department of Education and are based on the number of expected eligible students. Federal funds available under WIOA are grants that provide supplemental funds for programs based on adult learner progress. With this federal funding, DSH provides special education, adult basic education, vocational education and high school equivalency programs to its eligible patients.

Historically, DSH received federal IDEA and WIOA funds via a pass through from the Department of Developmental Services (DDS), which also provides education administration services to DSH via an interagency agreement. According to DSH, DDS will no longer provide these services after June 2024, as DDS is housing a substantially smaller population while the patient population at DSH has grown. As a result, DSH believes it is appropriate to administer its own program.

Funding Shift Request. DSH requests federal fund expenditure authority of \$100,000 annually, and a corresponding decrease of reimbursement authority, to shift funding from reimbursements to federal funds for support of special education and vocational education programs for DSH patients. The reimbursements represent the pass through payments previously provided by DDS. The shift from reimbursement authority to federal fund expenditure authority reflects the expectation that DSH would assume responsibility for applying for federal IDEA and WIOA funding directly, and utilizing federal funding awards to administer its own educational programs.

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 DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Coalinga – Hydronic Loop Replacement Reappropriation

Reappropriation – April Finance Letter. DSH requests reappropriation of General Fund authority of \$26.2 million, previously approved in the 2021 Budget Act. If approved, these resources would support the construction phase of the hydronic loop replacement project at DSH-Coalinga.

Background. DSH-Coalinga, which provides acute psychiatric treatment to approximately 1,500 forensic patients, was constructed with a centralized heating and cooling system with a central plant that houses a water boiler and chillers. From the central plant, the hot and chilled water is distributed via underground, direct buried pipelines to the 34 individual buildings on the 320 acre campus. A hydronic loop system is used for distribution of hot water and heating.

According to DSH, the hydronic loop system has experienced numerous catastrophic leaks since the hospital's opening in 2005 due to extensive corrosion of the piping. Since the first leak was discovered in 2007, nine additional leaks were identified. DSH indicates the pipe joints appear to have flanged connections and are not coated or insulated. The deterioration of the system has caused unplanned maintenance and significant repairs requiring extensive excavation and relocation of patients to different buildings for safety and to avoid interruption of patient care. After an extensive geotechnical and engineering evaluation of the system, DSH proposes to replace the hydronic loop with a system both above and below ground and that would resist corrosion.

The 2021 Budget Act included General Fund expenditure authority of \$27.5 million for construction costs to replace the hydronic loop system at Coalinga. According to DSH, the total cost of the project is \$27.5 million including \$539,000 for preliminary plans, \$744,000 for working drawings, and \$22.1 million for construction. Of the construction costs, \$22.1 million would support the construction contract, \$1.5 million would be for contingency, \$1.6 million would support architectural and engineering services, and \$940,000 would support other project costs. The current project schedule estimates working drawings will be completed by October 2023, with construction scheduled to begin in October 2023 and be completed in April 2025.

Staffing and Resource Adjustment Request. DSH requests reappropriation of General Fund authority of \$26.2 million, previously approved in the 2021 Budget Act, to support the construction phase of the hydronic loop replacement project at DSH-Coalinga.

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 DSH to respond to the following:

1. Please provide a brief overview of this proposal.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE**Issue 1: One Dollar Premium Subsidy Augmentation**

Budget Change Proposal – April Finance Letter. Covered California requests General Fund expenditure authority of \$350,000 annually. If approved, these resources would support augmentation of the one dollar premium subsidy program in Covered California due to higher than expected enrollment.

Program Funding Request Summary		
Fund Source	2023-24	2024-25*
0001 – General Fund	\$350,000	\$350,00
Total Funding Request:	\$350,000	\$350,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2024-25.

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. Prior to the 2021 Budget Act, Covered California enrollees that would have received federal or state subsidies that would combine to reduce premium costs to zero, instead were required to arrange to pay one dollar per month.

One-Dollar Premium Subsidy Program. The 2021 Budget Act included 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 was implemented for the 2022 coverage year and results in the availability of zero premium coverage options for income-eligible Covered California enrollees. The 2021 Budget Act allocation is sufficient to support one-dollar premium subsidies for approximately 1,666,000 Covered California enrollees annually. According to Covered California, the most recent open enrollment for the 2023 coverage year resulted in total enrollment of 1,739,360.

Resource Request. Covered California requests General Fund expenditure authority of \$350,000 annually to support augmentation of the one dollar premium subsidy program in Covered California due to higher than expected enrollment. According to the Administration, this augmentation would support the one dollar premium subsidy for an additional 29,000 enrollees.

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 a brief overview of this proposal.

2. Covered California announced 1,739,360 enrollees after open enrollment, which would result in additional annual costs of more than \$872,000 annually. How does the Administration plan to cover these additional costs, as well as potential healthcare costs for striking workers, pursuant to AB 2530 (Wood), Chapter 695, Statutes of 2022?

5160 DEPARTMENT OF REHABILITATION**Issue 1: Disability Innovation Fund – California Subminimum Wage to CIE Project**

Budget Change Proposal – April Finance Letter. The Department of Rehabilitation (DOR) requests \$11.2 million in federal fund authority over four fiscal years (approximately \$2.8 million each year through 2026-27) to perform project activities and provide program oversight for the California Subminimum Wage to Competitive Integrated Employment Project (CSP). The CSP will provide a comprehensive set of interventions and supports to increase competitive integrated employment outcomes, economic self-sufficiency, independence, and inclusion for individuals with the most significant disabilities currently in, or contemplating entering into, subminimum wage employment. This federal grant from the Disability Innovation Fund does not require a state match. In addition, the Department is requesting provisional language to make the grant funds available for encumbrance or expenditure through September 30, 2027.

Background. DOR works in partnership with the community, other state departments, and federal entities to provide services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. The Department also administers the largest Vocational Rehabilitation and Independent Living programs in the country serving over 110,000 Californians per year.

Chapter 339, Statutes of 2021 (SB 639) phases out subminimum wage employment in California by January 1, 2025. After January 1, 2024, there will be no further special minimum wage licenses issued to permit the employment of persons with disabilities at less than the minimum wage.

The Department's goals of increasing the participation rate of individuals with intellectual disabilities and/or developmental disabilities (ID/DD) in competitive integrated employment are supported by the development and implementation of the CSP. This project is funded by a federal grant from the Disability Innovation Fund, totaling \$13.9 million over five years from October 1, 2022 to September 30, 2027, is funded by the U.S. Department of Education's Rehabilitation Services Administration. The Department received notification of the CSP grant award on September 19, 2022. As individuals with ID/DD leave subminimum wage employment, the CSP will establish evidence-based approaches to vocational rehabilitation service delivery that will improve the employment outcomes of its participants, transitioning more workers with disabilities into competitive integrated employment.

The potential benefits for the participants of the project include the transition from subminimum wage into competitive integrated employment, to include apprenticeships, self-employment, and customized employment. The project will support the transition for employers holding 14(c) certificates into Competitive Integrated Employment (CIE) and the move away from subminimum wage employment for those with the most significant disabilities. A comprehensive set of interventions, including supported education, customized employment, family supports and benefits planning, and job coaching, will help make sure participants have the opportunity to exercise informed choice as they work toward competitive integrated employment.

The CSP is also designed to strengthen the connection and coordination between the Department and other state agencies, community programs that serve individuals with disabilities, training entities, employers, and other service providers with the intent of providing a seamless service delivery system focused on

integration and inclusion for individuals with ID/DD. In the development of the CSP application, the Department engaged in discussions with the Department of Developmental Services; the Department of Industrial Relations' Division of Apprenticeship Standards; community partners; research universities; the State Council on Developmental Disabilities; and local community colleges to develop and establish a partnership around this proposal. Each state department and engaged partner will provide support to the Department through technical assistance, information and referral, business contacts, and cross-referrals, as appropriate.

Federal Fund Authority Request. As a condition of the federal grant award, and as the lead coordinating agency for the CSP, DOR is responsible for statewide leadership, oversight, administration, and coordination of the grant. The CSP will focus on individuals traditionally excluded from competitive integrated employment, in particular individuals with ID/DD. The project will leverage the existing framework of existing College-to-Career programs to offer integrated supports for and services to participants. The project will include community-based organizations representing adults, students, and youth with disabilities; parents and family members; guardians and advocates; public and private university partners; employers; and a primary research and technical assistance partner. Partners will collaborate to establish and support on-campus instruction and employment preparation, including education in integrated settings, and on and off-campus instruction in self-employment as well as customized employment for individuals with the most significant disabilities.

The CSP's grant funding totals \$13.9 million and the five-year grant period is October 1, 2022 to September 30, 2027. The Department will start implementing the program in the current year, and through the Section 28.00 process, has requested \$2.7 million federal fund authority in 2022-23. The Department requests the remaining \$11.2 million federal fund authority in the subsequent four fiscal years.

The federal grant will fund the equivalent of 2.2 positions over five years using temporary help to provide effective delivery and coordination of services, engagement with program partners, contractors, and employers through oversight and coordination of program activities. The Department will partner and collaborate, through contract agreements, with San Diego State University Research Foundation's Interwork Institute, University of California Los Angeles Tarjan Center, North Orange County Continuing Education and San Diego Community College District, Griffin and Hammis Associates, and other providers and organizations that will further the work of the CSP through project evaluation, technical assistance, and specialized training.

DOR states that the CSP will enroll at least 400 participants with ID/DD in the program over the five-year period. The expected outcomes of the CSP grant include the following:

1. Increase successful placements in competitive integrated employment after receiving customized employment services, college course work, technical training and/or paid work experience.
2. Support business entities holding 14 (c) certificates to adopt transformative business models.
3. Support the development of trained peer mentors to provide on and offsite support for individuals in integrated employment or educational settings.

Overall, the expected outcomes will be an increase in the number of participants who obtain competitive integrated employment who had been in or who were contemplating subminimum wage employment; an increase in participant weekly wages; and an increase in the participation rate and outcomes of individuals from traditionally underrepresented communities, including people of color.

The funding for this program is entirely federal funds and there is no cost to the General Fund.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DOR respond to the following:

1. Please provide a brief overview of this proposal.

5180 DEPARTMENT OF SOCIAL SERVICES**Issue 1: SAWS Automated Welfare System Migration and Ongoing Support**

Budget Change Proposal – April Finance Letter. CDSS requests \$922,000 General Fund in 2022-23 and ongoing for the establishment of 2.0 permanent, full-time positions, along with the conversion from limited term to permanent of 3.0 full-time position resources previously approved for the implementation and ongoing support of the California Statewide Automated Welfare System (SAWS) consolidation. The requested permanent staffing will ensure CDSS continues to have robust representation in all CalSAWS policy automation activities and meetings. These five positions are critical for CDSS to continue fulfilling its role as a sponsor department in providing policy interpretation and system enhancement reflective of eligibility and policy for CDSS programs in CalSAWS forums.

Background. Per federal requirements by the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Services (FNS), California is required to implement a single SAWS by December 31, 2023, to ensure continuing receipt of federal financial participation (FFP) for SAWS development, implementation, and ongoing maintenance and enhancements (M&E).

Currently there are two separate SAWS, now managed under a single CalSAWS Consortium governance structure:

- The 42-County CalSAWS supports Los Angeles County, the 39 former Consortium IV (C-IV) system counties, and two former California Work Opportunity and Responsibility to Kids (CalWORKs) Information Network (CalWIN) system counties.
- The CalWIN system supports 16 counties.

On October 31, 2022, the CalSAWS project migrated two of the 18 CalWIN counties to join the 39 former C-IV counties and Los Angeles County in forming a 42-county CalSAWS system. The remaining 16 CalWIN counties will migrate to CalSAWS to form a 58-county CalSAWS system in a series of conversion waves. County eligibility workers utilize CalSAWS to assist with eligibility determinations for over 14 million Californians seeking assistance with health coverage, access to food, cash assistance and supportive services. As new policy initiatives are implemented to support the needs of underserved populations in California, CalSAWS serves a critical role in developing automated processes for seamless application of policies and procedures.

Under the direction of the California Health and Human Services (CHHS) Agency, the project sponsor, CDSS, partners with Department of Healthcare Services (DHCS) and Office of Systems Integration (OSI) to verify project activities are conducted in accordance with contracted standards and adhere to accepted information technology best practices.

The primary goals of the program sponsor are ensuring the consistent application of policy within the CalSAWS system, maximizing benefit access through designs of critical state data assets, and a consistent client/customer experience throughout the state. These dedicated positions are critical for CDSS to continue fulfilling its role as a sponsor department in providing policy guidance and program interpretation to ensure all system enhancements are implemented in accordance with CDSS policy and program eligibility in numerous CalSAWS forums, including, but not limited to, technical project staff,

counties, advocates, and other external stakeholders. This stakeholder engagement process is particularly extensive for CDSS given the breadth of CDSS programs in CalSAWS.

In addition to new program expansions, the CalWORKs and CalFresh programs have experienced a significant increase in Electronic Benefit theft. The CDSS Research, Automation, and Data Division (RADD), which oversees CalSAWS automation, EBT, and Fraud and Program Integrity in support of CDSS public assistance programs, have had to seek new resources and administratively establish additional staff to address these competing priorities.

2.0 CDSS staff resources were administratively established to carry out the responsibility, as State sponsors, to ensure CDSS is able to actively engage in the CalSAWS migration so that this system meets the current and future needs of the state, counties, and over 14.5 million Californians who receive these program services.

Staffing and Resource Request. According to CDSS, the department must have sufficient staff to oversee timely and final implementation of CalSAWS, as well as ongoing support once the system has been implemented, while ensuring that critical programs, functionality, data access, and policy implementation are maintained. Furthermore, the requested positions will facilitate the prioritization of activities, with more immediate federal and state policy changes and requirements appropriately considered and vetted during ongoing M&E activities. These positions will ensure compliance with state and federal requirements and closely monitor for timeliness and accuracy of post-migration mandated legislative and policy automation. These functions are also critical to ensure timely policy implementation across CDSS programs.

CDSS also states that a key component of this work is evaluating the program to address gaps in service based on race and language. CalSAWS data is a critical data source for the CDSS Caseload Dynamics Data Dashboard. The dashboard will provide statewide displays of monthly CalFresh and CalWORKs data on the following elements with detail on applicants' head of household's race and language:

- Application source
- Application approvals/denials
- Application processing time
- Denied application reasons
- Discontinuances
- Reasons for discontinuances
- General caseload

CDSS goes on to state that as a condition of its ongoing federal approvals, CMS and FNS have clearly expressed the need to have direct State governance, oversight, and involvement in all aspects of the

activities of CalSAWS, including increasing active stakeholder and advocate engagement, and ongoing system M&E support.

As the project moves forward, staff will focus on assessing and identifying system gaps in the post-implementation phase of CalSAWS to confirm alignment with policy objectives and expected policy outcomes. Additionally, the staff are needed to support new interface connection tasks identified, day-to-day operational activities, mainframe network changes, and data release management. Also, as new initiatives are introduced by the Legislature, many focused on underserved and impacted populations, the resources collaborate with CalSAWS leadership to determine the prioritization, cost, and time requirement to implement the proposed change. These resources will provide continued oversight of policy functionality in CalSAWS which includes serving as the state sponsor representatives for the CDSS programs, providing necessary policy guidance and technical assistance during SAWS activities related to migration, maintaining, and enhancing ancillary systems such as BenefitsCal which is the state-wide customer portal, and ongoing system enhancement efforts.

CDSS states that ongoing efforts are necessary to continue to develop BenefitsCal to be a public facing portal that meets the cultural and linguistic needs of the individuals' accessing services. This continued effort includes workgroups with beneficiaries who are actively receiving the services provided by CDSS. Additionally, individuals receive compensation for participating in interviews and providing feedback to.

CDSS states that without these dedicated positions, CDSS will be the only state sponsor of the CalSAWS project to no longer have its policy interpretation and system enhancement perspectives conveyed and supported in CalSAWS forums to technical project staff, counties, advocates, and other external stakeholders. The positions in this request include:

- **Two SSM I Specialists.** These positions serve as primary liaisons for communication between CalSAWS project staff and CDSS program and other functional business areas. These positions have been fully integrated into the CalSAWS project and represent CDSS as a state sponsor in project meetings, committees, design sessions, contract reviews and approvals, funding reviews and approvals, CalSAWS and CalWIN board and subcommittee meetings, and external stakeholder discussions. The SSM 1 Specialists will also be hands-on during maintenance and operations including post migration site visits to counties to ensure efficiency of the CalSAWS application.
- **Two full-time, permanent SSM I Specialists.** These positions were administratively established given the criticality and urgency of the existing CalSAWS workload. These positions serve as the State sponsor representatives in key activities, CalWIN migration events to CalSAWS, which includes participation in organizational change management and training, as well as ongoing support post-migration. They are key representatives of the multiple CDSS programs that are administered via the SAWS provide policy guidance and technical assistance on the core CalSAWS functionality, BenefitsCal, Online CalWORKS Appraisal Tool (OCAT), and legislative/budgetary items that impact these systems. They also provide critical support to the legislatively mandated CalSAWS Stakeholder Engagement quarterly meetings, client engagement activities, and general stakeholder interactions. To sufficiently cover all regions within the 58 counties, the two additional SSM 1 Specialists are assigned to maintaining

operations in southern counties while the other two SSM 1 Specialists will continue maintaining operations in northern counties throughout the State.

Welfare and Institutions Code (WIC) 80123(c)(1) mandates that on February 1 of each year the OSI, in partnership with DHCS and CDSS, shall provide an annual report to the appropriate committees of the Legislature on the statewide automated welfare system implemented under this section. The report shall address the progress of state and consortia activities and any significant schedule, budget, or functionality changes in the project.

Chapter 35, Statutes of 2018 (AB 1811) requires CDSS, DHCS and OSI to increase their focus on engaging health and human services advocates, stakeholders, and clients. This requirement was incorporated in the development of the CalSAWS governance framework to ensure active stakeholder participation in the CalSAWS development and implementation efforts. CDSS, DHCS and OSI are responsible to engage, solicit feedback, and manage stakeholder and advocate community needs and requirements as part of a User-Centered Design approach for CalSAWS.

CDSS states these additional positions will address the following ongoing oversight responsibilities:

- From October 2022 through October 2023 the CalWIN counties will be migrating to CalSAWS in a series of conversion waves with the final wave scheduled for go-live cutover in October 2023. This is a critical time for the project and the requested level of staffing must be maintained beyond June of 2023 to allow for a successful conversion, go-live and ongoing maintenance and enhancement support.
- CalSAWS stabilization period is from October 2023 through April 2024. During this period, staff must be available to complete federally mandated reports required to transition from DD&I to ongoing DevOps.
- CalSAWS has a complex, multi-vendor environment where ongoing staffing support is required to maintain the integrity and oversight of CalSAWS contracts associated with ongoing DevOps for public facing technology.
- The requested staffing is needed to participate in governance planning and decision-making activities with multi-departmental and statewide impact; and to respond to an increasing number of complex change requests from CalSAWS stakeholders, clients, and advocates regarding innovation and technological enhancements and evolving the architecture to safeguard application longevity, performance optimization, and cost efficiencies.
- The requested staffing is essential to confirm prescribed change processes are followed and implemented and state program sponsors are involved in change prioritization discussions with the project to implement ongoing and increasingly complex programmatic and policy changes in CalSAWS.
- The requested staffing is necessary to provide ongoing policy consultation on CalSAWS system enhancements and modifications required as part of federal and state law changes or policy and programmatic changes that affect CalSAWS.

- Procurement of the coupled Infrastructure and M&E prime vendor services will conclude in late 2023, and transition activities may continue through 2025.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.
2. Please describe the CDSS Caseload Dynamics Data Dashboard. How did CDSS determine the data points it plans to display in this dashboard? Will CDSS work with stakeholders to determine additional data points that are relevant to equitable outcomes in CalFresh and CalWORKs, such as CalWORKs sanctions by race/ethnicity?

Issue 2: California Supporting Providers and Reaching Kids (CalSPARK) Core Project Planning Resources

Budget Change Proposal – April Finance Letter. The California Department of Social Services (CDSS) requests \$1.87 million one-time General Fund, provisional language to increase one-time General Fund by up to \$4 million upon approval of the Department of Finance, and \$4 million one-time federal funds to continue planning activities and support completion of the California Department of Technology (CDT) Project Approval Lifecycle (PAL) for the California Supporting Providers and Reaching Kids (CalSPARK) Core project.

Background. On June 29, 2020, the Governor signed the Early Childhood Development Act (Chapter 24, Statutes of 2020), approving the transfer of child care and development and Child and Adult Care Food Program (CACFP) nutrition programs from the California Department of Education (CDE) to the CDSS effective July 1, 2021.

The CDSS now administers 18 child care subsidy programs that serve over 250,000 individuals, including the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage One, Two, and Three; the Emergency Child Care Bridge Program; Alternative Payment Programs; Migrant Child Care; General Child Care; Child Care for Children with Disabilities; and a variety of local supports for these programs, such as Resource and Referral and Local Child Care Planning Councils, in addition to quality improvement projects and the Child and Adult Care Food Program (CACFP). This new responsibility considerably expanded CDSS' role in child care and nutrition program oversight.

For administration and oversight of these transitioned child care and nutrition programs, CDSS is reliant upon loan-back staff from the CDE, as well as a suite of legacy IT applications, several of which were transitioned to CDSS, and several of which remain at CDE.

The CalSPARK Core solution will unify key administrative functionalities and processes, and create a single, unified contractor (administrative entity responsible for administering a child care program or grant via disbursement and tracking of funds and services) and child care provider experience.

As part of the 2022 Budget Act, CDSS received four permanent, full-time technical positions to begin planning activities for the CalSPARK Core solution: one (1.0) Information Technology Manager I (ITM I) Project Director, and three (3.0) Information Technology Specialist IIs (IT Spec II): Project Management Support, Solution Architect, and Contract/Vendor Management Specialist. These positions have all been hired.

Resource Request. According to CDSS, the current legacy IT systems are complex and have been heavily dependent on CDE for support to maintain. Modernization to a consolidated IT solution within CDSS is a critical long-term strategy that will help streamline the state's processes for timely payments to child care contractors and food program sponsors, state and federal reporting, and give CDSS the ability to make system updates necessary to comply with new program changes enacted each year through state and federal legislation.

The four permanent technical staff positions authorized by the 2022 Budget Act have all been hired; three IT Spec IIs were hired at the beginning of 2022-23, and the ITM I was hired effective January 2023.

Significant technical project planning activities began for CalSPARK Core, with CalSPARK Core receiving California Health and Human Services (CalHHS) approval for the CDT PAL Stage 1 Business Analysis (S1BA) in October 2022. Guided by the technical positions, the broader matrixed, blended project team is now embarking upon comprehensive business and technical solution requirements gathering, and alternatives analysis, with the intent of conducting a structured Request for Information (RFI) process, that will double as a proof-of-concept, for the CDT S2AA. The resources requested are needed to ensure that the project is able to continue progressing successfully through the CDT PAL planning process, and move into the project phase. The resources include:

1. \$4 million in one-time federal funds for encumbrance or expenditure through June 30, 2025. This funding is currently authorized by the 2022 Budget Act for encumbrance or expenditure through June 30, 2023. This funding will be expended on a contract for technical augmentation services to support the CalSPARK Core blended, matrixed project team completing all phases of the CDT PAL, including the S2AA, Stage 3 Solution Design (S3SD) and Stage 4 Project Approval (S4PA). This contract is planned for award in 2022-23. Note the specific federal funds source is American Rescue Plan Act discretionary funding, which must be encumbered by September 30, 2023 and liquidated by September 30, 2024. The proposed provisional language aligns with the state fiscal cycle, but the funds will be liquidated by the federal deadline.
2. \$1.9 million in one-time General Fund for encumbrance or expenditure through June 30, 2025 for the following:
 - Procurement of a vendor for Independent Verification and Validation (IV&V) services for the duration of the project and CalSPARK Core solution development and delivery. The amendment of this contract to extend IV&V services as needed for the lifecycle of project planning, development, and delivery will be accomplished in subsequent CDSS budget actions, CDSS plans to procure this contract in late 2023-24 for extension through 2024-25.
 - Consulting and professional services to other state departments. These include CDT PAL Services and CDT Statewide Technology Procurement (STP) Procurement Support.
 - Two, two-year limited-term Information Technology Specialist II position equivalents.
3. **One Information Technology Specialist II (ITS II) - CalSPARK Core Senior Business Analyst:** The Senior Business Analyst will be responsible for directing the collection and maintenance of the business solution requirements throughout the lifecycle of CalSPARK Core project planning, delivery, and ongoing operational evolution.
4. **One Information Technology Specialist II (ITS II) – CalSPARK Core Senior Technical Analyst:** The Senior Technical Analyst will be responsible for directing the collection, collation and maintenance of the technical solution and featuring requirements throughout the lifecycle of CalSPARK Core project planning, delivery, and ongoing operational evolution.

This request will allow the CDSS to continue planning activities for the CalSPARK Core project. With the approval of the S1BA in October 2022, CalSPARK Core is now in Stage 2 of the CDT PAL. The

requested resources to support procurement of an augmenting technical services vendor to provide additional staff support to the CalSPARK Core project team will facilitate the project in completing the CDT PAL in 2024-25, and also support a project ownership model that sees CDSS technical and business subject matter experts driving ownership, development, and execution of the CalSPARK Core project and solution, rather than pursuing a more traditional oversight model. The CalSPARK Core project will engage in planning activities in 2023-24, with the goal of completing PAL in 2024-25.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Facility Management System (FMS) Project Planning Resources

Budget Change Proposal – April Finance Letter. CDSS requests to augment funding for project resources and vendor costs to align the budgetary authority with the updated Facility Management System (FMS) project budget. CDSS also requests funding for one additional position to support the FMS project and the extension of 16 limited-term positions to ensure CDSS completes stages 3 and 4 of the Project Approval Lifecycle (PAL).

This request includes the re-appropriation of \$21.1 million in unspent funds from the Facility Management System Budget Change Proposal (BCP) approved in 2020-21 and the Migrating Data from Legacy Systems BCP from 2022-23 and one Information Technology Manager II.

Background. The CDSS oversees a collection of technology systems that provide consistent, integrated business processes and systems to its Community Care Licensing Division (CCLD) programs. The FMS replaces eight of CDSS' core legacy systems, which include two of the largest systems, the Licensing Information System and the Field Automation System, and six smaller ancillary systems for all CCLD Programs that are based on antiquated technical architecture that is at risk of losing industry support. The FMS project was approved in 2020-21 for \$22.2 million in general funds for contractors to procure, configure, and deploy a cloud-based solution to support CDSS programs.

Prior to the FMS BCP approval in 2020-21, the Department received funding for the Protecting History: Data Migration for Legacy Systems BCP in 2019-20. This BCP gave CDSS the ability to assess and create a staging database in preparation for the new system. The Data Migration Project has completed seven of the eight legacy systems. The current Data Migration Project is working on completing the modeling of the eighth system and will also include Home Care Services. The data will be analyzed, cleaned, and ready for the prime vendor to migrate into the FMS.

Staffing and Resource Request. CDSS is currently in Stage 3 of the PAL process and has substantially completed the Pre-Solicitation, Discovery, and Business Requirements. CDSS anticipates releasing the procurement in mid-2023, with an anticipated contractor start in mid to late 2024. CDSS is submitting this BCP with updated expenditure projections to ensure that the project has the funding it needs to be successful. CDSS is working closely with the California Department of Technology to ensure procurement best practices and selection of a prime vendor to build the new solution. Vendors will be invited to present a solution designed to meet CDSS' unique needs and provide flexibility for the future. Based on the updated project status, the vast majority of current approved funding will need to shift to the 2023-24 budget and be extended as the largest expenditure (the prime solution contractor) for the project is anticipated in 2024-25.

According to CDSS, Modernizing these eight (8) CCLD legacy systems is necessary to ensure the Department has the IT infrastructure required to continue to effectively and efficiently run the statewide community care licensing system. A new FMS solution will provide increased efficiencies through automated workflows, reduce risk via automated internal controls, and provide for improved customer services to our customers.

CDSS requests re-appropriation of \$21.1 for encumbrance or expenditure until June 30, 2026, to support the extension of 16.0 limited term positions.

In addition, CDSS requests 1.0 IT Manager II position. This Project Director (PD) will provide leadership, expert level communication and vision for successful large and complex IT system implementation to executive project sponsors, state control agencies and stakeholders. The PD will monitor and oversee all performance reporting processes, policies, governance, and standards against program objectives. The PD will have extensive decision-making authority and direct this most critical/complex services being developed with the vendor on the project. The PD will oversee and provide direction to other technical resources in delivering the project management services required to deliver a successful system implementation.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Promise Neighborhood State Operations Funding

Budget Change Proposal – April Finance Letter. The California Department of Social Services (CDSS) requests to shift \$500,000 unexpended state operations funding for Promise Neighborhood included in 2022 Budget Act (as amended by Chapter 249, Statutes of 2022) to 2023-24.

Background. The 2022 Budget Act included one-time \$12 million General Fund for CDSS to support the Chula Vista Promise Neighborhood, Corning Promise Neighborhood, Hayward Promise Neighborhood, and Mission Promise Neighborhood. In addition, the 2022 Budget Act included \$500,000 General Fund for state operations in each 2022-23, 2023-24, and 2024-25 for CDSS to support the implementation of the grants to Promise Neighborhoods.

CDSS plans to use the \$500,000 General Fund in each of 2022-23, 2023-24, and 2024-25 in state operations funding to support technical assistance to the four Promise Neighborhoods. As this is one-time funding, and as the contractor possesses the expertise needed to provide robust and timely technical assistance, the CDSS is contracting with the California State University (CSU), East Bay, to perform these services. Due to the time required to execute a contract with the CSU East Bay, and the additional time required for the CSU East Bay to execute sub-contracts for purposes including, but not limited to, research, evaluation, and communications support, the CDSS requests to shift \$500,000 allocated in 2022-23 to 2023-24.

The \$500,000 in the current fiscal year has not yet been spent because the CDSS has undertaken a vital and time-intensive process of stakeholder engagement to arrive at a scope of work that will deliver the most value to the Promise Neighborhoods, and to make the best use of this funding. CDSS is currently in the final stages of negotiating this scope of work and anticipates that a contract will be executed within the next 3-6 months. After contract execution, the contractor will be well-positioned to spend all the funding as planned in the next two fiscal years.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 5: Statewide Verification Hub Staff and Technical Resources

Budget Change Proposal – April Finance Letter. CDSS requests \$1.9 million (\$1.6 million General Fund) to support the continued planning, design, development, and implementation of the Statewide Verification Hub project.

Of the requested resources, approximately \$2 million (\$1.6 million General Fund) is requested one-time available over two fiscal years for vendor contracts related to Stages 3 and 4 of the California Department of Technology’s (CDT) Project Approval Lifecycle (PAL) process and \$12,000 (\$11,000 General Fund) ongoing is necessary for the reclassification of an existing permanent, full-time, IT Specialist II to an Information Technology Manager I.

CDSS and DHCS, in conjunction with the California Health and Human Services (CHHS) Agency, seek to streamline and modernize the processes of obtaining required eligibility verifications for means-tested human services programs, improve accuracy of benefit calculation, improve client experience, enhance reporting capabilities, and simplify the verification process across departments and programs as part of its ongoing commitment to continuously improve access to public benefits.

Background. Eligibility determinations for CalFresh, California Work Opportunity and Responsibility to Kids (CalWORKs), Child Care, and Medi-Cal are made by County Welfare Departments (CWDs) or contracted entities at initial application, periodic reporting, and annual recertification/redetermination. This includes information about household composition, individual identity, residency, immigration and citizenship status, income, expenses, work activities, disability, and other assets.

According to CDSS, current methods for collecting verifications, particularly for CalFresh, CalWORKs and child care, are time-consuming and rely on data from multiple sources, some of which are outdated or difficult for the recipient and County to obtain. Verifications may be obtained from disparate sources—including State and county data systems, federal data systems, the client themselves, and various third-party vendors. A single form of verification, such as periodic earned income, might be provided in a variety of potential formats—including a regular file, a paper pay document, or a scan or photo uploaded from a mobile device. This creates challenges both from a data management and storage perspective, as well as from the perspective of the logistics for both obtaining and validating the information.

The California Health and Human Services (CHHS) Agency, along with the CDSS and the DHCS, recognize the challenges with both the electronic and non-electronic (paper) processes currently used to complete the required verifications for CalFresh, CalWORKs, Child Care, and Medi-Cal. In 2018, an analysis performed by Social Interest Solutions, under a contract with CDSS, found that the current environment that supports the verification processes for CalFresh and CalWORKs is a combination of data sources, systems, and access points that has significant variability throughout the state.

The creation of a centralized hub provides a solution that can be leveraged by multiple means-tested human services programs administered by CHHS. The overarching vision of the SVH is as an agency-wide IT solution that will improve California families’ access to services by streamlining and modernizing the process for providing required verifications for many CHHS means-tested programs, providing near real-time information on application progress through the BenefitsCal.com portal, safeguarding State resources, and improving program administration outcomes, all while preserving Californians’ privacy

and security. Early efforts will focus on CalFresh, CalWORKs, Child Care, and Medi-Cal verification processes. The multi-departmental effort will see the design, development, and implementation of a service hub, able to be securely called by eligibility systems, providing near real-time verification data, using modern technology to resolve client and case identity to facilitate better data matches. The goal of this effort is to develop a human-centered solution, prioritizing client experience enhancement.

In 2022-23 the project continued its efforts in project planning while receiving Federal Financial Participation (FFP) through a Planning Advanced Planning Document (PAPD). This PAPD was submitted to the Centers for Medicare and Medicaid Services (CMS) and approval was granted on November 16, 2021.

This FFP approval was for a 90/10 federal funding split, with the Centers for Medicare and Medicaid Services (CMS) proving 90 percent of planning dollars, which are disbursed via an Inter-Agency Agreement with DHCS.

To date, the project has primarily leveraged positions, including the CDSS Project Director, Project Management Lead, Solution Architect, Data Scientist, Technical Analyst and Business Analyst, that were received and made permanent in prior year BCPs, and resources for initial planning activities. The project is partway through extensive county engagement discovery of business processes to understand how verification is currently conducted to identify business requirements and inform technology design for SVH. A county survey is underway to capture feedback from remaining counties to ensure any business process differences are accounted for in the development of SVH.

Staffing and Resource Request. According to CDSS, Additional staffing and resources are necessary to move the project forward in the next phase. The project is requesting resources to support progressing through the California Department of Technology (CDT) Project Approval Lifecycle (PAL) process stages, specifically Stage 2 Alternatives Analysis (S2AA), proactively engaging stakeholders, including county workers and clients, in a meaningful way, completing CMS planning and funding request documents, defining meaningful evaluation metrics for a vendor proof of concept, and executing a comprehensive alternatives analysis.

The SVH is being built as an enterprise solution, initially incorporating four major CalHHS Agency programs and providing services to diverse client populations and stakeholders. Experienced, dedicated resources to guide the planning, design, and development effort are crucial for ensuring the project can achieve critical milestones in a timely manner. The following request for positions and resources reflects the resources necessary to meet the needs and requirements for SVH planning and design:

- CDSS requests one-time funding of approximately \$2 million over two fiscal years with the following breakdown:
 - CDSS requests approval of funding in the amount of \$1.4 million to be encumbered and expended in 2023-24, for procurement of a vendor for technical services to facilitate the project's progress through stages 2 and 3 of the CDT PAL.

- CDSS requests approval of funding in the amount of \$587,000 to be encumbered in 2023-24 and expended in 2024-25, for procurement of a vendor for technical services to facilitate the project's progress through stages 2 and 3 of the CDT PAL.
- CDSS requests the re-classification of the permanent Project Manager position, originally created as a two-year limited-term position at Office of Systems Integration (OSI) in the 2019- 20 BCP, transferred to CDSS in the 2020-21 BCP, and approved as permanent in the 2021- 22 BCP, from an Information Technology Specialist II (IT Spec II) to an Information Technology Manager I (ITM I) due to the large size, complexity, impact, visibility and risks associated with the SVH project.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 6: Child and Adult Care Food Program Resources

Budget Change Proposal – April Finance Letter. CDSS requests position authority for 16 positions ongoing to support program administration and oversight functions of the Child and Adult Care Food Program (CACFP).

Background. The Child and Adult Care Food Program (CACFP) provides cash reimbursements for nutritious meals that are served to infants, children, and adults in care settings. Eligible child care centers, adult day care centers, afterschool care centers, emergency shelters, and day care homes can participate in CACFP and receive reimbursements to cover some of their food costs. The U.S. Department of Agriculture administers the program and provides funding to states; administration is 100 percent federally funded.

The CACFP consists of 1,390 sponsoring organizations and over 23,500 sites approved to serve reimbursable meals and snacks to an average of 938,220 Californians daily. Prior to July 2021, the CACFP was administered by the California Department of Education (CDE) in the Nutrition Services Division (NSD) where internal resources supported data, technology and financial activities. The Early Childhood Development Act of 2020 mandated the move of the CACFP to the CDSS.

Spring Finance Letter. CDSS requests funding authority for 16 positions to support program administration and oversight functions for CACFP. The authority requested is for the following positions: (1.0) Staff Services Manager II, three (3.0) Staff Services Manager I, nine (9.0) Associate Governmental Program Analysts/Staff Services Analysts, one (1.0) Personnel Specialist, one (1.0) Accounting Trainee/Accounting Officer, and one (1.0) Attorney IV to support program administration and oversight functions.

Currently, the Department is facing challenges in the administration of the CACFP that need dedicated resources to be properly addressed. The CACFP does not currently have dedicated resources to support the existing workload or to provide the administrative support necessary to administer CACFP in the areas of data, technology, and financial activities. Currently, the CACFP Branch continues to cover these resource gaps by redirecting existing resources or relying on the CDE for continued support. These factors are causing a delay in completion of the required number of administrative reviews. The CACFP is also at risk of failing a USDA Management Evaluation (ME) if the department is unable to properly address the federally required administrative components of the program.

This request is for position authority; there are no costs associated with this proposal.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

0000 PROPOSALS FOR INVESTMENT – VARIOUS DEPARTMENTS**Issue 1: Stakeholder Proposals for Investment**

Proposals for Investment. The subcommittee has received the following proposals for investment:

Support for Public Guardians and Conservators. California Association of Public Administrators, Public Guardians, and Public Conservators propose an annual appropriation of \$200 million to fund county public guardians and administrators. “California counties receive no state or federal funds to provide Public Administrator, Public Guardian, and Public Conservator (PA/PG/PC) services and are currently spending \$256 million in general funds on PA/PG/PC services. Legislative actions, beginning with the Omnibus Conservatorship Act in 2006, through the recent changes to Penal Code 1370; intended to improve the lives of impaired adults, including criminal offenders, have heavily impacted the size and complexity of county PA/PG/PC casework. The compound effect of an increase in the complexity of casework, lack of adequate staffing, the statewide crisis in housing for impaired adults, and the growing incidents of fiduciary abuse severely impacts the counties’ ability to provide PA/PG/PC services, including advocacy to avoid evictions and homelessness as well as an investigation into crimes committed against extremely vulnerable populations and estates. Additionally, the passage of CARE Court legislation will likely increase the number of cases needing investigation and likely the conservatorship of individuals.”

Behavioral Health Integration in Reproductive Health Clinics. Planned Parenthood Affiliates of California requests General Fund expenditure authority of \$25 million in 2023-24 to establish a Behavioral Health Integration in Reproductive Health Care Pilot Program to support community clinics that are developing and expanding programs to provide screening, referrals, and interventions for Californians at risk for mild-to-moderate mental and behavioral health conditions. The pilot would include two programs in the Department of Health Care Services (DHCS). The first would create an incentive payment for Medi-Cal Managed Care Plans to partner with qualifying family planning providers to improve access to mental health services for patients. The second program would financially support qualified family planning providers that are developing or expanding services to provide behavioral health screenings and treatment to existing patient populations. These programs are intended to be complimentary to existing programs such as the No Wrong Door Policy and the Children Youth Behavioral Health Initiative.

Birthing Justice for California Families Pilot Project. Black Women for Wellness Action Project and Planned Parenthood Affiliates of California request General Fund expenditure authority of \$23 million in 2023-24, \$22 million in 2024-25, and \$22 million in 2025-26 to support a three year grant program to support community-based doula groups to provide full-spectrum doula care to pregnant and birthing people who are low income and do not qualify for Medi-Cal, or who are from communities that experience high rates of negative birth outcomes. According to the advocates, mortality and morbidity for Black and Indigenous pregnant people and babies remain considerably higher than the state’s average. Even after controlling for education and socioeconomic status, Black women and birthing people remain at higher risk for maternal mortality. In addition, the rate of preterm births among Black and Native American birthing people is 40 percent higher than preterm births for their white counterparts. Latinx birthing people have the second highest rate of low birthweight babies in the state. With the overturn of Roe v. Wade via

the Dobbs v. Jackson Women’s Health Organization decision, the maternal mortality rate is projected to increase by more than 33 percent for Black birthing people and 21 percent overall.

Incarcerated women also experience high negative pregnancy-related and birth-related outcomes. Compared with women in the general population in the United States, incarcerated women are at higher risk for having premature delivery and low birth-weight infants. Incarcerated women are more likely than non-incarcerated women to have comorbidities or other coexisting conditions that can lead to complications in pregnancy.

Full spectrum doula care can provide significant benefits to address disproportionately high negative birth outcomes for communities. Doulas provide physical, emotional, and informational support to women and birthing people during labor, birth, and in the postpartum period, and studies show that doula care is associated with improved birth outcomes. Doula care can also help families avoid costs associated with pregnancy-related and birth-related complications. Through their provision of culturally congruent and client-centered care, as well as advocacy, doulas also can help reduce the impacts of racism and racial bias on birthing people of color.

California Medicine Scholars Program. The California Medicine Scholars Program (CMSP) requests General Fund expenditure authority of \$2.8 million annually for five years to ensure the first three cohorts of California Medicine Scholars matriculate to medical school. According to the program, the healthcare workforce crisis that CMSP addresses is as dire as ever; California is predicted to see a shortage of over 4,000 primary care clinicians by 2030. In regions such as the Central Valley, the Inland Empire, and the Imperial Valley, communities are already experiencing shortages resulting in long wait and travel times and culturally and linguistically insensitive care, ultimately causing some people to resist or altogether avoid essential services. CMSP was established to address the state’s healthcare workforce shortage—especially in the Central Valley, rural areas, and low socio-economic urban micro-communities. Simultaneously, the program seeks to reduce health disparities for communities of color in California by increasing the diversity of primary care physicians who are trained and ultimately practice in the state and in their communities.

CMSP received a \$10.5 million one-time budget allocation in 2021 to fund the first three years of a seven year pilot program. The program is administered by the Department of Healthcare Access and Information (HCAI), with the Foundation for California Community Colleges selected to serve as the Central Office. After successfully launching the program and enrolling the first cohort of students, CMSP needs additional funding to ensure the success of the inaugural cohort, and the two cohorts that will start in 2024 and 2025, and their matriculation from community college to medical school and ultimately, the California healthcare workforce. The pilot program is on track to provide targeted support to 600 pre-med students by 2026, with 200 of these students entering medical school by 2028. However, as mentioned, the 2021 state budget allocation only funded the first three of eight pilot years. This funding would provide critical follow-through for California students who are on track to meet our state’s demand for more physicians, particularly in health deserts. Because of the budget deficit, this request does not expand upon the existing program; it simply seeks to ensure that students already in the program are able to complete it.