

SUBCOMMITTEE NO. 3

Agenda

Senator Richard Pan, M.D., Chair

Senator Melissa Hurtado

Senator Jeff Stone



Thursday, May 9, 2019
9:30 a.m. or upon adjournment of session
State Capitol - Room 4203

Consultants: Scott Ogus and Renita Polk

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PUBLIC COMMENT

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

ISSUES FOR VOTE ONLY**4120 EMERGENCY MEDICAL SERVICES AUTHORITY****Issue 1: Conversion of Blanket Positions to Permanent****DOF Issue#:** 4120-001-BCP-2019-GB

Budget Issue. EMSA requests establishment of four positions funded by existing appropriation authority. If approved, these positions would address ongoing Emergency Medical Services Division workload.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0001 – General Fund	\$-	\$-
Total Funding Request:	\$-	\$-
Total Requested Positions:	4.0	4.0

* Positions are ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: Continued Appropriation for Paramedic Discipline Case Workload**DOF Issue#:** 4120-002-BCP-2019-GB

Budget Issue. EMSA requests expenditure authority from the Emergency Medical Services Personnel Fund of \$309,000 annually. If approved, these resources would provide permanent funding for two positions authorized in the 2017 Budget Act to address the workload associated with prosecution of Emergency Medical Technician-Paramedic (EMT-P) license violations.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0312 – Emergency Medical Services Personnel Fund	\$309,000	\$309,000
Total Funding Request:	\$309,000	\$309,000
Total Requested Positions:	0.0	0.0

* Resources are ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**Issue 1: Increased Expenditure Authority for MH Practitioner Education Fund****DOF Issue#:** 4140-001-BCP-2019-GB

Budget Issue. OSHPD requests additional expenditure authority from the Mental Health Practitioner Education Fund of \$425,000. If approved, these resources would allow OSHPD to increase the grant awards provided through the Licensed Mental Health Service Provider Education Program. These resources would be funded from increased licensure fee revenue approved pursuant to AB 1188 (Nazarian), Chapter 557, Statutes of 2017.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3064 – Mental Health Practitioner Education Fund	\$425,000	\$425,000
Total Funding Request:	\$425,000	\$425,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: SNFs: Disclosure of Interest in Businesses Providing Services (AB 1953)**DOF Issue#:** 4140-002-BCP-2019-GB

Budget Issue. OSHPD requests one position and expenditure authority from the California Health Data and Planning Fund of \$369,000 in 2019-20 and \$119,000 annually thereafter. If approved, these positions and resources would allow OSHPD to collect data and report on disclosures by skilled nursing facilities regarding ownership interests in related parties that provide services to the facility, pursuant to the requirements of AB 1953 (Wood), Chapter 383, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0143 – CA Health Data and Planning Fund	\$369,000	\$119,000
Total Funding Request:	\$369,000	\$119,000
Total Requested Positions:	1.0	1.0

* Positions and Resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

4150 DEPARTMENT OF MANAGED HEALTH CARE**Issue 1: Division of Plan Surveys Workload****DOF Issue#:** 4150-001-BCP-2019-GB

Budget Issue. DMHC requests four positions and expenditure authority from the Managed Care Fund of \$2.1 million in 2019-20 and \$2 million annually thereafter. If approved, these resources would allow DMHC to manage increased workload from a higher number of licensed health plans and increased expenditures from higher rates for clinical consultants.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0933 – Managed Care Fund	\$2,077,000	\$2,045,000
Total Funding Request:	\$2,077,000	\$2,045,000
Total Requested Positions:	4.0	4.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: Conversion of Blanket Positions to Permanent**DOF Issue#:** 4150-002-BCP-2019-GB

Budget Issue. DMHC requests 16 positions funded by existing Managed Care Fund expenditure authority. If approved, these positions would allow DMHC to convert temporary help positions to permanent that more accurately reflect the department's current workload needs.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0933 – Managed Care Fund	\$0	\$0
Total Funding Request:	0	\$0
Total Requested Positions:	16.0	16.0

* Positions ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 3: Health Care Service Plan Mergers and Acquisitions (AB 595)**DOF Issue#:** 4150-003-BCP-2019-GB

Budget Issue. DMHC requests expenditure authority from the Managed Care Fund of \$1 million annually. If approved, these positions would allow DMHC to analyze and assess the impact of mergers

and other transactions on subscribers, enrollees, provider networks, the overall stability of the health care delivery system, and anti-competitive impacts, pursuant to the requirements of AB 595 (Wood), Chapter 292, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0933 – Managed Care Fund	\$1,031,000	\$1,031,000
Total Funding Request:	\$1,031,000	\$1,031,000
Total Requested Positions:	0.0	0.0

* Resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 4: Pharmacy Benefit Management (AB 315)

DOF Issue#: 4150-300-BCP-2019-A1

Spring Finance Letter. DMHC requests two positions and expenditure authority from the Managed Care Fund of \$2.2 million in 2019-20, \$904,000 in 2020-21 and 2021-22, and \$775,000 annually thereafter. If approved, these positions and resources would allow DMHC to conduct registration and other oversight of pharmacy benefit managers, pursuant to the provisions of AB 315 (Wood), Chapter 905, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0933 – Managed Care Fund	\$2,180,000	\$904,000
Total Funding Request:	\$2,180,000	\$904,000
Total Requested Positions:	2.0	2.0

* Additional fiscal year resources requested – 2021-22: \$904,000; 2022-23 and ongoing: \$775,000

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 5: Health Care Service Plan Disciplinary Actions (AB 2674)

DOF Issue#: 4150-301-BCP-2019-A1

Spring Finance Letter. DMHC requests nine positions and expenditure authority from the Managed Care Fund of \$2.1 million in 2019-20 and \$1.7 million annually thereafter. If approved, these resources would allow DMHC to process provider complaints alleging unfair payment patterns by health plans, as required by the provisions of AB 2674 (Aguiar-Curry), Chapter 303, Statutes of 2018.

Program Funding Request Summary
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Fund Source	2019-20	2020-21*
0933 – Managed Care Fund	\$2,072,000	\$1,704,000
Total Funding Request:	\$2,072,000	\$1,704,000
Total Requested Positions:	9.0	9.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: Every Woman Counts Program Staffing

DOF Issue#: 4260-010-BCP-2019-GB

Budget Issue. DHCS requests conversion of one expiring, limited-term position to permanent and expenditure authority of \$175,000 from the Breast Cancer Control Account annually. If approved, this position and resources would allow DHCS to continue ongoing data management, programming, and data analysis requirements for the Every Woman Counts program.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0009 – Breast Cancer Control Acct, Breast Cancer Fund	\$175,000	\$175,000
Total Funding Request:	\$175,000	\$175,000
Total Requested Positions:	1.0	1.0

* Position and Resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: Extension of Health Home Program Funding

DOF Issue#: Trailer Bill Language Proposal

Trailer Bill Language Proposal. DHCS requests the adoption of trailer bill language to extend the period of availability of funding for implementation of the Health Homes Program from June 30, 2020, to June 30, 2023. If approved, this language would allow DHCS to continue implementation and funding for the Health Homes Program, which began July 1, 2018.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 3: Medi-Cal Checkwrite Contingency Payments

DOF Issue#: Trailer Bill Language Proposal

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

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 4: Medi-Cal Drug Rebates Fund

DOF Issue#: Trailer Bill Language Proposal

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

Program Funding Request Summary		
Fund Source	2018-19	2019-20
0001 – General Fund	\$-	(\$1,440,526,000)
3331 – Medi-Cal Drug Rebate Fund*	\$-	\$1,440,526,000
Total Funding Request:	\$-	\$-

* Fund proposed to be created by trailer bill language.

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

Subcommittee Staff Comment and Recommendation—Approve.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: Improving Vital Records Interoperability and Data Quality

DOF Issue#: 4265-003-BCP-2019-GB

Budget Issue. DPH requests three positions and expenditure authority from the Health Statistics Special Fund of \$1.2 million in 2019-20 and 2020-21, \$1.3 million in 2021-22 and 2022-23, \$1.4 million in 2023-24, and \$21,000 annually thereafter. If approved, these resources would allow DPH to renew and modify an agreement with the University of California, Davis for vital records system

enhancements and operations, and to shift activities performed by the University of California, Santa Barbara to department staff.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0099 – Health Statistics Special Fund	\$1,223,000	\$1,161,000
Total Funding Request:	\$1,223,000	\$1,161,000
Total Requested Positions:	3.0	3.0

* Additional fiscal year resources requested: 2021-22: \$1,327,000; 2022-23: \$1,308,000; 2023-24: \$1,415,000; 2024-25 and ongoing: \$21,000.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: Gambling Disorder Training and Education Services

DOF Issue#: 4265-004-BCP-2019-GB

Budget Issue. DPH requests establishment of three positions funded by redirection of resources from the Indian Gaming Special Distribution Fund (IGSD) due to an expiring contract. If approved, these positions would allow DPH to conduct public outreach for gambling disorder prevention.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0367 – Indian Gaming Special Distribution Fund	[\$451,000]	[\$451,000]
Total Funding Request:	[\$451,000]	[\$451,000]
Total Requested Positions:	3.0	3.0

* Positions and Resources ongoing after 2020-21. (Note: funding is non-add and represents savings from expiring contract)

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 3: Childhood Lead Poisoning Prevention Program IT Project Implementation

DOF Issue#: 4265-005-BCP-2019-GB

Budget Issue. DPH requests eight positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$8 million in 2019-20, \$9.3 million in 2020-21, \$5.9 million in 2021-22, and \$3.4 million annually thereafter. If approved, these positions and resources would allow DPH to support the development and implementation of the Surveillance, Health, Intervention, and Environmental Lead Database (SHIELD) Information Technology Project.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*

0080 – Childhood Lead Poisoning Prevention Fund	\$8,005,000	\$9,285,000
Total Funding Request:	\$8,005,000	\$9,285,000
Total Requested Positions:	8.0	8.0

* Additional fiscal year resources requested: 2021-22: \$5,948,000; 2022-23 and ongoing: \$3,376,000.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 4: Oral Health Program Additional Positions

DOF Issue#: 4265-009-BCP-2019-GB

Budget Issue. DPH requests establishment of seven positions funded by Proposition 56 tobacco tax revenue allocated to the Oral Health Program. If approve, these positions would allow DPH to continue implementation of the California Oral Health Plan.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3307 – Proposition 56 – State Dental Program Account	\$-	\$-
Total Funding Request:	\$-	\$-
Total Requested Positions:	7.0	7.0

* Positions ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 5: Newborn Screening Program Implementation of Spinal Muscular Atrophy Screening

DOF Issue#: 4265-011-BCP-2019-GB

Budget Issue. DPH requests 5.8 positions and expenditure authority from the Genetic Disease Testing Fund (GDTF) of \$4.3 million (\$907,000 state operations and \$3.4 million local assistance) in 2019-20, and eight positions and expenditure authority from the GDTF of \$2.6 million (\$1.2 million state operations and \$1.4 million local assistance) annually thereafter. If approved, these resources would allow DPH to comply with expanded testing requirements for spinal muscular atrophy (SMA), pursuant to the requirements of SB 1095 (Pan), Chapter 363, Statutes of 2016.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0203 – Genetic Disease Testing Fund		
State Operations:	\$907,000	\$1,232,000
Local Assistance**:	[\$3,400,000]	[\$1,400,000]
Total Funding Request:	\$907,000	\$1,232,000
Total Requested Positions:	5.8	8.0

* Positions and Resources ongoing after 2020-21.

** Local Assistance expenditures are non-add and are reflected in the GDSP Local Assistance Estimate.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 6: Childhood Lead Poisoning Prevention Program Reporting (SB 1097 and SB 1041)

DOF Issue#: 4265-014-BCP-2019-GB

Budget Issue. DPH requests six positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$769,000 annually. If approved, these positions and resources would allow DPH to carry out blood lead screening data collection, analysis, and reporting pursuant to the requirements of SB 1097 (Hueso), Chapter 691, Statutes of 2018, and SB 1041 (Leyva), Chapter 690, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0080 – Childhood Lead Poisoning Prevention Fund	\$769,000	\$769,000
Total Funding Request:	\$769,000	\$769,000
Total Requested Positions:	6.0	6.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 7: L&C - Creation of a Centralized Program Flex Unit

DOF Issue#: 4265-001-BCP-2019-GB

Budget Issue. DPH requests six positions and expenditure authority from the Licensing and Certification Program Fund of \$973,000 annually. If approved, these positions and resources would allow DPH to shift health facility program flexibility application workload from district offices to a new centralized headquarters unit.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3098 – Licensing and Certification Program Fund	\$973,000	\$973,000
Total Funding Request:	\$973,000	\$973,000
Total Positions Requested:	6.0	6.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 8: L&C - Increased IT Customer Support**DOF Issue#:** 4265-002-BCP-2019-GB

Budget Issue. DPH requests six positions and expenditure authority from the Licensing and Certification Program Fund of \$911,000 annually. If approved, these positions and resources would allow DPH to increase information technology services associated with a new federally required health facility survey automation system.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3098 – Licensing and Certification Program Fund	\$911,000	\$911,000
Total Funding Request:	\$911,000	\$911,000
Total Positions Requested:	6.0	6.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 9: Infant Botulism Treatment and Prevention Program Compliance Costs for BabyBIG**DOF Issue#:** 4265-008-BCP-2019-GB

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 10: Online and Distance-Learning Nurse Assistant Training Programs (AB 2850)**DOF Issue#:** 4265-015-BCP-2019-GB

Budget Issue. DPH requests nine positions and expenditure authority from the Licensing and Certification Program Fund of \$1.2 million annually. If approved, these positions and resources would allow DPH to review, approve, and monitor applications from new online and distance learning nurse assistant training programs and instructors, pursuant to the provisions of AB 2850 (Rubio), Chapter 769, Statutes of 2018.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3098 – Licensing and Certification Program Fund	\$1,243,000	\$1,243,000
Total Funding Request:	\$1,243,000	\$1,243,000
Total Positions Requested:	9.0	9.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 11: Timelines for Hospital Licensing Applications (AB 2798)

DOF Issue#: 4265-016-BCP-2019-GB

Budget Issue and Trailer Bill Language. DPH requests 21 positions and expenditure authority from the Licensing and Certification Program Fund of \$3.4 million annually. If approved, these positions and resources would allow DPH to comply with new health facility licensing application processing timelines, pursuant to the requirements of AB 2798 (Maienschein), Chapter 922, Statutes of 2018. DPH also requests trailer bill language to amend a provision of AB 2798 to allow the Licensing and Certification Program Fund to support the required workload.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3098 – Licensing and Certification Program Fund	\$3,386,000	\$3,386,000
Total Funding Request:	\$3,386,000	\$3,386,000
Total Positions Requested:	21.0	21.0

* Positions and resources ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 12: Increased Drinking Water Laboratory Services

DOF Issue#: 4265-006-BCP-2019-GB

Governor's Proposal. The Governor's budget proposes \$837,000 in 2019-20 and \$782,000 annually thereafter from the Safe Drinking Water Account to fund four positions and laboratory equipment under an interagency agreement between the State Water Resources Control Board and the California Department of Public Health to meet the primacy agreement with the United States Environmental Protection Agency and, in support of those activities, meet new laboratory standards.

This issue was heard in Budget Subcommittee #2 on March 21st and approved as budgeted.

Subcommittee Staff Comment and Recommendation—Approve (Conforming Action).

Issue 13: Soliciting and Implementation of Projects to Benefit Nursing Home Residents

DOF Issue#: 4265-302-BCP-2019-A1

Spring Finance Letter and Budget Bill Language. DPH requests one position and expenditure authority from the Federal Health Facilities Citation Penalties Account of \$680,000 in 2019-20,

\$431,000 in 2020-21, and \$149,000 annually thereafter. If approved, this position and resources would allow DPH to implement a federally approved Nurse Leadership project and solicit future projects to benefit skilled nursing facility residents. In addition, DPH requests budget bill language to augment expenditure authority from the Federal Health Facilities Citation Penalties Account upon federal approval of project planning funded by the account and after legislative notification.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
0942 – Special Deposit Fund**	\$680,000	\$431,000
Total Funding Request:	\$680,000	\$431,000
Total Positions Requested:	1.0	1.0

* Additional fiscal year resources requested: 2021-22 and ongoing: \$149,000.

** Special Deposit Fund - Federal Health Facilities Citation Penalties Account

Provisional Language to Augment Expenditure Authority Upon Federal Approval. DPH also requests budget bill language to augment expenditure authority from the Federal Health Facilities Citation Penalties Account upon federal approval of project planning funded by the account and after legislative notification. According to DPH, CMS recently released guidance requesting states to obtain sufficient expenditure authority to timely and efficiently expend federal penalty funds. Without sufficient expenditure authority, projects may be delayed by up to one year and such delays may discourage entities from submitting project applications. The requested budget bill language is as follows:

Item 4265-115-0942

1. The Department of Finance may augment this item, after review of a request submitted by the State Department of Public Health reflecting federal approval to use this account. Any augmentation shall be authorized not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 14: Public Health Crisis Response Grant

DOF Issue#: Budget Bill Language Proposal

Spring Finance Letter. DPH requests provisional language to allow augmentation of appropriation authority for federal funds to quickly accept public health emergency funding pursuant to a new Centers for Disease Control and Prevention (CDC) Public Health Crisis Response Grant.

Provisional Language. DPH requests the following provisional language:

Item 4265-001-0890

1. Notwithstanding any other law, the Department of Finance may augment this item in excess of the amount appropriated upon notice by the State Department of Public Health that additional funds are available pursuant to a United States Department of Health and Human Services, Centers for Disease Control and Prevention Cooperative Agreement for Emergency Response: Public Health Crisis Response grant. Within 10 working days of authorizing that augmentation, the Department of Finance shall provide written notification of the augmentation to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

Item 4265-111-0890

3. Notwithstanding any other law, the Department of Finance may augment this item in excess of the amount appropriated upon notice by the State Department of Public Health that additional funds are available pursuant to a United States Department of Health and Human Services, Centers for Disease Control and Prevention Cooperative Agreement for Emergency Response: Public Health Crisis Response grant. Within 10 working days of authorizing that augmentation, the Department of Finance shall provide written notification of the augmentation to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

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

Subcommittee Staff Comment and Recommendation—Approve.

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION

Issue 1: Transition Staff from Temporary to Permanent

DOF Issue#: 4560-002-BCP-2019-GB

Budget Issue. MHSOAC requests one position funded by existing expenditure authority from the Mental Health Services Fund. If approved, this position authority would transition a temporary help position to permanent status.

Program Funding Request Summary		
Fund Source	2019-20	2020-21*
3085 – Mental Health Services Fund	\$-	\$-
Total Funding Request:	\$-	\$-
Total Requested Positions:	1.0	1.0

* Position ongoing after 2020-21.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: Innovation Incubator Implementation

DOF Issue#: 4560-300-BCP-2019-A1

Spring Finance Letter. MHSOAC requests expenditure authority from the Mental Health Services Fund of \$285,000 in 2019-20 and 2020-21. If approved, these resources would support administrative workload associated with implementation of innovation strategies targeted toward criminal justice-involved persons deemed incompetent to stand trial.

Program Funding Request Summary		
Fund Source	2019-20	2020-21
3085 – Mental Health Services Fund	\$285,000	\$285,000
Total Funding Request:	\$285,000	\$285,000

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

Subcommittee Staff Comment and Recommendation—Approve.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

Issue 1: TBL – Improved Performance Incentives

Governor's Proposal. The Governor's budget includes trailer bill language that would suspend Family Code Section 17706 until 2021-2022. The statute provides performance incentives to the top ten performing LCSAs. The General Fund would fund these incentives. As the top ten performing counties fluctuate from year to year, the annual General Fund impact is uncertain but could be as high as \$6 million without this suspension.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: TBL – Federal Deficit Reduction Act (FDRA) Mandatory Fee Increase

Governor's Proposal. The Governor's budget includes trailer bill language that would raise the administrative services fee on a never-assisted custodial party receiving services from the child support program for order establishment, enforcement, and collection services provided. The first automated assessment of the increased fee would be October 1, 2020, resulting in an estimated additional \$1.6 million in assessed fees.

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

Subcommittee Staff Comment and Recommendation—Approve.

5180 DEPARTMENT OF SOCIAL SERVICES**Issue 1: TBL – Statewide Fingerprinting Imaging System (SFIS) Technical Clean-up**

Governor’s Proposal. The Governor’s budget includes trailer bill language (TBL) to remove obsolete references to a now defunct fingerprint imaging system, and instead reference identity verification requirements.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 2: BCP – Reducing Law Enforcement Contacts in Children’s Residential Facilities

Governor’s Proposal. The Governor’s budget includes \$341,000 Technical Assistance Fund for three two-year limited-term positions to strengthen the Department’s effort to curb the usage of law enforcement in the management of behaviors for youth placed in residential facilities.

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

Subcommittee Staff Comment and Recommendation—Approve.

Issue 3: TBL - California Newcomer Education & Well-Being Project (CalNEW)

Governor’s Proposal. The Governor’s budget includes trailer bill language to eliminate administrative barriers for school districts by clarifying the state’s intention to provide funding for school programs for refugees and other populations currently served by the Office of Refugee Resettlement, including unaccompanied undocumented minors (UUM).

This issue was heard during the subcommittee’s April 11th hearing.

Subcommittee Staff Comment and Recommendation—Approve.

Issue 4: BCP – CalFresh Employment and Training Program

Governor’s Proposal. The Governor’s budget includes \$928,000 federal funds in 2019-20, and \$820,000 federal funds every year thereafter, to form a new Employment and Training (E&T) unit with six new permanent positions.

This issue was heard during the subcommittee’s April 11th hearing.

Subcommittee Staff Comment and Recommendation—Approve.

Issue 5: TBL – Application Fee Reimbursement for Child Care Providers in the Emergency Child Care Bridge Program

Governor’s Proposal. The Governor’s budget proposes language to allow for the reimbursement of the fees associated with registering as a Trustline child care provider in the Bridge Program. Currently, only license-exempt child care providers working with families in CalWORKs stages one, two, and three and Alternative Payment Programs can have their Trustline fees paid for at no cost to the provider. Total processing fees range from about \$135 to \$170.

This issue was heard during the subcommittee’s April 11th hearing.

Subcommittee Staff Comment and Recommendation—Approve.

Issue 6: TBL - Work Incentive Nutritional Supplement (WINS) Two-parent Population

Governor’s Proposal. The Governor’s budget includes trailer bill language to align state law with current practice and the budget in regards to the payment of the two-parent portion of WINS benefits.

This issue was heard during the subcommittee’s April 11th hearing.

Subcommittee Staff Comment and Recommendation—Approve.

ISSUES FOR DISCUSSION

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: California Children's Services - Implementation of the Whole Child Model

Oversight Issue. The California Children's Services (CCS) program, established in 1927, is one of the oldest public health care programs in the nation. CCS is administered in partnership with county health departments and provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children under 21 years of age 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-eligible children who are also eligible for Medi-Cal receive services related to the CCS-eligible condition through the CCS program and other health care services through Medi-Cal, typically through a managed care plan. The budget estimates Medi-Cal CCS caseload of 178,371 and state-only CCS caseload of 15,131 in 2019-20.

DHCS developed a multi-year framework, known as the Whole Child Model, to move incrementally toward a better integrated and coordinated system of care for CCS that builds on existing successful models and delivery systems. The approach is intended to assure maintenance of core CCS provider standards and network of pediatric specialty and subspecialty care providers by implementing a gradual change in CCS service delivery with an extended phase-in and stringent readiness and monitoring requirements that will ensure continuity of care and continued access to high-quality specialty care.

SB 586 (Hernandez), Chapter 625, Statutes of 2016, authorizes DHCS to establish the Whole Child Model program in designated County Organized Health System (COHS) or Regional Health Authority counties. Services previously provided to CCS beneficiaries on a fee-for-service basis will be delivered by Medi-Cal managed care plans. DHCS will implement the Whole Child Model program in 21 counties with 5 health plans to improve care coordination for primary, specialty, and behavioral health services for CCS and non-CCS conditions.

The 21 counties and 5 health plans that will participate in the Whole Child Model are as follows:

- Participating Counties: San Luis Obispo, Santa Barbara, Merced, Monterey, Santa Cruz, San Mateo, Orange, Del Norte, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Siskiyou, Shasta, Solano, Sonoma, Trinity, and Yolo
- Participating Health Plans: CenCal Health, Central California Alliance for Health, Health Plan of San Mateo, CalOptima, Partnership Health Plan of California

Six COHS counties implemented the Whole Child Model on July 1, 2018. Partnership Health Plan, operating in 14 counties, implemented the Whole Child Model on January 1, 2019. CalOptima, operating in Orange County, is scheduled to implement the Whole Child Model no sooner than July 1, 2019. The budget includes \$28.5 million (\$12.8 million General Fund and \$15.7 million federal funds) in 2018-19 and \$791,000 (\$365,000 General Fund and \$426,000 federal funds) in 2019-20 for implementation of the Whole Child Model.

SB 586 requires DHCS to contract with an independent entity to conduct an evaluation to assess Medi-Cal managed care plan performance and the outcomes and experience of CCS-eligible children and youth participating in the Whole Child Model program. The evaluation is required to: (1) compare plan performance to performance of the CCS program prior to implementation in each county; (2) compare plan performance in participating counties to CCS program performance in non-participating counties; and (3) evaluate whether inclusion of CCS services in managed care improves access, quality, and the patient experience. The evaluation must also, when possible, disaggregate results based on the child's or youth's race, ethnicity, and primary language spoken at home. The evaluation must evaluate the following within counties compared to the CCS program prior to implementation of the Whole Child Model:

1. Access to specialty and primary care, and utilization of CCS-paneled providers.
2. Type and location of CCS services and the extent to which CCS services are provided in-network compared to out of network.
3. Utilization rates of inpatient admissions, outpatient services, durable medical equipment, behavioral health services, home health, pharmacy, and other ancillary services.
4. Patient and family satisfaction.
5. Appeals and grievances, including requests to extend continuity of care, appeals, and the results of those appeals.
6. Authorization of CCS-eligible services.
7. Network and provider participation, including participation of pediatricians, pediatric specialists, and pediatric subspecialists.
8. The ability of a child or youth who ages out of CCS and remains in the same Medi-Cal managed care plan to retain existing providers.

The evaluation must also evaluate the following compared to CCS programs in non-participating counties:

1. The rate of new CCS enrollment in each county.
2. The percentage of CCS-eligible children and youth with a diagnosis requiring a referral to a CCS special care center who have been seen by a CCS special care center.
3. The percentage of CCS children and youth discharged from a hospital who had at least one followup contact or visit within 28 days after discharge.
4. Appeals and grievances.

The evaluation is required to be submitted to the Legislature by January 1, 2021, or three years from the date when all counties are fully operational, whichever is later. Assuming CalOptima implements the Whole Child Model as scheduled on July 1, 2019, the evaluation would be required to be provided to the Legislature by July 1, 2022.

According to DHCS, the University of California, San Francisco, has been selected to conduct the evaluation. The department plans to receive feedback and make any necessary revisions for the evaluation design and scope of work in April 2019, finalize the evaluation design and scope of work in May through June 2019, and execute the contract on July 1, 2019. DHCS expects to report on progress of the evaluation, instrument development, and data collection in December 2019; progress of evaluation, preliminary results and data collection in June 2020, preliminary results from phase 1 and phase 2 counties in January 2021; final results from all counties in June 2021. The department's

evaluation instruments include CCS authorized and non-authorized claims datasets, managed care encounters, appeals and grievances, qualitative interviews of families in the Whole Child Model, and telephone surveys of families in the Whole Child Model.

Stakeholders have raised several concerns about the department's scope of work for the evaluation. In particular, stakeholders note the scope of work lacks specificity on certain requirements included in the statutory requirements for the evaluation, particularly the utilization of durable medical equipment, pharmacy, and home health services. Stakeholders are also concerned about the reliance on surveys for data collection, particularly in instances when more reliable data could be obtained from patient records, claims and encounter data. In addition, stakeholders note the department's timeline for final evaluation results is one year prior to the required timeline outlined in statute of July 1, 2022.

In addition to concerns about the evaluation, stakeholders have raised concerns about the availability of certain services in the Whole Child Model that were received in the CCS program prior to implementation. In particular, stakeholders are concerned about some plans' willingness to provide appropriate case management services. Previously, a public health nurse would review medical reports on an ongoing basis and direct referrals when needed, while a case management team would coordinate making the appointments and arranging for the family to attend. Stakeholders report some plans have identified the child's primary care provider as the provider of case management services, and that these providers may not be qualified to provide these services at the same level as the previous CCS programs. The lack of equivalent case management services may also be responsible for an increase in lapsed Medi-Cal enrollment. Previous case management staff would help families navigate issues with lapsed Medi-Cal enrollment, particularly for paperwork related issues, to avoid loss of services. In addition, stakeholders have raised concerns about counties not receiving timely medical documentation from plans, and children not being able to access the full maintenance and transportation benefit required under CCS.

Discussion Panel. The subcommittee has requested the following panelists to discuss the implementation of the Whole Child Model:

- **Jennifer Kent**, Director, Department of Health Care Services
- **Maya Altman**, Chief Executive Officer, Health Plan of San Mateo
- **Mira Morton**, Director of Government Relations, California Children's Hospital Association
- **Ali Barclay**, Outreach Education Manager, Whole Child Model Project, Family Voices of California
- **Erin Kelly**, Executive Director, Children's Specialty Care Coalition

Subcommittee Staff Comment. This is an informational item.

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

1. DHCS: Please provide a brief update of implementation of the Whole Child Model.
2. DHCS: Please describe the current status of the evaluation design for the Whole Child Model. Why is the final timeline only two years after the planned implementation of Orange County, when the statute calls for three years?

3. DHCS/Plans: Please describe the availability of case management services in Whole Child Model counties including which providers deliver these services and how they are provided.
4. DHCS/Plans: How do Whole Child Model plans manage lapses in Medi-Cal eligibility? Is there any outreach to ensure the lapse is not due to paperwork or other non-eligibility issues and attempt to maintain continuity of enrollment and availability of services?
5. DHCS/Plans: Please describe the availability of the CCS covered maintenance and transportation benefits. What services are plans covering for Whole Child Model beneficiaries?
6. CCHA: Please describe your member hospitals' experience with implementation of the Whole Child Model and any concerns that have been raised.
7. Family Voices of CA: Please describe what your organization has heard from families participating in the Whole Child model regarding their child's experience and any concerns that have been raised.
8. CSCC: Please describe what your organization has heard from practitioners participating in the Whole Child model and any concerns that have been raised.
9. DHCS/Plans/CCHA/Family Voices/CSCC: Please describe what metrics are the most important measures of whether the Whole Child Model is ultimately successful in its goal of improving the coordinated delivery of primary and specialty care for CCS-eligible children.

4170 DEPARTMENT OF AGING**Issue 1: Spring Finance Letter (SFL) – SSI Cash-out Reversal Implementation via Area Agencies on Aging (AAA)**

Budget Issue. The California Department of Aging (CDA) requests reimbursement authority of \$1.7 million to implement the SSI Cash-out Reversal, or the CalFresh expansion, via the AAAs. \$200,000 will fund departmental operations, and \$1.5 million will be distributed to the AAAs for CalFresh application assistance and outreach.

Background. The “SSI Cash-out” is a state policy that provides Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients with an extra \$10 payment in lieu of their being eligible to receive federal food benefits through the CalFresh program. AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018, ended this policy. This expansion of benefits is effective beginning June 1, 2019. It is estimated that the policy change will increase the CalFresh caseload by approximately 370,000 new households, or 20 percent.

The Department of Social Services (DSS) is responsible for oversight and implementation of the CalFresh program. However, the AAAs were identified as organizations likely to reach the potential new recipients of CalFresh. CDA delivers many programs through contracts with the state's 33 local AAA. At the local level, AAA contract for and coordinate community-based services to older adults, adults with disabilities, family caregivers, and residents of long-term care facilities. Thus, CDA and the AAAs have contracted to work with DSS on outreach and application assistance for this CalFresh expansion.

The AAAs will disseminate outreach materials, designate application assisters to help with the application process, and report to CDA on application outcomes. All 33 AAAs will receive funding for outreach, however the department is still working to determine which AAAs will receive application assistance funding. CDA estimates that 221,365 of older adults will be newly eligible for CalFresh, and expects to reach close to 155,000, or 70 percent, of those adults with their outreach materials. Out of the newly eligible population, CDA expects 55,341 will receive application assistance. The department would provide oversight of the AAAs, including technical assistance and training, as well as provide outcomes reporting.

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide an overview of the proposal.

Issue 2: SFL – Federal Title III Funding Augmentation

Budget Issue. CDA requests federal fund authority of \$17.5 million and seven positions due to an increase in federal Title III funding. \$897,000 will be used for operations, and \$16.6 million will be for local assistance.

Background. Title III funding supports the department’s Congregate Nutrition and Home Delivered Nutrition Programs, supportive services, disease prevention, family caregiver programs, and the state Long-Term Care Ombudsman (LTCO). Title III federal funding increased beginning in federal fiscal year (FFY) 2018 and continued in FFY 2019. The table below provides further detail on how the funding was distributed amongst the Title III programs.

Current Year 2018-19 Title III/VII/NSIP Increases by Program	
Programs	Federal Fiscal Year- Grant 18 (October 1, 2017- September 30, 2018)
Title IIIB Supportive Services	\$4.6 million
Title IIIB Ombudsman	\$0
Title VII Ombudsman	\$115,644
Title IIIC1 Congregate Nutrition	\$4.4 million
Title IIIC2 Home Delivered Nutrition	\$4.7 million
Title IIID Disease Prevention	\$522,707
Title IIIE Family Caregiver	\$3.1 million
TOTAL, All Programs	\$17.5 million

The seven requested positions will provide oversight and regulatory guidance, ensure AAAs receive payments on time, conduct required program audits in a timely manner, ensure compliance with federal and state laws and provide curriculum for LTCO trainings. Specifically, the requested positions are:

- **Three Aging Program Analyst II positions.** The three analyst positions would provide support for the LTCO program and the Family Caregiver Support program. One analyst would help in establishing training for certification and continuing education for Ombudsman representatives. The other two positions would ensure compliance with federal requirements and provide technical assistance and oversight within the Family Caregiver Support Program.
- **One Staff Services Manager (SSM) I position.** The SSM would be responsible for grant writing and management, as well as representing CDA on interagency workgroups.

- **One Accountant Trainee position.** The Accountant Trainee would be responsible for expenditure recording and payment processing to provide AAAs with payments within 30 days.
- **One General Auditor II position.** The addition of this position will allow CDA to increase the number of AAAs it audits per year from 11 to 16. This would ensure that each AAA is audited every two years.
- **One Information Technology (IT) Specialist I position.** The IT specialist would update critical data tracking systems and ensure effective management of data due to increased Title III funding.

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide a brief overview of the proposal.

Issue 3: SFL - Medicare Improvements for Patients and Providers Act (MIPPA) Authority

Budget Issue. CDA requests to revise budget bill language in Item 4170-101-0890 to allow for augmentation of the MIPPA federal grant authority. Specific amendments are proposed in the following language:

“Notwithstanding subdivision (e) of Section 28.00, the Department of Finance, upon notification by the California Department of Aging, may authorize augmentations in this item for federal Title III, Title VII, HICAP, and MIPPA one-time only allocations, and for unexpended 2018-19 federal grant funds. The Department of Finance shall provide notification of the augmentation to the Joint Legislative Budget Committee within 10 working days from the date of the Department of Finance approval of the adjustment.”

Background. CDA receives the MIPPA grant from the federal Administration for Community Living (ACL). This grant enhances state efforts to provide assistance to Medicare beneficiaries. MIPPA emphasizes intensified outreach activities to beneficiaries likely to be eligible for the low income subsidy or the Medicare Savings program, and assisting those beneficiaries in applying for benefits. CDA has administered this grant through local AAAs since 2008. In 2008, the grant was categorized as a demonstration award, but has since been categorized as mandatory. ACL has also indicated that the funding will be ongoing. Because of this change, CDA is requesting a revision to the budget bill language.

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide an overview of the proposal.

Issue 4: Proposals for Investment

The Subcommittee has received the following proposals for investment.

1. Increased Support for the “No Wrong Door” Model

Budget Issue. The California Association of Area Agencies on Aging and the California Foundation for Independent Living Centers request \$5 million ongoing funding to expand the use of the “No Wrong Door” model within the Aging and Disability Resource Centers (ADRCs) throughout the state. ADRCs help navigate the long-term services and supports system by using the “No Wrong Door” model, in which people are connected to services within their communities, regardless of income level or other program criteria. The planning process for applying for ADRC designation can take six months or longer, and it is difficult for Area Agencies on Aging (AAAs) or Independent Living Centers (ILCs) to dedicate their limited staff and resources to this task when their clientele have many unmet needs. The requested funding would provide additional resources for AAAs and ILCs seeking ADRC designation to complete the lengthy application process and provide existing ADRCs with resources to better serve their communities.

Staff Comment and Recommendation. Hold open.

2. Dignity at Home Fall Prevention Program

Budget Issue. Multiple advocacy organizations, including the California Senior Legislature and the MS Society, request \$5 million for the CDA to fund a program to help older adults and others at risk of falling make home modifications and take steps to reduce the risk of falls in the home. For older adults and those with disabilities, the risk of fall is very real and can have long-lasting repercussions. For many, the difference between aging in place at home and institutionalization may be simple home modifications to prevent falls and ease access. The program would provide funding for injury prevention equipment, activities, and labor costs. Additionally, the program would encourage AAAs to partner with local public and private agencies with experience in injury prevention in the provision of these services. Services would be provided based on determination of need.

Staff Comment and Recommendation. Hold open.

3. Master Plan for Aging

Budget Issue. Multiple advocacy organizations, including the Ventura County AAA and the California Collaborative, request \$1 million for the support of a Master Plan for Aging to assist the state in addressing coordination challenges around programming and services for seniors and those with disabilities. Proponents state that despite the programs and services administered by the range of state departments, families struggle to weave together services and finance care in the hopes of helping loved ones remain at home. The Master Plan would create a framework to empower all Californians to age with dignity, choice, and independence.

Staff Comment and Recommendation. Hold open.

5180 DEPARTMENT OF SOCIAL SERVICES (DSS)**Issue 1: SFL/BCP - Increased Inspections of Child Care Centers and Family Care Homes**

Budget Issue. The department requests Item 5180-001-0001 be increased by 138 positions to increase the frequency of inspections of childcare centers and family care homes. The 2018 Budget Act included \$26.4 million federal Child Care and Development Block Grant (CCDBG) funds to increase inspections of these facilities from every three years to annually. These positions will allow the Department of Social Services (DSS) to achieve annual inspections beginning in fiscal year 2020-21.

Background. The California Department of Education (CDE) is the lead agency for the CCDBG. CDE provides approximately \$8 million in CCDBG funding to DSS annually to support inspections of childcare centers. The 2018 budget provided an additional \$26.4 million one-time funding to increase inspection frequency and work towards achieving the CCDBG requirement of annual inspections for childcare facilities. The funding was provided through an interagency agreement between CDE and DSS, as DSS is the entity responsible for inspections and oversight of childcare facilities.

The Child Care Program within DSS has 235 licensing program analysts to support the current three-year inspection frequency. The requested positions will help the department reach the goal of annual inspections. If approved, hiring will be phased in. 128 positions will be hired in 2019-20, and the remaining 69 will be hired in 2020-21.

The table below shows the classification and number of requested positions by DSS division.

Division	Classification	Number
Community Care Licensing Division – Child Care Program Field and Office	Licensing Program Analyst (LPA)	106
	Licensing Program Manager (LPM) I	18
	LPM II	5
	LPM III	1
	Office Technician	30
	Office Assistant	2
	Office Services Supervisor II	1
	Staff Services Manager (SSM) II	1
	SSM II	1
	Associate Government Program Analyst (AGPA)/Staff Services Analyst	14
Legal Division	Attorney III	8
	Senior Legal Analyst	4
	Legal Secretary	3
	AGPA	1
Information Services Division	Informational Technology Specialist I	6
Administration Division	Personnel Specialist	3
	Accountant I	3
Total Positions		207

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide an overview of the proposal.

Issue 2: SFL – Fiscal Monitoring and Oversight of County Operations

Budget Issue. The department requests \$694,000 (\$272,000 General Fund; \$384,000 federal funds; and \$38,000 reimbursements) to support five permanent positions to establish a Fiscal Monitoring Unit within the department.

Background. Previously, DSS had a dedicated field monitoring unit to perform required fiscal oversight for federal funding. The unit was responsible for monitoring county adherence to federal and state policies and supported the maximization of federal financial participation. The unit staffing was reduced due to budget reductions during the 1990s and eliminated by 1998. Since that time, CDSS has used temporary staff redirections and desk audits to provide review, but has still received multiple audit findings regarding the lack of fiscal monitoring. Multiple audits by the federal government have found the department to be out of compliance. The state's federal fiscal year 2019 budget plan was approved by the federal government contingent on the department meeting regulatory requirements for sufficient oversight and monitoring of specific programs.

The department believes the requested positions will bring its programs up to the minimum level of review acceptable by federal oversight agencies. The increased staffing will increase review capacity for all major DSS programs from four to six counties each fiscal year, and ensure all counties are reviewed every ten years. Specifically, the department requests:

- **Four Associate Governmental Program Analysts (AGPAs)/Staff Services Analysts (SSAs).**
- **One Staff Services Manager I.**

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide an overview of the proposal.

Issue 3: SFL/BCP – Housing and Homelessness Programs

Budget Issue. The department requests a total of \$590,000 (\$297,000 General Fund and \$293,000 federal funds) to support three permanent positions and one two-year limited-term positions to administer various housing support programs and analyze outcomes.

Background. The department currently administers several housing and/or homelessness programs. These programs include the Home Safe Program, the Bringing Families Home program, the CalWORKs Housing Support Program, and the Housing and Disability Advocacy (HDAP) program. The Home Safe Program provides housing supports to those experiencing homelessness or at risk of experiencing homelessness in the Adult Protective Services system. The Bringing Families Home program provides housing supports to homeless child welfare-involved families. The CalWORKs Housing Support program provides housing supports to homeless CalWORKs families using evidence based models. The HDAP assists homeless, disabled individuals apply for disability benefit programs and provides housing supports. In 2018-19, the department implemented and expanded several different housing programs with total funds equaling \$202 million. Currently, the department has nine positions within the unit that administers these programs. The requested additional resources would aid the department in performing more in-depth analysis of county expenditures and ensure resources are adequately allocated.

Specifically, the department requests:

- **Two Associate Governmental Program Analysts (AGPAs).** One AGPA position would be permanent and the other would be a two-year limited-term position. The permanent position would provide support for the CalWORKs Housing Support program by interfacing with counties, reviewing and assessing proposals, and responding to client or public inquiries, among other duties. The limited-term AGPA would provide similar duties to support the temporary Home Safe program.
- **One Research Data Analyst (RDA) II.** The RDA would provide data analysis for the department's housing and homelessness programs. Duties include devising a data collection methodology, leading a workgroup to define and refine data elements, and analyzing data reports.

One Staff Services Manager I. The department is requesting a manger position to comply with staffing ratios and supervise the additional positions.

Staff Comment and Recommendation. Approve as proposed.

Questions.

1. Please provide an overview of the proposal.

Issue 4: Proposals for Investment

The Subcommittee has received the following proposals for investment.

1. Increased Funding for Immigration Emergencies

Budget Issue. Jewish Family Service requests \$5 million for immigration emergencies and humanitarian rapid response. The additional funding will supplement necessary medical services and personnel that play a critical role in providing daily medical screening for arriving migrants and asylum-seekers. The Jewish Family Service of San Diego provides shelter operations, case management, legal services, education, and outreach through a contract with the Department of Social Services.

Staff Comment and Recommendation. Hold open. Note that the Governor's budget proposes \$20 million for immigration emergencies. This request would be in addition to what is proposed in the Governor's budget.

2. Foster Youth Enrichment Pilot Program

Budget Issue. Multiple advocacy organizations, including the Youth Law Center, request \$12.5 million General Fund for the Foster Youth Enrichment Pilot Program. The program would provide grants of \$500 or less to foster youth to participate in enrichment activities that enhance the youth's skills, abilities, self-esteem, and overall well-being. Proponents state that extracurricular and enrichment activities have been proven to have a positive impact on a young person's academic achievement, self-esteem, and behavior. Yet, many foster youth face barriers to participate in these activities.

Staff Comment and Recommendation. Hold open.

3. Transitional Housing Placement (THP)-Plus Program

Budget Issue. John Burton Advocates for Youth, along with many other organizations, request a \$5 million augmentation for the THP-Plus program, as well as an expansion of eligibility for youth who were in foster care at age 16. THP-Plus is a supportive housing program that provides up to 34 months of affordable housing and support services to former foster youth between the ages of 18 and 24. In 2017-18, the program assisted 1,946 youth and 498 of their minor children. The additional requested funding would allow the program to assist an estimated additional 173 youth and an estimated 73 minor children.

Staff Comment and Recommendation. Hold open.

4. California Peer-Run Warm Line

Budget Issue. The San Francisco Peer Run Warm Line requests \$3.6 million to implement a 24-hour line to serve the entire state. The Warm Line is a phone and instant messaging-based service that provides information, referrals, and emotional support to callers. Their mission is to offer accessible, relevant, non-judgmental peer support to anyone who reaches out to them. The line had

operated statewide 24 hours a day from August 2014 to June 2018, when funding was cut. Due to these funding changes, the line currently serves nine Bay Area counties on a limited basis of 36 hours per week.

Staff Comment and Recommendation. Hold open.

5. OpenHouse and Shanti Project

Budget Issue. OpenHouse and Shanti Project request \$500,000 to support their work serving the expanding aging LGBTQ population. Both organizations provide specific support to LGBTQ seniors through one-on-one volunteers, peer support, and navigation of the health and social service system. The requested funding would provide an additional 300 seniors to receive these services. The funding would facilitate early interventions to LGBTQ seniors at high risk for depression, isolation, and suicidal ideation using care navigation, emotional and practical support, and support programming.

Staff Comment and Recommendation. Hold open.

6. Offices of Youth Development and Diversion

Budget Issue. A coalition of organizations, including the National Center for Youth Law and the Youth Justice Coalition, request \$10 million to fund the development of a three-year pilot program for Office of Youth Development and Diversion (OYDD) in up to five counties throughout the state. In California, the law permits police officers to divert youth away from formal juvenile court processing for most crimes, but the majority of counties have no infrastructure to do so. The requested funding would finance local pilot OYDD under counties. Each grant would be no less than \$2 million and each participating county would be required to provide at least a 25 percent match of funds, with an exception of at least a ten percent match for counties that have a high need and little to no local infrastructure for the program.

Staff Comment and Recommendation. Hold open.

7. Increased Funding for Non-Medical Out of Home Care (NMOHC)

Budget Issue. The Steinberg Institute requests additional funding for rates paid to providers serving low-income residents in Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs). ARFs and RCFEs provide support and care services for adults of all ages suffering from severe mental illness or cognitive impairment. The state sets the rate for low-income residents living in ARFs or RCFEs at \$1,058 per month. Proponents request a temporary increase in the NMOHC rate to \$2,586 per month, while the Legislature determines a permanent solution. The current rate is intended to cover room and board as well as the facility's insurance, workers' comp insurance, staff wages, license fees, and other costs associated with running a safe residence. Facilities cannot charge residents anything beyond this. Consequently, many facilities refuse to accept low-income clients who could thrive in an ARF or RCFE facility because they cannot sustain themselves financially with only \$1,058 a month.

Staff Comment and Recommendation. Hold open.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**Issue 1: Vendor Rate Study**

Background. The Department of Developmental Services (DDS) provides a variety of services to more than 330,000 children and adults. Home and community-based services (HCBS) are primarily delivered through 21 nonprofit Regional Centers (RCs) that, in turn, contract with several thousand nonprofit and for-profit service providers.

The state's system for establishing payment rates for the services delivered by these providers is complex, encompassing several different methodologies depending on the service provided. Rates are often inconsistent, with providers delivering the same service in the same area being paid different rates. Further, between 2003 and 2015, these payment rates were subject to various reductions, freezes, and other constraints, particularly during economic downturns. In response to concerns raised by service providers, RCs, and consumers, the Legislature required the department to conduct a study of provider payment rates.

Pursuant to Welfare and Institutions Code (W&IC) Section 4519.8, the DDS was required to submit a rate study addressing the sustainability, quality, and transparency of community-based services for individuals with developmental disabilities to the Legislature. The Legislature approved \$3 million General Fund for the study, and DDS contracted with Burns & Associates (B&A), Inc. to conduct the study. The study was submitted to the Legislature on March 15, 2019.

W&IC Section 4519.8

On or before March 1, 2019, the Department shall submit a rate study to the appropriate fiscal and policy committees of the Legislature, addressing the sustainability, quality, and transparency of community-based services for individuals with developmental disabilities. The Department shall consult with stakeholders, through the developmental services task force process, in developing the study. The study shall include, but not be limited to, all of the following:

- (a) An assessment of the effectiveness of the methods used to pay each category of community service provider. This assessment shall include consideration of the following factors for each category of service provider:*
 - (1) Whether the current method of rate-setting for a service category provides an adequate supply of providers in that category, including, but not limited to, whether there is a sufficient supply of providers to enable consumers throughout the state to have a choice of providers, depending upon the nature of the service.*
 - (2) A comparison of the estimated fiscal effects of alternative rate methodologies for each service provider category.*
 - (3) How different rate methodologies can incentivize outcomes for consumers.*

- (b) An evaluation of the number and type of service codes for regional center services, including, but not limited to, recommendations for simplifying and making service codes more reflective of the level and types of services provided.*

Current Rate Structure. The methodology to establish rates for services is based on the type of service vendors have been approved to provide. Below is an explanation of the various rate setting methodologies and the applicable services for each methodology.

- DDS-set rates. Some service rates are set by DDS either through cost statements, rate schedules, by statute, or by regulation. Service rates covered by this methodology include community-based day programs, community care facilities, in-home respite, supported employment, work activity programs, and infant development programs.
- Rates established by Medi-Cal¹. If a service is also provided under the Medi-Cal program, then the RC may pay no more than the rate established by Medi-Cal for the same service. This methodology primarily applies to medical service providers, such as nurses, home health aides, and therapists.
- Usual and customary rates. Many services funded by regional centers are from providers whose business includes serving people other than those with developmental disabilities. In instances where at least 30% of a provider's customers are not regional center consumers or their families, then the rate the regional center may pay for the service is the rate the provider regularly charges the general public. Examples of services with usual and customary rates include day care, diaper services, and public transportation providers.
- Rates established by the California Department of Social Services (DSS). This category includes out-of-home respite services that are provided in facilities with rates established by the DSS.
- Rates set by regional center mileage reimbursement. Some transportation services have rates that can be set based on what the RC reimburses its own employees for travel.
- Rates set through negotiation between the regional center and the provider. If none of the other methods for establishing a service rate apply, then the service rate is determined through negotiation between the RC and the provider. Examples of services subject to negotiated rates include supported living, specialized residential facilities, and behavior analysts.

For some services, multiple methodologies may be applicable. In these instances, the rate is based on the provider's already established rate or the rate established by DDS. Otherwise, the rate is established through negotiation between the RC and provider.

Stakeholder Engagement. The Department and B&A engaged with the department's Developmental Services task force to gather input for the study. The department also conducted stakeholder meetings throughout the state to further engage the community. Surveys for both service providers and consumers and their families were also administered to inform the study. The provider survey was distributed on May 15, 2018, and was conducted to gather data from providers regarding the manner in which they

¹ Note that rates set by Medi-Cal were not included in the rate study.

deliver services and their costs. 1,100 organizations out of 4,500 vendors responded to the survey. The department distributed the consumer and family survey on October 3, 2018, and received over 1,700 responses.

Development of Rate Models. The development of the rate models began with a detailed review of service requirements. With B&A's assistance, DDS undertook a comprehensive review of service definitions. This process also included a review of California-specific laws – such as labor related requirements – that impact providers' costs. From this review, DDS is compiling a list of potential statutory and regulatory changes that would be needed should the rate models be implemented. The rate models are built on detailed assumptions regarding a number of factors, including the wages, benefits, and productivity of the direct care worker; the agency's program operation and administrative costs; staffing ratios and staffing levels, attendance/absence factors, travel-related expenses, facility costs, and program supplies. Providers' costs generally reflect current rates rather than market-based conditions. For this reason, other data sources are used. These sources include California-specific, cross-industry wage data from the U.S. Department of Labor's Bureau of Labor Statistics, several sources that provide estimates of health insurance costs, and the Internal Revenue Services' mileage rate. Further, various analyses were undertaken to understand regional variability in costs associated with wages, travel, and real estate.

Draft Rate Models. Key features of the rate models resulting from the rate study include:

- A standardized approach to rate-setting such that providers delivering the same service in the same area receive the same payment.
- Simplification of service codes by consolidating a number of existing codes based on the assumption that a support should be associated with the same service code regardless of where that support is provided.
- Further alignment of payment rates with Medi-Cal rates for certain medical and clinical practitioners.
- The use of market-based cost data to reflect providers' costs to promote a stable and high-quality supply of providers.
- A detailed and transparent accounting of these costs should changes be considered over time.
- Recognition of differences in wage, travel, and real estate costs across the state by developing separate rate models for each RC.
- Supporting high-quality services through investments in direct care workers by building into the rate models market-based wages that consider the state's increasing minimum wage, a comprehensive benefits package, enhanced training, supervision, and other program operations.
- The development of enhanced rates for services delivered to individuals who do not speak English when delivered by staff who speak their language, including American Sign Language.

The draft rate models are intended to reflect assumptions on five key cost drivers: (1) the wage for the direct care worker, (2) the benefits package for the direct care worker, (3) the ‘productivity’ of the direct care worker (that is, the ratio of their billable hours to their work hours), (4) program operation costs, and (5) agency administration. Other cost drivers vary by service or location and may include staffing ratios, mileage, supervision, and facility costs. Key assumptions that broadly affect the draft rate models include state minimum wage requirements, a comprehensive benefits package for direct care workers, and the rate for administrative costs.

For each service and rate variant, a ‘base’ rate model is established. Then, to account for differences in wage, travel, and real estate costs across California, a draft rate model is established for each RC by applying a ‘multiplier’ for these three cost factors, as applicable, that reflects the cost in that RC in relation to the statewide value.

Fiscal Impact. The rate study estimates the cost of fully implementing the rate models would be approximately \$1.8 billion total funds on an annualized basis. An estimated 60 percent, or \$1.1 billion, of these costs would be General Fund. Although rates would increase overall, the rate models for some services and for some providers are less than current rates.

Public Comment Process. DDS began briefing sessions on the release of the rate study on February 25, 2019. Comments on the rate models were accepted up to March 22, 2019. DDS will review the provided comments and make modifications to the draft rate models as appropriate. The department requested parties wishing to provide comment share comments with their rates workgroup representative. The rates workgroup members were expected to aggregate comments and submit a consolidated response.

Implementation and Administrative Considerations. Implementation of the proposed rate models will involve significant and consequential adjustment at every level of the system. Specific considerations include:

- Enacting required policy changes. Implementing the rate models will require changes to statute and/or regulations. The department and B&A are still in the process of identifying all policy changes that would be needed in order to implement the proposed rate models.
- Attaining federal approvals. DDS must seek approval of any rate changes from the federal government, in order to maximize the amount of federal Medicaid waiver funding available to the system (currently about \$2.2 billion). This process can take anywhere from six months to three years, depending on the extent of public comment or the amount of clarification needed by the federal government, among other factors.
- Day-to-day operational changes. Numerous changes would be needed at the department, RC, service provider, and consumer levels to successfully implement the rate models.

Benefits of Proposed Rate Models. There are a number of benefits in the models that significantly improve upon the current complex rate-setting system. Specific benefits include:

- Logical and transparent models. Each of the proposed models is built on several factors (discussed above), based on accessible data and information. Additionally, the study applies adjustments for regional variations in costs.

- Ability to update models at regular intervals. Having data built on transparent and accessible information allows individual components of the models to be updated regularly.

Legislative Analyst's Office (LAO) Comments. The LAO has provided several options for actions that could be taken by the Legislature in the 2019-20 budget year. The LAO offers two options for beginning rate reform in 2019-20. One option focuses on implementation of the rate study, and the other focuses on status quo funding increases that will provide some relief to service providers in 2019-20, that are not dependent on the implementation of the rate models proposed in the rate study.

1. **Rate Study Implementation Options.** The LAO proposes a staged rollout of the proposed rate models in up to four targeted service categories – residential, employment, respite, and independent living services (ILS). Among all of the proposed rate models, the LAO believes the rate models for those particular service categories would be the most feasible to implement from an administrative and policy perspective. Another option is to combine the staged rollout option with pilot projects in service categories that are not included in the first round of the staged rollout. The pilot projects could be small and low-cost in scope with the goal of gaining a better understanding of the implementation challenges associated with the rate models and ways to address them. Simultaneously, to either option, DDS could develop a plan for the ultimate full implementation of rate models, which could be submitted for legislative review and approval as part of the 2020-21 budget.
2. **Status Quo Funding Increase Options.** The LAO also lists options that are not dependent on the implementation of the rate models proposed in the rate study. The cost of each status quo option would be lower in most cases to the extent it is combined with a rate study implementation option (as the status quo option would be structured to benefit only those providers not benefitting from the implementation of the rate study in 2019-20). The table below summarizes the estimated cost of the staged rollout implementation option and the status quo funding increase options.

Figure 1

Estimated Costs of Various Options, Relative to the Governor's Proposed 2019-20 Budget
2019-20 Cost (In Millions)

Rate Study Implementation Options—Staged Rollout ^a			Status Quo Funding Increase Options		
Service Category	Total Funds	General Fund	Option	Total Funds	General Fund
Residential services (not including shared supported living services)	\$948	\$607	Fix state minimum wage quirk	\$16.1	\$8.0
Supported employment (group and individual)	24	15	Cover local minimum wage	Unknown	Unknown
Respite (including agency- and participant-directed)	50	32	Repeal uniform holiday schedule	50.3	30.1
Independent living services (including specialists)	-1	-1	Repeal half-day billing policy	2.7	1.6
			Restore social recreation and camp services	23.2	14.8
			Increase rates across the board: 8%	464.0	296.5
			Increase rates across the board: 4%	232.0	148.3

^a Options reflect implementation of rate study's proposed rate model for one to four of the listed service categories. If pilot projects in other service categories were also included, there would be an additional cost as determined by the Legislature.

The LAO notes that should the Legislature package rate study implementation options with status quo funding increase options the cost could range from less than \$50 million to more than \$1.4 billion (\$15 million to \$900 million General Fund).

Panel 1. The Subcommittee has requested the following panelists, in addition to DDS and DOF to provide comment on the importance of providing fiscal relief for service providers:

- Sandra Smith, Chair, State Council on Developmental Disabilities
- Eric Zigman, Executive Director, Golden Gate Regional Center

Panel 2. The Subcommittee has requested the following panelists to provide comment on the proposed rate models in the rate study:

- Rebecca Lienhard, Executive Director, Tierra del Sol Foundation
- Dr. Diane Cullinane, Executive Director, Professional Child Development Associates, Inc.
- Harry Bruell, President/CEO, PathPoint
- Jacquie Dillard-Foss, CEO, S.T.E.P., Inc.

Staff Comment and Recommendation. Hold open. The proposed rate models offer many benefits and would significantly improve the current system, providing a much-needed relief for service providers.

The Subcommittee may want to consider a staged rollout approach, along with some of the status quo funding options proposed by the LAO, as a first step on the road to rate reform. However, it seems that further fine-tuning is needed to better understand how models for specific service types would be implemented, and to avoid unintended consequences. The Subcommittee may want to consider requiring the department to submit a plan for what it sees as the best way forward to implement those models.

Questions.

1. When does the department and B&A expect to complete review of feedback on the draft rate models and any refinements that result?
2. Please explain how the consumer and family surveys were incorporated into the rate study. How were consumer outcomes included as part of the methodology in the study? If not, how might these factors be included into rate reforms?

Issue 2: 8 Percent Across-the-Board Increase for Service Providers (Proposal for Investment)

The Subcommittee has received the following proposal related to the DDS.

Background. Several advocates, consumers, and families are in support of a proposal calling for an eight percent increase in provider rates. Requesting organizations include the Lanterman Coalition, the ARC & United Cerebral Palsy Collaborative, and Services Employees International Union.

The proposed increase has been estimated to cost approximately \$290 million General Fund, matched by nearly \$200 million in federal funds. Proponents state this increase will be a “down payment” on the rate study’s recommendations to address the crisis in community services, sufficiently stabilize the system, and provide a solid foundation on which to implement broader reforms. This increase would provide for an initial investment in the restoration of the system, and illustrate continued commitment that all Californians living with intellectual and developmental disabilities will receive the services and supports necessary to live full, integrated lives.

Under the current rates, service providers are unable to offer competitive wages to direct service staff, resulting in reduced hiring qualifications and risking the quality of services provided to individuals with intellectual and developmental disabilities (I/DD). Proponents state that without the requested relief, there is no doubt that we will continue to ask direct service professionals to perform complex, important work for no more than the minimum wage.

Staff Comment and Recommendation. Hold open.

0000 VARIOUS DEPARTMENTS**Issue 1: Proposals for Investment**

Stakeholder Proposals. Various stakeholders have proposed the following investments:

California Health Facilities Financing Authority (CHFFA)

Community Clinic Vision Integration Project. The California Optometric Association requests one-time General Fund expenditure authority of \$26 million to establish the Community Clinic Vision Integration Project, a grant program to assist in establishing optometric services at community health centers that do not now offer these services. The project would be administered by CHFFA. Grants would be awarded to community health centers based on the center's population served, completeness of plan, readiness to provide services, financial capacity, the geographic distribution of optometric services, and other criteria that the CHFFA may establish.

Office of Statewide Health Planning and Development (OSHDP)

Nonprofit Access to OSHDP Public Use File. The California State Council of the Service Employees International Union (SEIU California) requests trailer bill language to restore nonprofits' access to the hospital Public Use File (PUF) dataset housed at the Office of Statewide Health Planning and Development (OSHDP). These files were the only patient-level product non-hospital entities could receive and have been an important component of our work examining healthcare utilization, quality, and disparities. Without any new change in law, OSHDP has reinterpreted existing privacy laws as the basis for their decision to eliminate the PUF. According to OSHDP, their interpretation of existing state privacy laws changed with the conversion to ICD-10, an updated medical coding system which applies internationally, along with updated technological resources that have increased the likelihood of a breach, in OSHDP's legal opinion. Consequently, they are no longer producing the PUF. Meanwhile, SEIU researchers continue to access similar data for Medicare patients available through the Center for Medicare and Medicaid Services (CMS), including some data sets which we only access with specific training via a HIPAA-Compliant server. The requested trailer bill language would reestablish nonprofit researchers as a class of individuals who would be permitted direct access to patient-level administrative data, similar to what was contained in the PUF.

Psychiatry Fellowships. The California Psychiatric Association requests General Fund expenditure authority of \$2.7 million in 2019-20 for scholarships to pay tuition in a one-year fellowship program for primary care provider training in the essentials of primary care psychiatry. Two University of California medical school Departments of Psychiatry (UC Irvine and UC Davis) jointly administer this program which has been training fellows for 4 years. It uses a "Train New Trainers" model, in which fellows are equipped by the training to return to their practice settings and in turn train colleagues and staff on these same essentials of psychiatry for primary care practice. In this respect the training program operates as a force multiplier providing psychiatric training reaching well beyond cohorts of fellows. The requested resources would continue to provide scholarships for primary care and emergency physicians from underserved areas, as well as provide funding for an additional 100 scholarships, provide targeted marketing to ensure the program reaches the communities most in need, provide tuition for the Essentials of Primary Care Psychiatry conference, and conduct evaluation of program outcomes.

Health Care Workforce in Underserved Areas. A coalition of health care organizations including the California Hospital Association, California Health+ Advocates, and the California Rural Legal Assistance Foundation requests General Fund expenditure authority of \$50 million in 2019-20 for OSHPD to expand opportunities to students from underrepresented and low-income areas to enter health careers. Specifically, the funding would support programs that would: 1) expand the number of primary care physicians and psychiatry residency positions and prioritize residency programs in health professional shortage areas (HPSAs), 2) recruit and train students from areas with a large disparity in patient-to-doctor ratios to practice in health centers in the area from which each student was recruited, 3) expand and strengthen loan repayment programs for primary care physicians and clinicians that agree to serve in HPSAs, and 4) expand and strengthen programs to recruit and prepare students from underrepresented and low-income backgrounds for health careers.

Transgender, Gender Non-Conforming, and Intersex (TGI) Inclusive Healthcare Workforce Training. The TransLatin@ Coalition requests General Fund expenditure authority of \$1 million for technical assistance and training for health and human services providers and all organizations or agencies with over 50 employees, including staff, healthcare workers, and administrators. These resources directly relate to the proposed budget for Mental Health Workforce Investment to increase the number of practitioners able to provide TGI-inclusive medical and mental health care.

Department of Health Care Services (DHCS)

Personal Needs Allowance Increase. The California Long-Term Care Ombudsman Association and a coalition of organizations request resources to increase the Personal Needs Allowance (PNA) from \$35 to \$85 for individuals in long term care. Many individuals rely on Medicaid programs to fund long-term care. In California, Medi-Cal covers the cost of care only after a resident pays their share of cost to the facility minus the 35 dollar PNA that the resident may keep for personal expenses not covered by the facility. The PNA cap was set at \$35 in 1985 and, although states have authority to spend funds to increase the PNA, California has not exercised this authority and has one of the lowest PNAs in the country.

Northeast Valley Health Wellness Garden Program. The Northeast Valley Health Corporation (NEVHC) requests General Fund expenditure authority of \$250,000 in 2019-20 for the expansion of NEVHC's Wellness Garden and Food Distribution Program. Support for the Wellness Garden Program is an investment in building healthier communities that will culminate with a model and toolkit for California's community health centers to guide them in addressing the social determinants of health affecting underserved populations through a comprehensive community gardens and food distribution program. The Wellness Garden and Food Distribution Program would address social, economic, and environmental factors that impact patient health and strengthen community well-being. At the end of the one-year funding period, NEVHC would produce the following deliverables:

- Construct a new Wellness Garden at the Sun Valley Health Center to provide patients with continuous access to nutritious food to mitigate food insecurity and treat or prevent chronic diseases.
- Utilize a Supplemental Nutrition Assistance Program-Education (SNAP-Ed) approved, evidence-based educational curriculum which uses hands-on strategies to teach patients about nutrition, exercise, and healthy living.

- Implement local food markets and produce swaps in locations that are considered food deserts and provide patients with the opportunity to access and exchange healthy produce.
- Increase access to green space to conduct medical visits that would support the future launch of food prescription programs in the community health center setting.
- Create a model or “toolkit” to guide California’s community health centers on how to develop their own wellness garden program that can be personalized to meet the individual needs of the community served.

Rate Increase for Psychologists in Skilled Nursing Facilities. CHE Behavioral Health Services requests General Fund expenditure authority of \$6 million annually to fund a Medi-Cal rate increase toward professional fees for psychologists who provide behavioral health services in nursing homes across California. According to CHE, California’s Medicaid rates are among the lowest in the country, failing to adequately cover the cost of daily care for nursing home seniors. As a result, in many cases, care isn’t being adequately delivered. The funding shortfall will no doubt result in fewer facilities, leaving more senior citizens homeless, and a potentially significant collapse in the health care delivery system for aging Californians. Additionally, failure to identify and treat behavioral health disorders could result in loss of federal reimbursement opportunities for California.

Positive Parenting Program at Federally Qualified Health Centers (FQHCs). Triple P America requests General Fund expenditure authority of \$8 million annually for DHCS to implement online, evidence-based, positive parenting support for at-risk families with children, especially those who receive services within the network of over 1,000 community health centers (FQHCs, FQHC look-alikes, and rural health centers) across the state. In order to ensure that dollars are spent on assisting the state’s most vulnerable families, Triple P America requests at least 50 percent of the funding be reserved for families receiving services at community health centers, with the remainder being available to families in the general population. According to Triple P America, primary care providers, as trusted sources of parenting information, are positioned to promote positive parenting practices and to refer families into quality online self-directed programs. Such an approach provides jurisdictions a relatively straightforward and consumer-preferred manner for scaling up positive parenting practices. Because families who receive services at community health centers represent the state’s most vulnerable population, this proposal seeks to equip primary care providers with the resources to make referrals into an evidence-based online program.

Medication Assisted Treatment Reimbursement. Alkermes, Inc., requests trailer bill language to direct DHCS to undertake, and complete, setting reimbursement codes and rates for ancillary services (e.g. psychosocial support, counseling, and urinalysis) for all Food and Drug Administration (FDA) approved medications for Medication Assisted Treatment (MAT) in Narcotic Treatment Programs (NTPs). According to Alkermes, the Legislature passed AB 395 (Bocanegra), Chapter 223, Statutes of 2017, to enhance the MAT offerings within NTPs by allowing all forms of MAT to be provided for the treatment of substance use disorders. AB 395 had no new costs associated with it by the Legislature, the Department of Finance, or DHCS. However, DHCS maintains it requires specific direction to implement the necessary changes in the NTP treatment system. This trailer bill language request provides that direction.

Peg Taylor Adult Day Health Center Funding. The Peg Taylor Center requests General Fund expenditure authority of \$500,000 in 2019-20 for its Peg Taylor Center for Adult Day Health Care, which has been disproportionately affected by the Camp Fire of November 2018. The Peg Taylor

Center is an adult day health care facility currently serving 54 vulnerable, at-risk adults with serious health conditions and has the capacity to further meet Butte County's crisis needs if additional funding is available. The population served is at high risk due to the Camp Fire and the impacts of the disaster will affect their health and well-being for years to come. Some of the challenges include loss of established care arrangements and increased medical issues due to poor air quality and trauma. For caregivers and families, there is a large need for respite care and direct assistance to navigate the Camp Fire recovery process.

Assisted Living Waiver Expansion. The California Long-Term Care Ombudsman Association and a coalition of organizations request General Fund expenditure authority of \$36.1 million over four years to expand the Assisted Living Waiver (ALW) from 5,744 slots to 18,500 slots incrementally by March 1, 2023. The costs of this proposal would be offset by savings achieved from transitioning individuals from skilled nursing facilities into the community and would result in net General Fund savings of \$44.6 million. Expanding the ALW program would create a significant cost-savings to the state because the average annual participant cost in a skilled nursing facility is assumed to be \$68,046 while the average cost of providing waiver services in a community setting is \$16,477. This action would be in line with the state's efforts to rebalance Medi-Cal spending by investing in consumer-preferred, lower-cost home- and community-based services.

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

Outreach and Enrollment Assistance. California Coverage and Health Initiatives (CCHI) requests General Fund expenditure authority of \$15 million in 2019-20 and 2020-21 for maintaining and strengthening the enrollment process at the local community level. According to CCHI, DHCS would distribute most of the funds, net of administrative costs to a respected intermediary, a nonprofit fiscal oversight agency, an organization with which CCHI has worked in the recent past. The intermediary organization would implement its already existing transparent and fully accountable criteria for allocating the funds to the participating member community-based organizations, with an emphasis on dispatch, and urgency of need. CCHI would administer the allocation and grant process, using criteria and processes already applied to previous contract and grant programs funded by the federal government, state government, and foundations.

Santa Barbara County Mental Health and Criminal Justice Involvement Prevention. The County of Santa Barbara requests General Fund expenditure authority of \$855,000 annually for diversion efforts for those with mental illness or involved in the criminal justice system. Specifically, Santa Barbara requests \$500,000 to fund a mental health rehabilitation center to provide short-term inpatient mental health care for individuals as an alternative to psychiatric hospital placement, \$220,000 for a Holistic Defense Partnership consisting of an interdisciplinary team to provide a continuum of care and connections for clients to existing community resources, and \$135,000 for a criminal justice diversion and process mapping project to provide data and analysis on where diversion efforts could be enhanced to reduce incarceration without jeopardizing the community's safety.

Department of Public Health (DPH)

Little by Little Early Literacy Program. Heluna Health requests expenditure authority of \$36.4 million to support statewide expansion of the Little by Little School Readiness Program, a Los Angeles based early literacy pilot project delivered at service sites for the Women, Infants, and Children (WIC) program. According to Heluna Health, Little by Little creates a stimulating home environment, fosters literacy, and improves school readiness for underserved and low-income children. The program begins in the third trimester of pregnancy and continues until the child's fifth birthday. Families receive information about the importance of strengthening literacy practices within the home, each child chooses a new age-appropriate book at each visit, and parents receive informational handouts which provide parental guidance tied to their children's developmental milestones.

Sugar – Awareness and Research. Public Health Advocates request General Fund expenditure authority of \$10 million over three years for DPH's Division of Chronic Disease & Injury Control, Nutrition Education and Obesity Prevention Branch to issue statewide community grants to California organizations for a Sugar-Sweetened Beverage Awareness Campaign. The campaign would employ a multi-pronged approach combining social media and targeted grassroots messaging to achieve three key aims: 1) increase consumer awareness of the health implications of sugar sweetened beverages, 2) increase consumer ability to identify drinks with added sugar, and 3) inform consumers how to interpret sugar content on product labels.

Public Health Advocates also request General Fund expenditure authority of \$6.9 million in 2019-20 for DPH's Division of Chronic Disease & Injury Control, Chronic Disease Control Branch to issue and administer research grants to California-based academic and research institutions. DPH would solicit proposals to conduct a randomized clinical trial to determine whether sugar in liquid form causes more detrimental health effects than sugar in solid food by examining immediate changes in established biomarkers known to increase the risk for cardiovascular disease and diabetes.

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

Parkinson's Registry Funding. The Michael J. Fox Foundation for Parkinson's Research requests General Fund expenditure authority of \$10 million in 2019-20, available for three years, and trailer bill language to continue legislative authority for the California Parkinson's Disease Registry. The 2017 Budget Act created and funded the registry to measure the incidence and prevalence of Parkinson's disease and ultimately improve the lives of those affected. Thousands of cases have already been reported to the registry within the last year and thousands more are arriving this month as medical groups and hospitals begin to submit their patient data. The funding included in the 2017 Budget Act

money was used in 2017, 2018 and 2019. DPH needs additional funding and legislative authority to continue the program since healthcare providers just started submitting patient data.

23rd Biennial International AIDS Conference – AIDS 2020. AIDS 2020 requests General Fund expenditure authority of \$2 million to support San Francisco and Oakland, the two cities selected by the International AIDS Society to host the 23rd biennial International AIDS Conference, known as AIDS 2020. According to the LGBTQ Caucus, hosting AIDS 2020 will provide California’s elected officials, community leaders, and academic researchers an opportunity to collaborate in a meaningful way that will undoubtedly create the foundation for long-term partnerships to allow California to “get to zero”. In addition, San Francisco and Oakland, in partnership with cities across California, are well positioned to achieve the objectives of the International AIDS Conference to bring together the world’s experts to advance scientific collaborations in HIV and help foster new relationships. The conference will provide the opportunity to highlight our research, advocacy, and promising HIV therapies.

Mental Health Services Oversight and Accountability Commission (MHSOAC)

Youth Mental Health Drop-In Centers. MHSOAC requests General Fund expenditure authority of \$25 million annually to develop a series of innovative youth mental health drop-in centers across California. This investment would spur additional federal, state, local, and philanthropic support to help cover the operating costs of these centers. MHSOAC, in partnership with county behavioral health leaders, researchers, and community providers, has initiated an approach called *alcove* in Santa Clara County to improve services to youth and young adults through integrated approaches to health, mental health, substance use services, reproductive health and related needs, including education, social, employment, and housing support. This request would allow the state to extend the work underway to a statewide scale.

Innovation Project Timeline Trailer Bill Language Proposal. The California Behavioral Health Director’s Association (CBHDA) requests trailer bill language to align the timeline of funding for innovation projects under the Mental Health Services Act (MHSA) with the full term of the project plan approved by the MHSOAC. According to CBHDA, when the MHSA was written an arbitrary three-year timeline was included into the act. The current law does not reflect the actual time it takes for a county program to produce a successful project or program. Often contracting, hiring staff or simply receiving approval from the MHSOAC will significantly delay any progress. Additionally, any delays related to “Not in My Backyard” (NIMBY) issues could effectively end an otherwise on-time and successful project. On many occasions counties will encumber funds with approved projects only to be delayed with issues outside their control. The proposed technical change conforming project approval would allow counties to align project timelines with the actual time it takes to onboard and implement programs and initiatives.

California Health Benefit Exchange – Covered California

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

IRS rules for setting the maximum out-of-pocket costs for HDHPs are different than the rules for the maximum out of pocket for Covered California exchange plans. The result is that the maximum out-of-pocket costs for HDHPs are almost \$1,000 lower than for other bronze products causing the actuarial value to be richer. This actuarial value exceeds the threshold set in California law of plus or minus two percent. However, to meet the IRS rules, Covered California needs to be able to sell a product that is 62.2 percent actuarial value, which is higher than the 62 percent actuarial value maximum (60 percent plus or minus two percent). The proposed trailer bill language would allow the variation in the actuarial value for bronze HDHPs to range from plus four percent to minus two percent, creating an effective range for these plans' actuarial value of 58 percent to 64 percent.

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