Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Tuesday, May 16, 2023
9:30 am
1021 O Street – Room 1200

Consultant: Scott Ogus

PART B

Item **Department** **Page**

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY 3
Issue 1: California Emergency Medical Services Data Resource System (CEDRS) 3
Issue 2: Health Innovations Initiative 5
Issue 3: Progress Review Hearing Technical Clarification 6

4120 EMERGENCY MEDICAL SERVICES AUTHORITY 7
Issue 1: California Emergency Medical Services Central Registry 7
Issue 2: Appointment of Chief Medical Officer 7

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION 9
Issue 1: CalRx Reproductive Health Drug Procurement 9
Issue 2: CalRx Naloxone Initiative 9

4440 DEPARTMENT OF STATE HOSPITALS 12
Issue 1: Program and Caseload Updates – May Revision 12
Issue 2: Incompetent to Stand Trial Program Reappropriations 18
Issue 3: Budget Solution – COVID-19 Workers Compensation 18
Issue 4: Napa Memorial Project Reappropriation 19
Issue 5: SB 1223 Chaptering Clean-up 20
Issue 6: Metropolitan – Consolidation of Police Operations 20

Issue 7: Atascadero – Potable Water Booster Pump System 21

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.

0530 California Health and Human Services Agency

Issue 1: California Emergency Medical Services Data Resource System (CEDRS)

Budget Change Proposal Update – May Revision. The CalHHS Office of Systems Integration (OSI) requests three positions and expenditure authority from the CalHHS Automation Fund of $665,000 in 2023-24. If approved, these positions and resources would allow OSI to provide additional project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System (CEDRS) Project. These positions and resources would be in addition to the Budget Change Proposal for CEDRS submitted in the January budget.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24**	**2024-25***
9745 – CalHHS Automation Fund	$665,00	$-
Total Funding Request:	**$665,000**	**$-**
Total Requested Positions:	**3.0**	**3.0**

* Positions ongoing after 2024-25.

Background. Data related to the provision of emergency medical services (EMS) in California is currently recorded in Prehospital Care Reporting (PCR) software by prehospital care personnel, such as paramedics and emergency medical technicians (EMTs). EMS providers transfer this data to one of the 33 local EMS agencies (LEMSAs). EMSA provides funding to the Inland Counties EMS Agency to collect pre-hospital and trauma data in the California EMS Information System (CEMSIS), which collects voluntary data from 32 of 33 LEMSAs statewide. CEMSIS provides participating LEMSAs access to aggregate statewide data submitted to the CEMSIS data system and is a tool for local EMS system quality improvement, improved EMS system management, and a limited benchmarking against and compliance with existing EMS national standards. EMSA reports this data is not available in real-time for state policymakers and managers, leaving the state without complete or timely information on the EMS system.

The 2021 Budget Act included General Fund expenditure authority of $10 million to support planning, development, and implementation of a statewide registry for Physician Orders for Life Sustaining Treatment (POLST). AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, requires the registry to be incorporated into CEDRS. The ePOLST Registry Project, which would incorporate the registry into CEDRS, is currently in Stage 2 of the California Department of Technology's (CDT) Project Lifecycle Approval (PAL) process. The Administration has also proposed trailer bill language to amend the statutory requirement in AB 133 that the ePOLST registry include information from the Advanced Health Care Directive Registry maintained by the California Secretary of State.

The 2021 Budget Act included General Fund expenditure authority of $7.6 million for a grant program to onboard additional LEMSAs to the existing systems and connect all health information exchanges and health information organizations to EMS data. In addition, the 2021 Budget Act included General Fund expenditure authority of $2.4 million for a one-year planning period to begin the process of merging CEMSIS with EMSA's Health Information Technology for EMS system to create a statewide data hub, known as the California EMS Data Resource System (CEDRS).

The 2022 Budget Act included reappropriation of General Fund expenditure authority of $10 million approved in the 2021 Budget Act, available for encumbrance and expenditure until June 30, 2024, to continue and complete the project planning process for CEDRS and increase data interoperability. According to EMSA, project delays, staffing recruitment issues, emergency response efforts, effects of the COVID-19 pandemic, and the need to incorporate the Physician Orders for Life Sustaining Treatment (POLST) registry into the system led to delays in expenditure of these resources, requiring reappropriation of these resources until June 30, 2024.

The January budget included six positions and expenditure authority from the California Health and Human Services Automation Fund of $1.1 million annually to provide project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System Project. According to OSI, the updated positions and resources requested at the May Revision are in addition to the previously requested resources.

Staffing and Resource Request. The CalHHS Office of Systems Integration (OSI) requests three positions and expenditure authority from the CalHHS Automation Fund of $665,000 in 2023-24 to allow OSI to provide additional project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System (CEDRS) Project. Specifically, OSI requests the following positions:

Project Manager

- **One IT Manager I** position would serve as Project Manager, and be responsible for leading the planning, directing and oversight of the ePOLST Registry Project; overseeing that the deliverables and functionality are achieved as defined in the Project Charter, funding documentation and subsequent Project plans; and manage the day-to-day Project management processes and activities, including risk management, scope and change management, stakeholder management, schedule management, requirements management, staff management, vendor management, communication management, and status reporting.

Project Management Analyst

- **One IT Specialist I** position would serve as Project Management Analyst, and be responsible for leading and performing a wide range of the most complex project management tasks for the ePOLST Registry Project; lead the development, execution, and training of all project management processes such as risk management, issue and action item management, requirements elicitation and management, schedule management, change management, cost management, and communications management; lead the development of content for control agency documents; develop, execute, and ensure that project management activities are conducted in accordance with project management plans, OSI best practices, and industry best practices; and facilitate the collection and documentation of functional and technical requirements.

CEMSIS Support

- **One IT Specialist III** position would serve as Technical Lead; support the maintenance and operations of the CEMSIS database; be responsible for management, technical subject matter expertise and technical leadership for related strategic and tactical planning activities to deliver industry best practices across EMSA projects for seamless integration of the CEMSIS solution; serve as an expert-level advisor to oversee effective planning, integration, readiness, and operational capabilities; and be

responsible for planning, leading, and facilitating the development of all technical requirements and deliverables that will be included in system integrator contracts for CEDRS and ePOLST.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: Health Innovations Initiative

Budget Change Proposal – May Revision. CalHHS requests General Fund expenditure authority of $9 million in 2023-24, in addition to $1 million requested in the January budget. If approved, these resources would support a Health Innovations Initiative, which would promote health and human services innovations that benefit California citizens.

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$9,000,000	$-
Total Funding Request:	**$9,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The Governor's May Revision included additional General Fund expenditure authority of $9 million to support a Health Innovations Initiative. General Fund expenditure authority of $1 million was included in the January budget, for a total of $10 million for this initiative. A Budget Change Proposal was referenced in January, but was later withdrawn.

While the Administration has not submitted a Budget Change Proposal document for the Health Innovations Initiative, the May Revision Summary describes the initiative as a new public-private partnership that would create the environment for researchers and developers to create solutions to the greatest health challenges facing Californians, such as targeting diabetes-related morbidity and mortality, addressing disparities in maternal and infant mortality faced by women and their babies, and preventing and mitigating infectious disease. CalHHS also indicates the Initiative would look to accelerate the translation of research and development into innovations that help to directly address disparities and inequities in California's safety-net programs.

Resource Request. CalHHS requests General Fund expenditure authority of $9 million in 2023-24, in addition to $1 million requested in the January budget. If approved, these resources would support a Health Innovations Initiative, which would promote health and human services innovations that benefit California citizens.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 3: Progress Review Hearing Technical Clarification

Trailer Bill Language – May Revision. The Governor's May Revision proposes a clarification to progress review hearings subject to Welfare and Institutions Code 875. This language clarifies that any term spent in a less restrictive program shall be included in the term of commitment for which a progress review must occur every six months.

Staff Recommendation. Hold open.

Questions. The Subcommittee requests the Office of Youth and Community Restoration respond to the following:

1. Please provide a brief overview of this proposal.

4120 Emergency Medical Services Authority

Issue 1: California Emergency Medical Services Central Registry

Budget Change Proposal – May Revision. EMSA requests redirection of existing General Fund expenditure authority of $190,000 from the California Emergency Medical Advancement Project to support planning efforts for the Central Registry. According to EMSA, the 2021 Budget Act and AB 128 (Committee on Budget), Chapter 21, Statutes of 2021, included the California Emergency Medical Advancement Project, which would allow EMSA to track community paramedicine licenses. As this functionality is proposed to be incorporated into planning for EMSA's Central registry, EMSA requests redirection of resources for this effort.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: Appointment of Chief Medical Officer

Budget Change Proposal Update – May Revision. EMSA requests additional General Fund expenditure authority of $29,000. If approved, these resources would support departmental indirect costs associated with the appointment of a Chief Medical Officer. Trailer bill language establishing the position was proposed in the January budget, and EMSA submitted a Budget Change Proposal to support the position in its April Finance Letter. These resources would be in addition to the resources requested in the April Finance Letter.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$29,000	$29,000
Total Funding Request:	**$29,000**	**$29,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

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

In the Governor's January budget, EMSA requested trailer bill language to repeal the requirement that the EMSA Director be a medical doctor (MD) and establish the position of Chief Medical Officer within EMSA's leadership team. In its April Finance Letter, EMSA requests one position and General Fund

expenditure authority of $312,000 annually to support establishment of the Chief Medical Officer (CMO) at EMSA within the leadership team.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

4140 Department of Health Care Access and Information

Issue 1: CalRx Reproductive Health Drug Procurement

Budget Change Proposal – May Revision. HCAI requests transfer of $2 million of General Fund expenditure authority, originally approved in the 2022 Budget Act for capital infrastructure security for reproductive health clinics, to instead support procurement of mifepristone or misoprostol through CalRx to ensure continued access to these drugs for Californians in need of safe and effective medication abortion.

Background. The 2022 Budget Act included General Fund expenditure authority of $20 million in 2022-23 for HCAI to assist reproductive health care facilities in securing their physical and information technology infrastructure to enhance facility security. This investment was part of a $201.6 million reproductive health investments package approved by the Legislature in 2022. These investments were made largely in response to the threat posed to access to reproductive health care, particularly abortion care, by the Supreme Court's June 2022 decision in *Dobbs v. Jackson Women's Health Organization,* which overturned long-standing constitutional protections for the right to an abortion in *Roe v. Wade.*

In *Alliance for Hippocratic Medicine v. Food and Drug Administration*, plaintiffs are challenging the federal Food and Drug Administration's (FDA) approval of the drug mifepristone in 2000, which is used in a two-drug combination with the drug misoprostol for medication-induced abortions. A federal judge in Texas ruled the FDA inappropriately approved mifepristone, potentially putting at risk access to safe and effective methods for abortions. While medication-induced abortions may be accomplished with misoprostol alone, the two-drug combination results in fewer potentially harmful side effects. The Texas ruling is currently stayed, pending appeal to the United States Supreme Court.

Resource Redirection Request. HCAI requests transfer of $2 million of General Fund expenditure authority, originally approved in the 2022 Budget Act for capital infrastructure security for reproductive health clinics, to instead support procurement of mifepristone or misoprostol through CalRx to ensure continued access to these drugs for Californians in need of safe and effective medication abortion. With these resources, CalRx would contract for the purchase of mifepristone or misoprostol, consistent with the Governor's April 10 announcement that the state would procure an emergency stockpile of misoprostol, which providers could draw from if shortages arise.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: CalRx Naloxone Initiative

Budget Change Proposal – May Revision. HCAI requests expenditure authority from the Opioid Settlements Fund of $30 million in 2023-24. If approved, these resources would support development, manufacturing, or procurement of a low-cost naloxone nasal spray product through CalRx.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$30,000,000	$120,000
Total Funding Request:	**$30,000,000**	**$120,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

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

According to HCAI, the opioid epidemic has had a devastating impact on individuals, families, and communities across the United States, resulting in 91,799 drug overdose deaths in 2020, a 31 percent increase compared to 2019. Naloxone in its nasal spray formulation has become increasingly popular as a medication that counteracts the effects of opioid overdose by blocking the effects of opioids on the brain. On March 29, 2023, the federal Food and Drug Administration (FDA) approved Narcan, a naloxone nasal spray, for over the counter sale directly to consumer without a prescription. However, HCAI indicates the price for Narcan may still be too expensive for individuals with lower incomes and a low-cost naloxone spray is necessary to ensure access. The anticipated price for Narcan is similar to the public interest price the state receives today, which is $47.50 per two-pack kit. CalRx anticipates utilizing its contracting authority to develop, manufacture, or distribute naloxone similarly to how it has implemented the development of low-cost biosimilar insulin.

Resource Request. HCAI requests expenditure authority from the Opioid Settlements Fund of $30 million in 2023-24 to support development, manufacturing, or procurement of a low-cost naloxone nasal spray product through CalRx. According to HCAI, the state's $30 million investment would support an entrant to develop, manufacture, or supply a nasal spray naloxone product. The state contribution would help fund the project, and the developer would conduct the research and development, including clinical studies, manufacturing process development, regulatory submissions, and obtaining approval from the FDA.

In addition, these resources would support state operations costs, equivalent to three positions:

- Resources equivalent to **one Associate Governmental Program Analyst** would serve as a Program Policy Analyst and would support program administration in collaboration with multidisciplinary HCAI staff, including administration, legal, external affairs and communications, and information services; perform varied, and complex technical and analytical assignments such as research and planning; data analysis; and policy analysis and formulation related to target drugs under CalRx.

- Resources equivalent to **one Research Data Specialist II** position would serve as a Pharmaceutical Policy Researcher, and would apply research methodologies, including problem exploration and definition, data analysis, explanation of methods, and interpretation of findings pertaining to the development, procurement or distribution of various medications targeted under the CalRx program, including evaluation of strategies to ensure equitable access; synthesize findings for executive leadership; and help prepare other written memos, reports, and presentations.

- Resources equivalent to **one Health Program Specialist II** position would serve as Pharmaceutical Project Manager and would provide program planning project management expertise and oversight to monitor, report, and as applicable, trouble shoot issues for various target drug initiatives under the CalRx program; conduct complex external and internal stakeholder engagement activities pertaining to current and future target drugs targeted under the program; keep abreast of state and federal regulations, health care policies, and rapidly changing developments within the pharmaceutical sector; and provide recommendations to executive leadership for project direction or redirection to mitigate potential project risks.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Program and Caseload Updates – May Revision

Program and Caseload Updates – May Revision. DSH requests resources to support the following program and caseload updates in its 2023-24 May Revision Estimate.

Program Update – County Bed Billing Reimbursement Authority. DSH estimates a reduction of reimbursements of $27.5 million annually from county bed billing reimbursement authority based on updated patient census and bed rates. DSH accepts patients civilly committed under the Lanterman-Petris-Short (LPS) Act who have been determined by a court to potentially be a danger to themselves or others, or are gravely disabled. Counties reimburse DSH for the use of hospital beds and services provided under the LPS Act. In addition, under the incompetent to stand trial (IST) solutions package adopted in the 2021 Budget Act, for non-restorable DSH patients that are not transferred and accepted by the committing county within 10 calendar days, DSH may charge a daily bed rate to the county for not assuming custody of the patient.

According to DSH, an expected decline in the census of LPS patients in 2023-24 would result in a reduction of expected reimbursements from counties for these patients of $27.7 million. The current reimbursement authority is $191.6 million for 2023-24 and DSH expects actual costs to be $164 million. For non-restorable IST patients, DSH expects reimbursement from counties of $269,000 in 2023-24.

Program Update – Metropolitan: Increased Secure Bed Capacity. DSH estimates additional General Fund savings of $3.9 million in 2022-23 due to delays in the activation of newly secured units at Metropolitan State Hospital to provide increased capacity for the treatment of IST patients. In the January budget, DSH estimated General Fund savings of $11.2 million in 2022-23. The new total General Fund savings is estimated to be $15.1 million in 2022-23.

The 2016 Budget Act included capital outlay construction funding to securely enclose existing patient buildings that previously housed civilly committed patients under the Lanterman-Petris-Short (LPS) Act. Once secured, the LPS patients currently 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.

According to DSH, of the five units under construction, Unit 1 was activated September 23, 2019 and Unit 2 was activated on January 29, 2020. Unit 3 was activated on November 1, 2022. Units 4 and 5 were scheduled to be activated in September 2021. The activation of these units has been delayed until July 2023, due to the following: 1) impacts from the COVID-19 pandemic, 2) use of these units to relocate skilled nursing facility patients due to water damage to the facility, and 3) use of these units as swing space as Metropolitan upgrades its fire alarm system in other housing units in the hospital.

Program Update – Enhanced Treatment Program (ETP) Staffing. DSH estimates General Fund savings of $3.2 million in 2023-24 due to delayed completion of Enhanced Treatment Program (ETP) units at Patton State Hospital. The January budget estimated General Fund savings of $4.8 million in 2022-23 for similar delays.

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.

According to DSH, the construction of Unit 29 at Atascadero was completed in July 2021, and the first patients were admitted in September 2021. The four-year pilot project for this unit will continue until September 2025.

DSH expected to resume fire sprinkler installation on Patton Unit U-06, which was in progress when construction was suspended, in July 2021. However, unforeseen fire sprinkler installation design changes, the need to survey for potential asbestos containing materials, discovery of gaps in the existing smoke barrier, and delays in State Fire Marshal approval have extended the length of the project. DSH expects construction of the unit to be completed in March 2024, followed by unit activation in May 2024, three months later than estimated in the January budget.

Construction on Atascadero Units 33 and 34 was suspended due to COVID-19, with an expected resumption date of October and November 2021. However, because both units comprising 92 beds would need to be taken offline to continue construction, the 2022 Budget Act suspended construction of these units indefinitely. The expected construction timelines are as follows:

Units/Hospital	Construction Initiated (Actual or Scheduled)	Construction Completion (Actual or Scheduled)
DSH-Atascadero Unit 29	September 24, 2018	July 2021

DSH-Atascadero Unit 33	Suspended	Suspended
DSH-Atascadero Unit 34	Suspended	Suspended
DSH-Patton Unit U-06	December 2023	March 2024

Program Update – Mission Based Review: Direct Care Nursing. DSH estimates additional General Fund savings of $1 million in 2022-23 due to delays in staffing changes to implement methodologies to provide appropriate 24-hour nursing care, administration of medication, and an afterhours nursing supervisory structure. In the January budget, DSH estimated General Fund savings of $17.1 million in 2022-23 and $4.8 million in 2023-24 and requested 29 positions in 2023-24, previously administratively established, that support administrative workload previously supported by redirected level of care staff. The total General Fund savings is $18.1 million in 2022-23 and $4.8 million in 2023-24.

The 2019 Budget Act included a total of 379.5 positions and General Fund expenditure authority of $46 million, phased in over three years, to implement the direct care nursing staffing methodology changes. Due to the pandemic-induced recession, and resulting General Fund deficit, the 2020 Budget Act shifted these resources to be phased in across a longer time frame. DSH reports the following updates to the phase in of positions:

- Medication Pass Psychiatric Technicians – The 2019 Budget Act included 335 positions for medication pass staffing. The 2020 Budget Act adjusted the positions to be phased-in over five years. As of February 28, 2023, 311 positions had been established and 163 positions had been filled, resulting in a General Fund savings of $15.2 million in 2022-23 and $3.1 million in 2023-24. According to DSH, recruiting for these positions has proven challenging and the department is evaluating other nursing classifications, such as licensed vocational nurses (LVNs), that may be a viable alternative to filling these positions.
- Afterhours Supervising Registered Nurses – The 2019 Budget Act included 44.5 positions for afterhours nursing supervision. The 2020 Budget Act adjusted these positions to be phased-in over two years. As of February 28, 2023, all 44.5 positions had been established and 32 positions had been filled, resulting in a General Fund savings of $2.9 million in 2022-23 and $1.7 million in 2023-24.

Program Update – Mission Based Review: Protective Services. DSH estimates additional General Fund savings of $4.8 million in 2022-23 due to delays in hiring hospital police officers to provide protective services in the State Hospitals. In the January budget, DSH estimated General Fund savings of $6.8 million in 2022-23. The total estimated General Fund savings is $11.5 million in 2022-23.

In 2020-21, DSH proposed a new staffing standard to support protective services functions including 46.3 positions and General Fund expenditure authority of $7.9 million in 2020-21, and 47.8 positions and General Fund expenditure authority of $13.4 million annually thereafter. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act included no positions or expenditure authority for this purpose. The 2021 Budget Act included 94.1 positions and $11.4 million, phased in over two years to support full implementation of the staffing standard. DSH reports the following updates to the phase in of positions:

- Support and Operations Division – The 2021 Budget Act included 98.1 positions to support the Support and Operations Division to be phased in over two years. As of February 28, 2023, all 98.1 positions had been established and nine of the positions had been filled, resulting in a General Fund

savings of $10.5 million in 2022-23. To assist in filling the remaining positions, DSH reports it has converted position examinations to be online, with Hospital Police Officer exams offered monthly and sergeant and lieutenant exams offered every six months. DSH reports it has also contracted with a human resources consultant to market current vacancies and has centralized postings for all five hospitals into a single posting.

- Executive Leadership Structure – The 2021 Budget Act included six positions to support the Executive Leadership Structure. As of February 28, 2023, all six positions had been established, and three of the positions had been filled, resulting in a General Fund savings of $1.1 million in 2022-23.

Program Update – Mission Based Review: Treatment Team and Primary Care. DSH estimates additional General Fund savings of $4 million due to delays in hiring for treatment and primary care teams. In the January budget, DSH estimated General Fund savings of $21.1 million in 2022-23 and $8.4 million in 2023-24, as well as a reduction in position authority of 46.5 positions in 2023-24, 2024-25, and 2025-26. The total General Fund savings is estimated to be $25.1 million in 2022-23 and $8.4 million in 2023-24.

In 2020-21, DSH proposed changes to its staffing methodologies for its treatment and primary care teams, including a total of 250.2 positions and General Fund expenditure authority of $64.2 million over a five year period. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act only included 12.5 positions and General Fund expenditure authority of $5 million in 2020-21 and 30 positions and General Fund expenditure authority of $10 million annually thereafter to support implementation of these staffing changes. The 2021 Budget Act included 213.3 positions and $54.1 million, phased in over five years, to support full implementation of the new staffing methodology. DSH reports the following updates to the phase-in of positions:

- Interdisciplinary Treatment Team – Over the last three budgets, a total of 180.4 positions were allocated to support the Interdisciplinary Treatment Team, which is responsible for the planning and delivery of treatment, discipline-specific other workload, administrative and professional responsibilities, crisis prevention, unit milieu work, and crisis and incident management. As of February 28, 2023, 52.8 of the 180.4 positions had been established and 12 of the positions had been filled.
- Primary Medical Care – Over the last three budgets, a total of 31.9 positions were allocated to support primary medical care including routine preventative care and the treatment of non-life-threatening medical illness. As of February 28, 2023, all 31.9 positions had been established and 8.5 positions had been filled, resulting in a General Fund savings of $9.7 million in 2022-23.
- Trauma-Informed Care – Over the last three budgets, a total of six positions were allocated to support trauma-informed care, a comprehensive approach that includes workforce training, trauma-informed policies and standards, and the provision of evidence-based, trauma-specific screening, assessment, referral, and treatment. As of February 28, 2023, all six of the positions had been established and all six positions had been filled.
- Clinical Executive Structure: Administrative Support – Over the last three budgets, a total of six positions were allocated for administrative support positions for personnel management. As of February 28, 2023, all six of the positions had been established and all six of the positions had been filled.
- Clinical Executive Structure: Executive Leadership – Over the last three budgets, a total of 12 positions were allocated for clinical executive leadership including six Medical Directors, one Assistant Medical

Director, and five Chiefs of Primary Care Services for the five state hospitals. As of February 28, 2023, all 12 positions had been established, and five of the positions had been filled, resulting in a General Fund savings of $4.2 million in 2022-23.

- Discharge Strike Team – Over the last three budgets, a total of six positions were allocated to support the Discharge Strike Team, which focuses on establishing and strengthening relationships with placement communities to improve knowledge of community resources, address barriers to placement and improve communication in efforts to expedite placement. As of February 28, 2023, all six positions had been established, and all six positions had been filled.

Program Update – Patient-Driven Operating Expenses and Equipment. DSH requests additional General Fund expenditure authority of $2.5 million in 2022-23 and $6.1 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients. In the January budget, DSH requested redirection of General Fund savings of $20.3 million in 2022-23 and General Fund expenditure authority of $20.5 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients. These adjustments result in a request for total General Fund expenditure authority of $22.8 million in 2022-23 and $26.6 million in 2023-24. These expenses include funding for outside medical care, pharmaceuticals, patient clothing, food, and costs for patient advocacy. DSH estimates OE&E costs of $25,792 per patient based on data between 2018-19 and 2021-22. The request for additional ongoing General Fund resources is based on this estimated cost per patient and projections for growth in patient census.

Program Update – COVID-19 Update. DSH estimates General Fund savings of $19.7 million in 2022-23 and a decrease in its request for General Fund expenditure authority of $9.2 million in 2023-24 for COVID-19 drive workload and expenditures. In the January budget, DSH requested General Fund expenditure authority of $51.3 million in 2023-24 to support COVID-19 driven workload and expenditures to protect the health and safety of staff and patients. These expenditures include personal services costs for staff dedicated to implementing infection control measures, surge staffing contracts, personal protective equipment, sanitation and testing supplies. As a result of these adjustments, DSH estimates total General Fund savings of $19.7 million in 2022-23 and requests total General Fund expenditure authority of $42.1 million in 2023-24.

Program Update – DSH-Coalinga Intermediate Care Facility Conversion. DSH estimates General Fund savings of $2.9 million in 2022-23 due to delay in the conversion of units at DSH-Coalinga to a licensed intermediate care facility (ICF). According to DSH, the unit is scheduled to be completed in May 2023, which is a two-month delay from the timeline estimated in the January budget.

Program and Caseload 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), Offenders with a Mental Health Disorder (OMD), and felony Incompetent to Stand Trial (IST). 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 estimates General Fund savings of $13.5 million in 2022-23 due to program activation adjustments. In the January budget, DSH requested two positions and General Fund expenditure authority of $2.6 million in 2023-24 and annually thereafter to fund its contracted CONREP caseload of 1,020 clients in 2022-23 and 2023-24. According to DSH, this caseload includes 655 regular CONREP clients currently placed in settings which do not offer dedicated beds to the program. In addition, CONREP's contracted caseload includes the following current and planned specialized beds:

- 55 Statewide Transitional Residential Program (STRP) Beds in 2022-23, including:
  - 35 bed activated Southern California STRP
  - 20 bed activated Northern California STRP
- 180 Forensic Assertive Community Treatment (FACT) Beds, including:
  - 60 newly activated beds in Central California in 2022-23
  - 120 beds activated in Northern California and Southern California in 2021-22
- 120 Institute of Mental Disorder (IMD) Beds in 2022-23, including
  - 78 bed Southern California IMD (pending activation)
  - 24 bed activated Southern California IMD
  - 30 bed activated Northern California IMD

- Step-Down Transitional Programs – DSH estimates General Fund savings of $12.2 million in 2022-23 due to activation delays for the 78 bed Southern California IMD facility and CFRP program adjustments and $1.8 million in 2023-24 and annually thereafter due to caseload reductions at the 30-bed Northern California IMD facility.

  In the January budget, DSH requested General Fund expenditure authority of $296,000 in 2023-24 and annually thereafter to support personnel and operating expenses needed for step-down transitional programs.

- Forensic Assertive Community Treatment (FACT) – DSH estimates General Fund savings of $3 million in 2022-23 due to adjustments in the activation timeline and phase in of patient placement in the FACT program. DSH reports its contracted provider has secured program housing in Sacramento and San Diego counties, both of which support regional FACT programs for CONREP clients. As of March 2023, 12 of 60 beds had been filled in Sacramento, 30 of 60 beds had been filled in San Diego, and 19 of 60 beds had been filled in Alameda.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of each of the program and caseload updates referenced in this item.

Issue 2: Incompetent to Stand Trial Program Reappropriations

Reappropriations – May Revision. DSH requests reappropriation of resources for the following two programs related to patients deemed incompetent to stand trial (IST):

- Felony Mental Health Diversion Program Pilot – DSH requests reappropriation of General Fund resources, approved in the 2018 Budget Act, for the Felony Mental Health Diversion Program Pilot. If approved, this reappropriation of resources would allow counties time to fully expend the allocated resources.
- Incompetent to Stand Trial Solutions – DSH requests reappropriation of General Fund resources, approved in the 2021 and 2022 Budget Acts, to continue incompetent to stand trial (IST) solution programs across DSH contracted programs. DSH also requests five positions to support these programs.

Background – Felony Mental Health Diversion Program Pilot. The 2018 Budget Act authorized a new diversion program by contracting with counties to serve individuals with serious mental illness diagnoses, such as schizophrenia, schizoaffective disorder, or bipolar disorder, who have been found or have the potential to be found incompetent to stand trial on felony charges.

Background – Incompetent to Stand Trial Solutions. The 2021 and 2022 Budget Acts included resources to develop IST related programming to address the backlog of patients deemed IST awaiting placement in a state hospital. In 2021, the Alameda Superior Court ruled in *Stiavetti v. Clendenin* that DSH must commence substantive treatment services to restore IST patients to competency within 28 days from the transfer of responsibility to DSH, with February 27, 2024, as the target date for compliance. These programs included Early Access and Stabilization Services (EASS), expansion of Jail-Based Competency Treatment (JBCT) programs, contracting with community inpatient facilities, expansion of community-based restoration and diversion, IST re-evaluation services, care coordination and waitlist management, independent placement panel, discharge planning and coordination with counties, alienist training, and a felony IST referral growth cap and penalties.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of these proposals.

Issue 3: Budget Solution – COVID-19 Workers Compensation

Budget Solution – May Revision. DSH requests to reduce General Fund expenditures for 2022-23 by $8 million to reflect unspent workers' compensation funding authorized for COVID-19 related claims.

Background. The 2021 Budget Act included General Fund expenditure authority of $16.5 million in 2021-22, $14.4 million in 2022-23, $14.7 million in 2023-24, and $16 million in 2024-25 to support processing and payment of workers' compensation claims related to the COVID-19 pandemic, pursuant to the requirements of SB 1159 (Hill), Chapter 85, Statutes of 2020. According to DSH, $8 million of the

amount allocated for 2022-23 is unspent. DSH requests to revert these funds to support the General Fund shortfall.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 4: Napa Memorial Project Reappropriation

Reappropriation – May Revision. DSH requests reappropriation of General Fund authority of $60,000 approved in the 2021 Budget Act and $60,000 approved in the 2022 Budget Act to support the completion of the Napa Memorial Project.

Background. The California Memorial Project is meant to honor and restore dignity to those individuals who lived and died in state hospitals and institutions in California. The project restores cemeteries or graves where individuals from state institutions are buried, and preserves the histories of individuals who lived in state institutions. From the mid-1880s to the 1960s, more than 45,000 people passed away while living in a state institution. Their remains are mostly unmarked, or in mass gravesites, where no markers exist. SB 1448 (Chesbro), Chapter 440, Statutes of 2002, and SB 258 (Chesbro), Chapter 391, Statues of 2006, established and expanded the California Memorial Project to:

- Identify the location of all gravesites at existing state hospitals and developmental centers
- Identify the names of patients whose remains were donated for medical research, and the entity to which the remains were donated
- Work with DSH and other state agencies to research the records of deaths and burials at cemeteries located on state hospital and developmental center grounds
- Develop a plan for the restoration of such cemeteries and gravesites at the locations identified.

The California Memorial Project at DSH-Napa plans construction of a memorial for patients that have been buried in unmarked graves at DSH-Napa. The project includes construction of accessible parking, a ramp, a patio, vertical granite slabs engraved with patient names, landscape and irrigation. The memorial wall would be circular in shape so that visitors, while inside the memorial, would be able to view the cemetery grounds beyond, with the wall inscribed with the names of patients buried in the cemetery, always in the foreground.

DSH requests reappropriation of General Fund authority of $60,000 approved in the 2021 Budget Act and $60,000 approved in the 2022 Budget Act to support the completion of the Napa Memorial Project.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 5: SB 1223 Chaptering Clean-up

Trailer Bill Language – May Revision. DSH proposes trailer bill language to address chaptering issues that arose between the health omnibus trailer bill, AB 204 (Committee on Budget), Chapter 738, Statutes of 2022, and SB 1223 (Becker), Chapter 735, Statutes of 2022. Both bills amended section 1370 of the Penal Code, related to diversion.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

2. The trailer bill has not yet been posted on the Department of Finance's website. Is it the department's intention to restore the chaptered out language from SB 1223, or are there additional changes?

Issue 6: Metropolitan – Consolidation of Police Operations

Capital Outlay Budget Change Proposal – May Revision. DSH requests reversion of expenditure authority from the Public Buildings Construction Fund of $27.5 million in 2022-23, and expenditure authority of $40 million in 2023-24 for the construction phase of the consolidation of police operations at DSH-Metropolitan.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0660 – Public Buildings Construction Fund	$39,952,000	$-
Total Funding Request:	**$39,952,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. Metropolitan State Hospital's Department of Police Services (DPS), Office of Special Investigations (OSI), and the Emergency Dispatch Center (EDC) provide essential police, security, and safety functions for the hospital campus. These entities are currently located in buildings with significant health and safety issues, including asbestos in floor tiles and non-compliance with code requirements for seismic safety in hospital and police facilities. In addition, the current buildings do not qualify as Essential Services Buildings, defined by California regulations as buildings used or designed to be used as fire stations, police stations, emergency operations centers, California Highway Patrol offices, sheriff's offices, or emergency communication dispatch centers. Essential Services Buildings must be capable of providing essential services to the public after a disaster and be designed and constructed to minimize fire hazards and to resist the forces generated by earthquakes, gravity, and winds.

The 2017 Budget Act approved General Fund expenditure authority of $1.3 million for preliminary planning for construction of a new building to consolidate DPS, OSI, and EDC and meet regulatory requirements as an Essential Services Building. The 2018 Budget Act included General Fund expenditure authority of $1.5 million in 2018-19 for design and working drawings for continuation of the project. At the time, DSH reported preliminary plans would be approved in July 2018, the project would proceed to

bid in August 2019, the contract awarded in December 2019, and the project completed in December 2021. According to DSH, the project experienced delays due to a lengthy Environmental Impact Review process needed because of the demolition component of the project, which includes demolition of five existing buildings and associated improvements to include site clearing and grading, paving for roads and parking, retaining walls and site utilities.

According to DSH, total project costs are estimated to be $43.1 million, including the following:

- Preliminary plans - $1,527,000
- Working drawings - $1,583,000
- Construction - $39,952,000

The construction phase costs would include $32.5 million for the construction contract, $1.6 million for contingency, $2.2 million for architectural and engineering services, and $3.6 million for other project costs.

According to DSH, preliminary plans began in March 2018 and were completed in May 2020, working drawings began in July 2021 and are estimated to be completed by February 2024, and construction would begin in February 2024 and be completed in August 2025.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 7: Atascadero – Potable Water Booster Pump System

Capital Outlay Budget Change Proposal – May Revision. DSH requests reversion of General Fund expenditure authority of $2 million, approved in the 2022 Budget Act, and General Fund expenditure authority of $4.7 million in 2023-24. If approved, these resources would support the construction phase of the continuing project to install a potable water booster pump system to improve the performance of the main water system at DSH-Atascadero.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$4,669,000	$-
Total Funding Request:	**$4,669,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to DSH, Atascadero State Hospital's water supply is generated from five underground wells located on the northeast part of the campus. Each well station has a pump that sends water from the wells to an adjacent underground reservoir, from which it is pumped to a one million gallon storage tank on top of a hill. The storage tank then supplies water to the hospital by gravity feed. This

gravity line supports the hospital's fire sprinkler system, as well as patient showers, kitchens, and bathrooms.

DSH reports when multiple users draw water, the hospital's main water pressure drops considerably. Water pressure during normal operations averages between 40 and 50 pounds per square inch (psi), which is below the necessary 60 psi required for normal facility operations. According to DSH, the reduced pressure could compromise the hospital's fire sprinkler system in the event of a fire.

Capital Outlay Request – Construction. DSH requests reversion of General Fund expenditure authority of $2 million, approved in the 2022 Budget Act, and General Fund expenditure authority of $4.7 million in 2023-24 to support the construction phase of the continuing project to install a potable water booster pump system to improve the performance of the main water system at DSH-Atascadero. According to DSH, the project would include installation of a booster pump station parallel to the existing main line. The pump station would consist of five pumps that would turn on when the inlet pressure drops. When the pressure rises to an acceptable level, the booster pump station would shut off and the existing gravity system would provide the required pressure to the buildings. A second in-line booster pump would also be installed parallel to the distribution line at the central plant feeding the water system to handle peak demand.

According to DSH, total project costs are estimated to be $5 million, including:

- Preliminary Plans - $133,000
- Working Drawings - $243,000
- Construction - $4.7 million

The construction phase costs would include $3.9 million for the construction contract, $271,000 for contingency, $299,000 for architectural and engineering services, and $224,000 for other project costs. Preliminary plans began in October 2019 and were completed in January 2022. Working drawings began in June 2022 and are estimated to be completed by February 2024. The construction phase is scheduled to begin in March 2024 and be completed by February 2025.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.