

# SUBCOMMITTEE NO. 3

# Agenda

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



Thursday, May 16<sup>th</sup>, 2024  
Upon call of the Chair  
1021 O Street – Room 1200

Consultants: Scott Ogus

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**PUBLIC COMMENT**

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*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: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for CalHHS in 2024-25:

- \$292.7 million General Fund, an increase of \$21.1 million or 7.8 percent, compared to the January budget.
- \$2.4 million special funds, unchanged compared to the January budget.
- 562 positions, an increase of six or 1.1 percent, compared to the January budget.

**New General Fund Budget Solution at May Revision.** CalHHS proposes the following General Fund budget solution at May Revision:

- *Health and Human Services Innovation Accelerator.* CalHHS proposes to revert General Fund expenditure authority of \$1 million in 2023-24, \$42 million in 2025-26, and \$32 million in 2026-27 for the Health and Human Services Innovation Accelerator, approved in the 2023 Budget Act. These resources were proposed for delay until 2026-27 and 2027-28 in the January budget and this delay was approved during early action as part of AB 106 (Gabriel), Chapter 9, Statutes of 2024.

**Other Adjustments and Trailer Bill Language Proposals at May Revision.** CalHHS proposes the following other adjustments and trailer bill language at the May Revision:

- *Office of Employment First.* CalHHS requests transfer of annual General Fund expenditure authority of \$1 million to the Department of Rehabilitation (DOR), beginning in 2024-25, to reflect the shift of the Office of Employment First from CalHHS to DOR.
- *Preschool Development Grant Award Authority Adjustment.* CalHHS requests federal fund expenditure authority of \$1.3 million in 2024-25 and proposes provisional budget bill language to reflect increased resources for the Preschool Development Grant.
- *ePOLST Registry Reappropriation.* CalHHS requests expenditure authority from the CalHHS Automation Fund of \$6.3 million in 2024-25 to support planning and implementation for the Electronic Physician Orders for Life Sustaining Treatment (ePOLST) Registry.
- *Central Registry Replacement and California EMS Information System Reprourement Reappropriation.* CalHHS requests six positions and expenditure authority of \$2.1 million in 2024-25 to support planning and implementation of the California EMS Central Registry Replacement Project and reprourement for the California EMS Information System (CEMSIS).
- *Office of Planning and Research Reorganization – California Initiative to Advance Precision Medicine.* CalHHS requests transfer of General Fund expenditure authority of \$31.5 million from the Office of Planning and Research (OPR) in 2024-25 to reflect the shift of the California Initiative to Advance Precision Medicine from OPR to CalHHS.

- *Transfer of Juvenile Justice Programs from the Board of State and Community Corrections to the Office of Youth and Community Restoration.* CalHHS requests reduction of General Fund expenditure authority of \$9.4 million in 2024-25 to reflect updates to juvenile justice grant funds to counties. The Administration also requests statutory changes to transfer administration of 2011 juvenile realignment grants from the Board of State and Community Corrections (BSCC) to the Office of Youth and Community Restoration (OYCR). Taken with the 2024-25 Governor’s Budget proposal, this will effectuate the transfer of the administration of juvenile grants from BSCC to OYCR.

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

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

1. Please provide a brief overview of the major adjustments to the CalHHS budget included in the May Revision.

**0977 CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for CHFFA in 2024-25:

- \$144 million special funds, unchanged compared to the January budget.
- \$246.5 million bond funds, unchanged compared to the January budget.
- 26.5 positions, unchanged compared to the January budget.

**New General Fund Budget Solution at May Revision.** CHFFA proposes the following General Fund budget solution at May Revision:

- *Specialty Dental Clinic Program.* CHFFA requests reduction of General Fund expenditure authority of \$48.8 million in 2025-26 to support the Specialty Dental Clinic Program, eliminating the program. These resources were originally proposed for delay from 2023-24 and 2024-25 until 2025-26 in the January budget.

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

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

1. Please provide a brief overview of the major adjustments to the CHFFA budget included in the May Revision.

**4120 EMERGENCY MEDICAL SERVICES AUTHORITY****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for EMSA in 2024-25:

- \$38 million General Fund, an increase of \$6.7 million or 21.5 percent, compared to the January budget.
- \$5.6 million special funds, unchanged compared to the January budget.
- 121 positions, an increase of 12 or 11 percent, compared to the January budget.

**New General Fund Budget Solutions at May Revision.** EMSA proposes the following General Fund budget solutions at May Revision:

- *California Emergency Medical Services Data Resource System Reversion.* EMSA requests reversion of General Fund expenditure authority of \$2.3 million approved in the 2021 Budget Act for the California EMS Data Resource System.

**Other Adjustments and Trailer Bill Language Proposals at May Revision.** EMSA proposes the following other adjustments and trailer bill language proposed in the January budget:

- *ePOLST Registry.* EMSA requests three positions and reappropriation of General Fund expenditure authority of \$6.6 million, originally approved in the 2021 Budget Act, to support the planning, development, and implementation of the Electronic Physician Orders for Life Sustaining Treatment (ePOLST) Registry. The reappropriation of these funds would extend their availability from June 30, 2024, until June 30, 2025.
- *Central Registry Replacement and California EMS Information System Reprocurement Reappropriation.* EMSA requests reappropriation of General Fund expenditure authority of up to \$3 million, originally approved in the 2021 Budget Act, to support planning and implementation of the California EMS Central Registry Replacement Project, and reprocurement of the California EMS Information System (CEMSIS).
- *Increased Emergency Preparedness and Response Capability Resources Adjustment.* EMSA requests a reduction of annual General Fund expenditure authority of \$5.5 million to correct and align resources for the Increased Emergency Preparedness and Response Capability Resources proposal approved in the 2021 Budget Act.

**Implementation of Chaptered Legislation.** EMSA proposes the following adjustments to reflect implementation of chaptered legislation:

- *Community Paramedicine or Triage to Alternate Destination Act (AB 767).* EMSA requests three positions and General Fund expenditure authority of \$686,000 in 2024-25, \$606,000 in 2025-26, and \$432,000 annually thereafter to support implementation of AB 767 (Gipson), Chapter 270, Statutes of

2023, which extends and expands the scope of the Community Paramedicine or Triage to Alternate Destination Act.

- *Emergency Medical Services – Liability Limitation.* EMSA requests General Fund expenditure authority of \$200,000 in 2024-25 to support implementation of AB 1376 (Juan Carrillo), Chapter 474, Statutes of 2023, which limits criminal or civil liability for private ambulance providers for detaining an individual at the request of a peace officer, facility staff, or other professionals.
- *Emergency Medical Transportation “No Surprises” Rate Reporting (AB 716).* EMSA requests two positions and General Fund expenditure authority of \$521,000 in 2024-25 and \$321,000 annually thereafter to develop and publish a report on the allowable maximum rates for ground ambulance transportation services in each county, pursuant to the requirements of AB 716 (Boerner), Chapter 454, Statutes of 2023.
- *Ambulance Patient Offload Time (AB 40).* EMSA requests four positions and General Fund expenditure authority of \$1.2 million in 2024-25 and \$696,000 annually thereafter to streamline patient transfers, reduce delays, and enhance coordination between EMS agencies and hospitals to decrease ambulance patient offload time, pursuant to the requirements of AB 40 (Rodriguez), Chapter 793, Statutes of 2023.

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

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

1. Please provide a brief overview of the major adjustments to the EMSA budget included in the May Revision.

**4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for HCAI in 2024-25:

- \$70.5 million General Fund, a decrease of \$302.7 million or 81.1 percent, compared to the January budget.
- \$131.3 million special funds, an increase of \$3.8 million or 2.95 percent, compared to the January budget.
- 760.2 positions, an increase of 12 or 1.6 percent, compared to the January budget.

**New General Fund and Mental Health Services Fund Budget Solutions at May Revision.** HCAI proposes the following General Fund budget solutions at May Revision:

- *Health Care Workforce Reductions – Community Health Workers.* HCAI requests reduction of General Fund expenditure authority of \$188.9 million (\$6.6 million state operations and \$182.3 million local assistance) in 2024-25, and \$57.5 million in 2025-26 that currently supports workforce development programs for community health workers.
- *Health Care Workforce Reductions – Nursing Initiative.* HCAI requests reduction of General Fund expenditure authority of \$70 million (\$2.7 million state operations and \$67.3 million local assistance) in 2023-24, \$70 million (\$7 million state operations and \$63 million local assistance) in 2024-25, and \$70 million in 2025-26 that currently supports workforce development programs for nursing-related professionals. The January budget originally proposed delaying \$70 million General Fund from 2023-24 until 2025-26.
- *Health Care Workforce Reductions – Social Work Initiative.* HCAI requests reduction of General Fund expenditure authority of \$70.1 million (\$3.5 million state operations and \$66.6 million local assistance) and expenditure authority from the Mental Health Services Fund of \$51.9 million in 2025-26 that currently supports workforce development initiatives to expand the number of social workers in California. The January budget originally proposed delaying these resources from 2023-24 until 2025-26.
- *Health Care Workforce Reductions – Addiction Psychiatry and Medicine Fellowships.* HCAI requests reduction of expenditure authority from the Mental Health Services Fund of \$48.5 million in 2025-26 that currently supports addiction psychiatry and addiction medicine fellowships.
- *Health Care Workforce Reductions – University and College Grants for Behavioral Health Professionals.* HCAI requests reduction of expenditure authority from the Mental Health Services Fund of \$52 million in 2025-26 that currently supports expansion of grants for behavioral health professionals. The January budget originally proposed delaying these resources from 2023-24 until 2025-26.



- *Health Care Workforce Reductions – Expansion of Masters in Social Work Slots.* HCAI requests reduction of expenditure authority from the Mental Health Services Fund of \$30 million in 2025-26 that currently supports expansion of slots for Masters in Social Work in California colleges and universities. The January budget originally proposed delaying these resources from 2023-24 until 2025-26.
- *Health Care Workforce Reductions – Psychiatry Local Behavioral Health Programs.* HCAI requests reduction of expenditure authority from the Mental Health Services Fund of \$7 million in 2025-26 that currently supports loan repayment programs for psychiatrists who agree to a term of service at a local behavioral health department. The January budget originally proposed delaying these resources from 2023-24 until 2025-26.
- *Health Care Workforce Reductions – California Medicine Scholars Program.* HCAI requests reduction of General Fund expenditure authority of \$2.8 million in 2024-25, 2025-26, and 2026-27, that currently supports medical professional pipeline programs through the California Medicine Scholars Program.
- *Health Care Workforce Reductions – Health Professions Careers Opportunity Program.* HCAI requests reduction of annual General Fund expenditure authority of \$16 million (\$800,000 state operations and \$15.2 million local assistance) that currently supports the Health Professions Careers Opportunity Program.
- *Health Care Workforce Reductions – Song-Brown Nursing.* HCAI requests reduction of General Fund expenditure authority of \$15 million in 2024-25 that currently supports nurse training in the Song-Brown Healthcare Workforce Training Program.
- *Health Care Workforce Reductions – Song-Brown Residencies.* HCAI requests reduction of General Fund expenditure authority of \$10 million in 2024-25 that currently supports residency programs in the Song-Brown Healthcare Workforce Training Program.
- *Health Care Workforce Reductions – Prior Year Healthcare Workforce.* HCAI requests reduction of General Fund expenditure authority of \$231 million (\$3.5 million state operations and \$227.5 million local assistance) in 2023-24 to reflect unspent prior year funds and current year savings for health care workforce programs.

**Other Adjustments at May Revision.** HCAI proposes the following other adjustments at May Revision:

- *CalRx Technical Adjustment – Biosimilar Insulin Development.* HCAI requests General Fund expenditure authority of \$5.2 million in 2023-24 to reflect a carryover amount in the CalRx Biosimilar Insulin program.
- *Transfer of Public Health Nurse Certification Fee Waiver to Board of Registered Nursing.* HCAI requests transfer of General Fund expenditure authority of \$3.3 million in 2023-24 to the Board of Registered Nursing to reflect the transfer of public health nurse certification fee waiver programs.

- *Behavioral Health Transformation – Behavioral Health Services Act Workforce.* HCAI requests three positions and expenditure authority from the Mental Health Services Fund of \$631,000 in 2024-25 to support the planning, implementation and oversight of the Behavioral Health Services Act Workforce Initiative, pursuant to the requirements of SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.

**Implementation of Chaptered Legislation.** HCAI proposes the following adjustments to reflect implementation of chaptered legislation:

- *Primary Care Clinic Modernization (SB 779).* HCAI requests five positions and expenditure authority from the California Health Data and Planning Fund of \$2.4 million in 2024-25, 13 positions and \$2.9 million in 2025-26, and 15 positions and \$3.1 million annually thereafter to support changes in clinic reporting requirements pursuant to SB 779 (Stern), Chapter 505, Statutes of 2023.
- *Hospital Supplier Diversity Reporting Program (AB 1392).* HCAI requests four positions and expenditure authority from the California Health Data and Planning Fund of \$718,000 in 2024-25 and 2025-26, five positions and \$1.9 million in 2026-27, and \$1.7 million annually thereafter, to support implementation of required planning by hospitals for increasing the diversity of procured vendors, pursuant to the requirements of AB 1392 (Rodriguez), Chapter 840, Statutes of 2023.

**General Fund Solutions Remaining from January Budget.** HCAI maintains the following General Fund solution proposed in the January budget:

- *Health Care Workforce Reductions – Psychiatry Loan Repayment Program Reversion.* HCAI requests reversion of expenditure authority of \$14 million (\$7 million General Fund and \$7 million Mental Health Services Fund), originally approved in the 2022 and 2023 Budget Acts, to support a psychiatry loan repayment program for psychiatrists who agree to a term of service at the Department of State Hospitals. This proposal was not adopted during early action taken by the Legislature to address the budget shortfall.

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

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

1. Please provide a brief overview of the major adjustments to the HCAI budget included in the May Revision.

**4150 DEPARTMENT OF MANAGED HEALTH CARE****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for DMHC in 2024-25:

- \$178.4 million special funds (Managed Care Fund), an increase of \$15.4 million or 9.4 percent, compared to the January budget.
- 783 positions, an increase of 59 or 8.15 percent, compared to the January budget.

**Other Adjustments at May Revision.** DMHC proposes the following other adjustments at May Revision:

- *Information Technology Security and Workload.* DMHC requests nine positions and expenditure authority from the Managed Care Fund of \$1.9 million in 2024-25 and \$1.9 million annually thereafter, to allow DMHC to resolve information technology audit findings and comply with the Cal-Secure five-year plan to enhance cybersecurity maturity and effectively identify and manage risk to the state.
- *Executive and Management Support Positions.* DMHC requests seven positions and expenditure authority from the Managed Care Fund of \$1.6 million in 2024-25 and \$1.5 million annually thereafter to support high-level managerial and executive workload, and properly align staff allocation and reporting structures.
- *Help Center Program Workload.* DMHC requests 35 positions and expenditure authority from the Managed Care Fund of \$6.4 million in 2025-26 and \$6.1 million annually thereafter, to address increased workload in the department's Help Center.
- *Health Care Service Plans Discipline Civil Penalties (SB 858) – Technical Adjustment.* DMHC requests reappropriation of expenditure authority from the Managed Care Fund of \$3.8 million, originally approved in the 2023 Budget Act, through June 30, 2025, to support contract procurement to implement discipline and civil penalty provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022.

**Implementation of Chaptered Legislation.** DMHC proposes the following adjustments to reflect implementation of chaptered legislation:

- *Dental Benefits and Rate Review (AB 1048).* DMHC requests three positions and expenditure authority from the Managed Care Fund of \$1.4 million in 2024-25 and \$1.4 million annually thereafter to review annual health and dental plan filings, issue determinations on dental rates changes, adopt emergency regulations, and issue guidance to health plans, pursuant to the requirements of AB 1048 (Wicks), Chapter 557, Statutes of 2023.
- *Health Care Coverage – Doulas (AB 904).* DMHC requests two positions and expenditure authority from the Managed Care Fund of \$449,000 in 2024-25, \$436,000 in 2025-26, and \$437,000 in 2026-

27, to collect and submit data to the Legislature describing doula coverage and programs, pursuant to the requirements of AB 904 (Calderon), Chapter 349, Statutes of 2023.

- *Biomarker Testing (SB 496)*. DMHC requests three positions and expenditure authority from the Managed Care Fund of \$799,000 in 2024-25, five positions and \$1.2 million in 2025-26, \$1.5 million in 2026-27, and \$1.5 million annually thereafter to review utilization management and quality assurance documents, issue all-plan letters, provide legal guidance, address consumer complaints and conduct independent medical reviews for coverage of biomarker testing, pursuant to the requirements of SB 496 (Limón), Chapter 401, Statutes of 2023.

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

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

1. Please provide a brief overview of the major adjustments to the DMHC budget included in the May Revision.

**4260 DEPARTMENT OF HEALTH CARE SERVICES****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for DHCS in 2024-25:

- \$32.3 billion General Fund, a decrease of \$351.7 million or one percent, compared to the January budget.
- \$99.4 billion federal funds, an increase of \$939.7 million or one percent, compared to the January budget.
- \$28.4 billion special funds and reimbursements, an increase of \$2.4 billion or 9.2 percent, compared to the January budget.
- 4,688.5 positions, an increase of 39 or 0.8 percent, compared to the January budget.

**New General Fund Budget Solutions at May Revision.** DHCS proposes the following General Fund budget solutions at May Revision:

- *Managed Care Organization Tax Expansion for Medicare Revenue.* DHCS requests reduction of General Fund expenditure authority of \$689.9 million in 2024-25, \$950 million in 2025-26, and \$1.3 billion in 2026-27 as a result of more comprehensively accounting for Medicare revenue in determining the maximum allowable aggregate tax on managed care organizations (MCOs). DHCS also proposes trailer bill language to implement this change.
- *Managed Care Organization Tax Targeted Rate Increases and Investments.* DHCS requests reduction of General Fund expenditure authority of \$75 million in 2023-24, \$879 million in 2024-25, \$2.4 billion in 2025-26, and \$3.4 billion in 2026-27 as a result of eliminating certain proposed targeted rate increases and investments related to the tax on managed care organizations (MCOs) in the January budget. Specifically, DHCS requests the following changes:
  - Elimination of 2025 Targeted Rate Increases – DHCS requests reduction in General Fund expenditure authority of \$75 million in 2023-24 and \$879 million in 2024-25, \$2.4 billion in 2025-26, and \$2.5 billion in 2026-27 as a result of additional General Fund savings from elimination of targeted rate increases and investments proposed in the January budget. These targeted rate increases and investments include: 1) Physician and non-physician health professional services, 2) Community and hospital outpatient procedures and services, 3) Abortion and family planning access, 4) Services and supports for federally qualified health centers (FQHCs) and rural health clinics (RHCs), 5) Emergency department services, 6) Designated public hospitals, 7) Ground emergency medical transportation, 8) Behavioral health throughput, 9) Graduate medical education, and 10) Medi-Cal workforce pool.
  - Maintains 2024 Targeted Rate Increases – DHCS maintains expenditure authority from the Medi-Cal Provider Payment Reserve Fund (MPPRF) of \$121 million in 2023-24, \$291 million in 2024-25, \$305 million in 2025-26, and \$321 million in 2026-27 to support targeted rate increases for

primary care, non-specialty mental health services, and obstetric care to bring rates to at least 87.5 percent of the rate paid by the Medicare program.

- *Children and Youth Behavioral Health Initiative (CYBHI) – Evidence-Based and Community-Defined Behavioral Health Program Grants.* DHCS requests reversion of General Fund expenditure authority of \$47.1 million, originally approved in the 2022 Budget Act, that currently supports grants for evidence-based and community-defined evidence practices for behavioral health.
- *CYBHI – School-Linked Partnership and Capacity Grants for Higher Education.* DHCS requests reversion of General Fund expenditure authority of \$150 million, originally approved in the 2021 and 2022 Budget Acts, that currently supports school-linked partnership and capacity grants to University of California, California State University, and community college campuses.
- *CYBHI – Behavioral Health Services and Supports Platform.* DHCS requests reduction of General Fund expenditure authority of \$140 million in 2024-25 that currently supports the Behavioral Health Services and Supports Platform.
- *Behavioral Health Continuum Infrastructure Program and Behavioral Health Bridge Housing.* DHCS requests reversion of General Fund expenditure authority of \$450.7 million, originally approved in the 2022 Budget Act, for the final round of the Behavioral Health Continuum Infrastructure Program (BHCIP). DHCS also requests reduction of General Fund expenditure authority of \$132.5 million in 2024-25 and \$207.5 million in 2025-26, and an increase in expenditure authority from the Mental Health Services Fund of \$90 million in 2025-26, for the final rounds of grants for Behavioral Health Bridge Housing.
- *Proposition 56 General Fund Backfill.* DHCS requests reduction of General Fund expenditure authority of \$145.4 million in 2024-25, and an offsetting transfer of \$145.4 million of expenditure authority from the Managed Care Enrollment Fund to continue funding for provider rate increases and other investments supported by Proposition 56 tobacco tax revenue.
- *Equity and Practice Transformation Payments.* DHCS requests reduction of General Fund expenditure authority of \$43.8 million in 2024-25, \$67.5 million in 2025-26, and \$168.8 million in 2026-27 that currently supports equity and practice transformation grants to Medi-Cal providers.
- *Naloxone Distribution Project and Medication Assisted Treatment Reduction.* DHCS requests reduction of annual General Fund expenditure authority of \$60 million that currently supports the Naloxone Distribution Project and medication assisted treatment.
- *Elimination of Major Risk Medical Insurance Program.* DHCS requests reduction of General Fund expenditure authority of \$78.9 million in 2024-25, \$2.7 million in 2025-26, and \$2.5 million annually thereafter to reflect elimination of the Major Risk Medical Insurance Program (MRMIP), which provides health care coverage for individuals unable to obtain coverage in the individual health insurance market because of pre-existing conditions. DHCS also requests increased expenditure authority from the Health Care Services Fines and Penalties Fund of \$78.4 million in 2024-25, \$2.2 million in 2025-26, and \$2 million annually thereafter.

- *Freeze Medi-Cal County Administration.* DHCS requests reduction of General Fund expenditure authority of \$20.4 million in 2024-25, \$42 million in 2025-26, \$65 million in 2026-27, and \$88.8 million in 2027-28 that currently supports increases for county administration workers that determine eligibility for the Medi-Cal program.
- *Intergovernmental Transfer Fee for Enhanced Payment Program and Quality Incentive Pool.* DHCS requests reduction in General Fund expenditure authority of \$37 million in 2024-25 and \$74 million annually thereafter to reflect implementation of a fee on intergovernmental transfers that draw down additional federal funding for Medi-Cal in the Enhanced Payment Program and Quality Incentive Pool.
- *Quality Sanctions on Medi-Cal Managed Care Plans to Support Medi-Cal.* DHCS requests reduction in General Fund expenditure authority of \$1 million in 2024-25 to reflect use of quality sanctions on Medi-Cal managed care plans to support the Medi-Cal program. DHCS also proposes trailer bill language to implement this change.
- *Optional Medi-Cal Benefit Elimination – Acupuncture.* DHCS requests reduction in General Fund expenditure authority of \$5.4 million in 2024-25 and \$13.1 million annually thereafter to reflect the elimination of adult acupuncture benefits in the Medi-Cal program.
- *Indian Health Grant Program Elimination.* DHCS requests reduction in annual General Fund expenditure authority of \$23 million to eliminate the Indian Health Grant Program, which provides support for improving the health status of American Indians living in urban, rural, and reservation or Rancheria communities throughout California.
- *Health Enrollment Navigators.* DHCS requests reduction of General Fund expenditure authority of \$26 million in 2024-25 that currently supports health enrollment navigators.
- *Free Clinics Augmentation.* DHCS requests reduction of annual General Fund expenditure authority of \$2 million that currently supports free clinics.

**Other Adjustments and Trailer Bill Language Proposals at May Revision.** DHCS proposes the following other adjustments at May Revision:

- *Behavioral Health Federal Funds Adjustment.* DHCS requests federal fund expenditure authority of \$96.7 million in 2024-25 to reflect additional mental health and substance use disorder grants awarded by the federal government in 2023-24.
- *Behavioral Health Transformation – County Behavioral Health Departments.* DHCS requests expenditure authority of \$85 million (\$50 million General Fund and \$35 million federal funds) in 2024-25 to support counties' implementation of changes to behavioral health programs pursuant to the Behavioral Health Services Act.
- *Children's Hospital New Directed Payment.* DHCS requests annual expenditure authority of \$230 million (\$115 million MPPRF and \$115 million federal funds) to support a new directed payment program for children's hospitals.

- *Naloxone Distribution Project Augmentation.* DHCS requests expenditure authority of \$8.3 million from the Opioid Settlements Fund in 2023-24 to expand distribution of naloxone through the Naloxone Distribution Project.
- *CYBHI – Next Generation Parent Video Series and Digital Supports.* DHCS requests provisional budget bill language to provide contract and regulatory exemptions for the department to develop the next generation video series and digital supports for remote mental health assessment for children and youth.
- *MCO Tax General Fund Offset.* DHCS requests a technical adjustment to update transfer authority related to the MCO tax.

**Implementation of Chaptered Legislation.** DHCS proposes the following adjustments to reflect implementation of chaptered legislation:

- *Abortion Provider Protections (SB 487).* DHCS requests three positions and expenditure authority of \$469,000 (\$235,000 General Fund and \$234,000 federal funds) in 2024-25 and \$442,000 (\$221,000 General Fund and \$221,000 federal funds) annually thereafter to protect abortion providers from various sanctions, pursuant to SB 487 (Atkins), Chapter 261, Statutes of 2023.
- *Behavioral Health (SB 43).* DHCS requests six positions and expenditure authority of \$1.1 million (\$539,000 General Fund and \$538,000 federal funds) in 2024-25 and \$1 million (\$512,000 General Fund and \$511,000 federal funds) annually thereafter to support changes to conservatorship criteria under the Lanterman-Petris-Short Act pursuant to the requirements of SB 43 (Eggman), Chapter 637, Statutes of 2023.
- *Behavioral Health Transformation – Behavioral Health Services Act (SB 326).* DHCS requests one-time expenditure authority of \$116.5 million (\$16.9 million General Fund, \$28.2 million Mental Health Services Fund, \$31.6 million Opioid Settlements Fund, and \$39.8 million federal funds) in 2024-25 to support implementation of the Behavioral Health Services Act, as reflected in SB 326 (Eggman), Chapter 790, Statutes of 2023, and Proposition 1, approved by voters in March 2024.
- *Behavioral Health Transformation – Behavioral Health Infrastructure Bond Act (AB 531).* DHCS requests three positions to support implementation of the Behavioral Health Infrastructure Bond Act, as reflected in AB 531 (Irwin), Chapter 789, Statutes of 2023, and Proposition 1, approved by voters in March 2024.
- *HOPE California – Secured Residential Treatment Pilot Program (AB 1360).* DHCS requests one position and General Fund expenditure authority of \$153,000 in 2024-25 and \$144,000 annually between 2025-26 and 2028-29 to support Hope California, a secured residential treatment pilot program in Sacramento and Yolo counties, authorized by AB 1360 (McCarty), Chapter 685, Statutes of 2023.
- *Local Educational Agencies Medi-Cal Billing Option Program (AB 483).* DHCS requests 19 positions and expenditure authority of \$1.9 million (\$957,000 reimbursements and \$957,000 federal funds) in



2024-25 and \$3.1 million (\$1.5 million reimbursements and \$1.5 million federal funds) annually thereafter to reform audit and settlements in the Local Educational Agencies Medi-Cal Billing Option Program (LEA-BOP), pursuant to the requirements of AB 483 (Muratsuchi), Chapter 527, Statutes of 2023.

- *Medicare Part A Buy-In (SB 311)*. DHCS requests five positions and expenditure authority of \$1 million (\$509,000 General Fund and \$509,000 federal funds) in 2024-25 to implement a Medicare Part A Buy-In for certain dually eligible Medi-Cal beneficiaries, pursuant to the requirements of SB 311 (Eggman), Chapter 707, Statutes of 2023. DHCS also requests reduction in expenditure authority in local assistance of \$41.4 million (\$1.3 million General Fund and \$40.1 million federal funds) annually to reflect Medi-Cal savings related to the program.
- *Naloxone Distribution Project Tribal Governments Technical Assistance (AB 1233)*. DHCS requests expenditure authority of \$162,000 (\$81,000 Opioid Settlement Fund and \$81,000 federal funds) in 2024-25 and \$153,000 (\$77,000 Opioid Settlement Fund and \$76,000 federal funds) in 2025-26 and 2026-27 to support technical assistance and outreach to tribal governments regarding the availability of naloxone through the Naloxone Distribution Project, pursuant to the requirements of AB 1233 (Waldron), Chapter 570, Statutes of 2023.
- *Robert F. Kennedy Farm Workers Medical Plan (AB 494)*. DHCS requests General Fund expenditure authority of \$141,000 annually from 2026-27 through 2030-31 to support the Robert F. Kennedy Farm Workers Medical Plan, pursuant to the requirements of AB 494 (Arambula), Chapter 333, Statutes of 2023.
- *Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act (AB 1163)*. DHCS requests expenditure authority of \$725,000 (\$132,000 General Fund and \$593,000 federal funds) in 2024-25 to support addition of intersexuality to voluntary self-identification information to be collected by state departments and entities, pursuant to the requirements of AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023.
- *Biomarker Testing (SB 496)*. DHCS requests annual expenditure authority of \$25.2 million (\$9.1 million General Fund and \$16.1 million federal funds) to implement Medi-Cal coverage of biomarker testing, pursuant to the requirements of SB 496 (Limón), Chapter 401, Statutes of 2023.
- *Pharmacogenomic Testing (AB 425)*. DHCS requests annual expenditure authority of \$18 million (\$6.5 million General Fund and \$11.5 million federal funds) to implement Medi-Cal coverage of pharmacogenomics testing, pursuant to the requirements of AB 425 (Alvarez), Chapter 329, Statutes of 2023.
- *Mobile Optometric Office (SB 502)*. DHCS requests expenditure authority of \$293,000 (\$102,000 Vision Services Fund and \$191,000 federal funds) in 2024-25 and \$275,000 (\$96,000 Vision Services Fund and \$179,000 federal funds) annually thereafter to cover vision services provided to low-income children through a mobile optometric office, pursuant to the requirements of SB 502 (Allen), Chapter 487, Statutes of 2023.

**General Fund Budget Solutions Remaining from January Budget.** DHCS continues to maintain the following General Fund budget solution proposed in the January budget:

- *Clinic Workforce Stabilization Payments.* DHCS requests to forego the transfer of General Fund expenditure authority of \$14.9 million in 2024-25, originally scheduled to be transferred to HCAI for clinic workforce development programs, and instead utilize the funds to address the General Fund shortfall. This proposal was not adopted by the Legislature in its early action on the budget.

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

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

1. Please provide a brief overview of the major adjustments to the DHCS budget included in the May Revision.

**Issue 2: May 2024 Medi-Cal Local Assistance Estimate**

**Local Assistance Estimate – May Revision.** The May 2024 Medi-Cal Local Assistance Estimate includes \$135.4 billion (\$30.9 billion General Fund, \$91.2 billion federal funds, and \$13.3 billion special funds and reimbursements) for expenditures in 2023-24, and \$151.2 billion (\$37.6 billion General Fund, \$90.5 billion federal funds, and \$23.1 billion special funds and reimbursements) for expenditures in 2024-25.

<b>Medi-Cal Local Assistance Funding Summary – May Revision</b>			
<b>Fiscal Year:</b>	<b>2023-24 (CY)</b>	<b>2024-25 (BY)</b>	<b>CY to BY</b>
<b><u>Benefits</u></b>			
<b>Fund Source</b>	<b><i>Revised</i></b>	<b><i>Proposed</i></b>	<b><i>Change</i></b>
General Fund	\$35,903,196,000	\$34,013,072,000	(\$1,890,124,000)
Federal Funds	\$91,496,817,000	\$92,820,735,000	\$1,323,918,000
Special Funds/Reimbursements	\$23,428,742,000	\$25,116,286,000	\$1,687,544,000
<b>Total Expenditures</b>	<b>\$150,828,755,000</b>	<b>\$151,950,093,000</b>	<b>\$1,121,338,000</b>
<b><u>County Administration</u></b>			
<b>Fund Source</b>	<b><i>Revised</i></b>	<b><i>Proposed</i></b>	<b><i>Change</i></b>
General Fund	\$1,124,709,000	\$1,428,266,000	\$303,557,000
Federal Funds	\$4,783,452,000	\$5,166,605,000	\$383,153,000
Special Funds and Reimbursements	\$73,907,000	\$71,427,000	(\$2,480,000)
<b>Total Expenditures</b>	<b>\$5,982,068,000</b>	<b>\$6,666,298,000</b>	<b>\$684,230,000</b>
<b><u>Fiscal Intermediary</u></b>			
<b>Fund Source</b>	<b><i>Revised</i></b>	<b><i>Proposed</i></b>	<b><i>Change</i></b>
General Fund	\$152,840,000	\$160,248,000	\$7,408,000
Federal Funds	\$380,334,000	\$371,882,000	(\$8,452,000)
Special Funds and Reimbursements	\$33,000	\$11,000	(\$22,000)
<b>Total Expenditures</b>	<b>\$533,207,000</b>	<b>\$532,141,000</b>	<b>(\$1,066,000)</b>
<b><u>TOTAL MEDI-CAL LOCAL ASSISTANCE EXPENDITURES</u></b>			
<b>Fund Source</b>	<b><i>Revised</i></b>	<b><i>Proposed</i></b>	<b><i>Change</i></b>
General Fund	\$37,180,745,000	\$35,601,586,000	(\$1,579,159,000)
Federal Funds	\$96,660,603,000	\$98,359,222,000	\$1,698,619,000
Special Funds and Reimbursements	\$23,502,682,000	\$25,187,724,000	\$1,685,042,000
<b>Total Expenditures</b>	<b>\$157,344,030,000</b>	<b>\$159,148,532,000</b>	<b>\$1,804,502,000</b>

**Caseload.** In 2023-24, the May Revision assumes annual Medi-Cal caseload of 15.2 million, an increase of 408,800 or 2.8 percent compared to assumptions in the January budget. The department estimates 92

percent of Medi-Cal beneficiaries, or 14 million, will receive services through the managed care delivery system while 8 percent, or 1.2 million, will receive services through the fee-for-service delivery system.

In 2024-25, the May Revision assumes annual Medi-Cal caseload of 14.5 million, an increase of 746,800 or 5.4 percent compared to assumptions in the January budget, and a decrease of 664,400 or 4.4 percent compared to the revised caseload estimate for 2023-24. The department estimates 94.1 percent of Medi-Cal beneficiaries, or 13.6 million, will receive services through the managed care delivery system while 6 percent, or 863,128, will receive services through the fee-for-service delivery system.

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

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

1. Please provide a brief overview of the significant General Fund changes in the Medi-Cal program at May Revision for the 2023-24 and 2024-25 fiscal years.

**Issue 3: May 2024 Family Health Local Assistance Estimate**

**Local Assistance Estimate – May Revision.** The May 2024 Family Health Local Assistance Estimate includes \$238 million (\$197.1 million General Fund, \$5 million federal funds, and \$35.9 million special funds and reimbursements) for expenditures in 2023-24, and \$253.1 million (\$220 million General Fund, \$5.5 million federal funds, and \$27.7 million special funds and reimbursements) for expenditures in 2024-25.

<b>Family Health Local Assistance Funding Summary – May Revision</b>			
<b>Fiscal Year:</b>	<b>2023-24 (CY)</b>	<b>2024-25 (BY)</b>	<b>CY to BY</b>
<b><u>California Children’s Services (CCS)</u></b>			
<b>Fund Source</b>	<b>Revised</b>	<b>Proposed</b>	<b>Change</b>
General Fund	\$85,725,000	\$89,673,000	\$3,948,000
Special Funds/Reimbursements	\$6,525,000	\$6,505,000	(\$17,000)
County Funds [non-add]	[\$89,841,000]	[\$98,088,000]	[\$8,247,000]
<b>Total CCS Expenditures</b>	<b>\$92,250,000</b>	<b>\$96,181,000</b>	<b>\$3,931,000</b>
<b><u>Genetically Handicapped Persons Program (GHPP)</u></b>			
<b>Fund Source</b>	<b>Revised</b>	<b>Proposed</b>	<b>Change</b>
General Fund	\$136,752,000	\$150,129,000	\$13,377,000
Special Funds and Reimbursements	\$501,000	\$529,000	\$28,000
<b>Total GHPP Expenditures</b>	<b>\$137,253,000</b>	<b>\$150,658,000</b>	<b>\$13,405,000</b>
<b><u>Every Woman Counts Program (EWC)</u></b>			
<b>Fund Source</b>	<b>Revised</b>	<b>Proposed</b>	<b>Change</b>
General Fund	\$5,181,000	\$4,647,000	(\$534,000)
Federal Funds	\$5,212,000	\$5,518,000	\$306,000
Special Funds and Reimbursements	\$19,649,000	\$19,394,000	(\$255,000)
<b>Total EWC Expenditures</b>	<b>\$30,042,000</b>	<b>\$29,559,000</b>	<b>(\$483,000)</b>
<b><u>TOTAL FAMILY HEALTH EXPENDITURES</u></b>			
<b>Fund Source</b>	<b>Revised</b>	<b>Proposed</b>	<b>Change</b>
General Fund	\$227,658,000	\$244,449,000	\$16,791,000
Federal Funds	\$5,212,000	\$5,518,000	\$306,000
Special Funds and Reimbursements	\$26,675,000	\$26,431,000	(\$244,000)
County Funds [non-add]	[\$89,841,000]	[\$98,088,000]	[\$8,247,000]
<b>Total Family Health Expenditures</b>	<b>\$259,545,000</b>	<b>\$276,398,000</b>	<b>\$16,853,000</b>

**Background.** The Family Health Estimate forecasts the current and budget year local assistance expenditures for three state-only funded programs that provide services for low-income children and adults with special health care needs who do not qualify for enrollment in the Medi-Cal program.

The programs included in the Family Health Estimate are:

- **California Children’s Services (CCS):** The CCS program, established in 1927, is one of the oldest public health care programs in the nation and is administered in partnership with county health departments. The CCS state-only program provides health care services to children up to age 21 who have a CCS-eligible condition such as: cystic fibrosis, hemophilia, cerebral palsy, heart disease, cancer or traumatic injury; and either do not qualify for full-scope Medi-Cal or whose families cannot afford the catastrophic health care costs for the child’s care. CCS costs for Medi-Cal eligible children are reflected in the Medi-Cal Local Assistance Estimate.

Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal CCS caseload of 188,596 in 2023-24 and 187,353 in 2024-25.

Caseload Estimate (State-Only): The May Revision estimates state-only CCS caseload of 12,609 in 2023-24 and 13,215 in 2024-25.

- **Genetically Handicapped Persons Program (GHPP):** The GHPP program, established in 1975, provides medically necessary services and administrative case management for individuals age 21 and over with a GHPP-eligible condition such as cystic fibrosis, hemophilia, sickle cell, Huntington’s, or metabolic diseases. The GHPP state-only program is for those individuals who do not qualify for full-scope Medi-Cal. GHPP costs for Medi-Cal eligible individuals are reflected in the Medi-Cal Local Assistance Estimate

Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal GHPP caseload of 911 in 2023-24 and 889 in 2024-25.

Caseload Estimate (State-Only): The May Revision estimates state-only GHPP caseload of 726 in 2023-24 and 733 in 2024-25.

- **Every Woman Counts (EWC) Program:** The EWC program provides free breast and cervical cancer screening and diagnostic services to uninsured and underinsured women who do not qualify for Medi-Cal. Women diagnosed with breast or cervical cancer may be referred to the Breast and Cervical Cancer Treatment Program (BCCTP).

Caseload Estimate: The May Revision estimates EWC caseload of 16,503 in 2023-24, and 16,375 in 2024-25.

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

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

1. Please provide a brief overview of the significant changes in Family Health Estimate programs at May Revision for the 2023-24 and 2024-25 fiscal years.

**4265 CALIFORNIA DEPARTMENT OF PUBLIC HEALTH****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for CDPH in 2024-25:

- \$470.7 million General Fund, a decrease of \$344.7 million or 42.3 percent, compared to the January budget.
- \$1.2 billion special funds, an increase of \$24.2 million or 2.1 percent, compared to the January budget.
- 5168.4 positions, an increase of 3 or 0.1 percent, compared to the January budget.

**New General Fund Budget Solutions at May Revision.** CDPH proposes the following General Fund budget solutions at May Revision:

- *Elimination of Post-Pandemic Public Health Infrastructure Funding.* CDPH requests reduction of General Fund expenditure authority of \$52.5 million in 2023-24 and \$300 million annually thereafter that currently supports state and local health departments' investments in additional staff, infrastructure, prevention, infectious disease control, population, health, and emergency preparedness.
- *AIDS Drug Assistance Program (ADAP) Loan to the General Fund.* CDPH requests a loan of \$500 million from the AIDS Drug Assistance Program (ADAP) Rebate Fund to the General Fund in 2024-25 to address the General Fund shortfall. CDPH also requests provisional budget bill language governing repayment of the loan, and expenditure authority from the ADAP Rebate Fund of \$23 million for various program enhancements.
- *CYBHI – Youth Suicide Reporting and Crisis Response Pilot Program.* CDPH requests to revert General Fund expenditure authority of \$13.5 million, originally approved in the 2022 and 2023 Budget Acts, and a reduction of General Fund expenditure authority of \$1.5 million in 2024-25, that currently supports youth suicide reporting and crisis response pilot program.
- *CYBHI – Public Education and Change Campaign Elimination.* CDPH requests reduction of General Fund expenditure authority of \$40 million in 2024-25 and \$5 million in 2025-26 to reflect elimination of the Children and Youth Behavioral Health Initiative Public Education and Change Campaign.
- *Office of Oral Health General Fund Backfill.* CDPH requests reduction of annual General Fund expenditure authority of \$4.6 million that currently supports stable funding for the department's Office of Oral Health, in combination with resources from the Proposition 56 tobacco tax.
- *Skilled Nursing Facilities Staffing Audits Fund Shift.* CDPH requests an ongoing shift of General Fund expenditure authority of \$4 million to the Licensing and Certification Fund to support auditing and enforcement of skilled nursing facilities' minimum staffing requirements. This fund shift was proposed for 2024-25 one-time in the January budget and approved by the Legislature in its early action on the budget.

- *Climate and Health Surveillance Program Reduction.* CDPH requests reduction of annual General Fund expenditure authority of \$3.1 million to reflect a reduction in the Climate and Health Surveillance Program.
- *Disease Surveillance Readiness, Response, Recovery, and Maintenance of IT Operations.* CDPH requests reduction of General Fund expenditure authority of \$6.9 million annually beginning in 2025-26 to reflect a reduction in the appropriation for Disease Surveillance Readiness, Response, Recovery, and Maintenance of IT Operations approved in the 2022 Budget Act.
- *Information Technology, Data Science and Informatics Framework for a 21<sup>st</sup> Century Public Health System.* CDPH requests reduction of General Fund expenditure authority of \$10 million annually, beginning in 2025-26, to reflect a reduction in the appropriation for the Information Technology, Data Science, and Informatics Framework proposal approved in the 2022 Budget Act.
- *Various Special Fund Loans to the General Fund.* CDPH requests loans from the following special funds to the General Fund:
  - Licensing and Certification Fund – \$70 million
  - Childhood Lead Poisoning Prevention Fund – \$18 million
  - Infant Botulism Treatment and Prevention Fund – \$17 million
  - Health Statistics Special Fund – \$17 million
  - Birth Defects Monitoring Fund – \$5 million
  - Radiation Control Fund – \$4.5 million
  - Occupational Lead Poisoning Prevention Account – \$3 million
  - Gambling Addiction Program Fund – \$2.7 million
  - Domestic Violence Training and Education Fund – \$1.6 million
  - Cannery Inspection Fund – \$1.2 million

**Other Adjustments and Trailer Bill Language Proposals at May Revision.** CDPH proposes the following other adjustments at May Revision:

- *California vs. JUUL Labs Settlement.* CDPH requests expenditure authority from settlement funds of \$5.6 million in 2024-25, \$7.8 million in 2025-26 through 2027-28, and \$7.6 million in 2028-29 to help address, prevent, and reduce youth use of e-cigarettes, pursuant to a settlement agreement with JUUL Labs, Inc.
- *Adjustment to Reimbursement Authority.* CDPH requests reimbursement authority of \$181 million in 2024-25 to allow the department to expend funds associated with the extension of the federal Epidemiology and Laboratory Capacity Grant, and an agreement with EMSA to support an emergency staffing contract.
- *Proposition 99 Expenditure Adjustments.* CDPH requests the following changes to its Proposition 99 expenditures, based on updated cigarette tax revenue estimates:
  - Health Education Account (0231) – Increase \$1.5 million ongoing for state operations



- Health Education Account (0231) – Increase \$500,000 ongoing for local assistance
  - Research Account (0234) – Increase \$210,000 ongoing
  - Unallocated Account (0236) – Increase \$16,000 ongoing
- *Adjustments to Reflect Available Resources in Breast Cancer Research Account.* CDPH requests expenditure authority from the Breast Cancer Research Account of \$33,000 to reflect updated cigarette tax revenue estimates.

**Implementation of Chaptered Legislation.** DHCS proposes the following adjustments to reflect implementation of chaptered legislation:

- *California Neurodegenerative Disease Registry (AB 424).* CDPH requests General Fund expenditure authority of \$918,000 in 2024-25, and \$543,000 in 2025-26 through 2027-28 to collect data to determine the incidence and prevalence of amyotrophic lateral sclerosis in the state through the Neurodegenerative Disease Registry, pursuant to the requirements of AB 424 (Bryan), Chapter 522, Statutes of 2023.
- *California Cancer Registry (SB 344).* CDPH requests one position and General Fund expenditure authority of \$271,000 in 2024-25 and \$91,000 in 2025-26 and 2026-27 for the department to develop and monitor new compliance requirements for pathologists reporting to the California Cancer Registry, pursuant to the requirements of SB 344 (Rubio), Chapter 867, Statutes of 2023.
- *Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act (AB 1163).* CDPH requests General Fund expenditure authority of \$430,000 in 2024-25 and \$280,000 in 2025-26 to implement system changes to collect voluntary self-identification information pertaining to intersexuality in the course of collecting demographic data, pursuant to the requirements of AB 1163 (Luz Rivas), Chapter 832, Statutes of 2023.
- *Reporting of Animal Testing Methods (AB 357).* CDPH requests one position and General Fund expenditure authority of \$688,000 in 2024-25, \$569,000 in 2025-26, and \$257,000 annually thereafter to receive reports from manufacturers on animal testing methods, pursuant to the requirements of AB 357 (Maienschein), Chapter 430, Statutes of 2023.
- *Tobacco Sales – Flavored Tobacco Ban (AB 935).* CDPH requests General Fund expenditure authority of \$2.2 million in 2024-25 and \$1.9 million annually thereafter to enforce the ban on flavored tobacco products by conducting investigations of licensed tobacco retailers, pursuant to the requirements of AB 935 (Connolly), Chapter 351, Statutes of 2023.

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

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

1. Please provide a brief overview of the major adjustments to the CDPH budget included in the May Revision.

**Issue 2: AIDS Drug Assistance Program (ADAP) Estimate**

**AIDS Drug Assistance Program (ADAP) Estimate.** The Office of AIDS within CDPH administers the AIDS Drug Assistance Program (ADAP), which provides access to life-saving medications for Californians living with HIV and assistance with costs related to HIV pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) for Californians at risk of acquiring HIV. Clients are eligible for ADAP services if they meet the following criteria:

1. are HIV infected;
2. are a resident of California;
3. are 18 years of age or older;
4. have a Modified Adjusted Gross Income that does not exceed 500 percent of the Federal Poverty Level; and
5. are not fully covered by or eligible for Medi-Cal or any other third-party payer.

**ADAP Programs.** ADAP provides services to its clients through support for medications, health insurance premiums and out-of-pocket costs. Participating clients generally fall into one of five categories:

1. *Medication-only clients* are people living with HIV who do not have private insurance and are not enrolled in Medi-Cal or Medicare. ADAP covers the full cost of prescription medications on the ADAP formulary for these individuals, who only receive services associated with medication costs.
2. *Medi-Cal Share of Cost clients* are persons living with HIV enrolled in Medi-Cal who have a share of cost for Medi-Cal services. ADAP covers the share of cost for medications for these clients, who only receive services associated with medication costs.
3. *Private insurance clients* are persons living with HIV who have some form of health insurance, including through Covered California, privately purchased health insurance, or employer-based health insurance and who receive services associated with medication costs, health insurance premiums and medical out-of-pocket costs.
4. *Medicare Part D clients* are persons living with HIV enrolled in Medicare and have purchased Medicare Part D plans for medication coverage. This group of clients receives services associated with medication co-pays, medical out-of-pocket costs, Medicare Part D health insurance premiums, and has the option for premium assistance with Medigap supplemental insurance policies, which cover medical out-of-pocket costs.
5. *Pre-exposure prophylaxis (PrEP) Assistance Program (PrEP-AP) clients* are individuals who are at risk for, but not infected with, HIV and have chosen to take PrEP, or post-exposure prophylaxis (PEP), as a way to prevent infection. For insured clients, PrEP-AP pays for PrEP- and PEP-related medical out-of-pocket costs and covers the gap between what the client's insurance plan and the manufacturer's co-payment assistance program pays towards medication costs. For uninsured clients, PrEP-AP only provides assistance with PrEP- and PEP-related medical costs, as medication is provided free by the manufacturer's medication assistance program.

ADAP is funded by federal funds and the ADAP Rebate Fund (Fund 3080). The federal government began funding state programs to assist people living with HIV to purchase antiretroviral medications in 1987. Since 1990 with the passage of the Ryan White Comprehensive AIDS Resources Emergency Act, now known as the Ryan White Program, the federal Health Resources and Services Administration

(HRSA) provides funding to states for ADAP programs. In addition to federal funds, ADAP receives significant funding from mandatory and voluntary manufacturer rebates for ADAP drug expenditures.

**ADAP Estimate – May Revision.** The May 2024 ADAP Local Assistance Estimate reflects revised 2023-24 expenditures of \$374 million, an increase of \$20.1 million or 5.7 percent compared to the January budget. According to CDPH, this increase is primarily due to higher medication and insurance premium expenditures than previously estimated. For 2024-25, CDPH estimates ADAP expenditures of \$376.7 million, an increase of \$10.7 million, or 2.9 percent compared to the January budget. According to CDPH, the continued relative increase of expenditures between 2024-25 and 2023-24, compared to the January budget, is similarly due to higher medication expenditures than previously estimated.

<b>ADAP Local Assistance Funding Summary</b>		
<b>Fund Source</b>	<b>2023-24</b>	<b>2024-25</b>
0890 – Federal Trust Fund	\$373,976,000	\$376,670,000
3080 – AIDS Drug Assistance Program Rebate Fund	\$265,817,000	\$260,794,000
<b>Total ADAP Local Assistance Funding</b>	<b>\$373,976,000</b>	<b>\$376,670,000</b>

ADAP tracks caseload and expenditures by client group. CDPH estimates ADAP caseload and expenditures for 2023-24 and 2024-25 will be as follows:

<u><b>Caseload by Client Group</b></u>	<u><b>2023-24</b></u>	<u><b>2024-25</b></u>
<b>Medication-Only</b>	9,294	8,275
<b>Medi-Cal Share of Cost</b>	61	67
<b>Private Insurance</b>	9,259	9,264
<b>Medicare Part D</b>	7,033	6,962
<b>PrEP Assistance Program</b>	6,005	6,981
<b>TOTAL</b>	<b>31,651</b>	<b>31,548</b>

<u><b>Expenditures by Client Group</b></u>	<u><b>2023-24</b></u>	<u><b>2024-25</b></u>
<b>Medication-Only</b>	\$238,200,343	\$218,512,685
<b>Medi-Cal Share of Cost</b>	\$611,548	\$667,143
<b>Private Insurance</b>	\$91,331,732	\$98,351,180
<b>Medicare Part D</b>	\$27,197,909	\$30,130,849
<b>PrEP Assistance Program</b>	\$14,356,964	\$19,735,043
<b>TOTAL</b>	<b>\$371,698,495</b>	<b>\$374,670,107</b>

Costs for administration of ADAP are estimated to be \$5.2 million in 2023-24 and \$8.2 million in 2024-25. Costs for administration of PrEP-AP are estimated to be \$3.5 million in 2023-24 and \$5.6 million in 2024-25. Enrollment costs are estimated to be \$7.7 million in 2023-24 and \$8 million in 2024-25. ADAP estimates a reduction of expenditures of \$16.1 million in 2023-24 and \$14.5 million in 2024-25 for Health Management Systems.

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

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

1. Please provide a brief overview of the major changes to the ADAP Estimate.

**Issue 3: Genetic Disease Screening Program (GDSP) Estimate**

**Genetic Disease Screening Program Estimate – May Revision.** The May 2024 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of \$164.8 million (\$38.7 million state operations and \$126.1 million local assistance) in 2023-24, and \$176.8 million (\$38.8 million state operations and \$138 million local assistance) in 2024-25.

<b>Genetic Disease Screening Program (GDSP) Funding Summary</b>			
	<b>2023-24</b>	<b>2024-25</b>	<b>BY to CY</b>
<b>Fund Source</b>	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
0203 – Genetic Disease Testing Fund			
State Operations:	\$38,670,000	\$38,761,000	\$91,000
Local Assistance:	\$126,112,000	\$138,045,000	\$11,933,000
<b>Total GDSP Expenditures</b>	<b>\$164,782,000</b>	<b>\$176,806,000</b>	<b>\$12,024,000</b>

**Background.** According to CDPH, the Genetic Disease Screening Program (GDSP) performs the following tasks to support its mission:

- Screens newborns and pregnant individuals for genetic and congenital disorders in a cost-effective and clinically effective manner. The screening programs provide testing, follow-up, and early diagnosis of disorders to prevent adverse outcomes or minimize clinical effects.
- Ensures quality of analytical test results and program services by developing standards and quality assurance procedures, and monitoring compliance.
- Fosters informed participation in its programs in an ethical manner through a combination of patient, professional, and public education, and accurate and up-to-date information and counseling.
- Provides ongoing critical review, testing, and evaluation of existing programs to ensure program objectives and goals are being met.
- Develops programs to adopt new methods and implement new services that further enhance the effectiveness and efficiency of current and future prevention programs.
- Promotes use of high-quality consumer education materials on genetic disorders, screening for birth defects and genetic services.

GDSP operates two primary screening programs: the Newborn Screening Program and the Prenatal Screening Program. Caseload and expenditures for these programs are reflected in the GDSP Estimate along with operational support costs for the programs.

**Newborn Screening (NBS) Program.** Newborn screening, recognized nationally as an essential preventive health measure, began in California in 1966 with the testing of infants for phenylketonuria (PKU). In 1980, the program was expanded to include galactosemia, primary congenital hypothyroidism, and included a more comprehensive follow-up system. In 1990, screening for sickle cell disease was added to the screening program, which allows for identification of related non-sickling hemoglobin disorders, including beta-thalassemia major, and Hb E/beta thalassemia. In 1999, the program implemented screening for hemoglobin H and hemoglobin H - Constant Spring disease. In 2005 the screening panel was expanded to include additional metabolic disorders and congenital adrenal hyperplasia (CAH), and

in 2007, the screening panel was expanded to include cystic fibrosis (CF) and biotinidase deficiency (BD). In 2010, Severe Combined Immunodeficiency (SCID) was added to the screening panel.

According to CDPH, disorders screened for by the program have varying degrees of severity and, if identified early, many can be treated before they cause serious health problems. Between 1980 and 2017, 18,920,529 babies were screened resulting in early identification of the following disorders:

Disorder	Cases
Phenylketonuria (PKU)	1,264
Primary Congenital Hypothyroidism	7,857
Galactosemia	1,018
Sickle Cell Disease and other clinically significant Hemoglobinopathies	5,006
Biotinidase Deficiency (BD)	209
Cystic Fibrosis (CF)	636
Congenital Adrenal Hyperplasia (CAH)	376
Metabolic Fatty Acid Oxidation Disorders	741
Metabolic Amino Acid Disorders (other than PKU)	203
Metabolic Organic Acid Disorders	518
Other Metabolic Disorders	62
Severe Combined Immunodeficiencies	75
X-Linked Adrenoleukodystrophy (ALD) and Other Peroxisomal Disorders	50
<b>TOTAL</b>	<b>18,015</b>

The NBS program currently screens infants in California for more than 80 separate disorders. Pursuant to SB 1095 (Pan), Chapter 363, Statutes of 2016, two additional disorders, Mucopolysaccharidosis type I (MPS-I) and Pompe disease, were added to the screening panel in 2018. In addition, as conditions are added to the federal Recommended Uniform Screening Panel (RUSP), SB 1095 requires them to be added to the NBS program screening panel within two years. The current fee for screening in the NBS program is currently \$211.

**NBS Caseload Estimate:** The May Revision estimates NBS program caseload of 404,919 in 2023-24, a decrease of 5,042 or 1.2 percent, compared to 2022-23 actual total caseload of 409,961. The May Revision estimates NBS program caseload of 402,515 in 2024-25, a decrease of 2,404 or 0.6 percent, compared to the revised 2023-24 estimate. These estimates are based on state projections of the number of live births in California. CDPH assumes 100 percent of children born in California will participate in the NBS program annually.

**Prenatal Screening (PNS) Program.** The Prenatal Screening (PNS) program provides prenatal screening services and follow-up diagnostic services, where indicated, to all pregnant individuals in California to detect birth defects during pregnancy. The program offers two types of prenatal screening:

- **Cell-free DNA (cfDNA) Screening** - Cell-free DNA (cfDNA) is a non-invasive screening test for fetal chromosomal abnormalities that relies on extraction of maternal and fetal cells from a pregnant individual's blood sample. cfDNA can detect chromosomal abnormalities and birth defects including trisomy 21 (Down syndrome), trisomy 18 (Edwards syndrome), and trisomy 13 (Patau syndrome).

Compared to the metabolic screening methods previously used by PNS, cfDNA screening results in fewer false positives and better accuracy resulting in fewer pregnant individuals being referred for diagnostic follow-up services.

- **Maternal Serum Alpha-Fetoprotein (MSAFP) Screening** – Alpha-fetoprotein (AFP) is a protein mainly produced in the fetal liver and released into the maternal serum (MSAFP) and amniotic fluid. A small amount crosses the placenta and becomes measurable in the maternal serum towards the end of the first trimester. Levels rise steadily through the second trimester. This screening detects neural tube defects, such as open spina bifida or anencephaly, which result in higher than normal MSAFP in maternal serum.

For pregnant individuals with screening results indicating a high risk for a birth defect, the program provides free follow-up diagnostic services at state-approved Prenatal Diagnosis Centers (PDCs). Services offered at these centers include genetic counseling, ultrasound, and amniocentesis. Participation in the screening testing and follow-up services is voluntary and the fee for testing through the PNS program is \$232. Of the \$232 fee, \$222 is deposited in the Genetic Disease Testing Fund to support PNS, and \$10 is deposited into the California Birth Defect Monitoring Program Fund. There is also a separate fee for neural tube defect (NTD) screening of \$85. GDSP will be increasing PNS fees by \$112 (from \$232 to \$344) beginning July 2024.

**PNS Caseload Estimate:** The May Revision estimates PNS program caseload of 216,941 cfDNA specimens and 252,495 Biochemical Screening test specimens in 2023-24. The May Revision estimates PNS program caseload of 215,601 cfDNA specimens and 250,935 Biochemical Screening test specimens in 2024-25. These estimates are based on state projections of the number of live births in California.

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

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

1. Please provide a brief overview of the caseload and expenditure changes for the Newborn Screening Program.
2. Please provide a brief overview of the caseload and expenditure changes for the Prenatal Screening Program.

**Issue 4: Women, Infants, and Children (WIC) Program Estimate**

**WIC Program Estimate – May Revision.** The May 2024 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of \$1.4 billion (\$1.2 billion federal funds and \$193.4 million WIC manufacturer rebate funds) in 2023-24 and \$1.5 billion (\$1.3 billion federal funds and \$217.3 million WIC manufacturer rebate funds) in 2024-25. The federal fund amounts include state operations costs of \$66.2 million in 2023-24 and \$69.5 million in 2024-25.

<b>Women, Infants, and Children (WIC) Funding Summary</b>			
	<b>2023-24</b>	<b>2024-25</b>	<b>BY to CY</b>
<b>Fund Source</b>	<i>Revised</i>	<i>Proposed</i>	<i>Change</i>
0890 – Federal Trust Fund			
State Operations:	\$66,226,000	\$69,483,000	\$3,257,000
Local Assistance:	\$1,128,789,000	\$1,198,038,000	\$69,249,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	\$193,360,000	\$217,313,000	\$23,953,000
<b>Total WIC Expenditures</b>	<b>\$1,388,375,000</b>	<b>\$1,484,834,000</b>	<b>\$96,459,000</b>

**Background.** The WIC program provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding individuals, infants, and children up to their fifth birthday at or below 185 percent of the federal poverty level. WIC program services include nutrition education, breastfeeding support, assistance with finding health care and other community services, and vouchers for specific nutritious foods that are redeemable at WIC-authorized retail food outlets throughout the state. The WIC program receives federal funds from the United States Department of Agriculture (USDA) under the federal Child Nutrition Act of 1966. Specific uses of WIC Program funds are governed by federal laws and regulations, and CDPH must report funds and expenditures monthly.

The WIC program’s food expenditures are funded by a combination of federal grants and rebates from manufacturers of infant formula. Federal WIC regulations require that state WIC programs have sole supplier rebate contracts in place with infant formula manufacturers for milk-based and soy-based infant formula. As infant formula is provided to WIC recipients, the program receives a rebate from the manufacturer which is used to fund additional food expenditures. In addition to food expenditures, the program receives federal funds from the Nutrition Services and Administration (NSA) grant, which are used to contract with local agencies for direct services provided to WIC families including intake, eligibility determination, benefit issuance, nutrition education, breastfeeding support, and referrals to health and social services. The NSA grant also funds state operations for administering the WIC program.

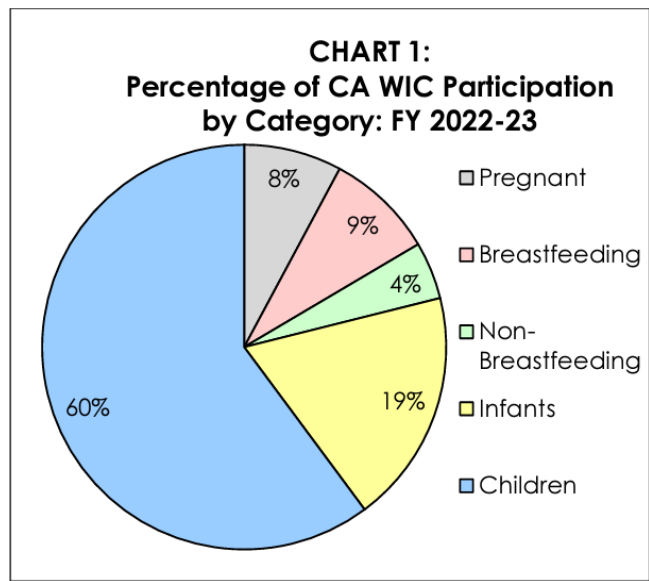
**WIC Participant Caseload.** Food expenditures are divided into five participant categories, each with special nutrition needs that influence food costs:

- **Pregnant individuals** are eligible for the WIC program at any point in their pregnancy, and receive supplemental foods high in protein, calcium, iron, vitamin A, and vitamin C to support optimal fetal development.



- **Breastfeeding individuals** are eligible for benefits up to their infant’s first birthday, and receive an enhanced supplemental food package with foods high in protein, calcium, iron, vitamin A, and vitamin C to support caloric needs during breastfeeding.
- **Non-breastfeeding individuals** are eligible for benefits up to six months after the birth of their infants, and receive a supplemental food package to help in rebuilding nutrient stores, especially iron and calcium, and achieving a healthy weight after delivery.
- **Infants** are eligible until one year of age. The WIC Program promotes breastfeeding as the optimal infant feeding choice due to its many health, nutritional, economical, and emotional benefits to parent and baby. Infants may also receive supplemental foods that are rich in protein, calcium, iron, vitamin A, and vitamin C during this critical period of development.
- **Children** are eligible from age one up to age five, and receive supplemental foods rich in protein, calcium, iron, vitamin A, and vitamin C. These nutrients have been shown to be lacking in the diets of children who qualify for WIC benefits and are needed to meet nutritional needs during critical periods of development. The food package also provides foods lower in saturated fat to reduce the risk of childhood obesity.

According to the WIC program Estimate, WIC participation by category, as of 2022-23, was as follows:



**Caseload Estimates.** The May Revision assumes 990,425 average monthly WIC participants in 2023-24, a decrease of 2,215 or 0.2 percent compared to the average monthly WIC participants estimated in the January budget. The May Revision assumes 1,029,734 average monthly WIC participants in 2024-25, an increase of 2,812 or 0.3 percent compared to the average monthly WIC participants estimated in the January budget.

**Food Expenditures Estimate.** The May Revision includes \$1 billion (\$821.5 million federal funds and \$189.6 million rebate fund) in 2023-24 for WIC program food expenditures, a decrease of \$17.7 million or 1.8 percent, compared to the January budget. According to CDPH, the decrease in costs is due to a decrease in projected infant participation.

The May Revision includes \$1.1 billion (\$876 million federal funds and \$184 million rebate funds) in 2024-25 for WIC program food expenditures, a decrease of \$7.3 million or 3.4 percent compared to the food expenditures estimate in the January budget. According to CDPH, this decrease in costs is driven by decreased current year per participant food costs, which are used to forecast budget year.

**Nutrition Services and Administration (NSA) Estimate.** The May Revision includes \$322 million for other local assistance expenditures for the NSA budget in 2023-24 and 2024-25, unchanged from the January budget. The budget also includes \$66.2 million for state operations expenditures in 2023-24 and 2024-25, also unchanged from the January budget.

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

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

1. Please provide a brief overview of the caseload and expenditure changes for the WIC program.

**Issue 5: Center for Health Care Quality Estimate**

**Center for Health Care Quality Program Estimate – May Revision.** The May Revision includes expenditure authority for the Center for Health Care Quality of \$481.8 million (\$6.3 million General Fund, \$139.3 million federal funds, and \$336.2 million special funds and reimbursements) in 2023-24, unchanged compared to the January budget, and \$474.6 million (\$1.3 million General Fund, \$130.2 million federal funds, and \$343.1 million special funds and reimbursements) in 2024-25, an increase of \$852,000 or 0.2 percent compared to the January budget. According to CDPH, the increase in 2024-25 is attributed to an increase in expenditure authority for the Internal Departmental Quality Improvement Account.

<b>CHCQ Funding Summary, May Revision Estimate</b>		
<b>Fund Source</b>	<b>2023-24</b>	<b>2024-25</b>
0001 – General Fund	\$6,260,000	\$1,269,000
0890 – Federal Trust Fund	\$139,335,000	\$130,189,000
0942 – Special Deposit Fund		
Internal Departmental Quality Improvement Account	\$716,000	\$1,570,000
State Health Facilities Citation Penalty Account	\$2,144,000	\$2,144,000
Federal Health Facilities Citation Penalty Account	\$6,152,000	\$6,154,000
0995 – Reimbursements	\$15,614,000	\$15,693,000
3098 – Licensing and Certification Program Fund	\$311,575,000	\$317,558,000
<b>Total CHCQ Funding</b>	<b>\$481,796,000</b>	<b>\$474,577,000</b>
<b>Total CHCQ Positions</b>	<b>1534.4</b>	<b>1544.2</b>

**Background.** CDPH’s Center for Health Care Quality, Licensing and Certification Program (L&C) is responsible for administering the licensure, regulation, inspection, and certification of health care facilities and certain health care professionals in California. The program is organized into 14 district offices and Los Angeles County, which operates under a contract with the L&C program. L&C staff conduct periodic inspections and investigation of complaints and entity-reported incidents to ensure health care facilities comply with state and federal laws and regulations. L&C also contracts with the federal Centers for Medicare and Medicaid Services (CMS), which provides federal funding to ensure that facilities accepting Medicare and Medi-Cal payments comply with federal laws and regulatory requirements. In addition to facility oversight, L&C oversees the certification of certified nurse assistants, home health aides, hemodialysis technicians, and the licensing of nursing home administrators.

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

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

1. Please provide a brief overview of the changes to the Center for Health Care Quality Estimate for May Revision.

**4440 DEPARTMENT OF STATE HOSPITALS****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for DSH in 2024-25:

- \$3.1 billion General Fund, a decrease of \$57.5 million or 1.8 percent, compared to the January budget.
- 13,437 positions, an increase of 25 or 0.2 percent, compared to the January budget.

**New General Fund Budget Solution at May Revision.** DSH proposes the following General Fund budget solution at May Revision:

- *Metropolitan – Central Utility Plant Replacement Cash to Bonds.* DSH requests to replace existing General Fund expenditure authority of \$1.9 million for the working drawings phase of the Central Utility Plant Replacement project at DSH-Metropolitan with \$1.9 million of expenditure authority from the Public Buildings Construction Fund. DSH also proposes provisional budget bill language to authorize the State Public Works Board to issue bonds to finance the cost of the design and construction of this project.

**Program and Caseload Updates and Other Adjustments at May Revision.** DSH proposes the following program and caseload updates and other adjustments at May Revision:

- *Program Update – DSH-Metropolitan Increased Secure Bed Capacity.* DSH estimates General Fund savings of \$3.9 million in 2023-24 to reflect delays in completing the skilled nursing facility roof to facilitate the activation of secure bed capacity at DSH-Metropolitan. The remaining two units, originally scheduled for activation in May 2024, are now scheduled for October 2024.
- *Program Update – Enhanced Treatment Program Staffing.* DSH estimates General Fund savings of \$281,000 in 2023-24 due to a four-month delay in activation of Unit 06 of the Enhanced Treatment Program at DSH-Patton. The unit, previously expected to activate December 2023, is now scheduled for September 2024.
- *Program Update – Mission-Based Review Direct Care Nursing.* DSH estimates General Fund savings of \$3.6 million in 2023-24 due to delays in hiring for direct care nursing staff.
- *Program Update – Mission-Based Review Treatment Team and Primary Care.* DSH estimates General Fund savings of \$3.1 million in 2023-24 due to delays in hiring phased-in treatment team and primary care positions. In addition, DSH requests to delay 31.4 positions scheduled to phase in during 2024-25 until July 1, 2027, resulting in an additional General Fund savings of \$8.2 million annually. According to DSH, this shift in the phase-in schedule more closely aligns with when the resources will likely be utilized.

- *Mission-Based Review Treatment Team Reversion.* DSH requests reversion of General Fund expenditure authority of \$6.6 million, originally approved in the 2021 Budget Act, for hiring of treatment team and primary care staff, due to an updated implementation timeline.
- *Program Update – Patient-Driven Operating Expenses and Equipment.* DSH estimates General Fund savings of \$1.6 million in 2023-24 and requests a reduction of General Fund expenditure authority of \$632,000 in 2024-25 to reflect a reduction in the amount of operating expenses and equipment needs. According to DSH, this reduction is due to updated patient census data.
- *Program Update – Conditional Release Program (CONREP) Non-SVP.* DSH estimates CONREP-Non-SVP caseload of 960 in 2023-24 and 938 in 2024-25. DSH estimates General Fund savings of \$2.6 million in 2023-24 due to challenges hiring clinical staff for CONREP-Non-SVP programs.
- *Program Update – Incompetent to Stand Trial Solutions.* DSH estimates General Fund savings of \$118.3 million in 2023-24 (including \$45 million reappropriated from the 2022 Budget Act). DSH also requests reduction of General Fund expenditure authority of \$49.9 million in 2024-25 due to activation delays in Jail-Based Competency Treatment Programs and Community-Based Restoration/Diversion Programs, and for county stakeholder workgroup grant contracts not yet executed. DSH also proposes to shift General Fund expenditure authority of \$129.5 million from 2025-26 to 2026-27 to better align with program implementation timelines.
- *Allocations for Employee Compensation and Staff Benefits.* DSH requests General Fund expenditure authority of \$108,000 in 2023-24 and \$145,000 annually thereafter to reflect revised employee compensation costs. DSH also requests General Fund expenditure authority of \$9,000 in 2023-24 and \$11,000 annually thereafter to reflect revised employee benefit costs.
- *2023 Budget Act Reversions – Electronic Health Records and Health Care Provider Network.* DSH requests reversion of General Fund expenditure authority of \$7.2 million, originally approved in the 2023 Budget Act, due to updated project timelines for the Electronic Health Records project. DSH also requests reversion of General Fund expenditure authority of \$2.2 million, originally approved in the 2023 Budget Act, for the Health Care Provider Network.
- *Data Compliance.* DSH requests eight positions, supported with existing expenditure authority, including conversion of six positions from limited-term to permanent, to make the department's data leadership structure permanent, and support data compliance across multiple directives.
- *Workers' Compensation Adjustment.* DSH requests conversion of seven limited-term positions to permanent, supported with existing expenditure authority, to address an increase in workers' compensation workload.
- *SB 1034 Workload.* DSH requests ten positions, supported with existing expenditure authority, to support increased workload related to convening various stakeholders to facilitate community placement of a sexually violent predator (SVP), pursuant to the requirements of SB 1034 (Atkins), Chapter 880, Statutes of 2022.

- *Coalinga – New Activity Courtyard.* DSH requests a supplemental appropriation of General Fund expenditure authority of \$1.1 million in 2024-25 to complete the construction phase of the Coalinga New Activity Courtyard project, due to procuring a new general contractor and associated construction delays.

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

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

1. Please provide a brief overview of the major adjustments to the DSH budget included in the May Revision.

**4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for MHSOAC in 2024-25:

- \$48.8 million Mental Health Services Fund, an increase of \$494,000 or one percent, compared to the January budget.
- 59 positions, an increase of 3 or 5.4 percent, compared to the January budget.

**Other Adjustments at May Revision.** MHSOAC proposes the following other adjustments at May Revision:

- *Behavioral Health Transformation.* MHSOAC requests three positions and expenditure authority from the Mental Health Services Fund of \$494,000 annually between 2024-25 and 2026-27, and \$394,000 annually thereafter, to support workload related to the implementation of behavioral health transformation efforts and other changes pursuant to the Behavioral Health Services Act.

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

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

1. Please provide a brief overview of the major adjustments to the MHSOAC budget included in the May Revision.

**4800 COVERED CALIFORNIA****Issue 1: May Revision Overview**

**Summary of Expenditures at May Revision.** The May Revision includes the following resources for Covered California in 2024-25:

- \$20.4 million General Fund, unchanged compared to the January budget.
- \$167 million from the Health Care Affordability Reserve, unchanged compared to the January budget.
- \$424.4 million from the California Health Trust Fund, unchanged compared to the January budget.
- 1,384.8 positions, unchanged compared to the January budget.

**New General Fund Budget Solutions at May Revision.** The Administration proposes the following General Fund budget solutions in the Covered California budget at May Revision:

- *Delay Repayment of Health Care Affordability Reserve Fund Loan.* The Administration proposes trailer bill language to delay the repayment of the \$600 million loan from the Health Care Affordability Reserve Fund to the General Fund, authorized in the 2023 Budget Act. The loan, originally scheduled to be repaid in 2025-26, would instead be paid back in increments of \$200 million in 2026-27, 2027-28, and 2028-29.
- *Additional Health Care Affordability Reserve Fund Loan.* The Administration requests an additional loan from the Health Care Affordability Reserve Fund to the General Fund of \$62 million in 2024-25, in addition to the \$600 million loan to the General Fund authorized in the 2023 Budget Act and proposed for repayment delay in the May Revision.
- *Partial Individual Mandate Penalty Transfer.* The Administration requests annual transfer of \$109 million of expenditure authority from the Health Care Affordability Reserve Fund to the General Fund, beginning in 2025-26. These resources are derived from individual mandate penalty payments made by Californians unable to obtain health care coverage.

**Other Adjustment and Trailer Bill Language Proposals at May Revision.** The Administration proposes the following other adjustment to the Covered California budget at the May Revision:

- *2025 Program Design Implementation Provisional Language.* The Administration proposes provisional budget bill language to specify that the 2025 Program Design will provide cost-sharing reductions to individuals at or above 100 percent of the federal poverty level.

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

**Questions.** The subcommittee has requested the Department of Finance respond to the following:

1. Please provide a brief overview of the major adjustments to the Covered California budget included in the May Revision.