

SUBCOMMITTEE NO. 3

Agenda

Senator Richard Pan, M.D., Chair
Senator Melissa Hurtado
Senator Jeff Stone



Thursday, May 16, 2019
Upon Adjournment of Appropriations Committee
State Capitol - Room 4203

PART A

Consultant: Scott Ogus

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PUBLIC COMMENT

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE ONLY**0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY****Issue 1: CalHEERS System Integrator Contract Transition Activities**

DOF Issue#: 0530-301-BCP-2019-A1
4260-317-BCP-2019-A1

Spring Finance Letter and Budget Bill Language. CHHSA's Office of Systems Integration (OSI) and DHCS request expenditure authority from the California Health and Human Services (CHHS) Automation Fund of \$17.6 million in 2019-20. If approved, these resources would allow OSI to fund anticipated contract costs for transition to a new system integrator for the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) project. Included as part of this request, funding for the CHHS Automation Fund would be provided by increased expenditure authority for DHCS of \$15.4 million (\$3.7 million General Fund and \$11.7 million federal funds) and budget bill language that would provide for the funds to be transferred upon finalization of the vendor selection, as determined by the Department of Finance. The remaining \$2.2 million for the project would be provided from the California Health Trust Fund by Covered California.

Program Funding Request Summary (CHHSA-OSI)		
Fund Source	2019-20	2020-21
9745 – CHHS Automation Fund	\$17,627,000	\$-
Total Funding Request:	\$17,627,000	\$-

Program Funding Request Summary (DHCS)		
Fund Source	2019-20	2020-21
0001 – General Fund	\$3,743,000	\$-
0890 – Federal Trust Fund	\$11,702,000	\$-
Total Funding Request:	\$15,445,000	\$-

Program Funding Request Summary (Covered California)		
Fund Source	2019-20	2020-21
3175 – California Health Trust Fund	\$2,182,000	\$-
Total Funding Request:	\$2,182,000	\$-

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 2: Medi-Cal Eligibility Data System Modernization Project Multi-Departmental Team

DOF Issue#: 0530-302-BCP-2019-A1
4260-315-BCP-2019-A1

5180-302-BCP-2019-A1

Spring Finance Letter. CHHSA's Office of Systems Integration (OSI), DHCS, and DSS request combined expenditure authority of \$21.2 million in 2019-20 and \$4.6 million in 2020-21 through 2022-23. If approved, these resources would continue the multi-departmental planning effort to replace the Medi-Cal Eligibility Data System (MEDS) and support completion of the next phase of activities required by the Department of Technology's Project Approval Lifecycle (PAL) Stage Gate requirements.

Program Funding Request Summary (CHHSA-OSI)		
Fund Source	2019-20	2020-21**
9745 – CHHS Automation Fund	\$18,647,000	\$3,432,000
Total Funding Request:	\$18,647,000	\$3,432,000

Program Funding Request Summary (DHCS)		
Fund Source	2019-20	2020-21**
0001 – General Fund	\$2,066,000	\$402,000
0890 – Federal Trust Fund	\$19,134,000	\$4,160,000
Total Funding Request:	\$21,200,000	\$4,562,000

Program Funding Request Summary (DSS)		
Fund Source	2019-20	2020-21**
0001 – General Fund	\$60,000	\$60,000
0995 – Reimbursements*	\$555,000	\$541,000
Total Funding Request:	\$615,000	\$601,000

* Reimbursements for DSS are funded from federal fund transfers from DHCS expenditure authority.

** Resources ongoing until 2022-23.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve and Adopt Placeholder Budget Bill Language** to require the following prior to expenditure of funding on Phase II development and implementation activities for the Statewide Client Index component of the project:
 - a. Approval of Stage 3 and Stage 4 documents by the California Department of Technology (CDT) through the Project Approval Lifecycle.
 - b. Upon approval of the Stage 3 and Stage 4 documents, notification to the Joint Legislative Budget Committee 30 days prior to expenditure with information regarding costs, schedule and scope of the project.

Issue 3: Electronic Visit Verification Phase II Planning

DOF Issue#: 0530-304-BCP-2019-A1

4260-313-BCP-2019-A1
4265-303-BCP-2019-A1

Spring Finance Letter. The Agency has submitted an April finance letter requesting a one-time augmentation of \$3.5 million (\$351,000 General Fund) for seven positions for the EVV phase II planning efforts across multiple departments within the agency. The tables below provide a breakdown of the request by department.

Table 1 - BCP Resource Request

	Departments				
Type	DHCS ¹	DDS ²	OSI	CDPH	Line Item Total
Positions	0.0	3.0	3.0	1.0	7.0
Personal Services	\$0	\$350,000	\$404,000	\$114,000	\$868,000
Consultant Contracts	\$500,000	\$0	\$1,170,000	\$0	\$1,670,000
Facilities	\$0	\$0	\$664,000	\$0	\$664,000
Other OE&E	\$0	\$66,000	\$202,000	\$33,000	\$301,000
Total	\$500,000	\$416,000	\$2,440,000	\$147,000	\$3,503,000

¹ DHCS received 2.0 PYs in 2018-19 for this effort and will be redirecting 2.5 additional PYs.

² DDS received 2.0 PYs in 2018-19 for this effort.

Table 2 - BCP Funding Request

Funding ³	Federal Fund (FF) 90%	General Fund (GF) 10%	Total
DHCS	\$1,548,000	\$172,000	\$1,720,000
DDS ⁴	\$1,472,000	\$164,000	\$1,636,000
CDPH	\$132,000	\$15,000	\$147,000
Total	\$3,152,000	\$351,000	\$3,503,000

³ Funding requested is for CDPH, DHCS and DDS. The OSI request is Expenditure Authority Only.

⁴ Funding allocation for OSI costs has been assumed to be 50/50 between DDS and DHCS, pending a determination of the cost allocation methodology.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 4: Statewide Automated Welfare System Consolidation

DOF Issue#: 0530-305-BCP-2019-A1
4260-314-BCP-2019-A1
5180-314-BCP-2019-A1

Spring Finance Letter. The Agency has submitted an April finance letter requesting \$1.3 million (\$393,000 General Fund) on a four-year limited-term basis for eight positions to support the consolidation and implementation of a single SAWS. A breakdown of the funding request for each department is provided below.

Table 1 - BCP Resource Request

	Departments			Line Item Total
	DHCS	CDSS	OSI	
Positions	3.0	4.0	1.0	8.0
Personal Services	\$ 381,000	\$ 512,000	\$ 102,000	\$ 995,000
Other OE&E	\$ 93,000	\$ 145,000	\$ 34,000	\$ 272,000
Total	\$ 474,000	\$ 657,000	\$ 136,000	\$ 1,267,000

Table 2 - BCP Funding Request

Funding ¹	Federal Fund	General Fund	Reimbursement	Total
DHCS	\$ 426,000	\$ 48,000	\$ 0	\$ 474,000
CDSS	\$ 401,000	\$ 345,000	\$ 47,000	\$ 793,000
Total	\$ 827,000	\$ 393,000	\$ 47,000	\$ 1,267,000

¹ The funding requested for CDSS includes funds for reimbursement of 9745-California Health and Human Services Fund. The \$136,000 (\$66,000 General Fund) will be included in the CDSS Local Assistance Estimate. The OSI request is Expenditure Authority Only.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 5: Healthy California For All Commission

DOF Issue#: 0530-308-BCP-2019-A1
0530-309-BCP-2019-A1

Spring Finance Letter and Trailer Bill Language Proposal. CHHSA requests General Fund expenditure authority of \$5 million, available for encumbrance or expenditure until July 31, 2021. If approved, these resources would fund the Healthy California for All Commission, which would submit two reports to the Legislature and the Governor that would analyze California's existing health care delivery system and key design options for a single-payer financing system. CHHSA also requests reversion of General Fund expenditure authority of \$5 million included in the 2018 Budget Act for the Council on Health Care Delivery Systems and trailer bill language to amend the title and responsibilities for the Council to align with the new title and single-payer-oriented responsibilities of the Healthy California for All Commission.

Program Funding Request Summary		
Fund Source	2018-19	2019-20*
0001 – General Fund	(\$5,000,000)	\$5,000,000
Total Funding Request:	(\$5,000,000)	\$5,000,000

* Resources available for encumbrance or expenditure until July 31, 2021.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted and adopt placeholder trailer bill language to amend the title and responsibilities for the Council to align with the new title and single-payer-oriented responsibilities of the Healthy California for All Commission.

Issue 6: State Verification Hub Planning Activities (Issue 405-MR)

DOF Issue#: 0530-405-BCP-2019-MR
4260-405-BCP-2019-MR
5180-405-BCP-2019-MR

May Revision. The Administration requests that the following items be modified to begin planning activities for a State Verification Hub to enhance eligibility verifications in public assistance programs. The requested adjustments are as follows:

- Health and Human Services Agency - The Administration requests that Item 0530-001-9745 be increased by \$747,000 on a two-year limited-term basis to support one position and consultant services.
- Department of Health Care Services – The Administration requests that Item 4260-001-0001 be increased by \$78,000 and Item 4260-001-0890 be increased by \$77,000 on a two-year limited-term basis to support one position and consultant services.
- Department of Social Services – The Administration requests that Item 5180-001-0001 be increased by \$149,000 and one position and Item 5180-001-0890 be increased by \$144,000 and one position on a two-year limited-term basis to support two positions.

This issue was heard during the subcommittee’s May 14th hearing.

Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve as budgeted and adopt placeholder supplemental reporting language** to request that major automation projects summarize and communicate, beginning with the 2020 Governor’s budget and at least annually thereafter, how current project developments are meeting the technical and non-technical recommendations of the State Hub roadmap.

Issue 7: CalQualityCare.org

DOF Issue#: None – Legislative Proposal

Legislative Proposal. A coalition of 17 advocacy organizations including California AARP, California Advocates for Nursing Home Reform, Disability Rights California, and Health Plan of San Mateo request expenditure authority from the Office of Patient Advocate Trust Fund of \$500,000 annually. If approved, these resources would fund maintenance and operation of CalQualityCare.org, which provides a single portal for long-term services and supports (LTSS) information that displays free unbiased

information on access, quality, and costs, along with quality ratings for 20,000 licensed California LTSS providers. The website would be hosted as a joint project with the Office of Patient Advocate and the University of California, San Francisco (UCSF).

According to the proponents, over 2 million individuals use LTSS each year in California but currently there is a lack information about the availability, quality and costs of LTSS providers. To address the need for comprehensive information, the CalQualityCare.org website was launched through a partnership between the California Healthcare Foundation (CHCF) and UCSF in 2004. The website is unique in its comprehensiveness and ease of use, by bringing together public information from three federal and two state websites and other government agencies and accreditation sources. Current state websites only have state data while federal websites only provide federal data.

Funding expired from the CHCF a couple of years ago, and while UCSF has continued to allow public access to the website, it does not have funds to update the information, therefore limiting its usefulness.

The proponents are seeking instead to have the website operated by the Office of the Patient Advocate (OPA) in conjunction with UCSF. The website is consistent with the OPA charge to offer reports cards on health plans, commercial medical groups, and medical groups for Medicare Advantage members and would have ongoing financial support to maintain the database.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3209 – Office of the Patient Advocate Trust Fund	\$500,000	\$500,000
Total Funding Request:	\$500,000	\$500,000

* Resources ongoing after 2020-21.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve annual expenditure authority from the Office of the Patient Advocate Trust Fund of \$500,000 annually to operate the CalQualityCare.org website through the Office of Patient Advocate, in conjunction with UCSF.

0977 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY**Issue 1: Alignment of Expenditure Authority for Children's Mental Health Crisis Services**

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The 2016 Budget Act authorized \$30 million for children's mental health crisis services, which included \$16 million General Fund and \$14 million Mental Health Service Fund. The 2017 Budget Act reverted the \$16 million General Fund authority and replaced it with \$16.4 million from the Mental Health Services Fund. However, the first allocation of \$14 million Mental Health Service Fund was made available for encumbrance or expenditure until June 30, 2019, the second allocation of \$16.4 million Mental Health Service Fund was made available until June 30, 2020, and the remaining General Fund resources from previous allocations were made available for liquidation of encumbrances until December 31, 2021. CHFFA proposes reappropriation budget bill language to align the encumbrance and expenditure periods for these funds until June 30, 2024, to improve operation of the children's crisis funding under the Investment in Mental Health Wellness program.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Adopt Placeholder Budget Bill Language to reappropriate funding to align the encumbrance and expenditure periods for children's mental health crisis services.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY**Issue 1: EMT Certification Denial Reporting (AB 2293)****DOF Issue#:** 4120-004-BCP-2019-GB

Budget Issue. EMSA requests one position and General Fund expenditure authority of \$159,000 in 2019-20 and \$152,000 annually thereafter. If approved, these resources would allow EMSA to receive and compile data from local EMS agencies regarding approval or denial of EMT applicants and report on the extent to which prior criminal history may be an obstacle to EMT certification, pursuant to the requirements of AB 2293 (Reyes), Chapter 342, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$159,000	\$152,000
Total Funding Request:	\$159,000	\$152,000
Total Requested Positions:	1.0	1.0

* Positions and Resources are ongoing after 2020-21.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 2: Ambulance Patient Offload Time Reporting (AB 2961)**DOF Issue#:** 4120-005-BCP-2019-GB

Budget Issue. EMSA requests one position and General Fund expenditure authority of \$189,000 in 2019-20 and \$141,000 annually thereafter. If approved, these resources would allow EMSA to analyze ambulance patient offload time data reported by local EMS agencies and report to the Legislature and the EMS Commission, pursuant to the requirements of AB 2961 (O'Donnell), Chapter 656, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$189,000	\$141,000
Total Funding Request:	\$189,000	\$141,000
Total Requested Positions:	1.0	1.0

* Positions and Resources are ongoing after 2020-21.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 3: Child Care Provider Lead Poisoning Training (AB 2370)**DOF Issue#:** 4120-006-BCP-2019-GB

Budget Issue. EMSA requests General Fund expenditure authority of \$177,000 in 2019-20. If approved, these resources would allow EMSA to add the topic of lead poisoning prevention to the preventive health practices course for child care providers, pursuant to AB 2370 (Holden), Chapter 676, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$177,000	\$-
Total Funding Request:	\$177,000	\$-
Total Requested Positions:	0.0	0.0

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 4: Individual Tax ID Number for EMT Certification (SB 695)**DOF Issue#:** 4120-007-BCP-2019-GB

Budget Issue. EMSA requests General Fund expenditure authority of \$100,000 in 2019-20. If approved, these resources would allow EMSA to conduct outreach and assistance to local EMS agencies to implement acceptance of Individual Taxpayer Identification Numbers and prohibit requiring disclosure of citizenship or immigration status for the purpose of EMT certification, pursuant to the requirements of SB 695 (Lara), Chapter 838, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$100,000	\$-
Total Funding Request:	\$100,000	\$-
Total Requested Positions:	0.0	0.0

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 5: Administrative Support Costs**DOF Issue#:** 4120-008-BCP-2019-GB

Budget Issue. EMSA requests expenditure authority of \$186,000 (\$98,000 General Fund and \$88,000 special funds) in 2019-20 and 2020-21, and \$190,000 (\$98,000 General Fund and \$92,000 special funds)

annually thereafter. If approved, these resources would allow EMSA to support increased costs associated with contracted fiscal and personnel services, facilities, and utilities.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$98,000	\$98,000
0194 – EMS Training Program Approval Fund	\$-	\$-
0312 – EMS Personnel Fund	\$57,000	\$57,000
3137 – EMT Certification Fund	\$31,000	\$31,000
Total Funding Request:	\$186,000	\$186,000
Total Requested Positions:	0.0	0.0

* Additional Resources in 2021-22: \$4,000 EMS Training Program Approval Fund. Resources are ongoing after 2021-22.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY
4265 DEPARTMENT OF PUBLIC HEALTH
4440 DEPARTMENT OF STATE HOSPITALS
5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: Disaster Preparedness, Response, and Recovery

DOF Issue#: 4120-401-BCP-2019-MR
 4265-401-BCP-2019-MR
 4440-087-BCP-2019-MR
 5180-407-BCP-2019-MR

May Revision Issue. The Administration proposes new positions and additional General Fund and special fund expenditure authority for various departments, including EMSA, DPH, DSH, and DSS, to enhance the state's disaster preparedness, response, and recovery capabilities.

Program Funding Request Summary - EMSA		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$979,000	\$303,000
Total Funding Request:	\$979,000	\$303,000
Total Positions Requested*:	2.0	

* Positions and resources ongoing after 2020-21.

Program Funding Request Summary - DPH		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$569,000	\$569,000
3098 – Licensing and Certification Program Fund	\$390,000	\$390,000
Total Funding Request:	\$959,000	\$959,000
Total Positions Requested*:	6.0	

* Positions and resources ongoing after 2020-21.

Program Funding Request Summary - DSH		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$996,000	\$826,000
Total Funding Request:	\$996,000	\$826,000
Total Positions Requested*:	6..0	

* Positions and resources ongoing after 2020-21.

Program Funding Request Summary - DSS		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$2,943,000	\$2,739,000
Total Funding Request:	\$2,943,000	\$2,739,000
Total Positions Requested*:	20.0	

* Positions and resources ongoing after 2020-21.

These issues were heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**Issue 1: Mental Health Workforce Development**

DOF Issue#: 4140-003-BCP-2019-GB

Budget Issue. OSHPD requests General Fund expenditure authority of \$50 million, available for expenditure until June 30, 2025. If approved, these resources would allow OSHPD to support mental health workforce development through existing loan repayment and scholarship programs that support mental health professions.

Program Funding Request Summary		
Fund Source	2019-20*	2020-21
0001 – General Fund	\$50,000,000	\$-
Total Funding Request:	\$50,000,000	\$-
Total Requested Positions:	0.0	0.0

* One-time funding available for expenditure until June 30, 2025.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve as budgeted and adopt placeholder budget bill language** to set aside up to \$1 million of funding to target loan repayments for former foster youth serving as mental health providers in public facilities or provider shortage areas.

Issue 2: Investment in Workforce Education and Training Five-Year Plan

DOF Issue#: 4140-401-BCP-2019-MR

May Revision Issue and Budget Bill Language. OSHPD requests expenditure authority from the Mental Health Services Fund of \$100 million in 2019-20, available for encumbrance and expenditure until June 30, 2026. If approved, these resources would allow OSHPD to support the 2020-2025 Workforce Education and Training (WET) Program Five Year Plan, a framework of strategies to remedy the shortage of qualified individuals who provide services in the public mental health system.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
3085 – Mental Health Services Fund	\$100,000,000	\$-
Total Funding Request:	\$100,000,000	\$-

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** expenditure authority from the Mental Health Services Fund of \$35 million to fund WET programs.
2. **Adopt Placeholder Budget Bill Language** requiring an equivalent contribution of county matching funds from counties in which WET programs would be funded by this augmentation.

Issue 3: Reversion of Excess Funding for All Payer Claims Database

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The 2018 Budget Act included General Fund expenditure authority of General Fund expenditure authority of \$60 million for OSHPD to establish and administer the Health Care Cost Transparency Database. The database will collect data from health care service plans, health insurers and other payers regarding payments and pricing for health care services. In the first phase of implementation, OSHPD will convene a review committee of health care stakeholders and experts to provide guidance for developing the database.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	(\$50,000,000)	\$-
Total Funding Request:	(\$50,000,000)	\$-

This issue was heard during the subcommittee’s February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve reversion of \$50 million of General Fund expenditure authority approved in the 2018 Budget Act for the Health Care Cost Transparency Database. OSHPD will retain \$10 million of General Fund expenditure authority to continue work developing the database with stakeholders and the review committee. The subcommittee encourages OSHPD to make a subsequent budget request when it is ready to begin implementation of the system after approval of the relevant CDT documentation.

Issue 4: Psychiatry Fellowships
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Psychiatric Association requests General Fund expenditure authority of \$2.7 million in 2019-20 for scholarships to pay tuition in a one-year fellowship program for primary care provider training in the essentials of primary care psychiatry. Two University of California medical school Departments of Psychiatry (UC Irvine and UC Davis) jointly administer this program which has been training fellows for 4 years. It uses a “Train New Trainers” model, in which fellows are equipped by the training to return to their practice settings and in turn train colleagues and staff on these same essentials of psychiatry for primary care practice. In this respect the training program operates as a force multiplier providing psychiatric training reaching well beyond cohorts of fellows. The requested

resources would continue to provide scholarships for primary care and emergency physicians from underserved areas, as well as provide funding for an additional 100 scholarships, provide targeted marketing to ensure the program reaches the communities most in need, provide tuition for the Essentials of Primary Care Psychiatry conference, and conduct evaluation of program outcomes.

This issue was heard during the subcommittee's May 9th hearing.

Subcommittee Staff Comment and Recommendation – Approve expenditure authority from the Mental Health Services Fund of \$2.7 million in 2019-20 for scholarships to pay tuition in a one-year fellowship program for primary care provider training in the essentials of primary care psychiatry, consistent with the proposal.

4260 DEPARTMENT OF HEALTH CARE SERVICES**Issue 1: Medi-Cal Local Assistance Estimate – May Revision Update**

DOF Issue#: 4260-001-ECP-2019-GB (November 2018 Medi-Cal Estimate)
4260-401-ECP-2019-MR (May 2019 Medi-Cal Estimate)
4260-017-ECP-2019-GB (Medi-Cal Drug Rebate Fund)
4260-409-ECP-2019-GB (Medi-Cal Drug Rebate Fund Reserve)

Medi-Cal Local Assistance Estimate - May Revision Update. The May 2019 Medi-Cal Local Assistance Estimate includes \$93.5 billion (\$19.7 billion General Fund, \$59.8 billion federal funds, and \$13.9 billion special funds and reimbursements) for expenditures in 2018-19, and \$102.2 billion (\$23 billion General Fund, \$66 billion federal funds, and \$13.1 billion special funds and reimbursements) for expenditures in 2019-20. These figures represent a decrease in estimated General Fund expenditures in the Medi-Cal program of \$999.2 million in 2018-19 and an increase of \$141.4 million in 2019-20 compared to the Governor's January budget.

Caseload. In 2018-19, the May Revision assumes annual Medi-Cal caseload of 13 million, a decrease of 1.2 percent compared to assumptions in the Governor's January budget. In 2019-20, the May Revision assumes annual Medi-Cal caseload of 13 million, a decrease of 1.6 percent compared to assumptions in the Governor's January budget and an increase of 0.02 percent compared to the revised caseload estimate for 2018-19. The decrease in estimated caseload is primarily due to lower projected enrollment for families on public assistance, medically needy families, and Medi-Cal expansion beneficiaries than estimated in the Governor's January budget. According to DHCS, these caseload reductions are attributable to the growing economy.

May Revision Local Assistance Adjustments. The Administration requests the following adjustments to reflect caseload and miscellaneous adjustments:

- Item 4260-101-0001 be increased by \$147,985,000 and reimbursements be increased by \$30,571,000
- Item 4260-101-0232 be increased by \$4,678,000
- Item 4260-101-0233 be increased by \$1,336,000
- Item 4260-101-0236 be increased by \$769,000
- Item 4260-101-0890 be increased by \$666,098,000
- Item 4260-101-3168 be increased by \$378,000
- Item 4260-102-0001 be increased by \$1,614,000
- Item 4260-102-0890 be decreased by \$722,000
- Item 4260-106-0890 be increased by \$4,480,000
- Item 4260-113-0001 be decreased by \$58,307,000
- Item 4260-113-0890 be increased by \$353,036,000
- Item 4260-117-0001 be increased by \$171,000
- Item 4260-117-0890 be increased by \$592,000

Medi-Cal Local Assistance Funding Summary 2018-19 Comparison to January Budget			
Fiscal Year:	2018-19	2018-19	Jan-May
<u>Benefits</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$19,695,653,000	\$18,769,164,000	(\$926,489,000)
Federal Funds	\$58,756,149,000	\$55,893,565,000	(\$2,862,584,000)
Special Funds/Reimbursements	\$15,079,839,000	\$13,922,060,000	(\$1,157,779,000)
Total Expenditures	\$93,531,641,000	\$88,584,789,000	(\$4,946,852,000)
<u>County Administration</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$808,388,000	\$745,050,000	(\$63,338,000)
Federal Funds	\$3,793,253,000	\$3,778,741,000	(\$14,512,000)
Special Funds and Reimbursements	\$4,997,000	\$5,730,000	\$733,000
Total Expenditures	\$4,606,638,000	\$4,529,521,000	(\$77,117,000)
<u>Fiscal Intermediary</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$175,298,000	\$165,950,000	(\$9,348,000)
Federal Funds	\$192,408,000	\$176,531,000	(\$15,877,000)
Special Funds and Reimbursements	\$-	\$-	\$-
Total Expenditures	\$367,706,000	\$342,481,000	(\$25,225,000)
<u>TOTAL MEDI-CAL EXPENDITURES</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$20,679,339,000	\$19,680,164,000	(\$999,175,000)
Federal Funds	\$62,741,810,000	\$59,848,837,000	(\$2,892,973,000)
Special Funds and Reimbursements	\$15,084,836,000	\$13,927,790,000	(\$1,157,046,000)
Total Expenditures	\$98,505,985,000	\$93,456,791,000	(\$5,049,194,000)

Medi-Cal Local Assistance Funding Summary 2019-20 Comparison to January Budget			
Fiscal Year:	2019-20	2019-20	Jan-May
<u>Benefits</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$21,851,207,000	\$21,999,336,000	\$148,129,000
Federal Funds	\$61,717,409,000	\$62,075,956,000	\$358,547,000
Special Funds/Reimbursements	\$12,458,842,000	\$13,143,233,000	\$684,391,000
Total Expenditures	\$96,027,458,000	\$97,218,525,000	\$1,191,067,000
<u>County Administration</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$906,788,000	\$898,502,000	(\$8,286,000)
Federal Funds	\$3,410,136,000	\$3,708,866,000	\$298,730,000
Special Funds and Reimbursements	\$4,589,000	\$5,961,000	\$1,372,000
Total Expenditures	\$4,321,513,000	\$4,613,329,000	\$291,816,000
<u>Fiscal Intermediary</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$119,024,000	\$120,568,000	\$1,544,000
Federal Funds	\$231,883,000	\$236,453,000	\$4,570,000
Special Funds and Reimbursements	\$-	\$-	\$-
Total Expenditures	\$350,907,000	\$357,021,000	\$6,114,000
<u>TOTAL MEDI-CAL EXPENDITURES</u>			
Fund Source	<i>January Budget</i>	<i>May Revision</i>	<i>Change</i>
General Fund	\$22,877,019,000	\$23,018,406,000	\$141,387,000
Federal Funds	\$65,359,428,000	\$66,021,275,000	\$661,847,000
Special Funds and Reimbursements	\$12,463,431,000	\$13,149,194,000	\$685,763,000
Total Expenditures	\$100,699,878,000	\$102,188,875,000	\$1,488,997,000

This issue was heard during the subcommittee's March 21st and May 15th hearings.

Subcommittee Staff Comment and Recommendation—Approve the balance of the technical adjustments to the Medi-Cal Local Assistance Estimate, as updated for the May Revision, with any changes necessary to conform to other actions that have been, or will be, taken.

Issue 2: Family Health Estimate – May Revision Update

DOF Issue#: 4260-002-ECP-2019-GB (November 2018 Family Health Estimate)
 4260-402-ECP-2019-MR (May 2019 Family Health Estimate)

Family Health Local Assistance Funding Summary 2018-19 Comparison to January Budget			
Fiscal Year:	2018-19	2018-19	Jan-May
<u>California Children's Services (CCS)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$78,356,000	\$80,928,000	\$2,572,000
Special Funds/Reimbursements	\$5,453,000	\$5,453,000	\$-
County Funds [non-add]	[\$84,124,000]	[\$86,494,000]	[\$2,370,000]
Total CCS Expenditures	\$83,809,000	\$86,381,000	\$2,572,000
<u>Child Health and Disability Prevention (CHDP)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$3,000	\$3,000	\$-
Total CHDP Expenditures	\$3,000	\$3,000	\$-
<u>Genetically Handicapped Persons Program (GHPP)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$112,315,000	\$112,319,000	\$4,000
Special Funds and Reimbursements	\$11,462,000	\$11,463,000	\$1,000
Total GHPP Expenditures	\$123,777,000	\$123,782,000	\$5,000
<u>Every Woman Counts Program (EWC)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$16,105,000	\$12,276,000	(\$3,829,000)
Federal Funds	\$5,128,000	\$5,128,000	\$-
Special Funds and Reimbursements	\$22,504,000	\$22,504,000	\$-
Total EWC Expenditures	\$43,737,000	\$39,908,000	(\$3,829,000)
<u>TOTAL FAMILY HEALTH EXPENDITURES</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$206,779,000	\$205,526,000	(\$1,253,000)
Federal Funds	\$5,128,000	\$5,128,000	\$-
Special Funds and Reimbursements	\$39,419,000	\$39,420,000	\$1,000
County Funds [non-add]	[\$84,124,000]	[\$86,494,000]	[\$2,370,000]
Total Family Health Expenditures	\$251,326,000	\$250,074,000	(\$1,252,000)

Family Health Local Assistance Funding Summary 2019-20 Comparison to January Budget			
Fiscal Year:	2019-20	2019-20	Jan-May
<u>California Children's Services (CCS)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$80,318,000	\$81,148,000	\$830,000
Special Funds/Reimbursements	\$5,453,000	\$5,453,000	\$-
County Funds [non-add]	[\$86,088,000]	[\$86,761,000]	[\$673,000]
Total CCS Expenditures	\$85,771,000	\$86,601,000	\$830,000
<u>Child Health and Disability Prevention (CHDP)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$-	\$-	\$-
Total CHDP Expenditures	\$-	\$-	\$-
<u>Genetically Handicapped Persons Program (GHPP)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$118,146,000	\$114,323,000	(\$3,823,000)
Special Funds and Reimbursements	\$8,762,000	\$11,211,000	\$2,449,000
Total GHPP Expenditures	\$126,908,000	\$125,534,000	(\$1,374,000)
<u>Every Woman Counts Program (EWC)</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$16,737,000	\$12,913,000	(\$3,824,000)
Federal Funds	\$5,128,000	\$5,128,000	\$-
Special Funds and Reimbursements	\$22,504,000	\$22,504,000	\$-
Total EWC Expenditures	\$44,369,000	\$40,545,000	(\$3,824,000)
<u>TOTAL FAMILY HEALTH EXPENDITURES</u>			
Fund Source	January Budget	May Revision	Change
General Fund	\$215,201,000	\$208,834,000	(\$6,817,000)
Federal Funds	\$5,128,000	\$5,128,000	\$-
Special Funds and Reimbursements	\$36,719,000	\$38,718,000	\$1,999,000
County Funds [non-add]	[\$86,088,000]	[\$86,761,000]	[\$673,000]
Total Family Health Expenditures	\$257,048,000	\$252,680,000	(\$4,368,000)

This issue was heard during the subcommittee's March 21st and May 15th hearings.

Subcommittee Staff Comment and Recommendation—Approve the balance of the technical adjustments to the Family Health Local Assistance Estimate, as updated for the May Revision, with any changes necessary to conform to other actions that have been, or will be, taken.

Issue 3: Full-Scope Medi-Cal Expansion to Undocumented Young Adults

DOF Issue#: 4260-015-ECP-2019-GB
 4260-407-ECP-2019-MR
 4260-027-BCP-2019-GB
 Trailer Bill Language Proposals

May Revision Issue and Trailer Bill Language Proposal. DHCS requests revised expenditure authority of \$98 million (\$74.3 million General Fund and \$23.3 million federal funds for expansion of full-scope Medi-Cal coverage to undocumented young adults age 19 to 25. DHCS proposes trailer bill language to implement the eligibility expansion effective January 1, 2020. DHCS also proposes amendments to its January budget trailer bill on redirection of county realignment funding to reflect Yolo County as a County Medical Services Program (CMSP) county, withhold 100 percent of CMSP realignment until its reserves reach a reasonable level, and exempt Sacramento, Placer, Stanislaus, and Santa Barbara Counties from additional redirections. After CMSP reserves reach a reasonable level, the state would redirect 75 percent of realignment funds.

State Operations Budget Change Proposal for Implementation of Coverage Expansion. DHCS requests two positions and expenditure authority of \$624,000 (\$237,000 General Fund and \$387,000 federal funds) in 2019-20 and \$306,000 (\$153,000 General Fund and \$153,000 federal funds) annually thereafter. If approved, the requested resources would support key planning activities for the implementation of the full scope Medi-Cal coverage expansion for all income-eligible immigrants from 19 through 25 years of age, regardless of immigration status.

Program Funding Request Summary – State Operations		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$237,000	\$153,000
0890 – Federal Trust Fund	\$387,000	\$153,000
Total Funding Request:	\$624,000	\$306,000
Total Requested Positions:	2.0	2.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st and May 15th hearings.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** expenditure authority of \$98 million (\$74.3 million General Fund and \$23.3 million federal funds) for the expansion of full-scope Medi-Cal coverage to undocumented young adults age 19 to 25, effective January 1, 2020.
2. **Approve** additional expenditure authority of \$62.5 million (\$49.6 million General Fund and \$12.8 million federal funds) to expand full-scope Medi-Cal coverage to undocumented seniors age 65 and over, effective January 1, 2020.
3. **Adopt placeholder trailer bill language** to implement the expansion of full-scope Medi-Cal coverage to undocumented young adults and seniors, effective January 1, 2020.

4. **Adopt placeholder trailer bill language** to increase eligibility for full-scope Medi-Cal for undocumented individuals one year every fiscal year, beginning with expansion to individuals age 26 in 2020-21.
5. **Adopt placeholder trailer bill language** to approve the Administration's updated May Revision trailer bill proposal for redirection of county realignment funding.
6. **Approve as budgeted** two positions and expenditure authority of \$624,000 (\$237,000 General Fund and \$387,000 federal funds) for the budget change proposal to support implementation of the expansion of full-scope Medi-Cal coverage to undocumented young adults.

Issue 4: Managed Care Enrollment Tax

DOF Issue#: None – Legislative Proposal

Legislative Proposal. SB 2 X2 (Hernandez), Chapter 2, Statutes of 2016, Second Extraordinary Session, authorized a three-year tax on enrollment of health care service plans operating in California. The revenue from this tax serves as the non-federal share of increased capitation payments to managed care organizations providing services to Medi-Cal beneficiaries, as well as other expenditures in the Medi-Cal program. Because the revenue provides the non-federal share for these expenditures, overall General Fund spending in the program is reduced. The May Revision includes a total General Fund offset related to the managed care organization (MCO) enrollment tax of \$1.8 billion in 2018-19 and \$582 million in 2019-20. Although the MCO enrollment tax expires on July 1, 2019, there is a three-month lag in collections of the tax, which leads to the additional General Fund offset in 2019-20. SB 2 X2 also contained tax reform components that exempted payers of the MCO enrollment tax from liability for the state's gross premiums tax and from the business and corporations tax.

The budget does not include a proposal to reauthorize the MCO enrollment tax. As a result, expiration of the tax as scheduled on July 1, 2019, will result in a reduction in tax revenue available to offset General Fund expenditures in the Medi-Cal program of approximately \$1.3 billion.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – It is recommended the subcommittee take the following actions:

1. **Approve** additional General Fund offsets in the Medi-Cal program of \$1.373 billion in 2019-20 and 1.831 billion in 2020-21 and 2021-22.
2. **Adopt placeholder trailer bill language** to extend the managed care enrollment tax, updated to reflect more current enrollment data, and adjusted accordingly to maximize funding for the Medi-Cal program and fulfill federal regulatory requirements.

Issue 5: Proposition 56 Investments

DOF Issue#: 4260-018-ECP-2019-GB
4260-403-ECP-2019-MR
Trailer Bill Language

May Revision Issue and Trailer Bill Language Proposal. The May Revision includes \$2.1 billion (\$712.5 million Proposition 56 and \$1.4 billion federal funds) in 2018-19 and \$2.2 billion (\$769.5 million Proposition 56 and \$1.4 billion federal funds) in 2019-20 for supplemental provider payments in Medi-Cal. The supplemental payments by category are as follows:

Category	2018-19	2019-20	Category	2018-19	2019-20
Physician Services			PDHCs		
Total Fund	\$1,311,240	\$1,399,061	Total Fund	\$14,246	\$14,246
Proposition 56	\$411,555	\$458,077	Proposition 56	\$6,812	\$6,880
Federal Funds	\$899,685	\$940,984	Federal Funds	\$7,434	\$7,366
Dental Services			Ped Subacute		
Total Fund	\$490,117	\$518,325	Total Fund	\$7,333	\$1,811
Proposition 56	\$177,597	\$195,710	Proposition 56	\$3,521	\$883
Federal Funds	\$312,520	\$322,615	Federal Funds	\$3,812	\$927
Women's Health			CBAS		
Total Fund	\$188,282	\$143,325	Total Fund	\$2,000	\$-
Proposition 56	\$48,372	\$43,534	Proposition 56	\$3,000	\$-
Federal Funds	\$139,910	\$99,791	Federal Funds	\$-	\$-
ICF-DDs			Home Health		
Total Fund	\$29,421	\$27,819	Total Fund	\$64,834	\$64,834
Proposition 56	\$13,785	\$13,048	Proposition 56	\$30,975	\$31,211
Federal Funds	\$15,636	\$14,771	Federal Funds	\$33,859	\$33,623
AIDS Waiver			TOTAL		
Total Fund	\$6,800	\$6,800	Total Fund	\$2,112,273	\$2,176,221
Proposition 56	\$3,400	\$3,400	Proposition 56	\$696,017	\$752,743
Federal Funds	\$3,400	\$3,400	Federal Funds	\$1,416,256	\$1,423,478

Additional Augmentations Funded by Proposition 56. The January budget includes \$965 million (\$282.5 million Proposition 56 funds and \$682.5 million federal funds) in 2019-20 for three augmentations:

- Value-Based Payments Program – The budget includes \$360 million (\$180 million Proposition 56 funds and \$180 million federal funds) to fund a value-based payments program to encourage Medi-Cal managed care providers to meet goals in critical areas such as chronic disease management and behavioral health integration.
- Developmental and Trauma Screening – The budget includes \$105 million (\$52.5 million Proposition 56 funds and \$52.5 million federal funds) to provide early developmental screenings for children and adverse childhood experiences (ACEs) screenings for children and adults in Medi-Cal.
- Family Planning Services – The budget includes \$500 million (\$50 million Proposition 56 funds and \$450 million federal funds) for family planning services in the Medi-Cal program.

May Revision Includes Additional One-Time Augmentations Funded by Proposition 56. According to DHCS, prior year reconciliation of revenues and expenditures derived from Proposition 56 resulted in availability of an additional \$261.3 million one-time. DHCS requests additional Proposition 56 expenditure authority of \$261.3 million in 2019-20 to support the following one-time investments:

- Physician and Dentists Loan Repayment Program – The May Revision includes \$240 million (\$120 million Proposition 56 funds and \$120 million federal funds) to provide additional awards in the Physicians and Dentists Loan Repayment Program through CalHealthCares.
- Value-Based Payments Program – The May Revision includes an additional \$184.2 million (\$70 million Proposition 56 funds and \$114.2 million federal funds) for the Value-Based Payments Program, specifically focused on behavioral health integration. With this augmentation, the total funding for the program would be \$544.2 million (\$250 million Proposition 56 funds and \$294.2 million federal funds)
- Provider Trauma Screening Training – The May Revision includes \$50 million (\$25 million Proposition 56 funds and \$25 million federal funds) to train providers on delivering trauma screenings in a sensitive and appropriate manner. The January budget proposed funding for trauma screenings for children and adults in Medi-Cal.
- Restoration of Optical Benefit – The budget includes \$33.4 million (\$11.3 million Proposition 56 funds and \$22.1 million federal funds) for restoration of optician and optical lab services authorized in the 2017 Budget Act.

In addition, DHCS indicates that, due to lower General Fund revenues in future years estimated by the Administration, the Proposition 56 investments sunsets on December 31, 2021. According to the Administration, these investments would provide a bridge to the work of the Administration's proposed Healthy California for All Commission, tasked with evaluating options for a single payer health care financing system.

This issue was heard during the subcommittee's April 25th and May 15th hearings.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** expenditure authority of \$2.1 billion (\$712.5 million Proposition 56 and \$1.4 billion federal funds) in 2018-19 and \$2.2 billion (\$769.5 million Proposition 56 and \$1.4 billion federal funds) in 2019-20 for supplemental provider payments in Medi-Cal.
2. **Adopt placeholder budget bill language** requiring DHCS to seek a three year state plan amendment from the federal government for all supplemental provider payments in both the fee-for-service and managed care delivery systems in Medi-Cal.
3. **Approve** total expenditure authority of \$544.2 million (\$250 million Proposition 56 funds and \$294.2 million federal funds) for implementation of the Value-Based Payments Program.
4. **Adopt placeholder trailer bill language** implementing the Value-Based Payments Program.
5. **Approve** expenditure authority of \$105 million (\$52.5 million Proposition 56 funds and \$52.5 million federal funds) to provide early developmental screenings for children and adverse childhood experiences (ACEs) screenings for children and adults in Medi-Cal.
6. **Approve** expenditure authority of \$50 million (\$25 million Proposition 56 funds and \$25 million federal funds) to train providers on delivering trauma screenings in a sensitive and appropriate manner.
7. **Approve** expenditure authority of \$500 million (\$50 million Proposition 56 funds and \$450 million federal funds) for family planning services in the Medi-Cal program.

8. **Adopt placeholder trailer bill language** to direct the family planning augmentation to evaluation and management office visits, procedures, education and counseling, and vaccinations, specific to, or related to, reproductive health and family planning.
9. **Approve** expenditure authority of \$240 million (\$120 million Proposition 56 funds and \$120 million federal funds) to provide additional awards in the Physicians and Dentists Loan Repayment Program.
10. **Approve** expenditure authority of \$33.4 million (\$11.3 million Proposition 56 funds and \$22.1 million federal funds) for restoration of optician and optical lab services authorized in the 2017 Budget Act.
11. **Reject** the Administration's proposed sunset of Proposition 56 investments on December 31, 2021.

Issue 6: Medi-Cal Pharmacy Services

DOF Issue#: None

Governor's Executive Order on Prescription Drug Purchasing. On January 7, 2019, the Governor issued Executive Order N-01-19, ordering state departments to implement several directives intended to reduce the cost of prescription drugs for both public and private purchasers. For the Medi-Cal program, the Executive Order directs the Department of Health Care Services (DHCS) to take all necessary steps to transition all pharmacy services currently provided by Medi-Cal managed care plans into the Medi-Cal fee-for-service delivery system. The transition, which would be completed by January 2021, is intended to create additional negotiating leverage on behalf of the state's 13.2 million Medi-Cal beneficiaries. According to the Administration, this transition would standardize the Medi-Cal drug benefit, reduce confusion among beneficiaries without sacrificing quality or outcomes, and result in hundreds of millions of dollars in additional savings beginning in the 2021-22 fiscal year. According to the Administration, while there are no costs or savings reflected in the budget for 2019-20, Medi-Cal is estimated to achieve General Fund savings of \$393 million by 2022-23. This estimate does not include savings related to reduced reimbursements to 340B entities.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to require DHCS, prior to implementation of the transition of the pharmacy benefit to fee-for-service, to engage quarterly with stakeholders during 2019-20 that may be impacted by the transition, to provide a comprehensive transition plan, and to provide a comprehensive fiscal analysis of the costs and savings to the Medi-Cal program and to impacted providers.

Issue 7: Whole Person Care Housing Services

DOF Issue#: 4260-016-ECP-2019-GB

Budget Issue. DHCS requests General Fund expenditure authority of \$100 million in 2019-20 to provide funding for supportive housing services for individuals who are homeless or are at risk of

becoming homeless, with a focus on individuals with mental illness. The expenditure authority would be available until June 30, 2025.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$100,000,000	\$-
Total Funding Request:	\$100,000,000	\$-

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 8: Non-Whole Person Care Counties

DOF Issue#: 4260-450-ECP-2019-MR

May Revision Issue and Budget Bill Language. DHCS requests expenditure authority from the Mental Health Services Fund of \$20 million in 2019-20. If approved, these resources would allow DHCS to provide funding to counties for their development and implementation of programs to focus on coordinating health, behavioral health, and social services such as housing with priority to individuals with mental illness who are also homeless or at risk of becoming homeless. DHCS proposes budget bill language to allow these funds to be available for encumbrance and expenditure until June 30, 2025.

Program Funding Request Summary		
Fund Source	2019-20*	2020-21
3085 – Mental Health Services Fund	\$20,000,000	\$-
Total Funding Request:	\$20,000,000	\$-

* Resources available until June 30, 2025.

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 9: Cybersecurity Program Augmentation

DOF Issue#: 4260-002-BCP-2019-GB

Budget Issue. DHCS requests three positions and expenditure authority of \$1.2 million (\$591,000 General Fund and \$591,000 federal funds) in 2019-20 and \$1.2 million (\$578,000 General Fund and \$577,000 federal funds) annually thereafter. If approved, these resources would allow DHCS to address cybersecurity risks identified by independent security assessments conducted by the California Military Department and the Office of Health Information Integrity. Included in the resource request is \$575,000 (\$288,000 General Fund and \$287,000 federal funds) annually for the ongoing costs of additional enterprise security infrastructure tools.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$591,000	\$578,000
0890 – Federal Trust Fund	\$591,000	\$577,000
Total Funding Request:	\$1,182,000	\$1,155,000
Total Requested Positions:	3.0	3.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 10: Electronic Health Record Incentive Program Audits

DOF Issue#: 4260-009-BCP-2019-GB

Budget Issue. DHCS requests expenditure authority of \$294,000 (\$29,000 General Fund and \$265,000 federal funds) in 2019-20, 2020-21, and 2021-22. If approved, these resources would allow DHCS to support program and audit close outs associated with the Medi-Cal Electronic Health record Program.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$29,000	\$29,000
0890 – Federal Trust Fund	\$265,000	\$265,000
Total Funding Request:	\$294,000	\$294,000
Total Requested Positions:	0.0	0.0

* Positions and Resources requested until 2021-22.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 11: Office of Legislative and Governmental Affairs Staffing**DOF Issue#:** 4260-012-BCP-2019-GB

Budget Issue. DHCS requests two positions and expenditure authority of \$247,000 (\$124,000 General Fund and \$123,000 federal funds) annually. If approved, these resources would allow DHCS to support workload in the Office of Legislative and Governmental Affairs, which responds to external inquiries and prepares fiscal and programmatic analyses of pending legislation or budget proposals.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$124,000	\$124,000
0890 – Federal Trust Fund	\$123,000	\$123,000
Total Funding Request:	\$247,000	\$247,000
Total Requested Positions:	2.0	2.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 12: Whole Child Model Evaluation Contract Funding**DOF Issue#:** 4260-015-BCP-2019-GB

Budget Issue. DHCS requests expenditure authority of \$1.6 million (\$800,000 General Fund and \$800,000 federal funds), available for expenditure or encumbrance until June 30, 2021. If approved, these resources would allow DHCS to secure a contractor to perform an independent evaluation of the Whole Child Model implementation. An identical level of one-time resources was previously approved, but unspent, in the 2018 Budget Act.

Program Funding Request Summary		
Fund Source	2018-19*	2019-20
0001 – General Fund	[(\$800,000)]	\$800,000
0890 – Federal Trust Fund	[(\$800,000)]	\$800,000
Total Funding Request:	[(\$1,600,000)]	\$1,600,000
Total Requested Positions:	0.0	0.0

* Unspent expenditure authority approved in 2018-19 will revert to the General Fund and Federal Trust Fund.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 13: CA Dental Medicaid Management Information System Contract Management Staffing**DOF Issue#:** 4260-016-BCP-2019-GB

Budget Issue. DHCS requests four positions and expenditure authority of \$700,000 (\$175,000 General Fund and \$526,000 federal funds) annually. If approved, these resources would allow DHCS to support the transition to two new vendors for the California Dental Medicaid Management Information System.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$175,000	\$175,000
0890 – Federal Trust Fund	\$526,000	\$526,000
Total Funding Request:	\$700,000	\$700,000
Total Requested Positions:	4.0	4.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 14: Childhood Lead Poisoning Prevention (SB 1041)**DOF Issue#:** 4260-019-BCP-2019-GB

Budget Issue. DHCS requests one position and expenditure authority of \$144,000 (\$72,000 General Fund and \$72,000 federal funds) annually. If approved, these resources would allow DHCS to provide Medi-Cal data to the Department of Public Health for additional blood lead level reporting pursuant to SB 1041 (Leyva), Chapter 690, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$72,000	\$72,000
0890 – Federal Trust Fund	\$72,000	\$72,000
Total Funding Request:	\$144,000	\$144,000
Total Requested Positions:	1.0	1.0

* Position and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 15: Strengthening Fiscal Estimates and Cash Flow Monitoring

DOF Issue#: 4260-023-BCP-2019-GB

Budget Issue. DHCS requests 25 positions and expenditure authority of \$3.8 million (\$1.8 million General Fund and \$2 million federal funds) in 2019-20 and \$3.6 million (\$1.7 million General Fund and \$1.9 million federal funds) annually thereafter. If approved, these resources would allow DHCS to improve the accuracy of the Medi-Cal and Family Health Local Assistance Estimates and provide additional oversight and monitoring of the department's cash flow.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$1,814,000	\$1,706,000
0890 – Federal Trust Fund	\$1,998,000	\$1,881,000
Total Funding Request:	\$3,812,000	\$3,587,000
Total Requested Positions:	25.0	25.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** requested positions and resources for strengthening fiscal estimates and cash flow monitoring.
2. **Adopt placeholder trailer bill language** requiring DHCS to: 1) provide regular updates on cash flows that would compare actual spending to estimated budget amounts; 2) develop and present to the Legislature a long-term plan with changes to budgeting, accounting, and information technology systems to promote sound estimates and budget transparency; and 3) initiate a legislative stakeholder process including legislative staff and the Legislative Analyst's Office to identify possibilities for future changes.

Issue 16: Medi-Cal Drug Rebate Fund

DOF Issue#: Trailer Bill Language

Budget Issue and Trailer Bill Language Proposal. DHCS requests trailer bill language to establish the Medi-Cal Drug Rebate Fund to deposit the proceeds of rebates on prescription drugs purchased on behalf of Medi-Cal beneficiaries. If approved, DHCS estimates \$1.4 billion would be deposited in the fund in 2019-20, which would offset General Fund expenditures in the Medi-Cal program. In addition, DHCS proposes a \$172 million reserve in the fund to smooth fluctuations in rebate revenue receipts.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal.

Issue 17: Medi-Cal Checkwrite Contingency Payments

DOF Issue#: Trailer Bill Language

Trailer Bill Language Proposal. DHCS requests adoption of trailer bill language to authorize contingency payments to Medi-Cal providers during periods of delay, non-functionality, or system errors in the Medi-Cal Checkwrite Schedule provider claims processing system. If approved, this statutory authority would allow DHCS to maintain continuity of access to Medi-Cal healthcare services for beneficiaries and payments to providers in the event of a disruption in the Medi-Cal Checkwrite service.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal.

Issue 18: Health Homes Program Funding Extension

DOF Issue#: Trailer Bill Language

Trailer Bill Language Proposal. After updates at May Revision, DHCS requests the adoption of trailer bill language to extend the period of availability of funding for implementation of the Health Homes Program from June 30, 2020, to June 30, 2024. If approved, this language would allow DHCS to continue implementation and funding for the Health Homes Program, which began July 1, 2018, and align the availability of funding with the revised program implementation timeline.

This issue was heard during the subcommittee's March 21st and May 15th hearings.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal.

Issue 19: Managed Care Sanctions

DOF Issue#: Trailer Bill Language Proposal

Trailer Bill Language Proposal. DHCS requests trailer bill language to clarify existing language authorizing the department to impose sanctions on managed care plans, mental health plans, and substance use disorder plans. According to DHCS, these changes would broaden its authority to sanction any entity that contracts with DHCS to deliver health care services, allow DHCS to enter into contracts, and be exempted from the Department of General Services' (DGS) contract approval process, for the purpose of strengthening oversight and the quality of preventive services for children in Medi-Cal.

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration’s proposal.

Issue 20: Medi-Cal Optional Benefits

DOF Issue#: None – Legislative Proposal

Elimination of Medi-Cal Optional Benefits. In 2009, facing a significant General Fund deficit, the budget included several reductions in reimbursement and benefits in the Medi-Cal program. AB 5 X3 (Evans), Chapter 20, Statutes of 2009, Third Extraordinary Session, eliminated several optional Medi-Cal benefits, including adult dental services, acupuncture, audiology, speech therapy, chiropractic services, optician and optical lab services, podiatric services, psychology services, and incontinence creams and washes. These benefits were not eliminated for beneficiaries under the Early and Periodic Screening Diagnosis and Treatment Program, beneficiaries in a skilled nursing facility or intermediate care facility, or pregnant beneficiaries. Recent budget and legislative actions have restored acupuncture services, full adult dental services, and optical benefits effective January 2020 upon inclusion by the Legislature in the budget process.

Costs to Restore Remaining Optional Benefits. According to DHCS, the costs to restore each of the previously discontinued optional benefits in 2019-20 are as follows:

Optional Benefits	FFS	Managed Care	TF	GF
Audiology	\$3,814,000	\$6,126,000	\$9,940,000	\$3,085,000
Chiropractic	\$477,000	\$4,714,000	\$5,191,000	\$1,371,000
Incontinence Creams/Washes	\$7,019,000	\$8,984,000	\$16,003,000	\$5,105,000
Optician/Optical Lab*	\$16,939,000	\$58,645,000	\$75,584,000	\$22,024,000
Podiatry	\$2,105,000	\$11,721,000	\$13,826,000	\$3,397,000
Speech Therapy	\$243,000	\$2,159,000	\$2,402,000	\$676,000
Grand Total	\$30,597,000	\$92,349,000	\$122,946,000	\$35,658,000

* The 2017 Budget Act restored Optician/Optical Lab benefits January 2020 upon inclusion in the budget process.

The May Revision restores optician/optical lab benefits funded by Proposition 56 revenues.

This issue was heard during the subcommittee’s March 21st hearing.

Subcommittee Staff Comment and Recommendation – It is recommended the subcommittee take the following actions:

1. **Approve** expenditure authority of \$21.1 million (\$6.1 million General Fund and \$15 million federal funds) to restore the following optional Medi-Cal benefits: audiology, incontinence creams/washes, podiatry, and speech therapy.
2. **Adopt placeholder trailer bill language** to implement the restoration of the following optional Medi-Cal benefits: audiology, incontinence creams/washes, podiatry, and speech therapy.

Issue 21: Unusual Occurrences-Complaint Investigations and Disaster Response

DOF Issue#: 4260-004-BCP-2019-GB

Budget Issue. DHCS requests eight positions and expenditure authority of \$1.6 million (\$858,000 General Fund and \$719,000 federal funds) in 2019-20, \$1.5 million (\$809,000 General Fund and \$678,000 federal funds) in 2020-21, and \$1.1 million (\$595,000 General Fund and \$464,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to manage investigations of violations and unusual occurrences in licensed facilities, as well as supporting behavioral health resources during natural disasters or other emergencies.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$858,000	\$809,000
0890 – Federal Trust Fund	\$719,000	\$678,000
Total Funding Request:	\$1,577,000	\$1,487,000
Total Requested Positions:	8.0	8.0

* Additional resources requested – 2021-22 and ongoing: \$1,059,000 (\$595,000 General Fund and \$464,000 federal funds). This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 22: Drug Medi-Cal Chaptered Legislation (SB 823, SB 1228, AB 2861)

DOF Issue#: 4260-018-BCP-2019-GB

Budget Issue. DHCS requests 16 positions and expenditure authority of \$1.9 million (\$1.7 million General Fund and \$135,000 federal funds) in 2019-20 and \$2.2 million (\$2 million General Fund and \$135,000 federal funds) annually thereafter. If approved, these resources would allow DHCS to implement new requirements for substance use disorder treatment programs regarding clinical assessment and treatment planning, patient brokering, and telehealth. These requirements were implemented pursuant to SB 823 (Hill), Chapter 781, Statutes of 2018, SB 1228 (Lara), Chapter 792, Statutes of 2018, and AB 2861 (Salas), Chapter 500, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$1,723,000	\$2,041,000
0890 – Federal Trust Fund	\$135,000	\$135,000
Total Funding Request:	\$1,858,000	\$2,176,000
Total Requested Positions:	16.0	16.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 23: SAPT Block Grant Compliance and Audit Enhancement**DOF Issue#:** 4260-025-BCP-2019-GB

Budget Issue. DHCS requests 14 positions and federal fund expenditure authority of \$1.9 million in 2019-20 and \$2.1 million ongoing thereafter. If approved, these resources would allow DHCS to correct audit findings and comply with a corrective action plan related to deficiencies in administration of the federal Substance Abuse Prevention and Treatment Block Grant.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0890 – Federal Trust Fund	\$1,916,000	\$2,078,000
Total Funding Request:	\$1,916,000	\$2,078,000
Total Requested Positions:	14.0	14.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 24: Mental Health Services Act Oversight and Policy Development**DOF Issue#:** 4260-024-BCP-2019-GB

Budget Issue. DHCS requests 13 positions and Mental Health Services Fund expenditure authority of \$1.9 million in 2019-20 and \$1.8 million annually thereafter. If approved, these resources would allow DHCS to provide oversight and monitoring of the use of Mental Health Services Act funds, in response to a series of audits by the California State Auditor and hearings by the Little Hoover Commission.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3085 – Mental Health Services Fund	\$1,919,000	\$1,802,000
Total Funding Request:	\$1,919,000	\$1,802,000
Total Requested Positions:	13.0	13.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 25: Foster Youth: Trauma-Informed Systems of Care (AB 2083)**DOF Issue#:** 4260-022-BCP-2019-GB

Budget Issue. DHCS requests three positions and expenditure authority of \$438,000 (\$219,000 General Fund and \$219,000 federal funds) in 2019-20 and \$411,000 (\$206,000 General Fund and \$205,000 federal funds) annually thereafter. If approved, these resources would allow DHCS to participate on an interagency team and provide recommendations to the Legislature for increasing capacity and delivery of trauma-informed care to foster children and youth with intensive needs, pursuant to the requirements of AB 2083 (Cooley), Chapter 815, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$219,000	\$206,000
0890 – Federal Trust Fund	\$219,000	\$205,000
Total Funding Request:	\$438,000	\$411,000
Total Requested Positions:	3.0	3.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 26: Early Psychosis Research and Treatment

DOF Issue#: 4260-019-BCP-2019-GB

Budget Issue. DHCS requests General Fund expenditure authority of \$25 million in 2019-20. If approved, these resources would allow DHCS to provide grants to county mental health plans, nonprofit organizations, behavioral health providers, or academic institutions to identify and support appropriate interventions for California youth experiencing signs of early psychosis.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$25,000,000	\$-
Total Funding Request:	\$25,000,000	\$-
Total Requested Positions:	0.0	0.0

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Reject** the General Fund expenditure authority of \$25 million allocated to DHCS for Early Psychosis Research and Treatment.
2. **Approve** General Fund expenditure authority of \$25 million for MHSOAC to fund the existing Early Psychosis Intervention Plus Program, established by AB 1315 (Mullin), Chapter 414, Statutes of 2017.
3. **Adopt placeholder trailer bill language** to allow the Early Psychosis Intervention Plus Program to be funded from the state General Fund.

Issue 27: Private Hospital Directed Payment and Quality Incentive Pool

DOF Issue#: 4260-001-BCP-2019-GB

Budget Issue. DHCS requests four positions and expenditure authority of \$1.7 million (\$595,000 General Fund, \$864,000 federal funds, and \$270,000 Hospital Quality Assurance Revenue Fund) in 2019-20 and \$1.6 million (\$568,000 General Fund, \$819,000 federal funds, and \$252,000 Hospital Quality Assurance Revenue Fund) annually thereafter. If approved, these positions and resources would allow DHCS to implement the Private Hospital Directed Payment program, and support the Quality Incentive Pool program.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$595,000	\$568,000
0890 – Federal Trust Fund	\$864,000	\$819,000
3158 – Hospital Quality Assurance Revenue Fund	\$270,000	\$252,000
Total Funding Request:	\$1,729,000	\$1,639,000
Total Positions Requested:	4.0	4.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 28: Home- and Community-Based Services Waiver Programs

DOF Issue#: None – Legislative Proposal

Assisted Living Waiver. The Assisted Living Waiver pays for assisted services and supports, care coordination, and community transition in 14 counties (Sacramento, San Joaquin, Los Angeles, Riverside, Sonoma, Fresno, San Bernardino, Alameda, Contra Costa, San Diego, Kern, San Mateo, Santa Clara and Orange). Waiver participants can elect to receive services in a Residential Care Facility for the Elderly (RCFE), an Adult Residential Facility (ARF), or through a home health agency while residing in publicly subsidized housing. Eligibility into the ALW is based on a qualifying skilled nursing level of care which is captured through the assessment tool used by care coordination agencies to assess potential participants. Approved capacity of unduplicated recipients for the ALW is currently 3,744. The federal government approved a renewal of the ALW on August 28, 2014 effective from March 1, 2014 through February 28, 2019.

DHCS received federal approval of a waiver amendment to expand the ALW by 2,000 slots from 3,744 to 5,744 between July 2017 and June 2020 to accommodate current and anticipated need. According to DHCS, the waiver will require that 60 percent of all new enrollments be reserved for individuals transitioning from institutional settings after residing in them for a minimum of 90 consecutive days. The budget includes savings of \$16.4 million (\$7.4 million General Fund and \$7.4 million federal funds) in 2018-19 and \$42.7 million (\$21.3 million General Fund and \$21.3 million federal funds) in 2019-20.

for ALW expansion. The costs of ALW services are offset by a higher level of savings from transitions of individuals from skilled nursing facilities into community settings under the ALW.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – It is recommended the subcommittee take the following actions:

1. **Approve** reduction of expenditure authority of \$47.1 million (\$23.6 million General Fund and \$23.6 million federal funds) in 2019-20, \$160.2 million (\$80.1 million General Fund and \$80.1 million federal funds) in 2020-21, \$216.7 million (\$135.5 million General Fund and \$135.5 million federal funds) in 2021-22, \$271 million (\$135.5 million General Fund and \$135.5 million federal funds) in 2022-23, and \$304.1 million (\$152 million General Fund and \$152 million federal funds) annually thereafter to account for savings achieved through a phased-in expansion of the Assisted Living Waiver to 10,756 slots by March 1, 2023.
2. **Adopt placeholder trailer bill language** expanding the Assisted Living Waiver through a phased-in expansion to 10,756 slots by March 1, 2023.

Issue 29: Statewide Transition Plan Extension

DOF Issue#: 4260-011-BCP-2019-GB

Budget Issue. DHCS requests expenditure authority of \$575,000 (\$288,000 General Fund and \$287,000 federal funds) annually until 2021-22. If approved, these resources would support implementation, ongoing monitoring, and oversight of the Statewide Transition Plan for Home- and Community-Based Services.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$288,000	\$288,000
0890 – Federal Trust Fund	\$287,000	\$287,000
Total Funding Request:	\$575,000	\$575,000

* Additional fiscal year resources requested – 2021-22: \$575,000.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 30: Proposition 56 Staffing

DOF Issue#: 4260-028-BCP-2019-GB

Budget Issue. DHCS requests 18 positions and expenditure authority of \$3 million (\$1.5 million Healthcare Treatment Fund and \$1.5 million federal funds) annually. If approved, these positions and resources would allow DHCS to support implementation of the new Value-Based Payments program.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0890 – Federal Trust Fund	\$1,500,000	\$1,500,000
3305 – Healthcare Treatment Fund	\$1,500,000	\$1,500,000
Total Funding Request:	\$3,000,000	\$3,000,000

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 31: Program for All-Inclusive Care for the Elderly Expansion

DOF Issue#: 4260-003-BCP-2019-GB

Budget Issue. DHCS requests two positions and expenditure authority of \$279,000 (\$140,000 General Fund and \$139,000 federal funds) in 2019-20 and \$261,000 (\$131,000 General Fund and \$131,000 federal funds) annually thereafter. If approved, these resources would allow DHCS to manage the expansion of Programs of All-Inclusive Care for the Elderly operating in California.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$140,000	\$131,000
0890 – Federal Trust Fund	\$139,000	\$130,000
Total Funding Request:	\$279,000	\$261,000
Total Positions Requested:	2.0	2.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** the requested positions and resources for the expansion of PACE programs.
2. **Adopt placeholder trailer bill language** to: 1) require the PACE rate methodology to be developed in accordance with generally accepted actuarial rate development principles and to provide for all reasonable, appropriate, and attainable costs for each PACE organization within each region; 2) remove provision in existing law authorizing DHCS in the first three years after adoption of experience based rating to make adjustments to rates to avoid adverse impacts on providers; and 3) require rates, during a PACE organization's first three years, to reflect the lower enrollment and higher operating costs associated with new PACE organizations.

Issue 32: Provider Enrollment Workload Increase

DOF Issue#: 4260-305-BCP-2019-A1

Spring Finance Letter. DHCS requests expenditure authority of \$3.1 million (\$795,000 General Fund and \$2.4 million federal funds) in 2019-20 and \$3 million (\$744,000 General Fund and \$2.2 million federal funds) in 2020-21. If approved, these resources would allow DHCS to process an increase in provider enrollment applications from Drug Medi-Cal and Medi-Cal managed care plans resulting from new federal requirements.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$795,000	\$744,000
0890 – Federal Trust Fund	\$2,386,000	\$2,230,000
Total Funding Request:	\$3,181,000	\$2,974,000

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 33: Office of Civil Rights Increased Workload

DOF Issue#: 4260-303-BCP-2019-A1

Spring Finance Letter. DHCS requests two positions and expenditure authority of \$296,000 (\$148,000 General Fund and \$148,000 federal funds) in 2019-20 and \$278,000 (\$139,000 General Fund and \$139,000 federal funds) annually thereafter. If approved, these resources would allow DHCS to address workload increases in its equal employment opportunity, reasonable accommodations, and civil rights compliance programs.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$148,000	\$139,000
0890 – Federal Trust Fund	\$148,000	\$139,000
Total Funding Request:	\$296,000	\$278,000
Total Positions Requested:	2.0	2.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 34: Federally Qualified Health Centers Drug Medi-Cal Providers

DOF Issue#: 4260-306-BCP-2019-A1

Spring Finance Letter. DHCS requests one position and expenditure authority of \$139,000 (\$70,000 General Fund and \$69,000 federal funds) in 2019-20 and \$130,000 (\$65,000 General Fund and \$65,000

federal funds) annually thereafter. If approved, this position and resources would allow DHCS to support workload to allow federally qualified health centers and rural health clinics to participate in the Drug Medi-Cal program, pursuant to the requirements of SB 323 (Mitchell), Chapter 540, Statutes of 2017.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$70,000	\$65,000
0890 – Federal Trust Fund	\$69,000	\$65,000
Total Funding Request:	\$139,000	\$130,000
Total Positions Requested:	1.0	1.0

* Position and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 35: Reappropriation: Behavioral Health Modernization Resources

DOF Issue#: 4260-308-BCP-2019-A1

Spring Finance Letter. DHCS requests reappropriation of expenditure authority of \$2.1 million (\$808,000 General Fund and \$1.2 million federal funds) in 2019-20. If approved, these reappropriated resources would cover planning costs of the department's Comprehensive Behavioral Health Data Systems Modernization Project.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$808,000	\$-
0890 – Federal Trust Fund	\$1,245,000	\$-
Total Funding Request:	\$2,053,000	\$-

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 36: Strengthening Preventive Services for Children in Medi-Cal

DOF Issue#: 4260-312-BCP-2019-A1

Spring Finance Letter. DHCS requests 12 positions and expenditure authority of \$22.7 million (\$11.1 million General Fund and \$11.6 million federal funds) in 2019-20, \$7.5 million (\$3.5 million General Fund and \$4 million federal funds) in 2020-21 through 2022-23, and \$6 million (\$2.8 million General Fund and \$3.1 million federal funds) annually thereafter. If approved, these resources would allow

DHCS to improve delivery of preventive services for children in Medi-Cal in response to findings of a state audit.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$11,079,000	\$3,495,000
0890 – Federal Trust Fund	\$11,603,000	\$3,998,000
Total Funding Request:	\$22,682,000	\$7,493,000
Total Positions Requested:	12.0	12.0

* Additional fiscal year resources requested – 2021-22 through 2022-23: \$7,493,000; 2023-24 and ongoing: \$5,996,000.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 37: Peer-Run Mental Health Crisis Lines

DOF Issue#: 4260-407-BCP-2019-MR

May Revision Issue. DHCS requests expenditure authority from the Mental Health Services Fund of \$3.6 million for three years to create a statewide peer-run mental health crisis line offering information, referrals, emotional support, and non-judgmental peer support to those living with mental illness.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3085 – Mental Health Services Fund	\$3,600,000	\$3,600,000
Total Funding Request:	\$3,600,000	\$3,600,000

* Additional fiscal year resources requested: 2021-22: \$3,600,000

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 38: Various Reappropriations

DOF Issue#: 4260-313-BBA-2019-MR

May Revision Issue. DHCS requests various changes to reappropriation language for the following purposes:

- 1) \$7.4 million from Item 4260-001-0001, 2018 Budget Act, for turnover and takeover of the Medi-Cal fiscal intermediary legacy contract. (This reappropriation is related to *Issue 9: CA-MMIS Oversight to Ownership and Modernization Projects*)

- 2) \$808,000 from Item 4260-001-0001, 2018 Budget Act, for continued planning costs for the Comprehensive Behavioral Health Data Systems. (This reappropriation was heard as an April Finance Letter, “*Reappropriation: Behavioral Health Modernization Resources*” during the subcommittee’s April 25th hearing).
- 3) Remaining expenditure authority from the initial allocation of \$220 million Proposition 56 funds in the 2018 Budget Act for the Medi-Cal Physician and Loan Repayment Program. These funds would be available for encumbrance or expenditure until June 30, 2029.

This issue was heard during the subcommittee’s May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 39: Medi-Cal Eligibility Systems Staffing
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DOF Issue#: 4260-400-BCP-2019-MR

May Revision Issue. DHCS requests conversion of 13 limited-term resources to permanent, a two-year extension of resources equivalent to seven positions, and expenditure authority of \$3 million (\$910,000 General Fund and \$2.1 million federal funds) in 2019-20 and 2020-21, and \$1.8 million (\$626,000 General Fund and \$1.2 million federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to oversee, govern, support, and implement the new and continuing policy-driven and infrastructure stabilization initiatives of the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS).

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$910,000	\$910,000
0890 – Federal Trust Fund	\$2,058,000	\$2,058,000
Total Funding Request:	\$2,968,000	\$2,968,000
Total Positions Requested**:	13.0	13.0

* Additional fiscal year resources requested – 2021-22 and ongoing: \$1,838,000.

** Positions ongoing.

This issue was heard during the subcommittee’s May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 40: CA-MMIS Oversight to Ownership and Modernization Projects
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DOF Issue#: 4260-400-BCP-2019-MR

May Revision Issue. DHCS requests 11 positions and expenditure authority of \$49.7 million (\$15.3 million General Fund and \$34.4 million federal funds) in 2019-20 and \$1.7 million (\$614,000 General Fund and \$1.1 million federal funds) annually thereafter. If approved, these resources would allow DHCS to fund transitional efforts for turnover and takeover of the fiscal intermediary, continuation of the oversight to ownership strategy, and 3) continuation of procurements for design, development, and

implementation of systems modules. Included in the request for 2019-20 is a reappropriation of \$22.9 million (\$7.4 million General Fund and \$15.5 million federal funds) for this purpose (see *Issue 7: Various Reappropriations*)

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$15,270,000	\$614,000
0890 – Federal Trust Fund	\$34,401,000	\$1,058,000
Total Funding Request:	\$49,671,000	\$1,672,000
Total Positions Requested**:	11.0	11.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 41: Substance Use Disorder Emerging Epidemics, Disaster Response, & Licensing Workload

DOF Issue#: 4260-402-BCP-2019-MR

May Revision Issue. DHCS requests seven positions and expenditure authority of \$1.2 million (\$100,000 General Fund and \$1.1 million Residential and Outpatient Program Licensing Fund) in 2019-20 and \$1 million Residential and Outpatient Program Licensing Fund annually thereafter. If approved, these resources would allow DHCS to address the increased workload of responding to natural disasters and other emergencies, the opioid epidemic, the resurgence of methamphetamine abuse, and the rise in the number of substance use disorder treatment facilities. Included in this request is a one-time expense of \$100,000 General Fund to migrate the DHCS disaster collection and reporting process into the web-based reporting platform, NC4, through an interagency agreement with DPH.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$100,000	\$-
3113 – Residential and Outpatient Program Licensing Fund	\$1,060,000	\$997,000
Total Funding Request:	\$1,160,000	\$997,000
Total Positions Requested:	7.0	7.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's May 15th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 42: Long-Term Services and Supports Actuarial Study
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Aging and Disability Alliance, requests General Fund expenditure authority of \$1 million to fund a feasibility study and actuarial analysis of long-term services and supports (LTSS) financing and benefit options to meet the growing need for these services in California. This study and analysis are an essential first step toward the ultimate goal of creating a new, independent, and sustainably funded LTSS benefit for all Californians regardless of income or zip code.

This study and analysis would provide critical guidance on the following: the scope of services for such a benefit; eligibility criteria; projected cost estimates and financing options; and projected savings to state funded programs and services associated with each option, including, but not limited to, Medi-Cal and the In-Home Supportive Services (IHSS) program.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$1 million to fund the feasibility study and actuarial analysis of long-term services and supports financing.

Issue 43: Expand Screening, Brief Intervention, Referral to Treatment to Opioids/Other Drugs

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Behavioral Health Directors Association requests expenditure authority of \$8.4 million (\$2.6 million General Fund and \$5.8 million federal funds) to expand the Medi-Cal benefit for screening, brief intervention, referral and treatment (SBIRT) to include screening for overuse of opioids and other illicit drugs such as heroin and methamphetamine. The U.S. Department of Health and Human Services describes expanding SBIRT for drug use as a promising practice and the U.S. Preventive Services Task Force is re-visiting its recommendations on this topic. A comprehensive, national SBIRT grant program recently reported a 75 percent reduction in illicit drug use, consistent with other evidence linking SBIRT to reduction in the use of cocaine, amphetamine-type stimulants and opioids. Expanding screening to detect use of opioids and other drugs would be an important step in combatting the current crisis and saving lives.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – It is recommended the subcommittee take the following actions:

1. **Approve** expenditure authority of \$8.4 million (\$2.6 million General Fund and \$5.8 million federal funds) to expand the Medi-Cal benefit for SBIRT to include screening for overuse of opioids and other illicit drugs.
2. **Adopt placeholder trailer bill language** to implement the expansion of SBIRT to opioids and other illicit drugs.

Issue 44: Substance Use Counselors in Emergency Departments
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Chapter of the American College of Emergency Physicians (CalACEP) requests General Fund expenditure authority of \$30 million to support the hiring of trained substance use disorder peer navigators and behavioral health peer navigators in emergency departments of acute care hospitals. According to CalACEP, brief interventions are successful in a variety of settings, but there is a unique opportunity to provide this intervention in the emergency department (ED). Patients presenting to the ED are more likely to be having a mental health crisis or have a substance use disorder than those presenting to primary care. For patients coming into the ED with a substance use disorder, the visit offers the opportunity for a “teachable moment” due to the crisis that precipitated the ED visit.

This issue was heard during the subcommittee’s April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$10 million to support the hiring of trained substance use disorder peer navigators and behavioral health peer navigators in emergency departments of acute care hospitals.

Issue 45: Extension of Medi-Cal for Post-Partum Mental Health
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. The American College of Obstetricians and Gynecologists (ACOG) requests resources to expand Medi-Cal benefits for a postpartum woman from 60 days to one year if that woman is diagnosed with a maternal mental health disorder. According to ACOG, maternal mental health is of increasing concern because of the high prevalence of depression and anxiety during the perinatal period and the resulting long-term implications of delayed, inconsistent, or absent treatment. Maternal mental health conditions influence the well-being of mothers, children, families, and communities. Low-income women and women of racial and ethnic minorities are disproportionately affected by maternal mental health disorders, as they face unique barriers to diagnosis and treatment. While many of these women may already be enrolled in Medi-Cal, others, who do not meet Medi-Cal’s income eligibility, are not.

Under current law, the income eligibility requirements for pregnancy-related Medi-Cal increases from 138 percent of the federal poverty level (FPL) to 213 percent of the FPL for women who are pregnant. Pregnant women whose income is above 213 percent of the FPL up to and including 322 percent of the FPL may qualify for assistance through the Medi-Cal Access Program (MCAP). While MCAP is comprehensive coverage, it does require a small fee (1.5 percent of annual family income) to participate. These programs enable more low-income women who may not otherwise qualify for Medi-Cal to receive medically necessary treatment to ensure the health of their pregnancy and baby.

These benefits end after 60 days from the birth of the child. Unless the new mom enrolls in a Covered California program, which requires her to pay a premium, any treatment she would be receiving would no longer be covered. She would either need to obtain commercial insurance or explore community resources that offer appropriate mental health services. This disruption in coverage could break the continuity of care and potentially halt treatment altogether. This is unhealthy for the mother and the baby.

This issue was heard during the subcommittee's March 21st hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$8.6 million annually to support the extension of Medi-Cal eligibility from 60 days to one year for a post-partum woman diagnosed with a mental health disorder.

Issue 46: Medical Interpreters Pilot

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The American Federation of State, County, and Municipal Employees (AFSCME) requests General Fund expenditure authority of \$5 million in 2019-20 to implement a pilot project for medical interpreters previously approved by the Legislature in AB 635 (Atkins), Chapter 600, Statutes of 2016. According to AFSCME, the original \$3 million allocated in AB 635 was exhausted by DHCS to fund a study of medical interpretation services, although the funds were intended for both a study and a pilot project. This funding would ensure the ability to fund a legitimate pilot program capable of providing measurable outcomes that could be used to inform future public policy decisions.

This issue was heard during the subcommittee's May 9th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$5 million to implement a pilot project for medical interpreters, consistent with the intent of AB 635.

Issue 47: Children's Crisis Residential Programs

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Alliance of Child and Family Services requests trailer bill language to explicitly define Children's Crisis Residential Programs (CCRPs) as Psychiatric Residential Treatment Facilities (PRTFs) and funded accordingly. According to the Alliance, AB 501 (Ridley-Thomas), Chapter 704, Statutes of 2017, created a licensing category for children's mental health crisis residential programs, which is a mental health facility designed to treat youth who are not at imminent danger to themselves or others, but are unsafe to remain in the community due to their mental health needs. The model used in the development of AB 501, as well as models throughout the country utilize the Medicaid mental health program category of Psychiatric Residential Treatment Facility (PRTF), an all-inclusive program for Medicaid beneficiaries. Since AB 501 did not explicitly identify the facility as PRTFs, DHCS refuses to recognize CCRPs as PRTFs, and has designed a funding structure that covers only specific specialty mental health services, not the entire cost of providing 24-hour care and treatment.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to explicitly define Children's Crisis Residential Programs as Psychiatric Residential Treatment Facilities.

Issue 48: Youth Mental Health First Aid

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Council of Community Behavioral Health Agencies, the California Behavioral Health Directors Association, and the Born This Way Foundation request expenditure authority to pilot Youth Mental Health First Aid training for teachers and school personnel in districts with high rates of suicide or with high populations of at-risk youth. According to the proponents, 30 percent of high school students report experiencing depression symptoms - feeling sad or hopeless almost every day for two or more weeks in a row, so much so that they stopped doing some usual activities. 18 percent of high school students have seriously considered attempting suicide, and eight percent attempted suicide one or more times. Suicide is the second leading cause of death for youth 15 to 24 years old and the third leading cause of death among youth aged 10 to 14. In addition, marginalized populations, particularly LGBTQ youth, are at even greater risk. Youth Mental Health First Aid USA is an eight hour in-person course that teaches educators, parents, and other adults how to identify, understand, and respond to signs of mental illnesses and substance use disorders in youth. This preventative training teaches the skills needed to reach out and provide initial help and support to someone who may be experiencing a crisis or developing a mental health or substance use issue.

This issue was heard during the subcommittee’s April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve expenditure authority from the Mental Health Services Fund of \$1.68 million to pilot Youth Mental Health First Aid training for teachers and school personnel in districts with high rates of suicide or with high populations of at-risk youth.

Issue 49: Clinical Laboratory Reimbursement Methodology

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Clinical Laboratory Association (CCLA) requests revision of the statutory clinical laboratory services rate methodology in Medi-Cal. According to CCLA, the historical statutory rate methodology in California has also included a provision capping Medi-Cal laboratory rates at no more than 80 percent of the Medicare rate. In 2018, the federal government implemented the Protecting Access to Medicare Act (PAMA). As a part of PAMA, Congress directed the Centers for Medicare and Medicaid Services (CMS) to establish new Medicare rates for clinical lab services based on commercial market rates calculated by CMS. This has resulted in a reduction for most Medicare clinical lab rates. As a result, now (for the first time) when DHCS applies California’s existing 80 percent of Medicare cap, the resulting Medi-Cal rates are often lower than the California market-based rates that DHCS has painstakingly developed to serve the California market. This entirely undermines the purpose behind developing Medi-Cal’s market-based rates, and often results in Medi-Cal rates that are well below market. This unintended and inequitable result can be remedied simply by eliminating the current statutory “80 percent of Medicare” cap for Medi-Cal clinical lab rates. CCLA requests elimination of the cap on Medi-Cal’s clinical laboratory rates of 80 percent of the new Medicare rates.

This issue was heard during the subcommittee’s April 25th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language eliminating the statutory cap on 80 percent of Medicare for clinical laboratory rates.

Issue 50: Elimination of the Senior Penalty – Medi-Cal Aged and Disabled to 138 Percent FPL
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. The Western Center on Law and Poverty (WCLP), Disability Rights California, Justice in Aging, and a coalition of 64 organizations request resources to raise the income eligibility for Medi-Cal’s Aged and Disabled program to 138 percent of the federal poverty level. This proposal would bring the Aged and Disabled program into alignment with other income-based Medi-Cal eligibility programs.

According to the coalition, when the aged and disabled program was established, the income standard was equivalent to 133 percent FPL, the same level as most other adults enrolled in Medi-Cal. However, the disregards lose real value every year, because they are specific dollar amounts rather than percentages of FPL. Today, these unchanged dollar amounts place the resulting income standard at 123 percent FPL. When a senior has even a small increase in their income that puts them over 123 percent FPL, they are forced into the Medi-Cal Medically Needy program with a high share of cost.

This issue was heard during the subcommittee’s March 21st hearing.

Subcommittee Staff Comment and Recommendation – It is recommended the subcommittee take the following actions:

1. **Approve** annual expenditure authority of \$124.9 million (\$62.4 million General Fund and \$62.4 million federal funds) to expand Medi-Cal eligibility for aged and disabled individuals to 138 percent of the federal poverty level.
2. **Adopt placeholder trailer bill language** to implement the change in income eligibility for aged and disabled individuals to 138 percent of the federal poverty level.

4265 DEPARTMENT OF PUBLIC HEALTH**Issue 1: AIDS Drug Assistance Program (ADAP) – May Revision Estimate and Adjustments**

DOF Issue#: 4265-003-ECP-2019-GB
 4265-036-BBA-2019-GB
 4265-401-ECP-2019-MR

ADAP Local Assistance Estimate May Revision Update. The May 2019 ADAP Local Assistance Estimate reflects revised 2018-19 expenditures of \$407.5 million, which is a decrease of \$362,000 or less than 0.1 percent compared to the Governor’s January budget. According to DPH, this decrease is primarily due to reduced medication expenditures for medication-only clients. For 2019-20, DPH estimates ADAP expenditures of \$449.5 million, a decrease of \$320,000 or less than 0.1 percent, compared to the Governor’s January Budget, and an increase of \$42 million or 10.3 percent, compared to the revised 2018-19 estimate. DPH also reports this decrease is primarily due to reduced medication expenditures for medication-only clients.

ADAP Local Assistance Funding 2018-19 May Revision Comparison to January Budget		
Fund Source	<i>January Budget</i>	<i>May Revision</i>
0890 – Federal Trust Fund	\$129,143,000	\$129,143,000
3080 – AIDS Drug Assistance Program Rebate Fund	\$278,735,000	\$278,373,000
Total ADAP Local Assistance Funding – All Funds	\$407,878,000	\$407,516,000

ADAP Local Assistance Funding 2019-20 May Revision Comparison to January Budget		
Fund Source	<i>January Budget</i>	<i>May Revision</i>
0890 – Federal Trust Fund	\$135,138,000	\$135,138,000
3080 – AIDS Drug Assistance Program Rebate Fund	\$314,650,000	\$314,330,000
Total ADAP Local Assistance Funding – All Funds	\$449,789,000	\$449,468,000

This issue was heard during the subcommittee’s February 28th and May 14th hearings.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 2: HIV Care Program Financial Eligibility – Trailer Bill Language Proposal

DOF Issue#: Trailer Bill Language Proposal

Trailer Bill Language Proposal. DPH requests trailer bill language to adopt the financial eligibility requirement used by the AIDS Drug Assistance Program for the HIV Care Program. Adoption of this language would allow the HIV Care Program to address a finding from the federal Health Resources and Services Administration (HRSA) that the program does not have consistent, statewide financial eligibility standards, as required by the federal Ryan White HIV/AIDS program.

This issue was heard during the subcommittee’s May 14th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration’s proposal.

Issue 3: Infectious Disease Prevention and Control

DOF Issue#: 4265-404-BCP-2019-MR

May Revision Issue. DPH requests four positions and General Fund expenditure authority of \$40 million in 2019-20, available until June 30, 2023. If approved, these positions and resources would allow DPH to provide one-time grants to local health jurisdictions and tribal communities for infectious disease prevention, testing, and treatment. Of these resources, \$32 million would be provided to local health jurisdictions and \$8 million would support state administration costs.

Program Funding Request Summary		
Fund Source	2019-20*	2020-21
0001 – General Fund		
State Operations	\$8,000,000	\$-
Local Assistance	\$32,000,000	\$-
Total Funding Request:	\$40,000,000	\$-
Total Positions Requested:	4.0	

* Resources available until June 30, 2023.

This issue was heard during the subcommittee’s May 14th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** General Fund expenditure authority of \$4 million for state operations and \$36 million for local assistance for grants to local health jurisdictions and tribal communities for infectious disease prevention and control.
2. **Adopt placeholder budget bill language** to require DPH to provide the grant funds in a lump sum available for four years, to create an allocation methodology in consultation with local health jurisdictions, and allocate \$1 million of the \$36 million local assistance grant funding for tribal communities.

Issue 4: Genetic Disease Screening Program – May Revision Estimate and Adjustments

DOF Issue#: 4265-002-ECP-2019-GB
4265-402-ECP-2019-MR

Genetic Disease Screening Program Estimate - May Revision Update. The May 2019 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of \$133.8 million (\$30.6 million state operations and \$103.2 million local assistance) in 2018-19, a decrease of \$273,000 or 0.3 percent compared to the January budget. According to DPH, the decreased costs are primarily attributable to reduced estimates of live births in California. The estimate also includes \$143 million (\$31.4 million state operations and \$111.6 million local assistance) in 2019-20, an

increase of \$1.8 million or 1.6 percent compared to the January budget, and an increase of \$9.2 million or 6.8 percent compared to the revised 2018-19 estimate. According to DPH, the increase in costs is due to increased laboratory supply and equipment costs and an increasing need for case management and coordination services for newborn screening.

Genetic Disease Screening Program 2018-19 May Revision Comparison to January Budget		
Fund Source	January Budget	May Revision
0203 – Genetic Disease Testing Fund		
State Operations:	\$29,451,000	\$30,593,000
Local Assistance:	\$103,501,000	\$103,228,000
Total GDSP Funding	\$132,952,000	\$133,821,000

Genetic Disease Screening Program 2019-20 May Revision Comparison to January Budget		
Fund Source	January Budget	May Revision
0203 – Genetic Disease Testing Fund		
State Operations:	\$31,351,000	\$31,351,000
Local Assistance:	\$109,825,000	\$111,624,000
Total GDSP Funding	\$141,176,000	\$142,975,000

This issue was heard during the subcommittee's February 28th and May 14th hearings.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 5: Women, Infants, and Children Program – May Revision Estimate
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DOF Issue#: 4265-001-ECP-2019-GB
4265-403-ECP-2019-MR

Women, Infants, and Children Program Estimate – May Revision Update. The May 2019 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of \$1.1 billion (\$902.2 million federal funds and \$226.2 million WIC manufacturer rebate funds) in 2018-19, an increase of \$7.2 million (\$10.1 million federal funds offset by a decrease of \$2.9 million WIC manufacturer rebate funds) compared to the Governor's January budget. The May 2019 WIC Program Estimate includes \$1.1 billion (\$880.7 million federal funds and \$213.7 million WIC manufacturer rebate funds) in 2019-20, an increase of \$1.3 million (\$2.6 million federal funds offset by a decrease of \$1.3 million WIC manufacturer rebate funds) compared to the Governor's January budget, and a decrease of \$34 million (\$21.4 million federal funds and \$12.5 million WIC manufacturer rebate funds) compared to the revised 2018-19 estimate. The federal fund amounts include state operations costs of \$63.7 million in 2018-19 and \$62.3 million in 2019-20.

WIC Funding Summary 2018-19 May Revision Comparison to January Budget			
Fund Source	2018-19		Jan to May
	January Budget	May Revision	Change
0890 – Federal Trust Fund			

State Operations:	\$63,684,000	\$63,684,000	\$-
Local Assistance:	\$828,388,000	\$838,489,000	\$10,101,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	\$229,080,000	\$226,211,000	(\$2,869,000)
Total WIC Expenditures	\$1,121,152,000	\$1,128,384,000	\$7,232,000

WIC Funding Summary 2019-20 May Revision Comparison to January Budget			
	2019-20		Jan to May
Fund Source	January Budget	May Revision	Change
0890 – Federal Trust Fund			
State Operations:	\$62,270,000	\$62,270,000	\$-
Local Assistance:	\$815,905,000	\$818,462,000	\$2,557,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	\$214,929,000	\$213,678,000	(\$1,251,000)
Total WIC Expenditures	\$1,093,104,000	\$1,094,410,000	\$1,306,000

This issue was heard during the subcommittee's February 28th and May 14th hearings.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 6: California Home Visiting and Black Infant Health Programs – Federal Matching Funds
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DOF Issue#: 4265-017-BCP-2019-GB
4265-018-BCP-2019-GB
4265-402-BCP-2019-MR
4265-403-BCP-2019-MR

Budget Issue. In the January budget, DPH requested 13 positions and General Fund expenditure authority of \$23 million annually to expand participation in current and new sites for the California Home Visiting Program (CHVP), and to include new evidence-based home visiting models, with a focus on low-income, young mothers. DPH also requested four positions and General Fund expenditure authority of \$7.5 million annually to expand the Black Infant Health Program to improve African-American infant and maternal health.

May Revision Issue. In the May Revision, DPH requests reimbursement expenditure authority of \$34.8 million annually. If approved, these resources would allow DPH to draw down federal Medicaid funds for services provided by the California Home Visiting Program (CHVP) and the Black Infant Health (BIH) Program to Medi-Cal beneficiaries. For CHVP, DPH is requesting increased reimbursement expenditure authority of \$2 million for state operations and \$20.9 million for local assistance. For the BIH Program, DPH is requesting increased reimbursement authority of \$1.3 million for state operations and \$10.7 million for local assistance.

Combined Program Funding Request Summary – California Home Visiting Program		
Fund Source	2019-20	2020-21*
0001 – General Fund		
State Operations	\$2,000,000	\$2,000,000
Local Assistance	\$21,000,000	\$21,000,000
0995 – Reimbursements		
State Operations	\$2,000,000	\$2,000,000
Local Assistance	\$20,869,000	\$20,869,000
Total Combined Funding Request:	\$45,869,000	\$45,869,000
Total Positions Requested*:	13.0	

* Positions and resources ongoing after 2020-21.

Combined Program Funding Request Summary – Black Infant Health Program		
Fund Source	2019-20	2020-21*
0001 – General Fund		
State Operations	\$500,000	\$500,000
Local Assistance	\$7,000,000	\$7,000,000
0995 – Reimbursements		
State Operations	\$1,300,000	\$1,300,000
Local Assistance	\$10,650,000	\$10,650,000
Total Combined Funding Request:	\$19,450,000	\$19,450,000
Total Positions Requested*:	4.0	

* Positions and resources ongoing after 2020-21.

These issues were heard during the subcommittee's February 28th and May 14th hearings.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** overall proposed General Fund expenditures for the California Home Visiting Program (CHVP) and Black Infant Health (BIH) Program.
2. **Maintain** the previous total fund allocation of state operations of \$2 million for CHVP and \$500,000 for BIH.
3. **Redirect** General Fund expenditures offset by federal matching funds for state operations costs to additional local assistance expenditures.
4. **Adopt placeholder budget bill language** to direct DPH to allow BIH expenditures to also be utilized by local health jurisdictions for programs implemented under the California Perinatal Equity Initiative.

Issue 7: Proposition 99 Adjustments – Health Education, Research, and Unallocated Accounts

DOF Issue#: 4265-031-BBA-2019-GB
4265-402-BBA-2019-MR

Proposition 99 Tobacco Tax Allocations. DPH requests the following technical corrections reflecting changes in Proposition 99 revenues:

Health Education Account

- Item 4265-001-0231 be increased by \$950,000
- Item 4265-111-0231 be increased by \$500,000

Research Account

- Item 4265-001-0234 be increased by \$521,000

Unallocated Account

- Item 4265-001-0236 be increased by \$29,000

According to DPH, these adjustments would support state administrative activities and competitive grants.

This issue was heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 8: Alzheimer's Grant Awards & Governor's Task Force on Alz. Prevention & Preparedness

DOF Issue#: 4265-019-BCP-2019-GB
4265-304-BCP-2019-A1

Budget Issue. DPH requests two positions and General Fund expenditure authority of \$3 million annually. If approved, these positions and resources would allow DPH to expand research grants in the Alzheimer's Disease Program focused on the prevalence of the disease among women and communities of color. These resources would also support creation and implementation of the Governor's Task Force on Alzheimer's Prevention and Preparedness.

Spring Finance Letter. DPH requests a shift of General Fund expenditure authority of \$300,000 from local assistance to state operations in 2019-20. If approved, this shift of resources would support contracts needed to administer the Governor's Task Force on Alzheimer's Prevention and Preparedness and would reduce research grant funding in 2019-20 related to the incidence of Alzheimer's disease among women and communities of color.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund		
State Operations	\$300,000	\$-
Local Assistance	\$2,700,000	\$3,000,000
Total Funding Request:	\$3,000,000	\$3,000,000
Total Requested Positions:	2.0	2.0

* Positions and Resources ongoing after 2020-21.

This issue was heard during the subcommittee's February 28th and April 25th hearings.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 9: Maternal, Child, and Adolescent Health – Medi-Cal Oversight Activities

DOF Issue#: 4265-010-BCP-2019-GB

Budget Issue. DPH requests five positions and expenditure authority of \$656,000 (\$328,000 General Fund and \$328,000 reimbursements) annually. If approved, these resources would allow DPH to comply with federal claiming and oversight requirements for federal Medicaid funds.

Program Funding Request Summary		
Fund Source	2018-19	2019-20*
0001 – General Fund	\$328,000	\$328,000
0995 – Reimbursements	\$328,000	\$328,000
Total Funding Request:	\$656,000	\$656,000
Total Requested Positions:	5.0	5.0

* Positions and Resources ongoing after 2019-20.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 10: Center for Healthcare Quality, Licensing and Certification Program

Budget Issue. The budget includes expenditure authority for the Center for Healthcare Quality of \$291.4 million (\$3.7 million General Fund, \$104.5 million federal funds, and \$183.1 million special funds and reimbursements) in 2018-19, an increase of \$10.2 million or 3.6 percent compared to the 2018 Budget Act, and \$309.6 million (\$3.7 million General Fund, \$99.3 million federal funds, and \$206.5 million special funds and reimbursements) in 2019-20, an increase of \$20.1 million or 6.9 percent compared to the revised 2018-19 budget. According to DPH, the increase in 2018-19 is attributable to adjustments for employee compensation, retirement, and federal approval of a Certified Nurse Assistant (CNA) Kickstarter program. For 2019-20, the increase in expenditures is attributed to increased costs for the department's contract with Los Angeles County, implementation of a centralized program flexibility unit, and legislatively mandated hospital licensing timelines and implementation of online and distance learning opportunities for CNA training.

CHCQ Funding Summary, November 2018 Estimate		
Fund Source	2018-19	2019-20
0001 – General Fund	\$3,700,000	\$3,700,000
0890 – Federal Trust Fund	\$104,534,000	\$99,349,000
0942 – Special Deposit Fund		
Internal Departmental Quality Improvement Account	\$2,600,000	\$2,600,000
State Health Facilities Citation Penalty Account	\$2,144,000	\$2,144,000

Federal Health Facilities Citation Penalty Account	\$2,166,000	\$2,201,000
0995 – Reimbursements	\$12,265,000	\$12,187,000
3098 – Licensing and Certification Program Fund	\$163,942,000	\$189,248,000
Total CHCQ Funding	\$291,351,000	\$311,429,000
Total CHCQ Positions	1304.3	1346.3

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 11: L&C – Los Angeles County Contract

Budget Issue. DPH requests expenditure authority from the Licensing and Certification Program Fund of \$17.2 million in 2019-20, \$38.2 million in 2020-21, and \$57.3 million annually thereafter. If approved, these resources would allow DPH to implement a new three-year contract with the Los Angeles County Department of Public Health to transition workload related to federal certification, state licensing, and investigation of complaints and reported incidents in facilities located in Los Angeles County effective July 1, 2019.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3098 – Licensing and Certification Program Fund	\$17,158,000	\$38,219,000
Total Funding Request:	\$17,158,000	\$38,219,000

* Additional fiscal year resources requested: 2021-22 and ongoing: \$57,326,000

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 12: Sexually Transmitted Disease Prevention

Budget Issue. DPH requests General Fund expenditure authority of \$2 million annually. If approved, these resources would allow DPH to provide additional funding to local health jurisdictions for the prevention of sexually transmitted diseases.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$2,000,000	\$2,000,000
Total Funding Request:	\$2,000,000	\$2,000,000

* Resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** General Fund expenditure authority of \$20 million annually to provide funding to local health jurisdictions for the prevention of sexually transmitted diseases.
2. **Adopt placeholder trailer bill language** to strengthen statutory guidance to DPH on the effective dispersal of local assistance funds.

Issue 13: Richmond Lab: Viral Rickettsial Disease Lab Enhanced Upgrade

Capital Outlay Spring Finance Letter. DPH requests additional General Fund expenditure authority of \$1.1 million for its project to upgrade the Richmond Campus Viral Rickettsial Disease Laboratory to meet Bio-Safety Level-3 requirements established by the Centers for Disease Control and the National Institute of Health.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$1,080,000	\$-
Total Funding Request:	\$1,080,000	\$-

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 14: Comprehensive HIV Prevention Resources

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The HIV Alliance requests General Fund expenditure authority of \$20 million annually to provide grants to local health jurisdictions and community-based organizations for outreach and education, HIV testing, linkage to care, increased access to pre-exposure prophylaxis, and services for people who use drugs.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$20 million annually for grants to local health jurisdictions and community-based organizations for comprehensive HIV prevention resources, consistent with the proposal.

Issue 15: Alzheimer's Infrastructure

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The Alzheimer's Association requests one-time General Fund expenditure authority of \$10 million to 1) build statewide public health infrastructure to support early detection and timely diagnosis (\$3.7 million), and 2) initiate local public health efforts through community grants to eight pilot counties (\$6 million – eight grants of \$750,000 each). According to the Alzheimer's

Association, more individuals with Alzheimer's live in California than in any other state, and California is home to the largest number of family caregivers in the nation. California is also on track to spend over \$5 billion annually on Medi-Cal expenditures for this population, an increase of 36 percent between 2018 and 2025. California has a unique opportunity to be the first in the nation to adopt the Center for Disease Control's Healthy Brain Initiative.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$10 million in 2019-20 for grants to build statewide public health infrastructure to support early detection and timely diagnosis and initiate local public health efforts through community grants to eight pilot counties, consistent with the proposal.

Issue 16: Safe Cosmetics Program Funding

DOF Issue#: None – Legislative Proposal

Legislative Proposal. Breast Cancer Prevention Partners and a coalition of companies manufacturing safer cosmetics, public health and environmental health organizations request General Fund expenditure authority of up to \$1.5 million to increase staffing and for enforcement and program improvement activities. According to the coalition, increased funding would provide the following:

- Increase staffing of the program to fulfill its statutory mandates and fully implement the law.
- Enable the program to address underreporting by manufacturers.
- Enable the program to address the industry abuse of “trade secret” designations which businesses have used to conceal hundreds of toxic chemicals from public view.
- Initiate investigations into the safety of ingredients and products.
- Refer investigations that find potential harm to Cal/OSHA to protect California's salon workers.
- Allow for increased awareness and use of the Safe Cosmetics Database and regular outreach to consumers and salon workers.
- Require companies to report to the state's database whether their products are intended for professional salon use or consumer use.
- Overhaul and modernize the SCP's outdated platform to address database malfunctioning.

This issue was heard during the subcommittee's February 28th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$1.5 million in 2019-20 and \$500,000 annually thereafter to increase staffing for enforcement and program improvement activities in the Safe Cosmetics Program, consistent with the proposal.

Issue 17: Lesbian, Bisexual, and Queer (LBQ) Women's Health

DOF Issue#: None – Legislative Proposal

Legislative Proposal. A broad coalition of LGBT organizations, health providers, governmental agencies, coalitions and advocates request General Fund expenditure authority of \$17.5 million to 1)

create an LBQ Women's Health Equity Fund at DPH to support a local comprehensive grant program to address LBQ women's health disparities (\$15.5 million), and 2) fund research targeting LBQ women's health needs and inventory of existing programs (\$2 million).

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$17.5 million in 2019-20 to support a local comprehensive grant program to address LBQ women's health disparities and fund research targeting LBQ women's health needs and inventory of existing programs, consistent with the proposal.

Issue 18: California Immunization Registry

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Immunization Coalition requests expenditure authority of \$2.4 million annually to provide full funding for the California Immunization Registry (CAIR). According to the Coalition, state funding for CAIR was eliminated during budget reductions in 2010. Since then, the program has been primarily federally funded and subject to the uncertain availability of those funds. Full funding of the program would require approximately \$7.4 million per year, \$1.1 million more than its current funding level of \$6 million. In addition, the program would need \$1.3 million annually for system enhancements and software upgrades to modernize and integrate the registry.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Approve General Fund expenditure authority of \$2.4 million annually to provide full funding for the California Immunization Registry, consistent with the proposal.

Issue 19: Integrity of Facility Inspections

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The California Nurses Association (CNA) requests trailer bill language to allow employees of entities inspected by DPH to have the right to discuss possible regulatory violations or patient safety concerns with an inspector privately during the course of an investigation or inspection by DPH. These provisions are similar to Labor Code sections regarding inspections by the California Division of Occupational Safety and Health (Cal-OSHA).

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to allow employees of entities inspected by DPH to have the right to discuss possible regulatory violations or patient safety concerns with an inspector privately during the course of an investigation or inspection, consistent with the proposal.

Issue 20: Syringe Access Program Amendments

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The Drug Policy Alliance requests trailer bill language updating and clarifying requirements for the syringe access program.

This issue was heard during the subcommittee’s April 25th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to update and clarify requirements for the syringe access program.

Issue 21: Behavioral Risk Factor Surveillance System

DOF Issue#: None – Legislative Proposal

Legislative Proposal. The Alzheimer’s Association requests transfer of expenditure authority from the Alzheimer’s Disease and Related Disorders Research Fund of \$45,000 from local assistance to state operations to allow DPH to participate in the 2020 Behavioral Risk Factor Surveillance System (BRFSS) survey on subjective cognitive decline. According to the Alzheimer’s Association, BRFSS is the nation’s premier system of health-related telephone surveys that collect state data about U.S. residents regarding their health-related risk behaviors, chronic health conditions, and use of preventive services. Established in 1984 with 15 states, BRFSS now collects data in all 50 states as well as the District of Columbia and three U.S. territories. BRFSS completes more than 400,000 adult interviews each year, making it the largest continuously conducted health survey system in the world.

This issue was heard during the subcommittee’s May 9th hearing.

Subcommittee Staff Comment and Recommendation – Approve transfer of \$45,000 of expenditure authority from the Alzheimer’s Disease and Related Disorders Research Fund from local assistance to state operations to allow DPH to participate in the 2020 BRFSS survey on subjective cognitive decline.

4440 DEPARTMENT OF STATE HOSPITALS**Issue 1: 2019-20 Program Updates – May Revision Adjustments**

DOF Issue#: 4440-043-ECP-2019-GB
4440-044-ECP-2019-GB
4440-045-ECP-2019-GB
4440-047-ECP-2019-GB
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4440-053-ECP-2019-GB
4440-058-ECP-2019-GB
4440-089-ECP-2019-MR
4440-090-ECP-2019-MR
4440-091-ECP-2019-MR
4440-092-ECP-2019-MR
4440-093-ECP-2019-MR
4440-094-ECP-2019-MR
4440-095-ECP-2019-MR
4440-096-ECP-2019-MR
4440-097-ECP-2019-MR
4440-100-ECP-2019-MR

Program Update: Patient Driven Operating Expenses and Equipment. In a 2015 report, the Legislative Analyst's Office made recommendations for improvement in the DSH budgeting methodology, including the establishment of a standardized per patient operating expenses and equipment cost estimate and an annual budget adjustment based on patient census. According to DSH, the average operating cost per patient is \$19,534 across all five state hospitals, which represents an increase of 18 percent over the last six years. This increase is primarily driven by the costs of pharmaceuticals and outside hospitalization.

Over the past five years, DSH reports its patient population has increased by 547 beds, including expansions of 236 secured beds at Metropolitan State Hospital. However, DSH did not budget for operating expenses and equipment for much of these new beds. The 2018 Budget Act included \$3.7 million for the operating expenses and equipment for the 236 secured beds at Metropolitan. Due to delays in unit activations, DSH reports 140 of those beds will not be activated as expected, resulting in \$2.2 million General Fund savings in 2018-19.

In the January budget, DSH requested General Fund expenditure authority of \$10.5 million annually to support the full cost of operating expenses and equipment for the 547 beds activated since 2012-13 in the five state hospitals.

In the May Revision, DSH requests additional General Fund expenditure authority of \$547,000, for a total of \$11 million annually, based on updated projected census figures.

Program Update: Lanterman-Petris-Short (LPS) Population and Personal Services Adjustment.

LPS patients are individuals that require physically secure 24-hour care and are committed through civil court proceedings that determine the individual is a danger to themselves or others or suffers from a grave disability. LPS patients are discharged when their county of residence places them in a different facility, in independent living, or with family, or if a court removes the conservatorship. Counties reimburse state hospitals for the costs of treatment for LPS patients.

According to DSH, the focus of treatment for the LPS population is on psychiatric stabilization and psychosocial treatments to reduce the risk of danger to themselves or others and develop basic life skills to function optimally in a lower level of care in the community. In 2017-18, DSH had a budgeted LPS capacity of 628. As of July 2018, DSH reported a total LPS census of 690. The 2018 Budget Act included a \$20.1 million adjustment in reimbursement authority to account for actual expenditures for LPS patients.

In the January budget, DSH requested additional reimbursement expenditure authority of \$606,000 in 2019-20 and annually thereafter. This additional authority would allow DSH to have sufficient authority to accept the expected LPS caseload from county commitments. The amount of this additional authority was calculated based on 2018-19 projected expenditures of \$157.4 million, which is \$606,000 less than its 2018-19 authority of \$156.7 million.

In the May Revision, DSH requests additional reimbursement expenditure authority of \$2.7 million in 2019-20 and annually thereafter, for a total increase in reimbursement expenditure authority of \$3.3 million. According to DSH, these adjustments are due to updated collection figures.

Program Update: 2014 South Napa Earthquake Repairs. The 2014 South Napa Earthquake caused damage to buildings at Napa State Hospital with historical significance, within the hospital's secure treatment area, and in non-secured areas of the hospital. DSH received expenditure authority in previous budgets to make repairs associated with the South Napa Earthquake. As of the 2018 Budget Act, the timeline of construction and expenditures on these repairs is as follows:

	DGS PROJECT 1 Three Historical Buildings	DGS PROJECT 2 Buildings Outside the STA	DSH PROJECT 3 Buildings Inside the STA
Design Completion	July 6, 2017	May 2018	N/A
Begin Construction	November 2, 2018	September 21, 2018	October 1, 2017
Complete Construction	July 5, 2019	September 21, 2019	December 31, 2019

Project	2015-16	2016-17	2017-18	2018-19	2019-20	Grand Total
1. Three Historical Buildings	\$989,900	\$0	\$7,129,000	\$0	\$0	\$8,118,900
2. Buildings Outside the STA	\$0	\$326,200	\$3,675,000	\$0	\$0	\$4,001,200
3. Buildings Inside the STA	\$0	\$0	\$1,624,958	\$1,216,958	\$608,479	\$3,450,395
Totals	\$989,900	\$326,200	\$12,428,958	\$1,216,958	\$608,479	\$15,570,495

In the May Revision, DSH requests reduction of General Fund expenditure authority of \$1.1 million in 2018-19 and \$608,479 in 2019-20 as the department will not be proceeding with the completion of the remaining Project 3 repairs, which are comprised of minor cosmetic repairs. DSH reports ongoing challenges and delays in the availability and hiring of labor for this project, leading to no significant efforts towards completing the repairs. In addition, DSH reports these repairs are within patient-occupied areas and would require swing space to complete the project that is currently unavailable.

Program Update: Enhanced Treatment Program (ETP) Staffing. AB 1340 (Achadjian), Chapter 718, Statutes of 2014, authorized DSH to establish an ETP pilot project to expand the range of clinical treatment options for patients determined to be at the highest risk of dangerous behavior or violence against other patients or hospital staff and cannot be safely treated in a standard treatment environment. According to DSH, the risk of violence against other patients or hospital staff imposes both a threat to health and safety, as well as a barrier to the effective treatment of other patients who may fear for their physical safety in a standard treatment environment with a potentially violent patient. The pilot project period extends approximately five years from the first patient admitted to the ETP and imposes certain requirements on admission and treatment within an ETP.

Patients are evaluated for admission to an ETP based on requirements contained in AB 1340. A patient referred to an ETP by state hospital clinical staff is assessed by a dedicated forensic psychologist within three business days to make an initial determination regarding the appropriateness of the referral. If the referral is appropriate, the patient is further assessed by a panel comprised of a state hospital medical director, psychiatrist, and psychologist to certify admission to the ETP within seven days of the original referral. Upon admission, a forensic needs assessment team psychologist conducts a violence risk assessment and develops a treatment plan in writing and, if possible, with the collaboration of the patient. The treatment plan, which must be reviewed and updated every ten days, must include information about the patient's mental health status and diagnoses, prescribed medications, goals of treatment, planned interventions and methods, documentation of success in meeting objectives, evaluation of the factors contributing to or detracting from the patient's progress, an activity plan, plans for other services needed by the patient, discharge criteria, goals for an aftercare plan in a standard treatment environment upon discharge, and a plan for post-discharge follow up.

In addition to the admission and treatment criteria, each ETP has specified staff-to-patient ratios, housing and facility requirements, and accessibility requirements. Each ETP is also required to maintain an independent patients' rights advocate to provide advocacy services to patients admitted to an ETP.

The 2017 Budget Act authorized 44.7 positions and \$8 million in 2017-18 and 115.1 positions and \$15.2 million annually thereafter to activate the first two ETP units at Atascadero State Hospital. According to DSH, construction for the first unit began in September 2018 and was completed February 2019, while construction for the second unit was expected to begin February 2019 and be completed June 2019.

The 2018 Budget Act included reversion of General Fund savings of \$4.9 million General Fund in 2017-18 and \$4.6 million in 2018-19 related to construction delays of the ETP units. For 2019-20, the 2018 Budget Act included 60.3 positions and General Fund expenditure authority of \$8.3 million annually thereafter to fund an additional ETP unit at Atascadero, as well as one unit at Patton. According to DSH, construction for the third unit at Atascadero is expected to begin June 2019 and be completed in September 2019, while construction for the unit at Patton is expected to begin September 2019 and be completed in January 2020.

In the January budget, DSH estimated General Fund savings in 2019-20 of \$1.8 million due to a five month delay for the ETP unit at Patton.

In the May Revision, DSH estimates additional General Fund savings of \$2.6 million and a reduction of 7.1 positions in 2018-19 and \$716,000 and 2.3 positions in 2019-20, for a total reduction in 2019-20 of \$2.5 million. These savings are the result of implementation delays due to unforeseen electrical and ducting work. DSH also proposes to redirect \$139,000 of savings in 2019-20 to critical needs identified by the Patton ETP unit.

Program Update: Metropolitan State Hospital Bed Expansion. The 2016 Budget Act included capital outlay construction funding to securely enclose existing patient buildings at Metropolitan State Hospital that housed civilly committed patients under the Lanterman-Petris-Short (LPS) Act. Once secured, the LPS patients housed in these units will be transferred to non-secured buildings elsewhere on the Metropolitan campus and allow for additional secured capacity for the treatment of IST patients currently in county jails awaiting state hospital treatment. The 2017 Budget Act included 22.2 positions in 2017-18, and 38.5 positions and \$12.4 million in 2018-19 to prepare for the expansion by relocating LPS patients and hiring hospital police officers. The 2018 Budget Act included a reduction of 10.1 positions and savings of \$1.1 million in 2017-18 due to delays in activations. The 2018 Budget Act also included 162.8 positions and \$24.8 million in 2018-19 and 342.2 positions and \$50.6 million in 2019-20 for patient movement and activation of four new forensic units. The current budget request activates and provides staff for approximately 236 forensic beds between March and November 2019 to treat IST patients.

In the January budget, DSH requested 119.3 positions and General Fund expenditure authority of \$18.6 million in 2019-20 and 130 positions and General Fund expenditure authority of \$20.1 million in 2020-21 and annually thereafter to activate the newly secured units at Metropolitan to provide increased capacity for the treatment of IST patients.

In the May Revision, DSH requests reduction of 22.5 positions and General Fund expenditure authority of \$3.4 million in 2018-19 and reduction of 20.1 positions and General Fund expenditure authority of \$3.1 million in 2019-20. These reductions result in a net request of 96.8 positions and General Fund expenditure authority of \$15.2 million in 2018-19 and 109.9 positions and General Fund expenditure authority of \$17 million in 2019-20. According to DSH, the reduction in requested expenditure authority is due to minor delays in the award of the contract, and a new State Fire Marshall requirement for fire sprinkler pipe fitter companies to have certified workers.

Program Update: Telepsychiatry Resources. In the May Revision, DSH requests 11 positions and General Fund expenditure authority of \$2.2 million in 2019-20 and 21 positions and General Fund expenditure authority of \$3.7 million annually thereafter. If approved, these resources would allow DSH to expand its use of telepsychiatry as an alternative to providing in-person psychiatric treatment to patients and ensure appropriate delivery of care. Specifically, these resources would add clinical oversight and supervision, telepsychiatry coordinators, as well as information technology equipment and resources.

Program Update: Forensic Conditional Release Program (CONREP) –Sexually Violent Predator (SVP) Program. Beginning in 1996, Sexually Violent Predators (SVP) were added to the CONREP

population and are conditionally released to their county of domicile by court order with sufficient funding to provide treatment and supervision services. According to DSH, the CONREP-SVP program offers patients direct access to an array of mental health services with a forensic focus, as well as regularly scheduled sex offender risk assessments, polygraph testing, and review of Global Position System (GPS) data and surveillance. DSH reports there are currently 14 patients residing in a house and two in a motel throughout California within the county of commitment. DSH has established two rate structures for CONREP-SVPs: 1) \$310,000 per SVP where a permanent residence has been established, and 2) \$653,000 per CONREP-SVP when ordered as a transient release.

In the January budget, DSH requested General Fund expenditure authority of \$768,000 in 2018-19 and \$2.1 million annually thereafter. If approved, these resources would support an expected caseload increase of four SVPs in 2018-19, including two transient releases, for a total of 21 SVPs conditionally released to the community by June 2019, and an additional two SVPs released by June 2020 for a total caseload of 23.

In the May Revision, DSH requests a decrease in General Fund expenditure authority of \$1 million in 2018-19 and \$994,000 in 2019-20, for a net decrease in expenditure authority of \$245,000 in 2018-19 and a net increase in expenditure authority of \$1.1 million. DSH indicates these downward adjustments are based on a net decrease of two SVP commitments compared to the January budget.

Program Update: Forensic Conditional Release Program (CONREP) – Step-Down Transition Program. In the May Revision, DSH requests General Fund expenditure authority of \$5.7 million in 2019-20 and \$11.6 million annually thereafter. If approved, these resources would allow DSH to expand its continuum of care for CONREP patients by establishing a step-down program. DSH would contract for a 78-bed vendor operated community step-down program for MDO and NGI patients preparing for conditional release from state hospitals within 18 and 24 months. The requested resources would also allow DSH to expand its existing contract with Sylmar Health and Rehabilitation Center by four beds for a total of 24 beds.

Program Update: Jail-Based Competency Treatment Program Expansions. In the January budget, DSH reported net General Fund savings of \$253,000 in 2018-19 composed of one-time cost savings of \$1.9 million at San Bernardino and San Joaquin JBCT programs, offset by \$1.6 million in increased costs at Sacramento, Sonoma, Mariposa, Solano, Mendocino, and Butte JBCT programs. In the January budget, DSH also requested General Fund expenditure authority of \$1.1 million in 2019-20, and \$1.7 million in 2020-21 and annually thereafter to activate jail-based competency treatment beds for the treatment of IST patients in county jails, pursuant to approval of program expansions in previous budget requests. DSH contracts with county jail facilities to provide restoration of competency services in jails, treating IST patients with lower acuity and that are likely to be quickly restored to competency. DSH expects these programs to increase bed capacity by 254 in 2018-19 and 274 in 2019-20.

In the May Revision, DSH requests a reduction in General Fund expenditure authority of \$725,000 in 2018-19 and \$5.9 million annually thereafter for existing JBCT programs due to activation delays and changes to program capacity.

In the January budget, DSH requested General Fund expenditure authority of \$191,000 in 2018-19, \$11 million in 2019-20, and \$11.4 million in 2020-21 and annually thereafter for the proposed activation of new JBCT programs. DSH proposed: 1) an April 2019 activation of a five-bed JBCT program in a

Southern California county; 2) a July 2019 activation of a five-bed JBCT program in a Central California county, a six-bed JBCT program in a Northern California county, and a 48-bed JBCT program in a Northern California county; and 3) an October 2019 activation of a 10-bed JBCT program in a Southern California County. According to DSH, the cost estimate is based on an expected per diem rate of \$420 per patient.

In the May Revision, DSH requests additional General Fund expenditure authority of \$2,000 in 2018-19, \$5.7 million in 2019-20, and \$9,000 annually thereafter. According to DSH, the increase in requested resources are due to updated assumptions regarding the timing of contract execution and program activation for new programs identified in the January budget.

Program Update: Hospital Police Officer Academy. The DSH Office of Protective Services (OPS) provides safety and security to patients, staff, and the community through competent, professional law enforcement services, while facilitating compassionate treatment of patients. OPS is supported by approximately 657 Hospital Police Officers (HPOs) across all five state hospitals. New HPO cadets are required to attend the DSH Police Academy, a 14 week program to ensure proper training on requirements and standards of the HPO classification.

According to DSH, the Hospital Police Academy historically ran two sessions annually of 32 cadets each. The 2017 Budget Act included \$7.8 million in 2017-18 and \$12.4 million and three limited-term positions in 2018-19 to expand to three academies of 50 cadets each. The academy expansion was necessary to accommodate the need for additional HPOs for the new secured bed space at Metropolitan State Hospital.

DSH requests conversion of three limited-term positions to permanent and General Fund expenditure authority of \$5.8 million annually to continue the specialized expanded academy. DSH reports it has 98.7 HPO vacancies as of September 2018, primarily due to an academy failure rate of 8.2 percent, attrition, and a high proportion of law enforcement staff eligible for retirement.

Program Update: Forensic Conditional Release Program (CONREP) – General/Non-Sexually Violent Predator (Non-SVP) Program. The Forensic Conditional Release Program (CONREP) was established in 1986 and provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. The CONREP population includes patients committed to state hospitals as Not Guilty by Reason of Insanity (NGI), Mentally Disordered Offenders (MDO), felony Incompetent to Stand Trial (IST) and Mentally Disordered Sex Offenders. After one year, a court hearing determines if the patient will continue in the program, be sent back to DSH, or be released.

According to DSH, when a patient is discharged to CONREP, the goal is to provide an independent living environment in the least restrictive setting. However, if the patient has not demonstrated the ability to live in the community without direct staff supervision, the patient is referred to a Statewide Transitional Residential Program (STRP), a resource used by CONREP to provide patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision. DSH currently contracts for one 17 bed STRP in Los Angeles County. A 16 bed STRP in Fresno County was closed in November 2017.

DSH requests General Fund expenditure authority of \$1 million in 2019-20 and annually thereafter to fund its contracted CONREP caseload of 666 clients. Due to rising housing costs, DSH was required to reduce its CONREP caseload to 621 clients to remain within its budgeted authority. If approved, these additional resources will allow DSH to cover the cost increases for each of the housing types in the program.

These issues were heard during the subcommittee's April 4th and May 14th hearings.

Subcommittee Staff Comment and Recommendation—Approve the balance of the technical adjustments to the DSH Estimate, as updated for the May Revision, with any changes necessary to conform to other actions that have been, or will be, taken.

Issue 2: Technical Adjustment – Interagency Agreement with Health and Human Services Agency
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DOF Issue#: 4440-103-BCP-2019-MR

May Revision Issue. DSH requests reduction of General Fund expenditure authority of \$222,000 annually to reflect an adjustment to the interagency agreement between DSH and the California Health and Human Services Agency. This adjustment is related to a commensurate increase in positions and General Fund expenditure authority requested by CHHSA to replace the historical funding for one position provided by DSH.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	(\$220,000)	(\$220,000)
Total Funding Request:	(\$220,000)	(\$220,000)

* Resource reduction ongoing after 2020-21.

This issue was heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 3: Technical Adjustment – California State Lottery Fund
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DOF Issue#: 4440-098-BBA-2019-MR

May Revision Issue. DSH requests expenditure authority from the California State Lottery Education Fund of \$6,000 annually. These resources reflect updated funding derived from the sale of lottery tickets to fund DSH programs.

This issue was heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 4: Enhanced Treatment Units - Statewide**DOF Issue#:** 4440-304-COBCP-2019-MR

May Revision Capital Outlay Issue. DSH requests General Fund expenditure authority of \$2.4 million in 2019-20. If approved, these resources would allow DSH to complete construction of Enhanced Treatment Units at Atascadero and Patton State Hospitals.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$2,387,000	\$-
Total Funding Request:	\$2,387,000	\$-

This issue was heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 5: Atascadero – Potable Water Booster Pump System**DOF Issue#:** 4440-001-COBCP-2019-GB

Capital Outlay Budget Issue. DSH requests General Fund expenditure authority of \$113,000 in 2019-20. If approved, these resources would allow DSH to support preliminary plans for a project to install a potable water booster pump system to serve Atascadero State Hospital's main water system.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$113,000	\$-
Total Funding Request:	\$113,000	\$-

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 6: Metropolitan: Consolidation of Police Operations – Reappropriation**DOF Issue#:** 4440-300-COBCP-2019-A1

Capital Outlay Spring Finance Letter. DSH requests reappropriation of General Fund expenditure authority of \$1.5 million approved in the 2018 Budget Act. If approved, these resources would allow DSH to complete the design phase for construction of a new building for the Department of Police Services, Office of Special Investigation, and Emergency Dispatch Center at Metropolitan State Hospital.

Program Funding Request Summary		
Fund Source	2018-19*	2019-20
0001 – General Fund	(\$1,509,000)	\$1,509,000
Total Funding Request:	(\$1,509,000)	\$1,509,000

* Reappropriation of General Fund authority from 2018-19 to 2019-20.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 7: Patton: Fire Alarm System Upgrade – Reappropriation

DOF Issue#: 4440-301-COBCP-2019-A1

Capital Outlay Spring Finance Letter. DSH requests reappropriation of General Fund expenditure authority of \$9.4 million approved in the 2018 Budget Act. If approved, these resources would allow DSH to continue the project to remove and replace deficient SimplexGrinnell Fire Alarm Control Panels and associated components in four patient-occupied buildings at Patton State Hospital.

Program Funding Request Summary		
Fund Source	2018-19*	2019-20
0001 – General Fund	(\$9,428,000)	\$9,428,000
Total Funding Request:	(\$9,428,000)	\$9,428,000

* Reappropriation of General Fund authority from 2018-19 to 2019-20.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 8: Extension of Liquidation Period – Metropolitan and Napa Kitchen Projects

DOF Issue#: 4440-302-COBCP-2019-A1
4440-303-COBCP-2019-A1

Capital Outlay Spring Finance Letter. DSH extension of the liquidation period for expenditure authority from the Public Buildings Construction Fund for construction closeout activities for two previously approved projects: 1) Metropolitan: Construct New Main Kitchen and Remodel Satellite Serving Kitchens; and 2) Napa: Construct New Main Kitchen

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 9: Relocation to the Clifford L. Allenby Building
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DOF Issue#: 4300-410-BCP-2019-MR
4440-077-BCP-2019-MR

May Revision Finance Letter. The California Health and Human Services Agency (CHHSA), in collaboration with the Department of Developmental Services (DDS) and DSH request positions and resources to support the services and equipment necessary to relocate these entities to the new Clifford L. Allenby Building in January 2021. The components of this request are as follows:

DSH requests two limited-term positions and General Fund expenditure authority of \$4.9 million in 2019-20, \$1.8 million in 2020-21, and \$2.8 million annually thereafter.

DDS requests one position and General Fund expenditure authority of \$3.4 million in 2019-20, \$1.8 million in 2020-21, \$1.2 million in 2021-22 and 2022-23, and \$1.4 million annually thereafter. The subcommittee will hear the DDS portion of this request during consideration of the DDS May Revision adjustments.

Program Funding Request Summary - DDS		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$3,401,000	\$1,814,000
Total Funding Request:	\$3,401,000	\$1,814,000
Total Positions Requested**:	1.0	

* Additional fiscal year resources requested: 2021-22 to 2022-23: \$1,185,000; 2023-24 and ongoing: \$1,429,000

** Positions are ongoing.

Program Funding Request Summary - DSH		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$4,891,000	\$1,760,000
Total Funding Request:	\$4,891,000	\$1,760,000
Total Positions Requested**:	2.0	

* Additional fiscal year resources requested: 2021-22 and ongoing: \$2,760,000;

** Positions are limited-term and expire at the end of 2020-21.

This issue was heard during the subcommittee's May 14th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 10: Vocational Services and Patient Minimum Wage

DOF Issue#: 4440-040-BCP-2019-GB
4440-080-BCP-2019-GB
Trailer Bill Language

Budget Issue, Spring Finance Letter, and Trailer Bill Language Proposal. DSH requests one position and General Fund expenditure authority of \$3.2 million annually. If approved, these positions

and resources would allow DSH to standardize the patient wage structure across patient-worker commitment types and across residency hospitals and continue patient vocational treatment programs. This request reflects net funding of the original January budget request and a spring finance letter request for a \$151,000 reduction in General Fund expenditure authority due to a calculation error. DSH also requests trailer bill language to exempt DSH patient workers from state minimum wage requirements.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$3,193,000	\$3,190,000
Total Funding Request:	\$3,193,000	\$3,190,000
Total Requested Positions:	1.0	1.0

* Position and resources ongoing after 2020-21.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Modify. It is recommended the subcommittee take the following actions:

1. **Approve** the requested positions and resources, including May Revision adjustments
2. **Adopt placeholder trailer bill language** consistent with the Administration's proposal and including additional language to prohibit DSH from sweeping patient funds to support housing and treatment costs.

Issue 11: Workforce Development

DOF Issue#: 4440-063-BCP-2019-GB
4440-081-BCP-2019-A1

Budget Issue and Spring Finance Letter. DSH requests eight positions and General Fund expenditure authority of \$1.8 million in 2019-20, \$2.2 million in 2020-21, \$2.4 million in 2021-22 and 2022-23, and \$2.6 million annually thereafter. If approved, these positions and resources would allow DSH to support development and implementation of a Psychiatric Residency Program and expand resources for nursing recruitment to meet the mission of providing mental health services to patients and reduce vacancy rates for mental health providers. This request reflects net funding of the original January budget request and a spring finance letter request for a \$370,000 reduction in General Fund expenditure authority and an increase in \$370,000 of reimbursement authority due to an opportunity to receive reimbursements from Cuesta Community College.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$1,385,000	\$1,784,000
0995 – Reimbursements	\$370,000	\$370,000
Total Funding Request:	\$1,755,000	\$2,154,000
Total Requested Positions:	8.0	8.0

* Additional fiscal year resources requested – 2021-22 and 2022-23: \$2,404,000; 2023-24 and ongoing: \$2,604,000

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 12: Court Evaluations and Reports

DOF Issue#: 4440-067-BCP-2019-GB

Budget Issue. DSH requests 43 positions and General Fund expenditure authority of \$8.1 million in 2019-20, an additional 34.5 positions and General Fund expenditure authority of \$5.9 million in 2020-21, an additional 17.1 positions and General Fund expenditure authority of \$4.2 million in 2021-22 and General Fund expenditure authority of \$18.1 million annually thereafter. If approved, these positions and resources would allow DSH to implement a staffing standard to support the forensic services workload associated with court directed patient treatment.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$8,074,000	\$13,991,000
Total Funding Request:	\$8,074,000	\$13,991,000
Total Requested Positions:	43.0	77.5

* Additional fiscal year resources requested – 2021-22: 94.6 positions and \$18,162,000; 2022-23 and ongoing: \$18,144,000

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 13: Direct Care Nursing

DOF Issue#: 4440-068-BCP-2019-GB

Budget Issue. DSH requests a total of 379.5 positions and General Fund expenditure authority of \$46 million phased in across a three year period. If approved, these positions and resources would support the workload of providing 24-hour care nursing services in state hospitals.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$14,970,000	\$34,320,000
Total Funding Request:	\$14,970,000	\$34,320,000
Total Requested Positions:	117.3	274.5

* Additional fiscal year resources requested – 2021-22: 379.5 positions and \$45,963,000; 2022-23 and ongoing: 379.5 positions and \$45,858,000

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 14: Pharmacy Modernization

Spring Finance Letter. DSH requests General Fund expenditure authority of \$2.2 million in 2019-20. If approved, these resources would fund implementation of the department's Pharmacy Modernization planning including inventory control, unit repackaging, automated dispensing, standardized patient specific medication data improvements, and pharmacy data integration. This request includes staffing and other resources required to support project planning under the California Department of Technology's Project Approval Lifecycle process.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$2,196,000	\$-
Total Funding Request:	\$2,196,000	\$-

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 15: Technical Adjustments - Various

Spring Finance Letter. DSH requests a net-zero realignment of existing expenditure authority in 2019-20 to properly align budget and position authority with existing expenditures.

This issue was heard during the subcommittee's May 2nd hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 16: Increased Court Appearances and Public Records Act Requests

DOF Issue#: 4440-025-BCP-2019-GB

Budget Issue. DSH requests 5.5 two-year limited-term positions and General Fund expenditure authority of \$767,000 in 2019-20 and 2020-21. If approved, these positions and resources would allow DSH to address increases in court hearings at which DSH attorneys are required to appear, as well as increases in requests pursuant to the Public Records Act.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
0001 – General Fund	\$767,000	\$767,000
Total Funding Request:	\$767,000	\$767,000
Total Requested Positions:	5.5	5.5

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 17: Privacy Protection Program**DOF Issue#:** 4440-026-BCP-2019-GB

Budget Issue. DSH requests nine positions and General Fund expenditure authority of \$1.3 million annually. If approved, these resources would allow DSH to establish a system-wide Privacy Protection Program in accordance with a recent audit by the California Office of Health Information Integrity.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$1,263,000	\$1,254,000
Total Funding Request:	\$1,263,000	\$1,254,000
Total Requested Positions:	9.0	9.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 18: Contracted Services and Patient Management Support**DOF Issue#:** 4440-058-BCP-2019-GB

Budget Issue. DSH requests eight positions and General Fund expenditure authority of \$1.1 million annually to manage the development and ongoing support of the expansion of competency restoration programs, an increasing caseload of patients determined incompetent to stand trial (IST), and to provide essential data and analysis for effective and efficient management of DSH patient management programs.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$1,085,000	\$1,077,000
Total Funding Request:	\$1,085,000	\$1,077,000
Total Requested Positions:	8.0	8.0

* Positions and resources ongoing after 2020-21.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 19: Incompetent to Stand Trial – Diversion and Community-Based Treatment**DOF Issue#:** None

Incompetent to Stand Trial Diversion Program. In the 2018 Budget Act, the Legislature approved trailer bill language and General Fund expenditure authority of \$100 million over three years to promote community mental health treatment and diversion for individuals determined to be, or at risk of being determined to be, incompetent to stand trial. Specifically, the program included the following components:

- Diversion of Individuals with Mental Disorders – Grants pre-trial diversion to defendants, including postponement of prosecution and referral to mental health treatment, under the following conditions:
 1. The court is satisfied the defendant suffers from a qualifying mental disorder including, but not limited to, schizophrenia, schizoaffective disorder, or posttraumatic stress disorder, but excluding antisocial personality disorder, borderline personality disorder, and pedophilia.
 2. The court is satisfied the defendant's mental disorder played a significant role in the commission of the charged offense.
 3. A qualified mental health expert determines the defendant would respond to mental health treatment.
 4. The defendant consents to diversion, waives his or her right to a speedy trial, and agrees to comply with treatment as a condition of diversion.
 5. The court is satisfied the defendant will not pose an unreasonable risk of danger to public safety.
 6. The court is satisfied the recommended treatment program will meet the specialized mental health needs of the defendant.
 7. The period of diversion shall be no longer than two years.

If the court concludes a defendant has substantially complied with the requirements of diversion, has avoided significant new violations of law, and has a plan in place for long-term mental health care, the court shall dismiss the charges that prompted the initial diversion.

- Community-Based Treatment – Provides \$100 million over three years to assist counties in providing diversion for individuals with serious mental illnesses who may otherwise be found incompetent to stand trial. These county programs will provide clinically appropriate or evidence-based mental health treatment and wraparound services across a continuum of care to:
 - Individuals diagnosed with schizophrenia, schizoaffective disorder, or bipolar disorder who could potentially be found incompetent to stand trial.
 - Individuals for which there is a significant relationship between the individual's mental disorder and the charged offense or between the individual's conditions of homelessness and the charged offense.
 - Individuals that do not pose an unreasonable risk of danger to public safety if treated in the community.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder supplemental reporting language, requesting from DSH, in consultation with the Judicial Council, statistics by county on the utilization of the new pre-trial diversion authority granted to courts in the 2018 Budget Act including the number of individuals requesting pre-trial diversion, the number of requests approved, the number of

requests denied and the reasons for denial, the number of individuals successfully completing diversion, and the number of individuals not complying with the conditions of diversion.

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION**Issue 1: Triage Grant Funding****DOF Issue#:** None – Legislative Proposal

Legislative Proposal. The Investment in Mental Health Wellness Act of 2013 authorized Mental Health Service Fund expenditure authority of \$32 million annually to add 600 triage personnel in select rural, urban, and suburban regions. The 2016 Budget Act included an additional \$3 million to provide a complete continuum of crisis intervention services and supports for children age 21 and under and their families and caregivers. Triage personnel provide intensive case management and linkage to services for individuals with mental health disorders at various points of access. Targeted case management services may be provided face to face, by telephone, or by telehealth with the individual in need of assistance or his or her significant support person, and may be provided anywhere in the community. These service activities may include, but are not limited to: 1) communication, coordination, and referral; 2) monitoring service delivery to ensure the individual accesses and receives services; 3) monitoring the individual's progress; 4) providing placement service assistance and service plan development.

Between 2013-14 and 2017-18, counties received the following grant funding for triage personnel:

County	Funding	County	Funding
Alameda	\$2,666,797	Orange	\$10,250,000
Butte	\$1,075,070	Placer	\$2,509,346
Calaveras	\$262,686	Riverside	\$7,441,142
Fresno	\$3,073,100	Sacramento	\$4,474,908
Lake	\$184,794	San Bernardino	\$8,113,498
Los Angeles	\$31,177,000	San Francisco	\$14,365,009
Madera	\$1,360,596	Santa Barbara	\$8,348,529
Marin	\$1,099,922	Sonoma	\$3,044,363
Mariposa	\$699,428	Trinity	\$497,713
Merced	\$3,003,070	Tuolumne	\$478,503
Napa	\$1,323,635	Ventura	\$7,573,671
Nevada	\$2,477,628	Yolo	\$1,728,234

The first round of grants, funded in 2014, resulted in more than 70,000 instances of individuals utilizing services provided through the grants. The program resulted in an increase in access and linkage to services and resources, utilization of peers in crisis intervention, a reduction in psychiatric hospitalizations and in stigma associated with mental illness, and improved consumer well-being and coordination of services.

The 2018 Budget Act reduced the Mental Health Service Fund expenditure authority by \$12 million for an annual allocation of \$20 million. In 2018, MHSOAC also requested to reappropriate unspent funding from the first round of triage grants, but the request was not included in the 2018 Budget Act.

According to MHSOAC, the combined reduction in ongoing funding has resulted in a 29 percent reduction in available funding for triage grants to counties. MHSOAC reports the reduction led counties to scale back programs that were granted under a second round of funding prior to the reduction. MHSOAC worked with grantees to ensure the programs were in alignment with the requirements of the triage program. However, the reduction in program funding ultimately led to reductions in schools served by triage personnel, reductions in personnel hours for crisis intervention and case management, and reductions in mobile treatment personnel.

This issue was heard during the subcommittee's April 4th hearing.

Subcommittee Staff Comment and Recommendation – Approve expenditure authority from the Mental Health Services Fund of \$12 million annually to restore triage grant funding that was reduced in the 2018 Budget Act.

Issue 2: Commission Transparency, Technical Assistance, Staffing, and Stakeholder Proposals
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. MHSOAC requests the following augmentations and changes to its budget:

Data and Outcome Reporting – MHSOAC requests five positions and expenditure authority from the Mental Health Services Fund of \$2 million annually. If approved, these positions and resources would allow MHSOAC to extend its work on improving transparency for all mental health funding including research and information technology (IT) staff, website development and maintenance, and IT consulting costs. According to MHSOAC, in response to critical comments from the Little Hoover Commission, in 2017 the Commission began an effort to make publicly available information on MHSA funding, the programs supported with those funds and the outcomes achieved. MHSOAC launched a fiscal transparency tool that reports on MHSA revenues, spending and unspent funds. The work to launch that tool, and the process of making the information available, resulted in dramatic improvements in reporting and fundamental changes in how the Department of Health Care Services oversees county spending.

MHSOAC will soon launch a similar tool that allows the public and stakeholders to review information on more than 2,100 MHSA funded county mental health programs. That effort will allow the public to see how those funds are spent in their counties and allow searchable reviews of county spending priorities. Over time the tool will add information on who is served by those programs – to the extent the data are available – including information on race, ethnicity, age, sexual orientation, gender identity, language spoken, disability status, and veteran status. The goal is to support community awareness of how counties are responding to community needs.

The third component of our transparency work is to report on outcomes. MHSA identifies a range of outcomes, including: improving educational outcomes, reducing criminal justice involvement, supporting employment, preventing child welfare involvement and homelessness, among others. We have done preliminary work to link mental health data and criminal justice data to better understand criminal justice involvement rates and to identify strategies to improve those outcomes. We also have

analyzed data on people served by Full Service Partnerships, which are typically the most expensive and highest level of care for people outside of a locked program.

Innovation Incubator Funding – In addition to the resources requested for the Innovation Incubator included in the Administration’s spring finance letter, MHSOAC requests the \$2.5 million annual funding from the Mental Health Services Fund for the Innovation Incubator be extended permanently. MHSOAC also requests more flexibility in the use of these funds, eliminating the restriction that the funds support work exclusively limited to reducing criminal justice involvement.

Technical Assistance Strategy – MHSOAC requests expenditure authority from the Mental Health Services Fund of \$5 million annually. If approved, these resources would fund technical assistance centers to provide support to counties in response to high-priority needs identified by the state and the counties. According to MHSOAC, as part of its discussions with county behavioral health directors over how best to support their innovation work, county leaders indicated that the most significant need they face is technical assistance. Whether focused on how to maximize draw down of federal Medi-Cal funding, or best practices in meeting the needs of young children, the counties indicate they struggle to find reliable guidance on how best to design and deliver mental health care. While many counties have developed successful strategies in response to a range of mental health needs, individual counties may not be aware of what others are doing, what approaches are in place in other states or countries, or how they might improve their local programs. California has subject matter experts working for counties, in our universities, among research partners and private providers. MHSOAC is seeking support to establish these technical assistance centers that can respond to county needs.

Stakeholder Contracts for Immigrant and Refugee Mental Health – The 2018 Budget Act included expenditure authority from the Mental Health Services Fund of \$670,000 to support stakeholder advocacy funding for meeting the mental health needs of immigrants and refugees. In response to receiving these funds, MHSOAC engaged organizations that work with immigrants and refugees to better understand their needs, and whether the commission’s traditional approach to releasing advocacy funds would be appropriate to meet the needs of these populations. MHSOAC heard compelling testimony from organizations that serve immigrants and refugees from across that state that the expansive diversity of refugee and immigrant communities, along with the significant trauma experienced by these communities, calls for a more focused approach by community organizations that are primarily focused on improving access to care through community mental health programs. These organizations called for multiple, small contracts that focus on the needs of a particular group of community members. In response, MHSOAC is requests additional expenditure authority from the Mental Health Services Fund of \$670,000 annually to double its support for the mental health needs of immigrants and refugees.

Prevention and Early Intervention – SB 1004 – MHSOAC requests four positions and expenditure authority from the Mental Health Services Fund of \$598,000 annually. If approved, these resources would allow MHSOAC to support oversight and monitoring workload of prevention and early intervention (PEI) programs required pursuant to SB 1004 (Wiener), Chapter 843, Statutes of 2018. According to MHSOAC, SB 1004 requires it to: 1) establish statewide priorities for the use of PEI funds, 2) develop a statewide strategy for monitoring implementation of PEI services, 3) create metrics for assessing the effectiveness of how PEI funds are used and the outcomes that are achieved, and 4) establish a strategy for technical assistance, support, and evaluation to support the successful

implementation of the objectives, metrics, data collection, and reporting strategy. To meet these requirements, the requested resources would fund the following positions:

- **One Staff Services Manager II or Health Program Manager II**
- **Two Research Data Specialist II**
- **One Associate Governmental Program Analyst**

These positions would support the work of the existing PEI unit and address the new, ongoing workload created by the mandates of SB 1004, expand MHSOAC's analytical and technical assistance capacity, and enhance MHSOAC's capacity to pursue the goals SB 1004 and the PEI provisions of the MHSA.

Subcommittee Staff Comment and Recommendation – Approve four positions and expenditure authority from the Mental Health Services Fund of \$8.3 million in 2019-20 and \$10.8 million annually thereafter to support the MHSOAC proposals for data and outcome reporting, ongoing innovation incubator funding, technical assistance, stakeholder contracts for immigrant and refugee mental health, and SB 1004 oversight and monitoring activities.

Issue 3: Mental Health School Services Act Funding

DOF Issue#: None – Legislative Proposal

Legislative Proposal. Provide \$550 million in one-time funding (\$510 General Fund and \$40 million Special Fund) to the Mental Health Services Oversight and Accountability Commission to create the Mental Health Student Services Act for the purpose of establishing mental health partnerships between County Mental Health or Behavioral Health Departments and K-12 school districts, charter schools, county offices of education, California Community Colleges, California State Universities, and Universities of California within a county region. The Commission shall determine funding awards based on the level of need and number of students in participating educational entities when determining one-time grant amounts. Funding shall be available to support services that at a minimum include: services provided on K-12 and (if applicable) higher education campuses, suicide prevention services, drop-out prevention services, outreach to high-risk youth, and other strategies that respond to the mental health needs of children and youth, as determined by the commission. Grants shall not supplant current services or funds provided. Adopt placeholder trailer bill language.

This issue was heard in Budget Subcommittee #1 on May 15th and approved.

Subcommittee Staff Comment and Recommendation—Approve conforming action to establish two new items, 4560-XXX-0001, 4560-XXX-3085, for the purpose of funding the Mental Health Student Services Act proposal adopted in Budget Subcommittee #1.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE – COVERED CALIFORNIA**Issue 1: Health Insurance Premium Affordability**

DOF Issue#: 4800-401-BCP-2019-MR

May Revision Issue. The Administration requests General Fund expenditure authority of \$295.3 million in 2019-20, \$330.4 million in 2020-21, and \$379.9 million in 2021-22. If approved, these resources would allow Covered California to provide premium subsidies to individuals between 200 and 600 percent of the federal poverty level (FPL) purchasing coverage in the state's health benefit exchange. This request is an adjustment to the Administration's January budget proposal. The Administration also proposes adjustments to the trailer bill language included in the January budget to implement the premium subsidy program and impose a state-based individual mandate penalty. According to the Administration, revenue from the mandate penalty would offset the requested General Fund expenditures by \$317.2 million in 2020-21, \$335.9 million in 2021-22, and \$352.8 million in 2022-23.

This issue was heard during the subcommittee's March 21st and May 15th hearings.

Subcommittee Comment and Recommendation –Modify. It is recommended the subcommittee take the following actions:

1. **Approve** the Administration's proposed General Fund expenditure authority of \$295.3 million in 2019-20, \$330.4 million in 2020-21, and \$379.9 million in 2021-22 to provide premium subsidies to individuals between 200 and 600 percent of the FPL purchasing coverage in the state's health benefit exchange.
2. **Augment** the General Fund expenditure authority by an additional \$300 million in each year, for a total level of premium subsidy of \$595.3 million in 2019-20, \$630.4 million in 2020-21, and \$679.9 million in 2021-22.

Issue 2: High Deductible Health Plan Trailer Bill Proposal

DOF Issue#: None – Legislative Proposal

Legislative Proposal. Health Access California requests trailer bill language to allow Covered California to offer bronze level High Deductible Health Plans (HDHPs) at a higher actuarial value to comply with new regulations from the Internal Revenue Service. According to Health Access, there are over 235,000 Californians who have bronze HDHP products who are at risk of losing access to this type of coverage if California law is not updated. These are consumers both on and off Covered California and in both the individual and small group markets.

IRS rules for setting the maximum out-of-pocket costs for HDHPs are different than the rules for the maximum out of pocket for Covered California exchange plans. The result is that the maximum out-of-pocket costs for HDHPs are almost \$1,000 lower than for other bronze products causing the actuarial

value to be richer. This actuarial value exceeds the threshold set in California law of plus or minus two percent. However, to meet the IRS rules, Covered California needs to be able to sell a product that is 62.2 percent actuarial value, which is higher than the 62 percent actuarial value maximum (60 percent plus or minus two percent). The proposed trailer bill language would allow the variation in the actuarial value for bronze HDHPs to range from plus four percent to minus two percent, creating an effective range for these plans' actuarial value of 58 percent to 64 percent.

This issue was heard during the subcommittee's May 9th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to allow Covered California to offer bronze level plans at a higher actuarial value to comply with new federal regulations, consistent with the proposal.

Issue 3: Single Premium Invoice Trailer Bill Proposal
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DOF Issue#: None – Legislative Proposal

Legislative Proposal. Health Access California requests trailer bill language to make statutory clarifications to allow health plans and insurers to comply with both the California Constitution and pending federal regulations. According to Health Access, the California Constitution requires coverage of the full range of medically necessary health care services. A pending federal rule would make it difficult for health plans and insurers to comply with the constitutional requirement and the federal rule. The proposed trailer bill language would require health plans and insurers to send a single invoice and collect one payment from subscribers, while segregating the portion of the payment collected for services for which federal funding is prohibited.

This issue was heard during the subcommittee's April 25th hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to make statutory clarifications to require health plans and insurers to send a single invoice and collect one payment from subscribers, consistent with the proposal.