Senate Budget and Fiscal Review

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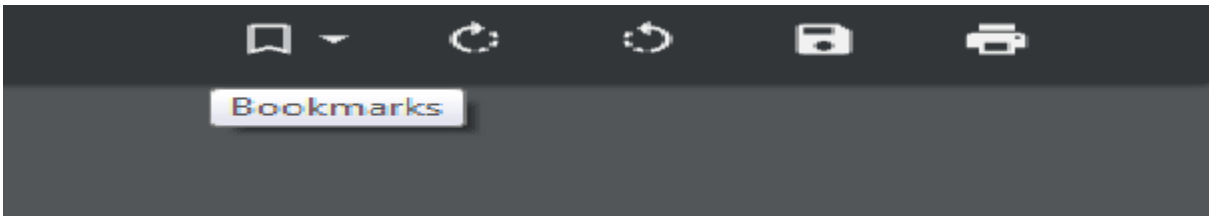

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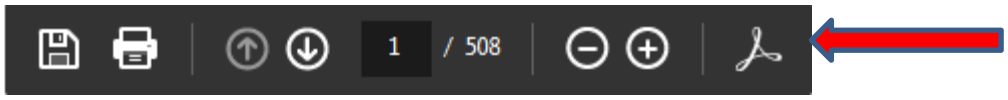

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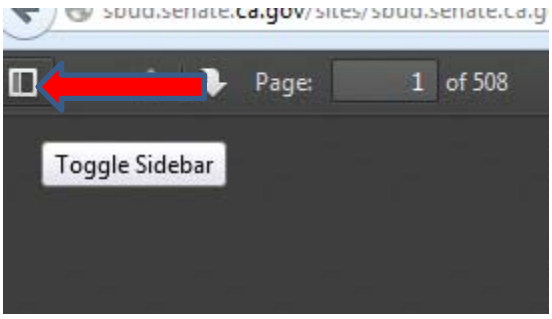

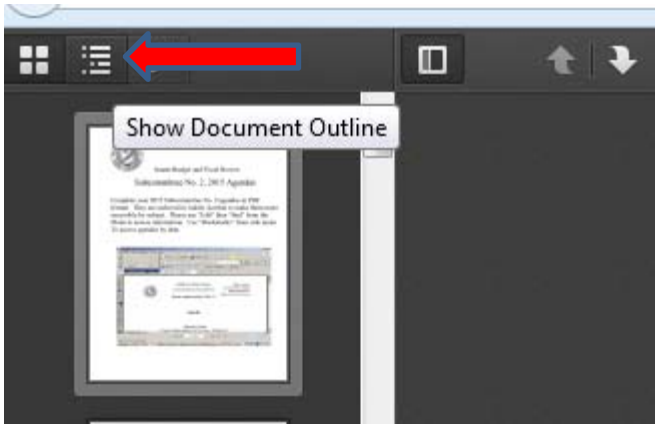

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, March 2, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt and Scott Ogus

PUBLIC COMMENT

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0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Office of Youth and Community Restoration and Division of Juvenile Justice Realignment

In addition to Judge Katherine Lucero, Director, Office of Youth and Community Restoration, the Subcommittee has requested Karen Pank, Executive Director, Chief Probation Officers of California, Frankie Guzman, Senior Director for Youth Justice, National Center for Youth Law, and Jasmine Dellafosse, Youth Advocate, to participate in this discussion.

Background. Youths accused of a crime that occurred before they turn 18 years of age start in juvenile courts. If the court determines the youth committed the crime, the court then determines where to place the youth based on statute, input from defense and prosecution, and factors such as the youth's offense and criminal history.

Depending on the circumstances of the case, the juvenile court can take several possible actions including placing the youth under county supervision or, prior to 2021, in the state Division of Juvenile Justice (DJJ). In addition, the court may choose to transfer certain youths' cases to adult court if a transfer request is filed with the court in cases where youths have committed very serious crimes.

Youths placed under county supervision are typically allowed to remain with their families with some level of supervision from county probation officers. However, some youths— typically those who have committed more serious crimes—are housed in county juvenile facilities, such as juvenile halls or camps. As of December 2022, 2,146 youth statewide are housed in juvenile facilities.

DJJ Closure and Realignment. The 2020-21 budget included a plan to close the Division of Juvenile Justice (DJJ) at the California Department of Corrections and Rehabilitation (CDCR) by June 30, 2023. While most youth were already housed or supervised locally, counties could choose to send those youths who had committed violent, serious, or sex offenses to state facilities operated by DJJ. There were typically about 650 youth statewide in DJJ facilities. The closure of DJJ means that the juvenile justice system will be completely realigned to the county level.

Youth housed in DJJ facilities largely did not have access to the types of rehabilitative programming and community connections that are necessary for a humane and successful juvenile justice system.[1] First, the location of DJJ facilities means that many youth offenders were moved far from home, making it difficult to maintain ties with their families and communities. Second, DJJ facilities were notorious for violence and had high recidivism rates.[2] Overall, the facilities operated more like adult prisons than as spaces where young people could develop and prepare for adult life outside the criminal justice system. In addition, due to decades of declining juvenile crime rates, both DJJ and county juvenile facilities have been operating under capacity.

[1] http://www.cjcj.org/uploads/cjcj/documents/unmet_promises_continued_violence_and_neglect_in_california_division_of_juvenile_justice.pdf, https://jjie.org/2020/05/19/californias-closure-of-djj-is-victory-with-significant-challenges/

[2] https://www.latimes.com/california/story/2021-02-15/california-youth-prisons-closing-criminal-justice-reform, https://www.mercurynews.com/2007/02/27/report-finds-cya-prison-still-fails-inmates/, https://www.latimes.com/archives/la-xpm-1999-dec-24-mn-47028-story.html

Realignment is intended to move juvenile justice in California toward a rehabilitative, trauma-informed, and developmentally appropriate system. The plans for realignment are outlined in SB 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020 and SB 92 (Committee on Budget and Fiscal Review), Chapter 18, Statutes of 2021.

Per the realignment timeline, DJJ stopped accepting most transfers from counties on July 1, 2021, and will completely shut down by June 30, 2023. As of January 27, 2023, there were 399 youth at DJJ. Of those youth, 172 are potentially eligible for discharge before the closure date. The remaining youth, who are not eligible for discharge or are not discharged, will return to their counties over the next few months.

As a result of realignment, counties are responsible for caring for youth with more serious needs and who have committed more serious offenses. The realignment plan outlined a process for counties to establish Secure Youth Treatment Facilities (SYTFs) for high-level offenders who would have previously been housed at DJJ. To assist counties with their increased responsibility, the state provides block grant funding to counties for each realigned youth, and one-time funding for planning and juvenile facility infrastructure needs, which is described in detail in the funding section below.

Office of Youth and Community Restoration (OYCR). To support counties in this transition, the realignment plan included the creation of the OYCR to provide statewide assistance, coordination, and oversight. This new office is under the Health and Human Services Agency (HHS) rather than under CDCR or BSCC, reflecting the shift away from corrections toward services and treatment. The mission of the Office, as defined in statute, is "[T]o promote trauma responsive, culturally informed services for youth involved in the juvenile justice system that support the youths' successful transition into adulthood and help them become responsible, thriving, and engaged members of their communities."

Mandates of the OYCR include:

- Identify policy recommendations for improved outcomes for court-involved youth.
- Identify and disseminate best practices to inform rehabilitative and restorative youth practices.
- Provide technical assistance to develop and expand local youth diversion opportunities.
- Evaluate the efficacy of local programs being utilized for realigned youth and report to the Governor and Legislature by July 1, 2025.
- Develop a report on youth outcomes in the juvenile justice system based on the updated JCPSS (DOJ) System.
- Provide an ombudsperson to investigate complaints and resolve where possible and report regularly to the Legislature.
- Concur with the Board of State and Community Corrections on any juvenile grants.
- Assume administration of juvenile grants no later than January 1, 2025.

- Concur with the Board of State and Community Corrections (BSCC) on new standards for secure youth treatment facilities.

Funding. The 2020-21 budget included $9.6 million General Fund for planning and facilities, and the gradual implementation of block grants to counties at a rate of $225,000 per realigned youth per year. This will amount to $209 million statewide per year after full realignment. This funding is currently administered by BSCC but will transition to OYCR by 2025.

The 2022-23 budget included $100 million one-time General Fund for counties to invest in their juvenile facilities, in anticipation of the closure of DJJ. The funding could be used to support modifications, renovations, repairs, and maintenance for existing county-operated juvenile facilities, with a focus on providing therapeutic, youth-centered, trauma-informed, and developmentally appropriate rehabilitative programming for youth. This was not a competitive grant, and every county received some funding.

The state has also provided resources to counties for juvenile justice several times throughout the years, corresponding with changes in alignment and totaling over $200 million annually. These include:

- *Youth Offender Block Grants*. This provided counties with $117,000 per ward for lower-level offenders that were realigned to the county level in 2007, per SB 81 (Committee on Budget and Fiscal Review), Chapter 175, Statutes of 2007.

- *Local Youthful Offender Rehabilitative Facility Construction.* SB 81 also provided counties with lease-revenue funding to construct or renovate juvenile facilities. A total of $300 million was allocated.

- *Juvenile Re-entry Grants*. The state provided funding to the counties after juvenile parolees released from DJJ were realigned to the county level as part of the 2010-11 budget.

OYCR Funding. The 2021-22 budget included $27.6 million in 2021-22 and $7 million ongoing for the Office of Youth and Community Restoration. The 2021-22 funding included $20 million for technical assistance, disseminating best practices, and grants. The 2022-23 budget included an additional $10 million ongoing for the Office, and language detailing the duties and responsibilities of the Ombudsperson within OYCR.

County Realignment Plans. The Juvenile Justice Realignment Block Grant (JJRBG) program is designed to provide funding to counties to support youth returned to those counties. To be eligible for such funds, each county is required to convene a subcommittee of the multiagency juvenile justice coordinating council chaired by the chief probation officer and including representatives from the district attorney, public defender, department of social services, department of mental health, the county office of education or school district, and the court, along with at least three community members. The subcommittees develop a plan for juvenile justice realignment within the county. These plans must include information on how counties will provide trauma-informed, culturally responsive, and developmentally appropriate programs and a description of data collection and outcome measures, among other topics detailed in statute (Welfare and Institutions Code Section 1995(c)). Counties were required to submit their initial plans by January 1, 2022 and must submit the most recent plan by May 1 of each year moving forward. OYCR is required to

review these plans, return plans to counties for revision as necessary, and make the plans available on its website.

According to OYCR's 2022 County Plan Summary Report, requests for revision primarily fell within the following categories: expanded data, facility improvements, culturally responsive programming, family engagement and reentry, housing approach for secure treatment, and program effectiveness. Thirty-three counties are adapting existing facilities to serve as a SYTF, while other counties that have had historically low referrals to DJJ are entering into regional agreements. The report notes that some counties have indicated that they are not able to care for specific sub populations, such as youth who need specialized treatment related to mental health or sex abuse offenses. Twelve counties identified a step-down placement for youth in their plan, and other counties stated that they plan to establish relationships with community service providers to develop step down plans. OYCR's report notes the importance of step-down placements in supporting youth to successfully reenter society and not stay in maximum security facilities for extended periods of time.

OYCR's 2022 County Plan Summary Report also identified priority areas for OYCR to work with counties to support best practices and provide technical assistance. These areas include: addressing the unique challenges for small, rural communities; developing methods for measuring effectiveness and outcomes relating to court-involved youth; retaining youth in the juvenile system and not in the adult prison system; and developing therapeutic facilities and building capacity to develop step-down options from secure facilities to less restrictive environments with greater access to community-based activities.

OYCR Update. The OYCR Director was hired in January of 2022, and began hiring staff in spring 2022. OYCR has visited 33 SYTFs, met with all 58 Probation Chiefs, engaged with tribal court and tribal leadership, held over 200 stakeholder and community meetings, developed a strategic plan and funding strategies, and initiated an Educational Advisory Committee. In anticipation of the June 30, 2023 DJJ closure date, OYCR is providing technical assistance to courts and counties, including intensive case-by-case technical assistance to support counties who will receive former DJJ youth with various service needs, including behavioral health treatment and sex treatment.

Some of OYCR's current projects include: a collaboration with the Vera Institute of Justice to support four counties in reducing and ending the incarceration of girls and gender expansive youth; pilot projects that demonstrate best practices in expanding capacity of community-based organizations; pilot programs to implement OYCR's stepping home model of community-based alternatives to incarceration, and training probation officers on developmentally appropriate best practices, among others.

In August 2022, the OYCR Ombudsperson line was open; as of February 2023, the OYCR ombudsperson has opened 65 complaint investigations from youth and visited 15 facilities.

Staff Comment and Recommendation. Informational item. No action is needed.

Questions. The Subcommittee requests OYCR respond to the following:

1. Please provide an update on how OYCR is using funds designated for technical assistance, disseminating best practices, and grants.

2. Please provide an update on the implementation of the OYCR Ombudsperson office.

3. Please describe OYCR's activities leading up to the June 30, 2023 DJJ closure date. What is OYCR's focus as we near the DJJ closure and what technical assistance is OYCR providing counties to ensure youth in those counties receive developmentally appropriate services?

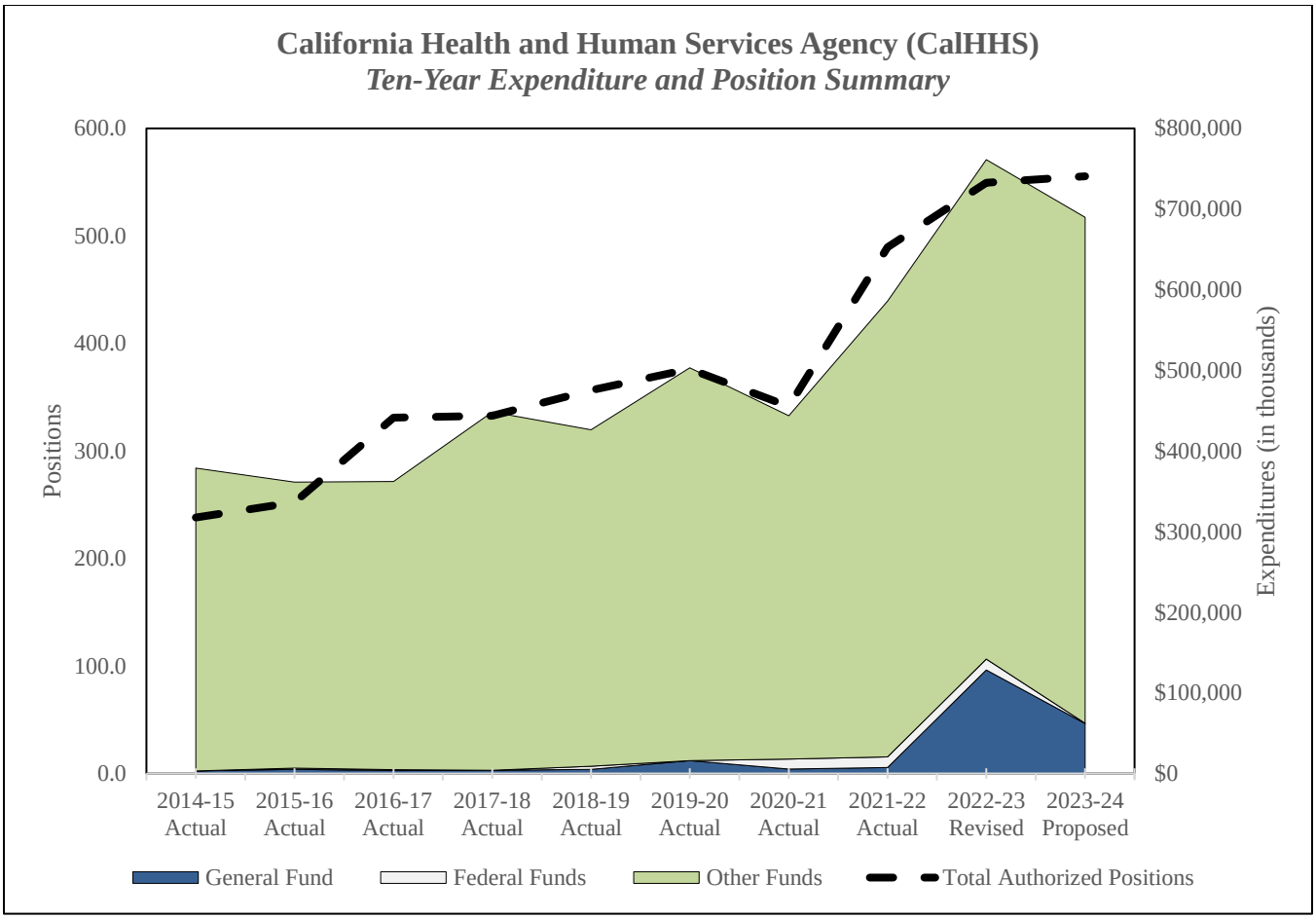
4. How are OYCR and counties addressing service gaps that may result from realignment for youth who need specialized programming, such as behavioral health treatment, sex offender treatment, and programming for female youth?

5. What types of settings and services are available to youth in county custody and youth who will return from DJJ? Do the county plans reflect new models of care for longer-term placements or are the counties primarily focusing on housing youth in juvenile halls?

6. How should the state and counties balance the desire to consolidate programs across counties with the original goals of realignment to bring youth closer to home?

7. The intent of SB 823 is to provide justice system-involved youth with age-appropriate treatment closer to their families and to build a continuum of community-based approaches in the least restrictive appropriate environment. What progress has been made in building this continuum, and what more needs to be done to realize the intent of SB 823?

Issue 2: Overview



California Health and Human Services Agency- *Department Funding Summary*				
Fund Source	**2021-22 Actual**	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$7,293	$122,098	$128,339	$62,104
Federal Funds	$13,415	$13,446	$13,446	$148
Other Funds	$565,022	$595,852	$619,517	$627,335
Total Department Funding:	**$585,730**	**$731,396**	**$761,302**	**$689,587**
Total Authorized Positions:	**489.5**	**621.5**	**549.5**	**555.5**
Other Funds Detail:				
Reimbursements (0995)	*$25,033*	*$4,785*	*$25,609*	*$4,894*
Office of Patient Advocate Trust Fund (3209)	*$1,909*	*$2,231*	*$2,298*	*$2,302*
Data Insights and Innovation Fund (3377)	*($175)*	*$0*	*$0*	*$0*
988 Suicide and BH Crisis Services Fund (3414)	*$0*	*$0*	*$0*	*$5,500*
Central Service Cost Recovery Fund (9740)	*$5,135*	*$2,894*	*$2,950*	*$11,367*
California HHS Automation Fund (9745)	*$533,120*	*$585,942*	*$588,660*	*$603,272*

Background. The California Health and Human Services Agency (CalHHS) oversees twelve departments and five offices that provide a range of health care services, social services, mental health services, alcohol and drug services, income assistance, and public health services to Californians. CalHHS is administered by a cabinet-level Secretary of Health and Human Services, appointed by the Governor and confirmed by the California State Senate. According to CalHHS, its primary mission is to provide policy leadership and direction to the departments, boards, and programs it oversees, to reduce duplication and fragmentation among departments in policy development and implementation, to improve coordination among departments on common programs, to ensure programmatic integrity, and to advance the Governor's priorities on health and human services issues.

The departments and other entities within CalHHS include:

- Department of Aging (CDA)
- Department of Public Health (CDPH)
- Department of Child Support Services (DCSS)
- Department of Community Services and Development (CSD)
- Department of Developmental Services (DDS)
- Emergency Medical Services Authority (EMSA)
- Department of Health Care Services (DHCS)
- Department of Managed Health Care (DMHC)
- Department of State Hospitals (DSH)
- Department of Rehabilitation (DOR)
- Department of Social Services (DSS)
- Department of Health Care Access and Information (HCAI)

Within CalHHS there are several other entities administered by appointed commissions or governing boards, including:

- State Council on Developmental Disabilities
- Commission on Aging
- California Senior Legislature
- California Children and Families Commission
- California Health Benefit Exchange (Covered California)
- State Independent Living Council

CalHHS also oversees the allocation of funds to local governments under 1991 and 2011 State-Local Realignment.

Within the organizational structure of CalHHS are five offices and the Center for Data Insights and Innovation.

Office of the Secretary of Health and Human Services. The Office of the Secretary formulates and coordinates policy among the Agency's departments, and communicates with the Legislature, stakeholders, and the public about issues relating to the state's health and human services programs. The Office of the Secretary is composed of six distinct offices or units, including:

- Office of Legislative Affairs – The Office of Legislative Affairs provides coordination, oversight, and management of proposed legislation and ensures the Administration's legislative priorities are developed and implemented. The office provides policy guidance, instruction, and direction to health and human services departments and entities, and coordinates with the Governor's Office on legislative positions.
- Office of External Affairs – The Office of External Affairs manages ongoing public information and public affairs functions and provides guidance and direction to public information officers in health and human services departments and entities. The office serves as the official Agency spokesperson to respond to media inquiries, and coordinates with the Governor's Office communication staff on significant and sensitive media issues.
- Office of the Agency General Counsel – The Office of the Agency General Counsel provides legal counsel to the Office of the Secretary and senior Agency staff, coordinates with the Governor's Office of Legal Affairs and with the Chief Counsels in health and human services departments and entities.
- Office of Program and Fiscal Affairs – The Office of Program and Fiscal Affairs is responsible for formulating, analyzing, revising, and evaluating the program and fiscal impacts of major health and human services policies of the Administration. This work includes assessment of all policy, legislative, fiscal, and other issues that have implications among health and human services departments and agencies, as well as other state agencies.
- Administration Unit – The Administration Unit manages personnel, human resources, training, and internal budget issues.
- Office of the Agency Information Officer – The Office of the Agency Information Officer supports health and human services departments and entities to successfully deliver data and technology solutions through portfolio support, enterprise architecture, information security, agency governance, and horizontal integration activities.
- Office of Policy and Strategic Planning – The Office of Policy and Strategic Planning is responsible for driving measurable outcomes on CalHHS guiding principles and strategic priorities through system alignment and program integration across the agency's departments and offices. The Office works on a set of initiatives to advance equity, address the social determinants of health, and ensure a whole person approach.

Office of Systems Integration (OSI). The Office of Systems Integration (OSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

Office of the Surgeon General (OSG). The Office of the Surgeon General (OSG) was established in 2019 to advise the Governor, serve as a leading spokesperson on matters of public health, and drive solutions to the state's most pressing public health challenges. The OSG has established early childhood, health equity, adverse childhood experiences (ACEs), and toxic stress as key priorities. The Surgeon General has set a goal to reduce ACEs and toxic stress by half in one generation.

Office of Law Enforcement Support (OLES). The Office of Law Enforcement Support (OLES) was established in 2014 to provide monitoring and oversight of law enforcement personnel serving in the

Office of Protective Services at DSH and DDS. OLES develops training protocols, policies, and procedures for law enforcement officers operating at DSH and DDS, and investigates incidents involving law enforcement personnel at state hospitals or developmental centers.

Office of Youth and Community Restoration (OYCR). The Office of Youth and Community Restoration (OYCR) supports the transition of justice involved youth being served in local communities by promoting a youth continuum of services that are trauma responsive and culturally informed, using public health approaches that support positive youth development, building the capacity of community-based approaches, and reducing the justice involvement of youth. The OYCR also assesses the efficacy of local programs, provides technical assistance and support, reviews local Juvenile Justice Realignment Grants, fulfills statutory obligations of an Ombudsperson, and develops policy recommendations.

Center for Data Insights and Innovation (CDII). The Center for Data Insights and Innovation (CDII) was established in 2021 to advance CalHHS data initiatives and help turn data into insights, knowledge, and action. The Center combines functions from the previous Office of Health Information Integrity (CalOHII), Committee for the Protection of Human Subjects (CPHS), Office of the Patient Advocate (OPA), and Office of Innovation. These functions include ensuring state department compliance with the Health Insurance Portability and Accountability Act (HIPAA) and other related state and federal privacy laws, health plan and medical group report cards evaluating health care quality and the patient experience, and reporting on health care consumer and patient assistance centers by state agencies (Department of Managed Health Care, Medi-Cal, Department of Insurance, and Covered California). CDII also administers the CalHHS Open Data Portal, which provides public access to non-confidential health and human services data.

Subcommittee Staff Comment—This is an informational item.

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

1. Please provide a brief overview of the CalHHS mission and its oversight of key departments and other entities.

Issue 3: Statewide Automated Welfare System (CalSAWS) Ongoing Support

Budget Change Proposal – Governor's Budget. This joint proposal requests $852,000 total funds ($328,000 General Fund) for the conversion of five full-time positions (three Department of Health Care Services, one Department of Social Services, and one Office of Systems Integration) from limited term to permanent to support the Statewide Automated Welfare System (CalSAWS) consolidation. The requested position resources will continue to direct, govern, and oversee the planning and implementation of the CalSAWS.

Background. Per federal requirements by the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Services (FNS), California is required to implement a single statewide automated welfare system (SAWS) by December 31, 2023 to ensure continuing receipt of federal financial participation (FFP) for SAWS development, implementation, and ongoing maintenance and enhancements (M&E). Currently there are two separate systems, now managed under a single CalSAWS Consortium governance structure: the 40-County CalSAWS supports Los Angeles County and the 39 former Consortium IV (C-IV) system counties, and the CalWORKS Information Network (CalWIN) system supports 18 counties. The CalSAWS project is a Joint Powers Authority developed and directed by the 58 counties.

On September 27, 2021, the CalSAWS project migrated the 39 C-IV counties to join Los Angeles County in forming a 40-county CalSAWS system. The remaining 18 CalWIN counties will migrate to CalSAWS to form a 58-county CalSAWS system in a series of conversion waves from October 2022 through October 2023.

Once the migration of the remaining CalWIN counties to the CalSAWS system is complete, the CalSAWS will be the eligibility determination and case management system for the entire state, in alignment with the federal mandate. County eligibility workers utilize CalSAWS to assist with eligibility determinations for over 14 million Californians seeking assistance with health coverage, access to food, cash assistance and supportive services. As new policy initiatives are implemented to support the needs of underserved populations in California, CalSAWS plays a critical role in developing automated processes.

The Office of Systems Integration (OSI) is responsible for state-level project management and oversight of the CalSAWS project, and the project sponsors, the California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS), partner with OSI to verify project activities are conducted in accordance with contracted standards and adherence to information technology best practices.

Some examples of policy changes that the CalSAWS project is responsible for implementing include the expansion of Medi-Cal regardless of immigration status (AB 184, Chapter 47, Statutes of 2021); increasing the CalWORKs pregnancy special needs benefit; and implementing Food for All which expands access to the California Food Assistance Program (CFAP), among other changes. According to this proposal, CalSAWS has completed 22 automation policy changes in the past two years, with eight legislatively mandated policy changes pending implementation and at least 29 initiatives planned for future automation. This subcommittee has requested OSI provide a full inventory of CalSAWS projects slated for implementation, which was not available at the time of this writing.

Chapter 35, Statutes of 2018 (AB 1811) requires CDSS, DHCS, and OSI to increase their focus on engaging health and human services advocates, stakeholders, and clients. This requirement was incorporated in the development of the CalSAWS governance framework due to stakeholder concerns regarding participation in CalSAWS development and implementation.

Welfare and Institutions Code (WIC) 80123(c)(1) mandates that on February 1st of each year the OSI, in partnership with DHCS and CDSS, provide an annual report to the Legislature on the CalSAWS project, including the progress of state and consortia activities and any significant schedule, budget, or functionality changes in the project.

Staffing and Resource Request. After migration of all 58 counties in October 2023, CalSAWS will continue Agile developmental operations, or DevOps, which is a combination of organizational philosophies, practices, and tools that increases the ability of the project to deliver software solutions to better serve Californians. The requested positions will provide state oversight for timely implementation of policy and programmatic changes. As the project moves forward, staff will focus on assessing and identifying system gaps in the post-implementation phase of CalSAWS to confirm alignment with policy objectives and outcomes.

Additionally, the requested staff will support new interface connection tasks identified, day-to-day operational activities, mainframe network changes, and data release management. As new initiatives are introduced by the Legislature, staff will collaborate with CalSAWS leadership to determine the prioritization, cost, and time requirement to implement the proposed change. These resources will provide continued oversight of policy functionality in CalSAWS, which includes serving as the state sponsor representatives for the CDSS and DHCS programs; providing necessary policy guidance and technical assistance during SAWS activities related to migration; maintaining and enhancing BenefitsCal which is the state-wide consumer portal; and ongoing system enhancement efforts. This proposal notes that ongoing resources are necessary to collaborate with stakeholders in the ongoing enhancement of the BenefitsCal online portal to be a public facing portal that meets the cultural and linguistic needs of all Californians accessing services.

According to this proposal, the requested staff will be more adeptly positioned to make the most prudent and timely policy implementation decisions during the final implementation, and then ongoing M&E support of CalSAWS. With these positions securely in place, the state will be equipped to monitor future CalSAWS risks and issues and be able to respond promptly to mitigate any potential harm to participants in its programs. A breakdown of this resource request by department is as follows:

Department of Health Care Services (DHCS). DHCS is requesting 3.0 full time, limited-term positions, set to expire on June 30, 2023, to be made permanent. 1.0 Staff Services Manager (SSM) I and 1.0 Associate Governmental Program Analyst (AGPA) are in the Medi-Cal Eligibility Division (MCED) and 1.0 Information Technology Specialist (ITS) I is in the Business Operations and Technology Services Division (BOTSD) in the Medi-Cal Development Unit. The DHCS resources provide continued oversight of Medi-Cal eligibility policy functionality in CalSAWS, which includes serving as the state sponsor representatives for the Medi-Cal program, providing necessary policy guidance and technical assistance during SAWS activities related to migration, developing ancillary systems, and ongoing system enhancement efforts. DHCS representation confirms that policies are accurately programmed into all

systems, ensuring that eligibility is accurately determined for new and continuing Medi-Cal beneficiaries. DHCS resources also play an important role in the implementation of new legislative initiatives including obtaining system costs and timelines, coordinating policy guidance and clarifications, tracking progress of system changes, and supporting stakeholder involvement.

California Department of Social Services (CDSS). The CDSS is requesting 1.0 position, an ITS I in the Information Systems Division (ISD) that is set to expire on June 30, 2023, be made permanent. The ITS I represents CDSS in highly technical meetings and initiatives led by the CalSAWS project. The ITS I provides technical expertise to the CalSAWS project and is responsible for providing technical planning, preparation, review, documentation, and support on the project as it relates to various CDSS programs and applications. According to this proposal, CDSS will continue to address gaps in services based on race and language through a new "CDSS Caseload Dynamics Data Dashboard," which will provide monthly CalFresh and CalWORKs data, disaggregated by race and language, on CalFresh and CalWORKs applications, approvals and denials, application processing time, and discontinuances.

Office of Systems Integration (OSI). The OSI is requesting 1.0 ITS I position, set to expire on June 30, 2023, be made permanent. The position is in the SAWS Consortium Management Unit (CMU). The primary function of the ITS I is to coordinate with key state program sponsors to plan, develop, and manage a prioritization process which may include facilitating meetings and presentations involving problems and issues of considerable consequence and importance, and collaborate with project sponsor departments to resolve critical, complex and sensitive consortia management issues. This position provides the liaison support between the sponsor departments, CalSAWS, and both CMS and FNS. According to this proposal, OSI will continue monitoring the participation of key stakeholders in BenefitsCal, hosting sessions on language accessibility, and performing state oversight for CalSAWS.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff notes that an update on the CalSAWS project, in addition to other CDSS automation projects, will be included in the Subcommittee hearing scheduled for April 27, 2023.

Questions. The subcommittee has requested OSI, DHCS, and CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Case Management Information and Payrolling System (CMIPS)

Budget Change Proposal – Governor's Budget. The Office of Systems Integration (OSI) requests two permanent positions and an increase of $10.7 million in expenditure authority in fiscal year 2023-24 and ongoing for the implementation and support of the Case Management Information and Payrolling System. This proposal reflects a requested increase in reimbursement authority (California Health and Human Service Automation Fund), General Funds for which were previously approved in the Department of Social Services' (CDSS) budget.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24**	**2024-25***
9745 – CA Health and Human Services Automation Fund	$10,691,000	$10,691,000
Total Funding Request:	**$10,691,000**	**$10,691,000**
Total Requested Positions:	**2.0**	**2.0**

***** Positions and resources ongoing after 2024-25.

Background. CMIPS is an automated statewide system that performs case management, payroll processing, and reporting for the California Department of Social Services (CDSS) In-Home Supportive Services (IHSS) program. The IHSS program provides a Medi-Cal benefit for in-home personal care services to individuals with disabilities and older adults to allow them to stay at home and avoid institutionalization. CDSS contracts with OSI for project management and vendor contract oversight services to maintain and operate CMIPS. In addition to supporting IHSS, CMIPS also processes payroll for the Waiver Personal Care Services (WPCS) program administered by the Department of Health Care Services.

When CMIPS was originally implemented in 2014, it was designed to be used by about 5,000 staff in the county and state offices to administer the IHSS Program using only paper forms and timesheets. In 2017, the option to submit electronic timesheets for payrolling was introduced through a new Electronic Services Portal (ESP) that could be used by over one million IHSS recipients and providers. In 2021, the IHSS program started an initiative to implement electronic forms through the ESP for case management and additional payroll functions.

Electronic Visit Verification (EVV). In 2016, the Federal Government passed the 21st Century Cures Act to require EVV for Personal Care Providers and Home Health Care Providers. Part of the EVV requirement is that states will capture the provider's location when the service is provided. The 21st Century Cures Act includes penalties in the form of reduction of the federal matching assistance percentage (FMAP) if the state fails to comply with the EVV requirement. EVV was fully implemented for IHSS as of December 2020, however, CDSS received additional direction from the Center for Medicare and Medicaid Services (CMS) requiring electronic capture of the provider's location at the start and end of each workday. To fully comply with the CMS direction that CDSS electronically capture the location at the start time and end time of each service day for all non-live-in providers, the current system is being modified to electronically capture the provider's location when they log in and check in or check out. Because IHSS is not in compliance with EVV, a 0.50 percent FMAP reduction was applied in calendar year 2021, a 0.75 reduction was applied in calendar year 2022, and a one percent reduction is applied in calendar year 2023. The new implementation date for IHSS location services is July 1, 2023, at which point IHSS will be in full compliance and FMAP penalties will stop upon CMS approval.

Staffing and Resource Request. OSI requests two full-time, permanent Information Technology Specialist (ITS) II positions and an increase of $10.7 million in expenditure authority in fiscal year 2023-24 and ongoing for increased functionality and support for CMIPS. There are six components of this proposal:

CMIPS Office Information Technology Positions. In order to support various federally and state mandated system changes to CMIPS, the CMIPS Office established and filled two temporary positions using the OSI position blanket authority. This proposal requests permanent position authority for the two temporary help positions for operations and oversight activities of the system changes. The ITS II work includes approving contractor deliverables, invoices, and system service request reviews. It additionally includes the following tasks, which are ongoing and will continue through the activities included in this proposal:

- Agile team product owners.
- Technical oversight and coordination of county interfaces.
- Responsibility for system security.
- Technical guidance and oversight of the CMIPS network architecture.
- Participation in network architecture and technical review boards with stakeholders such as Department of Technology.
- Development and implementation of cloud architecture.
- Oversight of system integrator technical design development.

EVV. The expenditure authority requested will support additional service desk agents to implement the location services functionality and to establish dedicated Agile teams for location services. The implementation of EVV location services is critical to avoiding further federal penalties. CDSS continues to conduct numerous stakeholder outreach sessions with IHSS recipients and providers for the implementation of EVV location services to train and prepare providers for the new check in and check out requirements.

Electronic Forms. Currently, IHSS county staff use paper forms when managing IHSS cases and payroll, and IHSS providers and recipients use paper forms to apply for or request changes to existing services or case information. The IHSS program will be implementing an Electronic Forms solution in CMIPS for use by the counties, IHSS applicants, recipients, and providers. According to OSI, the transition to Electronic Forms will result in cost savings on office supplies and increase overall process efficacy through automated workflows and easy access to digital paper trails. The expenditure authority being requested will establish dedicated Agile teams and procure Adobe Experience Manager Forms licenses.

Language Support. The IHSS program forms and notices in CMIPS are currently produced in the four threshold languages required by California Code of Regulations, Title 9, Section 1810.410. The Language Support initiative in this proposal will support fourteen additional languages to match the total number of threshold languages supported by Medi-Cal. These program changes will standardize forms in the fourteen additional languages in CMIPS, make changes to Interactive Voice Recognition phone systems, and establish new IHSS and CMIPS service desk protocols and training. The expenditure authority being requested will establish service desk language line services, inter-active voice recognition set-up and changes, and language line testing services.

Security Compliance. According to OSI, implementation of the ESP, EVV, Electronic Forms and Language Support significantly increases the scope and complexity of CMIPS and requires additional tools and services to meet the security requirements that address new security risks as more self-service options are provided to IHSS recipients and providers online. The expenditure authority being requested will be used to obtain United States Industry Solutions (USIS) Cybersecurity professional consulting and advisory managed services for Amazon Web Services (AWS), establishing Dynamic Application Security Testing, establishing Static Application Security Testing, and procuring a secure artifact repository.

Program Support Efficiencies. To increase payroll processing capacity, the CMIPS operations team added more processing days when a peak timesheet submission day falls on a weekend or holiday. There are typically two peak periods per month. Previously, timesheets were only processed during the work week so if a peak day fell on the weekend or holiday, there would be a significant backlog of timesheets which could take multiple days to clear and potentially delay payments to IHSS providers. According to OSI, this proposal will streamline and automate system administration to improve operations and shorten time for development and deployment. On a parallel path, automated testing will expand coverage of CMIPS testing, improve quality and accuracy of testing, and increase Agile team velocity and test efficiency. The expenditure authority being requested will add new development and testing resources to the prime vendor contract.

The following table provides estimated costs for the six components of this proposal:

Description	Cost
OSI State Staff	$368,000
Electronic Visit Verification (EVV)	$3,615,000
Electronic Forms	$2,020,000
Language Support	$2,973,000
Security Compliance	$1,013,000
Program Efficiencies	$702,000
Total	**$10,691,000**

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Please provide a description of how EVV location services for IHSS providers will be implemented leading up to the July 1, 2023 go-live date.

Issue 5: Electronic Visit Verification Phase II

Budget Change Proposal – Governor's Budget. The Office of Systems Integration (OSI), the Department of Health Care Services (DHCS), and the Department of Developmental Services (DDS) request three positions (within DHCS) and total expenditure authority of $2.5 million ($832,000 General Fund and $1.6 million federal funds) in 2023-24. If approved, these positions and resources would continue the multi-departmental effort for the second phase (Phase II) of implementation of Electronic Visit Verification for personal care services and home health care services.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24***	**2024-25****
9745 – CHHS Automation Fund	$1,481,000	$1,770,000
Total Funding Request:	**$1,481,000**	**$1,770,000**
Total Requested Positions:	**0.0**	**0.0**

***** Transfers from other Departments (included below): DHCS: $741,000; DDS: $740,000
** Additional fiscal year resources requested for OSI: 2025-26: $1,770,000; 2026-27: $2,012,000; 2027-28: $2,012,000

Program Funding Request Summary (DHCS)		
Fund Source	**2023-24**	**2024-25****
0001 – General Fund	$340,000	$371,000
0890 – Federal Trust Fund*	$1,791,000	$1,966,000
Total Funding Request:	**$2,131,000**	**$2,337,000**
Total Requested Positions:	**3.0**	**3.0**

***** Federal Trust Fund appropriation includes transfer of federal Medicaid matching funds to DDS, reflected below as Reimbursements.
** Additional fiscal year resources requested for DHCS: 2025-26 and ongoing: $503,000.

Program Funding Request Summary (DDS)		
Fund Source	**2023-24**	**2024-25****
0001 – General Fund	$335,000	$335,000
0995 – Reimbursements*	$405,000	$405,000
Total Funding Request:	**$740,000**	**$740,000**
Total Requested Positions:	**0.0**	**0.0**

***** Reimbursements are the result of federal matching funds transferred from DHCS and are included in the totals attributed to the DHCS request.
** Resources ongoing after 2024-25.

Background. The federal 21st Century CURES Act[3] requires states to implement an electronic visit verification system for all Medicaid-funded Personal Care Services (PCS) by January 1, 2020, and for all Home Health Care Services (HHCS) by January 1, 2023. Federal law defines an electronic visit verification (EVV) system as a system under which PCS or HHCS visits are electronically verified, including the type of service performed, the individual receiving the service, the date of the service, the location of service delivery, the individual providing the service, and the time the service begins and ends. Programs serving Medi-Cal beneficiaries that are required to implement an EVV system include waiver services for individuals with developmental disabilities administered by DDS, In-Home Supportive Services (IHSS) administered by DSS, Waiver Personal Care Services and Home Health Care Services

[3] 42 United States Code Subsection (*l*), added by 21st Century CURES Act (HR 34, 114th Congress, 2015-16)

administered by DHCS, the Multipurpose Senior Services Program administered by DHCS and CDA, and AIDS Medi-Cal Waiver services administered by DHCS and DPH. These services are offered under one of two models:

- Self-Directed Model – Services provided under a self-directed model are those in which the service recipient is responsible for hiring and managing direct care workers.
- Agency Model – Services provided under an agency model use a provider agency or vendor to recruit, hire, and manage direct care workers.

The Administration has implemented EVV in two phases. Phase I included implementation for the self-directed model components of the IHSS (DSS) and Waiver Personal Care Services (DHCS) programs, which currently use the Case Management Information and Payrolling Systems (CMIPS II) and Electronic Time Sheet (ETS) System. DSS reported that, as of October 2020, 95 percent of IHSS and Waiver Personal Care Services providers and recipients were enrolled in the EVV system.

Phase II included non-IHSS and non-Waiver Personal Care Services self-directed model components, as well as the agency model components of the IHSS and Waiver Personal Care Services programs.

Electronic Visit Verification Phase II Programs

Department	Program	Self-Directed	Agency Model	PCS	HHCS
DDS	1915 (c) DD Waiver	X	X	X	X
DDS	1915 (i) State Plan Services	X	X	X	X
DDS	1915 (c) Waiver Self-Determination Program	X	X	X	X
DHCS	1915 (c) Home- and Community-Based Alternatives Waiver	X	X	X	X
DHCS	Home Health Care Services		X		X
DHCS	Waiver Personal Care Services Agency Model		X	X	X
CDA/DHCS	MSSP 1915 (c) and 1115 Waivers		X	X	
DPH/DHCS	1915 (c) AIDS Medi-Cal Waiver		X	X	X
DSS	IHSS Agency Model		X	X	

Under the 21st Century CURES Act, states that do not adopt EVV for PCS programs by January 1, 2020, are subject to an incremental decrease in the federal match available for these programs of 0.25 percent in 2020, 0.5 percent in 2021, 0.75 percent in 2022, and one percent annually thereafter. States that do not adopt EVV for HHCS by January 1, 2023, are subject to an additional decrease in federal match of 0.25 percent in 2023 and 2024, 0.5 percent in 2025, 0.75 percent in 2026, and 1 percent annually thereafter. The CURES Act allows a state to apply for a one-year exemption from the federal match reduction if the state made a good faith effort to comply and has encountered unavoidable delays. DHCS requested and the federal government approved a one-year exemption under this provision, delaying any reduction in federal matching funds until 2021. A state may only apply for a single, one-year exemption. According to DHCS, the state's failure to implement EVV by January 1, 2021, resulted in the following reductions in federal matching funds for Medi-Cal services:

Electronic Visit Verification Delay – Federal Matching Fund Penalties by Department			
Department	**2020-21**	**2021-22**	**2022-23***
DSS	($14,781,000)	($42,461,000)	($27,822,000)
DDS	($5,219,000)	($10,144,000)	$-
DHCS	($417,000)	($969,000)	($623,000)
CDA	($31,000)	($55,000)	$-
CDPH	($11,000)	($20,000)	$-
TOTAL	**($20,459,000)**	**($53,649,000)**	**($28,445,000)**

* No additional penalties are expected after 2022-23.

EVV Phase II Implementation Progress. According to OSI, the EVV Phase II project was implemented for PCS providers on January 1, 2022, and for HHCS providers on January 1, 2023. The EVV Phase II project will transition fully to maintenance and operations.

Resource Request. The Office of Systems Integration (OSI), the Department of Health Care Services (DHCS), and the Department of Developmental Services (DDS) request three positions (within DHCS) and total expenditure authority of $2.5 million ($832,000 General Fund and $1.6 million federal funds) in 2023-24. If approved, these positions and resources would continue the multi-departmental effort for the second phase (Phase II) of implementation of Electronic Visit Verification for personal care services and home health care services.

The resources included in this request are comprised of a conversion of limited-term resources to three permanent positions at DHCS, and replacement of implementation consulting services with ongoing management, maintenance, and operations consulting services. The allocation of funds and position equivalents in this request for each of these departments are as follows:

Department/Office	General Fund	Federal Funds/ Reimbursements	TOTAL FUNDS	Permanent Positions
OSI*	[$-]	[$-]	[$1,481,000]	0.0
DHCS	$497,000	$1,230,000	$1,727,000	3.0
DDS	$335,000	$405,000	$740,000	0.0
Total	**$832,000**	**$1,635,000**	**$2,467,000**	**3.0**

* OSI Allocation is non-add, as this allocation is the result of a transfer from DHCS and DDS of $741,000 and $740,000, respectively, for a total of $1,481,000 of the approved funding to OSI to fund contract costs. The remaining funds at DHCS support the requested conversion of positions. In addition, the DDS federal funds are reflected as reimbursements from DHCS, the single state Medicaid agency, which claims federal matching funds on behalf of DDS.

OSI

Maintenance and Operations (M&O) Support Contract. OSI requests expenditure authority from the CalHHS Automation Fund of $1.2 million in 2023-24, $1.4 million in 2024-25 and 2025-26, and $1.7 million annually thereafter. If approved, these resources would support maintenance and operations support consultants to ensure the EVV project continues to be in compliance with state and federal requirements. This contract will replace multiple implementation consultant contracts with a single M&O support contract.

Redirected Position Funding. OSI requests expenditure authority from the CalHHS Automation Fund of $183,000 annually. If approved, these resources would support redirection of state staff as part of the current federal Implementation Advanced Planning Document (IAPD). OSI and DHCS expect to continue to receive federal funding for these positions, which OSI receives as a reimbursement through DHCS, as the single state Medicaid agency.

DHCS

DHCS requests three positions and expenditure authority of $503,000 ($125,000 General Fund and $378,000 federal funds) annually. If approved, these positions and resources would be allocated to the EVV project as follows:

- *Program Manager*. **One Staff Services Manager II** position, converted from limited-term resources, would continue to serve as Program Manager for the EVV Unit within the Health Care Delivery Systems Division, acting as the primary point of contact between executive management and stakeholders, and managing and administering the EVV Training Program.
- *Technical Manager*. **One Information Technology Specialist II** position, converted from limited-term resources, would continue to serve as Technical Manager and would be responsible for ensuring the EVV solution meets state and federal technical requirements, both during the implementation phase, and during maintenance and operations throughout the life of the program.
- *Program Specialist.* **One Associate Governmental Program Analyst**, converted from limited-term resources, would continue to serve as program specialist, coordinating stakeholder meetings, developing and maintaining policies and procedures, helping to prepare and develop department bulletins and other notices, responding to inquiries from state departments and stakeholders, and supporting and monitoring contracts and other documents.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested OSI, DHCS, and DDS to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 6: California Emergency Medical Services Data Resource System (CEDRS)

Budget Change Proposal – Governor's Budget. The CalHHS Office of Systems Integration (OSI) requests six positions and expenditure authority from the California Health and Human Services Automation Fund of $1.1 million annually. If approved, these positions and resources would allow OSI to provide project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System Project.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24**	**2024-25***
9745 – CHHS Automation Fund	$1,129,000	$1,129,000
Total Funding Request:	**$1,129,000**	**$1,129,000**
Total Requested Positions:	**6.0**	**6.0**

***** Positions and resources ongoing after 2024-25.

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

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

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

Resource Request. The CalHHS Office of Systems Integration (OSI) requests six positions and expenditure authority from the California Health and Human Services Automation Fund of $1.1 million annually. If approved, these positions and resources would allow OSI to provide project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System Project. Specifically, OSI requests the following positions:

Project Director

- **One IT Manager II** position would serve as Project Director, responsible for planning, directing, and overseeing the project and ensuring that expected deliverables and functionality are achieved. The Project Director would manage all staff and resources assigned to the project, serve as primary liaison between the project and project sponsor and Executive Committee, coordinate project-related issues with other efforts, and serve as principal interface to contractors and executive sponsors.

Project Manager

- **One IT Manager I** position would serve as Project Manager, assisting with the planning, directing, and oversight of the project; ensuring that expected deliverables and functionality are achieved; and managing day-to-day activities related to stakeholder management, risk management, scope and change management, and status reporting.

Fiscal and Contract Manager

- **One IT Manager I** position would serve as Fiscal and Contract Manager, managing the day-to-day operations of all budget and fiscal management, procurement, and contract management activities. This position would also develop and provide day-to-day oversight and supervision of all fiscal, budget, and accounting functions, and the development and execution of IT contract management and procurement processes.

Fiscal and Contract Analyst

- **One IT Specialist I** position would serve as Fiscal and Contract Analysts, supporting financial and procurement workload in accordance with state and federal law, regulations, and guidelines. This position would also assist in developing project budget and tracking reports, and coordinate with OSI and EMSA budget staff on fiscal control documents.

Project Support Analysts

- **Two IT Specialist I** positions would serve as Project Support Analysts, supporting the Project Manager with risk management, issue and action item management, requirements elicitation and management, schedule management, change management, cost management, and communications management. These positions would also develop content for control agency documents; ensure project activities are conducted in accordance with project planning, OSI and industry best practices; and facilitate the collection and documentation of business and technical requirements.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 7: Gender Affirming Care (SB 923)

Budget Change Proposal – Governor's Budget. CalHHS, DMHC, and DHCS requests a total of 16 positions and expenditure authority of $4.3 million ($1.7 million General Fund, $1.3 million federal funds, and $1.2 million Managed Care Fund) in 2023-24, 18.5 positions and expenditure authority of $5.3 million ($1.8 million General Fund, $1.8 million federal funds, and $1.7 million Managed Care Fund) in 2024-25, 20.5 positions and expenditure authority of $4.4 million ($1 million General Fund, $1 million federal funds, and $2.3 million Managed Care Fund) in 2025-26, 20.5 positions and expenditure authority of $3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.3 million Managed Care Fund) in 2026-27, and 20 positions and expenditure authority of 3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.2 million Managed Care Fund) annually thereafter. If approved, these positions and resources would allow CalHHS, DMHC and DHCS to implement reforms to improve cultural competence for health plan staff and access to care for transgender, gender diverse, or intersex (TGI) health care services, pursuant to the requirements of SB 923 (Wiener), Chapter 822, Statutes of 2022.

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$400,000	$-
Total Funding Request:	**$400,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary (DMHC)		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$1,196,000	$1,732,000
Total Funding Request:	**$1,196,000**	**$1,732,000**
Total Requested Positions:	**5.0**	**7.5**

***** Additional fiscal year resources requested: 2025-26: 7.5 positions and $1,732,000; 2026-27: 9.5 positions and $2,284,000; 2027-28: 9.5 positions and $2,251,000; 2028-29 and ongoing: 9 positions and $2,233,000.

Program Funding Request Summary (DHCS)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,348,000	$1,785,000
0890 – Federal Trust Fund	$1,348,000	$1,785,000
Total Funding Request:	**$2,696,000**	**$3,570,000**
Total Requested Positions:	**11.0**	**11.0**

***** Additional fiscal year resources requested: 2025-26: $1,035,000; 2026-27 and ongoing: $1,575,000. Positions ongoing after 2024-25.

Background. SB 923 (Wiener), Chapter 822, Statutes of 2022, was intended to help create a more inclusive and culturally competent healthcare system for transgender, gender diverse, or intersex (TGI) people in California. TGI people regularly face discrimination and lack access to culturally competent care, including misgendering, harassment, and refusal of treatment. SB 923 seeks to address these issues as follows:

- Continuing Medical Education – Adds gender-affirming care services specific requirements to cultural and linguistic competency components of continuing medical education for physicians and surgeons.

- Provider Directories – By March 1, 2025, requires health care service plans, Medi-Cal managed care plans, and health insurers to include and regularly update information in provider directories and available through call centers that identifies in-network providers that affirm they offer and have provided gender-affirming services.
- Cultural Competency Training – By March 1, 2025, requires health care service plans, Medi-Cal managed care plans, and health insurers to require all support staff in direct contact with enrollees in the delivery of care or services to complete evidence-based cultural competency training for the purpose of providing trans-inclusive health care for TGI people.
- Complaint Tracking and Referrals – Requires DMHC, DHCS, or the California Department of Insurance (CDI) to review and publicly report on discrimination complaints, and refer complaints to the Civil Rights Department or Department of Fair Employment and Housing.
- TGI Working Group – By March 1, 2023, requires CalHHS to convene a working group to develop a quality standard for patient experience to measure cultural competency related to the TGI community and recommend a training curriculum to provide trans-inclusive care. The workgroup is required to release the quality standard and curriculum recommendations by March 1, 2024.

Resource Request. CalHHS, DMHC, and DHCS requests a total of 16 positions and expenditure authority of $4.3 million ($1.7 million General Fund, $1.3 million federal funds, and $1.2 million Managed Care Fund) in 2023-24, 18.5 positions and expenditure authority of $5.3 million ($1.8 million General Fund, $1.8 million federal funds, and $1.7 million Managed Care Fund) in 2024-25, 20.5 positions and expenditure authority of $4.4 million ($1 million General Fund, $1 million federal funds, and $2.3 million Managed Care Fund) in 2025-26, 20.5 positions and expenditure authority of $3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.3 million Managed Care Fund) in 2026-27, and 20 positions and expenditure authority of 3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.2 million Managed Care Fund) annually thereafter. If approved, these positions and resources would allow CalHHS, DMHC and DHCS to implement reforms to improve cultural competence for health plan staff and access to care for transgender, gender diverse, or intersex (TGI) health care services, pursuant to the requirements of SB 923. Specifically, the positions and resources requested by agency and department are as follows:

CalHHS

CalHHS requests General Fund expenditure authority of $400,000 in 2023-24. If approved, these resources would support consultant services to plan, organize, and facilitate a TGI working group.

DMHC

DMHC requests five positions and expenditure authority from the Managed Care Fund of $1.2 million in 2023-24, 7.5 positions and expenditure authority from the Managed Care Fund of $1.7 million in 2024-25, 9.5 positions and expenditure authority from the Managed Care Fund of $2.3 million in 2025-26, 9.5 positions and expenditure authority from the Managed Care Fund of $2.3 million in 2026-27, and nine positions and expenditure authority from the Managed Care Fund of $2.2 million annually thereafter. If approved, these positions and resources would support the following staff and consultant contracts:

- **Office of Legal Services** – 0.5 position (limited-term until 2026-27)

- **0.5 Attorney** would assist with promulgation of regulations, coordinate with other DMHC offices as regulations are developed, issue guidance to health plans, and participate in implementation workgroups and other forums.

- **Office of Plan Licensing** – 3.5 positions
  - **One Attorney IV** position would conduct complex legal research, draft all plan letters (APLs) and regulations, conduct stakeholder and interdepartmental meetings, and conduct legal review of complex health plan documents and disclosures.
  - **Two Attorney III** positions would annually review evidence of coverages, provider contracts, plan-to-plan contracts, and other health plan documents to ensure compliance with SB 923 requirements.
  - **0.5 Staff Services Analyst** would track and log plan letters, assist Attorneys with interdepartmental meetings and information gathering, revise compliance filing instructions and forms, assist with preparation of compliance report filings, and review of updated policies and procedures.

- **Help Center** – 0.5 position (beginning in 2024-25)
  - **0.5 Attorney** (beginning in 2024-25) would analyze consumer complaints, health plan response, and plan and medical group documents for compliance with SB 923 requirements, as well as process referrals of complaints to the Civil Rights Department.

- **Office of Plan Monitoring** – Four positions (two beginning in 2024-25 and two beginning in 2025-26) and consultant resources of $27,000 in 2024-25, $166,000 in 2025-26, $149,000 in 2026-27, and $239,000 annually thereafter.
  - **Two Attorney III** positions (one beginning in 2025-26) would draft regulations, assist with development of plan survey activities, review health plan files, revise survey tools, provide legal guidance regarding routine survey activity, and assist in follow-up survey and enforcement referrals.
  - **Two Health Program Specialist (HPS) II** positions (one beginning in 2025-26) would assist in the development of the survey methodology and assessment tools, prepare reports and supporting documents, review health plan amendment filings, oversee corrective action plan submittals, and manage and coordinate documents and data.
  - **Consultant resources** would support clinical consultant and managed care reviewers to review health plan policies and procedures and Quality Assurance documents for compliance with SB 923 requirements.

- **Office of Enforcement** – One position
  - **One Attorney III** position would provide legal support to evaluate enforcement referrals, including drafting and sending investigative discovery, recommending course of action, negotiating settlement and corrective action, and preparing appropriate course of resolution.

DHCS

DHCS requests 11 positions and expenditure authority of $2.7 million ($1.3 million General Fund and $1.3 million federal funds) in 2023-24, $3.6 million ($1.8 million General Fund and $1.8 million federal funds) in 2024-25, $2.1 million ($1 million General Fund and $1 million federal funds) in 2025-26, and

$1.6 million ($788,000 General Fund and $787,000 federal funds) annually thereafter. If approved, these positions and resources would support the following staff and consultant contracts:

- **Health Information Management Division** – Five positions (three limited-term, two permanent) and $500,000 contract
  - **Five Information Technology Specialist (ITS) I** positions (three limited-term, two permanent) would assist expansion of the Post Adjudicated Claims and Encounter System (PACES) to collect additional data elements from Medi-Cal managed care plans, Drug Medi-Cal Organized Delivery System (DMC-ODS) plans, and Programs for All-Inclusive Care for the Elderly (PACE) plans; monitor and analyze data quality; provide training and technical assistance to plans to ensure accurate data collection and reporting; verify plans are implementing data collection in accordance with SB 923 requirements; and assist data submitters in building technical files that feed into automated data collection systems.
  - **Consultant resources** of $500,000 General Fund in 2023-24 and 2024-25 to support contracting resources to develop implementation guides and specifications for data reporting and work with the plans to test and move into production for the submission of data to DHCS. The contractor would also provide training and support for state staff to continue to monitor data reporting after implementation.

- **Integrated Systems of Care Division** – Two positions
  - **One Associate Governmental Program Analyst (AGPA)** would serve as the analytical lead in the PACE Policy Unit, drafting updates to contracts, policy letter, and other guidance; providing technical assistance to PACE organizations; composing analytical reports and presenting recommendations to management; monitoring PACE organization execution of trans-inclusive cultural competency training and refresher courses; tracking and monitoring PACE organization training, posting of training information, and training of providers against whom complaints are filed; and manage and provide oversight of non-compliance, recommending the imposition of sanctions and corrective action plans when deficiencies are identified.
  - **One AGPA** would update PACE audit tools to reflect SB 923 requirements; conduct audits of PACE organizations to verify compliance; issue corrective action plans; monitor and respond to complaints received by DHCS regarding trans-inclusive health care; develop and implement public reporting of complaints regarding trans-inclusive health care; and contribute to semi-annual status reports to the Legislature.

- **Managed Care Quality and Monitoring Division** – Two positions
  - **One AGPA** would draft updates to managed care plan contracts, all plan letters, and other policy guidance; review plan responses for instances of non-compliance; provide technical assistance to plans regarding instances of non-compliance; compose analytical reports and present recommendations to management; monitor plan execution of trans-inclusive cultural competency training and refresher courses; track and monitor plan training, annual posting of training information, and training of providers against whom complaints are filed; and provide oversight of non-compliance and recommend imposition of sanctions and corrective action plans.
  - **One Health Program Specialist (HPS) I** position would assist in development of implementation timelines, roles, and responsibilities, processes and procedures, and other planning activities; work with department staff to provide support in policy development and implementation; review plan policies and procedures for compliance with trans-inclusive cultural competency training; develop

a monitoring and compliance program to oversee plans' execution of training requirements; develop policies and procedures to track and monitor plans' training and public posting of training information; work with plans on training implementation; ensure plan contracts and all plan letters reflect updated policy; monitor efforts to improve plan and provider compliance; and provide technical assistance to plans.

- **Medi-Cal Behavioral Health Division** – Three positions
  - **One HPS I** would assist with updates to county contracts, Behavioral Health Information Notices (BHINs), and other guidance; assist in development of training procedures, templates, and criteria for trans-inclusive training for counties; assist in development of sanction documents and corrective action plans; provide technical assistance to counties; review and contribute to analytical reports and recommendations to management; develop monitoring and tracking tools for counties' implementation of training and refresher courses; and review county policies and procedures to verify county processes are compliant with training requirements.
  - **Two AGPAs** would draft updates to county contracts, BHINs, and other guidance; develop training procedures, templates, and criteria for trans-inclusive training for counties; develop sanction documents and corrective action plans; provide technical assistance to counties; review and analyze county training plans to ensure compliance with SB 923; prepare analytical reports, sanction letters, and corrective action plans; conduct ongoing monitoring of counties' implementation of training and refresher courses; and review county policies and procedures to verify compliance with training requirements.

- **Quality and Population Health Management** – Two positions and $1 million consulting in 2024-25
  - **One Health Education Consultant (HEC) II** position would participate in the CalHHS workgroup; work with plans and the contractor to develop, implement, and update the TGI cultural competency training; lead stakeholder engagement process for vetting evidence-based cultural competency training; assist with drafting policies; assist with policy update communications; maintain and update TGI cultural competency trainings; and review and address TGI related grievance data.
  - **One AGPA** would assist in developing and implementing TGI cultural competency training; assist with stakeholder engagement; develop and promulgate regulations; usher regulations through regulatory process; and assist with drafting policies and communications.
  - **Consultant resources** of $1 million General Fund in 2024-25 would support development and recording of a TGI-facilitated panel discussion to cover the evidence-based cultural competency training requirements of SB 923.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CalHHS, DMHC, and DHCS to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 8: Equity-Centered Programs – Transfer to Department of Public Health

Budget Change Proposal – Governor's Budget. CalHHS requests transfer of one position and General Fund expenditure authority of $182,000 to the California Department of Public Health (CDPH) to perform a retrospective analysis of the intersection of the COVID-19 pandemic and health disparities and equity.

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	($182,000)	($182,000)
Total Funding Request:	**($182,000)**	**($182,000)**
Total Requested Positions:	**(1.0)**	**(1.0)**

***** Positions and resource changes ongoing after 2024-25.

Program Funding Request Summary (CDPH)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$182,000	$182,000
Total Funding Request:	**$182,000**	**$182,000**
Total Requested Positions:	**1.0**	**1.0**

***** Positions and resource changes ongoing after 2024-25.

Background. The 2021 Budget Act included one position and General Fund expenditure authority of $1.7 million in 2021-22 and $154,000 annually thereafter for CalHHS to conduct a retrospective analysis of the intersection of the COVID-19 pandemic and health disparities and inequities. The provisional language accompanying the augmentation required CalHHS to provide a preliminary analysis to the Legislature no later than May 1, 2022, and a final report by January 10, 2023. No reports specifically addressing these requirements have been provided to the Legislature to date.

Resource Request. CalHHS requests transfer of one position and General Fund expenditure authority of $182,000 to the California Department of Public Health (CDPH) to perform a retrospective analysis of the intersection of the COVID-19 pandemic and health disparities and equity.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. What is the expected timeline of completion of the COVID-19 retrospective analysis? Why was it not completed by the deadline?

Issue 9: OSI Reorganization Name Change – Trailer Bill Language

Trailer Bill Language – Governor's Budget. CalHHS proposes trailer bill language to rename the Office of Systems Integration the Office of Technology and Solutions Integration.

Background. The Office of Systems Integration (OSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

CalHHS proposes trailer bill language to rename the Office of Systems Integration the Office of Technology and Solutions Integration. According to CalHHS, this proposal makes no substantive changes to the mission, authority, or other activities of the Office, but aligns the name of the Office more closely with its current activities.

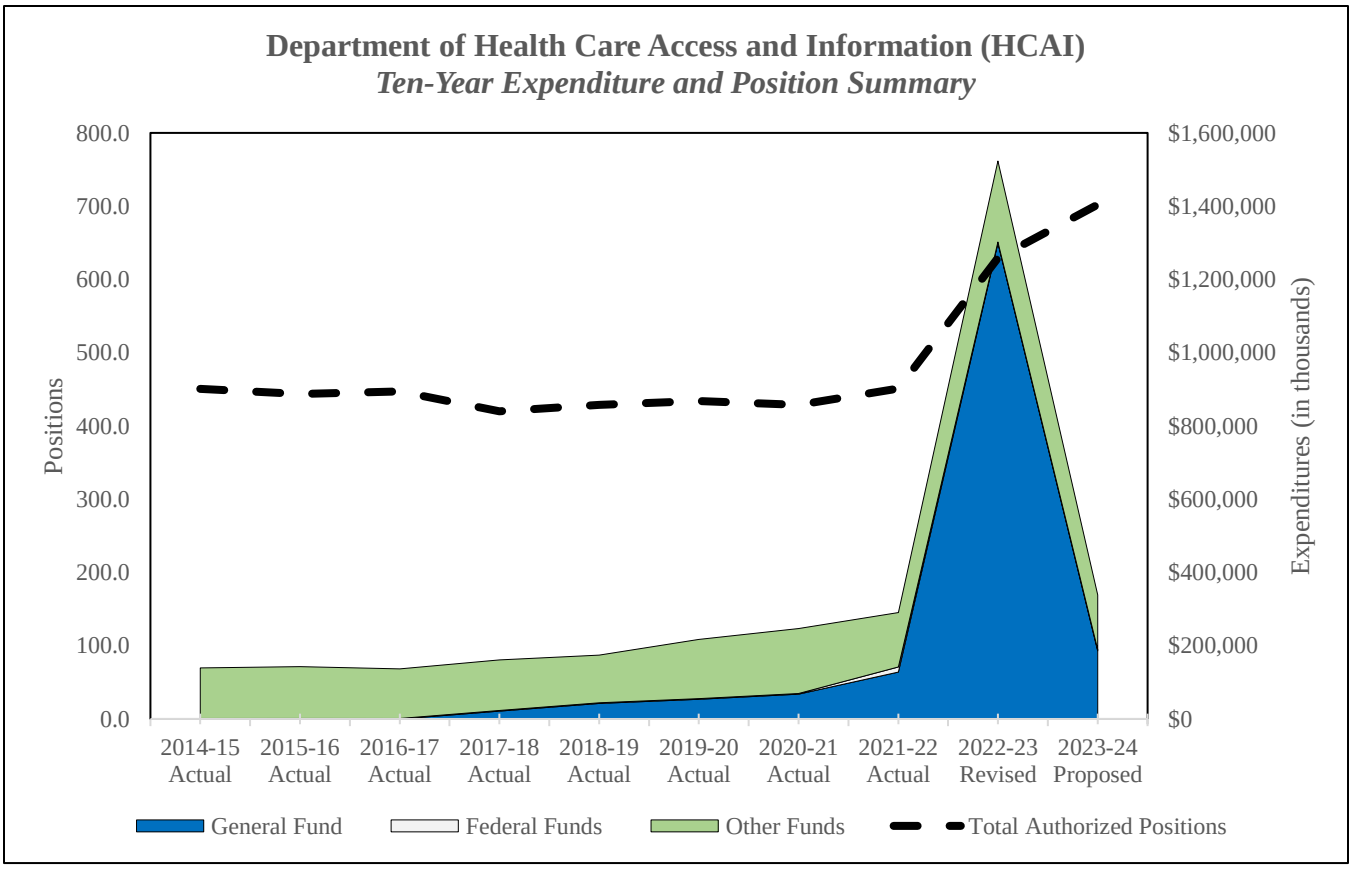
Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 1: Overview



Department of Health Care Access and Information - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	**2021-22 Actual**	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$127,767	$716,837	$1,299,266	$185,901
Federal Funds	$13,960	$2,977	$2,977	$3,000
Other Funds	$148,432	$152,866	$221,026	$149,470
Total Department Funding:	**$290,159**	**$872,680**	**$1,523,269**	**$338,371**
Total Authorized Positions:	**451.0**	**624.2**	**629.1**	**702.1**
Other Funds Detail:				
Hospital Building Fund (0121)	*$58,162*	*$70,012*	*$74,661*	*$76,866*
CA Health Data and Planning Fund (0143)	*$37,803*	*$42,022*	*$43,408*	*$42,666*
Registered Nurse Education Fund (0181)	*$2,115*	*$2,158*	*$2,170*	*$2,170*
Health Facility Const. Loan Ins. Fund (0518)	*$13,629*	*$5,350*	*$5,446*	*$5,448*

Health Professions Education Fund (0829)	*$3,764*	*$3,102*	*$3,110*	*$3,106*
Medically Underserved Account/Phys (8034)	*$1,712*	*$4,416*	*$4,416*	*$4,416*
Reimbursements (0995)	*$4,132*	*$8,580*	*$8,580*	*$7,940*
Mental Health Practitioner Ed. Fund (3064)	*$764*	*$762*	*$762*	*$762*
Vocational Nurse Education Fund (3068)	*$198*	*$235*	*$235*	*$235*
Mental Health Services Fund (3085)	*$10,735*	*$12,566*	*$14,993*	*$2,605*
Small and Rural Hosp Relief Fund (3391)	*$0*	*$2,442*	*$2,442*	*$2,171*
CA E-Cig Excise Tax fund (3394)	*$0*	*$1,221*	*$1,221*	*$1,085*
HCBS American Rescue Plan Fund (8507)	*$15,418*	*$0*	*$59,582*	*$0*

Background. The Department of Health Care Access and Information (HCAI) collects and disseminates information about California's healthcare infrastructure, promotes an equitably distributed healthcare workforce, and publishes information about healthcare outcomes. HCAI also monitors the construction, renovation, and seismic safety of hospitals and skilled nursing facilities and provides loan insurance to facilitate the capital needs of California's not-for-profit healthcare facilities.

Health Care Workforce Development Division. HCAI administers programs designed to increase access to healthcare to underserved populations and provide a culturally competent healthcare workforce. Specifically, HCAI encourages demographically underrepresented groups to pursue healthcare careers, incentivizes primary care and mental health professionals to work in underserved communities, evaluates new and expanded roles for health professionals and new health delivery alternatives, designates health professional shortage areas, and serves as the state's central repository of health education and workforce data.

HCAI awards scholarships and loan repayments to aspiring health professionals and graduate students who agree to provide direct patient care in medically underserved areas for one to four years. HCAI serves as California's Primary Care Office supporting the state's healthcare workforce through pipeline development, training and placement, financial incentives, systems redesign, and research and policy with a focus on underserved and diverse communities.

Song-Brown Program. The Song-Brown Health Care Workforce Training Act (Song-Brown Program) was established in 1973 to increase the number of family physicians to provide needed medical services to the people of California. The program encourages universities and primary care health professionals to provide healthcare in medically underserved areas and provides financial support to family medicine, internal medicine, OB/GYN, and pediatric residency programs, as well as family nurse practitioner, physician assistant, and registered nurse education programs throughout California. The Song-Brown program is aided by the California Healthcare Workforce Policy Commission (CHWPC), a 15-member citizen advisory board that provides expert guidance and statewide perspectives on health professional education issues, reviews applications, and recommends contract awards.

The Song-Brown program was funded exclusively with state General Fund until the 2004-05 fiscal year. Between 2004-05 and 2008-09, the program received a combination of General Fund and funding from the California Health Data and Planning Fund (Data Fund), which receives fee revenue from licensed health facilities in California. Beginning in 2008-09, the program received no General Fund resources until 2017-18. During that period, the program relied on resources from the Data Fund and a $21 million

grant from the California Endowment for family medicine and family nurse practitioner/physician assistant training.

The 2017 Budget Act authorized $33.3 million annually over three years for augmentation of health care workforce initiatives at HCAI. In the 2020 Budget Act, this allocation was extended permanently. The $33.3 million annual allocation provides up to $18.7 million for existing primary care residency slots, up to $3.3 million for new primary care residency slots at existing residency programs, up to $5.7 million for primary care residency slots at teaching health centers, up to $3.3 million for newly accredited primary care residency programs, up to $333,000 for the State Loan Repayment Program, and up to $2 million for HCAI state operations costs. Unspent funds in each of these categories from prior years are available for expenditure for the subsequent five fiscal years. For example unspent funds from 2017-18 are available until June 30, 2023, and unspent funds from 2018-19 are available until June 30, 2024.

Workforce Education and Training (WET) Program. In 2004, voters approved Proposition 63, the Mental Health Services Act (MHSA), to change the way California treats mental illness by expanding the availability of innovative and preventative programs, reduce stigma and long-term adverse impacts for those suffering from untreated mental illness, and hold funded programs accountable for achieving those outcomes. The act directs the majority of revenues to county mental health programs for community services and supports, prevention and early intervention, innovative programs, WET, and capital facilities and technological needs. For WET programs, Proposition 63 allocated $210 million to counties and $234.5 million to the state over a ten-year period beginning in 2008. The state's WET programs were originally administered by the Department of Mental Health (DMH), which developed the first five-year plan for the program. After dissolution of DMH in 2012, program responsibility was transferred to HCAI, which developed the second five-year plan for 2014-2019 in coordination with the California Mental Health Planning Council.

WET Program Five-Year Plan 2020-2025. In February 2019, HCAI released the third five year WET plan covering the period from 2020-2025. After engaging with stakeholders, the report is meant to guide efforts to improve and expand the public mental health system (PMHS) workforce throughout California. The plan sets out the following goals and objectives:

Goals

1. Increase the number of diverse, competent licensed and non-licensed professionals in the PMHS to address the needs of persons with serious mental illness.
2. Expand the capacity of California's current public mental health workforce to meet California's diverse and dynamic needs.
3. Facilitate a robust statewide, regional, and local infrastructure to develop the public mental health workforce.
4. Offer greater access to care at a lower level of intensity that enables consumers to maintain and maximize their overall well-being.
5. Support delivery of PMHS services for consumers within an integrated health system that encompasses physical health and substance use services.

Objectives

1. Expand awareness and outreach efforts to effectively recruit racially, ethnically, and culturally diverse individuals into the PMHS workforce.
2. Identify and enhance curricula to train students at all levels in competencies that align with the full spectrum of California's diverse and dynamic PMHS needs.
3. Develop career pathways for individuals entering and advancing across new and existing PMHS professions.
4. Expand the capacity of postsecondary education to meet the identified PMHS workforce needs.
5. Expand financial incentive programs for the PMHS workforce to equitably meet identified PMHS needs in underrepresented, underserved, unserved, and inappropriately served communities.
6. Expand education and training programs for the current PMHS workforce in competencies that align with the full spectrum of PMHS needs.
7. Increase the retention of PMHS workforce identified as high priority.
8. Evaluate methods to expand and enhance the quality of existing PMHS delivery systems to meet California's PMHS needs.
9. Develop and sustain new and existing collaborations and partnerships to strengthen recruitment, training, education, and retention of the PMHS workforce.
10. Explore stakeholder-identified policies that aim to further California's efforts to meet its PMHS needs.
11. Provide flexibility to allow local jurisdictions to meet their unique needs.
12. Standardize PMHS workforce education and training programs across the state.
13. Promote care that reduces demand for high-intensity PMHS services and workforce.

The 2019 Budget Act included a one-time allocation of $60 million ($35 million General Fund and $25 million Mental Health Services Fund) to support implementation of the WET Program Five-Year Plan 2020-2025.

State Loan Repayment Program. The State Loan Repayment Program (SLRP) is a federally funded, state-run program that provides student loan repayment funding to healthcare professionals who commit to practicing in Health Professional Shortage Areas (HPSAs) in California. Professionals eligible for awards under SLRP include physicians (M.D. and D.O.), psychiatric nurse specialists, dentists, mental health counselors, registered dental hygienists, health service psychologists, nurse practitioners (primary care), licensed clinical social workers, physician assistants (primary care), licensed professional counselors, certified nurse midwives, marriage and family therapists, and pharmacists. Recipients must also, among other requirements, commit to a two-year (four-year, if half-time) initial service obligation at a SLRP Certified Eligible Site (CES) in one of the areas designated as an HPSA.

Facilities Development Division – Hospital Seismic Safety. In 1971, the Sylmar earthquake struck the northeast San Fernando Valley, killing 64 people and causing significant damage to structures. In particular, the San Fernando Veterans Administration Hospital in Sylmar, constructed in 1926 with unreinforced concrete, collapsed, resulting in the deaths of 44 individuals trapped inside the building. In addition, a more recently constructed psychiatric ward at Sylmar's Olive View Community Hospital collapsed during the quake, resulting in three deaths and the evacuation of more than 1,000 patients. In response to these tragic events, the Legislature approved the Alfred E. Alquist Hospital Facilities Seismic Safety Act (Alquist Act), which required hospitals to meet stringent construction standards to ensure they

are reasonably capable of providing services to the public after a disaster. In 1983, the act was amended to transfer all hospital construction plan review responsibility from local governments to HCAI, creating the state's largest building department, the Facilities Development Division.

In 1994, the Northridge earthquake struck the San Fernando Valley again, resulting in major structural damage to many hospitals constructed prior to the Alquist Act, many of which were evacuated. In contrast, hospitals constructed in compliance with Alquist Act standards resisted the Northridge earthquake, suffering very little structural damage. In response, the Legislature approved SB 1953 (Alquist), Chapter 740, Statutes of 1994, which amended the Alquist Act to require hospitals to evaluate and rate all general acute care hospital buildings for seismic resistance according to standards developed by HCAI to measure a building's ability to withstand a major earthquake. SB 1953 and subsequent HCAI regulations also require hospitals to submit plans to either retrofit or relocate acute care operations according to specific timeframes. According to HCAI, there are 476 general acute care and acute psychiatric hospitals comprised of 3,066 hospital buildings and 88,126 licensed beds covered by the seismic safety provisions of SB 1953. In addition to oversight of seismic safety compliance for acute care hospitals, HCAI is responsible for ensuring seismic and building safety compliance for skilled nursing facilities and intermediate care facilities. According to HCAI, SB 1953 covers 1,162 skilled nursing facilities with 1,200 buildings and 114,333 licensed beds. The Facilities Development Division receives funding from fees paid by hospitals and skilled nursing facilities for plan review and building permits of construction projects, as follows:

1) 1.95 percent of construction costs for collaborative phased plan review
2) 1.64 percent of construction costs for hospitals
3) 1.5 percent of construction costs for skilled nursing facilities

Cal-Mortgage Loan Insurance Division. HCAI's Cal-Mortgage Loan Insurance Division administers the California Health Facility Construction Loan Insurance Program. Cal-Mortgage provides credit enhancement for eligible health care facilities when they borrow money for capital needs. Cal-Mortgage insured loans are guaranteed by the "full faith and credit" of California, which permits borrowers to obtain lower interest rates. Eligible health facilities must be owned and operated by private, nonprofit public benefit corporations or political subdivisions such as cities, counties, healthcare districts or joint powers authorities. Health facilities eligible for Cal-Mortgage include hospitals, skilled nursing facilities, intermediate care facilities, public health centers, clinics, outpatient facilities, multi-level facilities, laboratories, community mental health centers, facilities for the treatment of chemical dependency, child day care facilities (in conjunction with a health facility), adult day health centers, group homes, facilities for individuals with developmental disabilities, and office or central service facilities (in conjunction with a health facility). As of September 30, 2022, Cal-Mortgage insures 64 loans with a total value of approximately $1.5 billion.

Information Services Division. The Information Services Division (ISD) collects and disseminates timely and accurate healthcare quality, outcome, financial, and utilization data, and produces data analyses and other products.

Information Technology Services and Support. The division supports operations, data collection, and reporting functions through maintenance of technical infrastructure and enterprise systems, including IT customer support, project portfolio management, and enterprise architecture.

Data Collection and Management. The division collects and publicly discloses facility level data from more than 6,000 licensed healthcare facilities including hospitals, long-term care facilities, clinics, home health agencies, and hospices. These data include financial, utilization, patient characteristics, and services information. In addition, approximately 450 hospitals report demographic and utilization data on approximately 16 million inpatient, emergency department, ambulatory surgery patients, and by physician, about heart surgery patients.

Healthcare Data Analytics. The division produces more than 100 data products, including maps and graphs, summarizing rates, trends, and the geographic distribution of services. Risk-adjusted hospital and physician quality and outcome ratings for heart surgery and other procedures are also published. The division conducts a wide range of special studies on such topics as preventable hospital admissions and readmission, trends in care, and racial or ethnic disparities. The division also provides information to the public on non-profit hospital and community benefits, and hospital prices and discount policies.

Engagement and Technical Assistance. The division provides assistance to the members of the public seeking to use HCAI data and, upon request, can produce customized data sets or analyses for policymakers, news media, other state departments and stakeholders.

Office of Health Care Affordability. The 2022 Budget Act established within HCAI the Office of Health Care Affordability (OHCA) to analyze and help constrain the growth of the cost of health care in California. The Office is governed by an eight-member Health Care Affordability Board, with four members appointed by the Governor and confirmed by the Senate, one member each appointed by the Senate Committee on Rules and the Speaker of the Assembly, the Secretary of Health and Human Services, and the Chief Health Director of the California Public Employment Retirement System (CalPERS). OHCA's primary responsibilities are to analyze the health care market for cost trends and drivers of spending, develop data-informed policies for lowering health care costs for consumers and purchasers, create a state strategy for controlling the cost of health care, ensure affordability for consumers and purchasers, and enforce cost targets. The first cost target will be developed for the 2025 calendar year, for reporting purposes only. The 2026 cost target will be the first in which enforcement action will be taken against providers that fail to meet the target. Enforcement actions will be progressive, beginning with technical assistance or corrective action plans, and could result in financial penalties.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of HCAI's mission and programs.

Issue 2: Skilled Nursing Facilities: Backup Power Source (AB 2511)

Budget Change Proposal – Governor's Budget. HCAI requests six positions and expenditure authority from the Hospital Building Fund of $1.5 million annually. If approved, these positions and resources would oversee implementation of requirements that skilled nursing facilities maintain alternative power sources in the event of a power outage, pursuant to AB 2511 (Irwin), Chapter 788, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0121 – Hospital Building Fund	$1,452,000	$1,452,000
Total Funding Request:	**$1,452,000**	**$1,452,000**
Total Requested Positions:	**6.0**	**6.0**

* Positions and resources ongoing after 2024-25.

Background. AB 2511 (Irwin), Chapter 788, Statutes of 2022, requires skilled nursing facilities to have an alternative power source to protect resident health and safety for at least 96 hours during a power outage. Previously, skilled nursing facilities were only required to maintain emergency power for six hours or 96 hours in certain seismic zones. AB 2511 requires facility compliance by January 1, 2024. According to HCAI, compliance would likely require a facility to upgrade its emergency generator or install an alternative source of power that will have sufficient storage and generation capacity to maintain operation for no fewer than 96 hours. HCAI indicates it will need to develop a work plan in an expedited timeframe to ensure guidance, including development of a Policy Intent Notice, is provided to skilled nursing facilities and other stakeholders prior to January 1, 2024.

Staffing and Resource Request. HCAI requests six positions and expenditure authority from the Hospital Building Fund of $1.5 million annually. If approved, these positions and resources would oversee implementation of requirements that skilled nursing facilities maintain alternative power sources in the event of a power outage, pursuant to AB 2511 (Irwin), Chapter 788, Statutes of 2022. Specifically, HCAI requests the following positions and resources in the Facilities Development Division:

- **Two Senior Architects** would develop, maintain, adopt, and implement administrative and building code regulations by applying essential architectural, engineering, and rulemaking technical expertise, managing plan review, and performing architectural review of each project.
- **One Senior Mechanical Engineer** position would manage plan review and perform mechanical review of each project.
- **One Senior Electrical Engineer** would manage plan review and perform electrical review of each project.
- **One Fire/Life Safety Officer** would manage plan review and perform review of healthcare facility construction requirements for fire and life safety systems, as well as conducting field observations of each project.
- **One Compliance Officer** would provide construction support on site to verify projects are built according to approved plans and specifications of each project.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Hospitals: Seismic Safety (SB 1882)

Budget Change Proposal – Governor's Budget. HCAI requests one position and expenditure authority from the Hospital Building Fund of $120,000 annually. If approved, this position and resources would allow HCAI to identify on its website hospital buildings that may not be repairable or functional following an earthquake, pursuant to the requirements of AB 1882 (Rivas), Chapter 584, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0121 – Hospital Building Fund	$120,000	$120,000
Total Funding Request:	**$120,000**	**$120,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

Background. In 1971, the Sylmar earthquake struck the northeast San Fernando Valley, killing 64 people and causing significant damage to structures. In particular, the San Fernando Veterans Administration Hospital in Sylmar, constructed in 1926 with unreinforced concrete, collapsed, resulting in the deaths of 44 individuals trapped inside the building. In addition, a more recently constructed psychiatric ward at Sylmar's Olive View Community Hospital collapsed during the quake, resulting in three deaths and the evacuation of more than 1,000 patients. In response to these tragic events, the Legislature approved the Alfred E. Alquist Hospital Facilities Seismic Safety Act (Alquist Act), which required hospitals to meet stringent construction standards to ensure they are reasonably capable of providing services to the public after a disaster. In 1983, the act was amended to transfer all hospital construction plan review responsibility from local governments to HCAI, creating the state's largest building department, the Facilities Development Division.

In 1994, the Northridge earthquake struck the San Fernando Valley again, resulting in major structural damage to many hospitals constructed prior to the Alquist Act, many of which were evacuated. In contrast, hospitals constructed in compliance with Alquist Act standards resisted the Northridge earthquake, suffering very little structural damage. In response, the Legislature approved SB 1953 (Alquist), Chapter 740, Statutes of 1994, which amended the Alquist Act to require hospitals to evaluate and rate all general acute care hospital buildings for seismic resistance according to standards developed by HCAI to measure a building's ability to withstand a major earthquake. SB 1953 and subsequent HCAI regulations also require hospitals to submit plans to either retrofit or relocate acute care operations according to specific timeframes. According to HCAI, there are 476 general acute care and acute psychiatric hospitals comprised of 3,066 hospital buildings and 88,126 licensed beds covered by the seismic safety provisions of SB 1953. In addition to oversight of seismic safety compliance for acute care hospitals, HCAI is responsible for ensuring seismic and building safety compliance for skilled nursing facilities and intermediate care facilities. According to HCAI, SB 1953 covers 1,162 skilled nursing facilities with 1,200 buildings and 114,333 licensed beds. The Facilities Development Division receives funding from fees paid by hospitals and skilled nursing facilities for plan review and building permits of construction projects, as follows:

1) 1.95 percent of construction costs for collaborative phased plan review
2) 1.64 percent of construction costs for hospitals
3) 1.5 percent of construction costs for skilled nursing facilities

AB 1182 requires HCAI to identify on its website hospital buildings that, based on seismic safety standards, do not significantly jeopardize life, but may not be repairable or functional following an earthquake. HCAI may also identify on its website buildings determined "earthquake resilient" based on seismic safety standards. Until compliance is met, hospital owners must provide annual status updates to HCAI, the Office of Emergency Services, local government entities and other interested parties regarding compliance with the Alquist Act. HCAI must also develop notices that hospitals must post publicly in buildings that are non-compliant with the 2030 Alquist Act seismic safety standards.

Staffing and Resource Request. HCAI requests one position and expenditure authority from the Hospital Building Fund of $120,000 annually. If approved, this position and resources would allow HCAI to identify on its website hospital buildings that may not be repairable or functional following an earthquake, pursuant to the requirements of AB 1882 (Rivas), Chapter 584, Statutes of 2022. Specifically, HCAI request **one Compliance Officer** to assist in the implementation and administration of these new program services within the Seismic Compliance Unit in the Facilities Development Division.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Support for Health Workforce Education and Training Council

Budget Change Proposal – Governor's Budget. HCAI requests two positions annually, supported by previously approved state operations resources. If approved, these positions would support administration of the Health Workforce Education and Training Council.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$-	$-
Total Funding Request:	**$-**	**$-**
Total Requested Positions:	**2.0**	**2.0**

* Positions ongoing after 2024-25.

Background. The 2021 Budget Act, as part of the recast of the former Office of Statewide Health Planning and Development into HCAI, transitioned the former California Health Care Workforce Policy Commission and the Health Professions Education Foundation (HPEF) programs into the California Health Workforce Education and Training Council. The council consists of 17 members, with six appointed by the Governor, three each by the Assembly and Senate, and representatives of DHCS, HCAI, the University of California, the California State University system, and the California Community College system. The council provides guidance on statewide education and health workforce training needs and advises on increasing the supply and diversity of physician and non-physician providers, as well as the placement of providers in medically underserved areas. The council supports the programs previously covered by the commission, such as the Song-Brown Program, as well as those previously covered by HPEF. According to HCAI, the council met for the first time in March 2022 and voted to establish an initial set of priority topic areas, which include:

- Behavioral Health Workforce
- Nursing Workforce
- Graduate Medical Education
- Allied Health Workforce
- Oral Health Workforce
- Health Workforce Data
- Health Career Pathways

The 2022 Budget Act included permanent positions to support the significant increase in volume and complexity of health workforce programs supported by HCAI, including two permanent positions to support the council. Funding for these two positions was dependent on adoption of the Administration's Workforce for a Healthy California for All proposal, which was not approved in the final Budget Act.

Position Request. HCAI requests two positions annually, supported by previously approved state operations resources, to support administration of the Health Workforce Education and Training Council. Specifically, HCAI request the following two positions:

- **One Health Program Specialist I** position would provide health workforce policy support to the council, including components related to allied health, oral health, and Health Career Pathways.

- **One Associate Governmental Program Analyst** would provide coordination and logistical support for the council's public meetings and act as support liaison for all council members.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Abortion Practical Support Fund (SB 1142)

Budget Change Proposal – Governor's Budget. HCAI requests General Fund expenditure authority of $100,000 annually until 2027-28. If approved, these resources would allow HCAI to contract with an external organization to conduct annual evaluations of the Abortion Practical Support Fund, pursuant to the requirements of SB 1142 (Caballero), Chapter 566, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$100,000	$100,000
Total Funding Request:	**$100,000**	**$100,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing until 2027-28.

Background. The 2022 Budget Act included General Fund expenditure authority of $20 million, available until June 30, 2028, and the Legislature approved trailer bill language to support practical support grants to nonprofit organizations in California that specialize in assisting pregnant people who are low income, or who face other financial barriers, to increase access to abortion. After the Supreme Court ruling in *Dobbs v. Jackson Women's Health Organization*, California reproductive health providers that perform abortions are expecting individuals in need of abortion care in other states to travel to California for their healthcare needs. The Abortion Practical Support Fund will provide grants to nonprofit organizations that specialize in assisting pregnant people who are low income, or who face other financial barriers, with direct practical support services to access and obtain an abortion, or that provide abortion services. The grants may be used for the following:

- Practical support services, including financial or in-kind assistance to help a person access and obtain an abortion
- Abortion navigators, patient navigators, and community health workers services
- Case management support for patients seeking abortion
- Costs associated with training volunteers and staff in the provision of practical support services to abortion patients
- Costs associated with enabling grantees that meet eligibility requirements to assist pregnant people with practical support services, including staffing and administrative costs
- Costs associated with coordinating practical support services, abortion providers, and other support services.

SB 1142 (Caballero), Chapter 566, Statutes of 2022, requires HCAI to conduct an evaluation of the Abortion Practical Support Fund grant program and report its findings to the Legislature no later than January 1, 2025, and on January 1 annually thereafter. The first annual report is required to cover the period before July 1, 2024, with each subsequent report to cover the previous fiscal year.

Resource Request. HCAI requests General Fund expenditure authority of $100,000 annually until 2027-28. If approved, these resources would allow HCAI to contract with an external organization to conduct annual evaluations of the Abortion Practical Support Fund, pursuant to the requirements of SB 1142 (Caballero), Chapter 566, Statutes of 2022. Specifically, HCAI requests the following resources:

- **Consultant resources** of $100,000 annually for five years to contract with an external organization to conduct the evaluations of the Abortion Practical Support Fund grant program. The evaluation would include mixed methods to understand the impact of the program. HCAI would use qualitative and quantitative methods to collect data from providers and partner organizations to measure the overall access to services, demographics of communities and individuals served, and any remaining barriers to access.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: Budget Solution: Healthcare Workforce Delays

Trailer Bill Language and Budget Solution – Governor's Budget. HCAI requests to delay expenditure authority approved in the 2022 Budget Act for several health care workforce development programs. The programs that would be delayed are as follows:

- *Comprehensive Nursing Initiative.* $15 million from 2022-23 and $55 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Community Health Workers.* $130 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Social Work Initiative.* $3.5 million from 2022-23 and $48.4 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Addiction Psychiatry and Addiction Medicine Fellowships.* $23.5 million from 2022-23 and $25 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *University and College Training Grants for Behavioral Health Professionals.* $26 million from 2022-23 and $26 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Expand Masters in Social Work Slots at Public Schools of Social Work.* $30 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Nursing in Song-Brown.* $15 million from 2023-24 would be delayed until 2024-25 and 2025-26.

HCAI proposes trailer bill language to revert expenditure authority approved in the 2022 Budget Act to the General Fund and express the intent of the Legislature to appropriate these amounts to HCAI in the 2024 Budget Act and 2025 Budget Act.

Health Care Workforce Investments Delays and Repayments			
Comprehensive Nursing Initiative			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ (15,000,000)	**$ (55,000,000)**	**$ 35,000,000**	**$ 35,000,000**
Community Health Workers			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ -	**$ (130,000,000)**	**$ 65,000,000**	**$ 65,000,000**
Social Work Initiative			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ (3,500,000)	**$ (48,400,000)**	**$ 25,950,000**	**$ 25,950,000**
Addiction Psychiatry and Addiction Medicine Fellowships			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ (23,500,000)	**$ (25,000,000)**	**$ 24,250,000**	**$ 24,250,000**
University and College Training Grants for Behavioral Health Professionals			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ (26,000,000)	**$ (25,000,000)**	**$ 26,000,000**	**$ 26,000,000**
Expand Masters in Social Work Slots at Public Schools of Social Work			
2022-23	**2023-24**	**2024-25**	**2025-26**

$ -	**$ (30,000,000)**	**$ 15,000,000**	**$ 15,000,000**
Nursing in Song-Brown			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ -	**$ (15,000,000)**	**$ 7,500,000**	**$ 7,500,000**

Background. The 2022 Budget Act included expenditure authority of $195.1 million ($185.1 million General Fund and $10 million Mental Health Services Fund) in 2022-23, and General Fund expenditure authority of $134.1 million in 2023-24, $34.1 million in 2024-25, and $3.2 million in 2025-26 for investments in workforce development for providers of services in the fields of behavioral health, primary care, and public health. These investments include the following:

Behavioral Health

- *Addiction Psychiatry and Addiction Medicine Fellowship Programs* - $25 million annually for two years to support additional slots for Addiction Psychiatry and Addiction Medicine Fellowship programs.
- *University and College Training Grants for Behavioral Health Professionals* - $26 million annually for two years to support 4,350 licensed behavioral health professionals through grants to existing university and college training programs, including partnerships with the public sector.
- *Expand Masters in Social Work (MSW) Slots at Public Schools of Social Work* - $30 million annually for two years to support grants to public schools of social work to immediately expand the number of MSW students. $27 million would support the 18 California State University programs and $3 million would support the two University of California programs.
- *Graduate Medical Education and Loan Repayment for Psychiatrists* - $19 million annually for two years to support two training programs for psychiatrists: 1) $5 million annually for two years for graduate medical education slots for psychiatrists, 2) $7 million annually for two years to support loan repayment for psychiatrists that agree to a five year service commitment at the Department of State Hospitals, and 3) $7 million annually for two years to support loan repayment for psychiatrists that agree to a five-year service commitment to provide psychiatric services in a local public behavioral health system with an emphasis on prevention and early intervention services for individuals with serious mental illness likely to become justice-involved or are, or at risk of, experiencing homelessness.

Primary Care

- *Additional Primary Care Residency Slots in Song-Brown* - $10 million annually for three years to support additional primary care residency slots in the Song-Brown Primary Care Residency Program.
- *Clinical Dental Rotations* - $10 million one-time to support new and enhanced community based clinical education rotations for dental students to improve the oral health of underserved populations.
- *Health Information Technology (IT) Workforce* - $15 million one-time to support health IT workforce recruitment and training for health clinics and other providers in underserved communities.

- *California Reproductive Health Service Corps* - $20 million one-time to support targeted recruitment and retention resources, and training programs to ensure a range of clinicians and other health workers can receive abortion training.
- *Certified Nurse Midwives Training* - $1 million one-time to allow certified nurse-midwives to participate in the Song-Brown program, consistent with the Midwifery Workforce Training Act authorized by SB 65 (Skinner), Chapter 449, Statutes of 2021.
- *Nurse Practitioner Postgraduate Training* - $4 million one-time to support Nurse Practitioner postgraduate training slots in primary care within underserved communities through the Song-Brown Healthcare Workforce Training Program.
- *Physician Assistant Postgraduate Training* - $1 million one-time to support Physician Assistant postgraduate training slots in primary care within underserved communities through the Song-Brown Healthcare Workforce Training Program.
- *Golden State Social Opportunities Program* - $10 million Mental Health Services Fund one-time to support postgraduate grants for behavioral health professionals that commit to working in a nonprofit eligible setting for two years, with priority given to individuals that are current or former foster youth and homeless youth.

Public Health

- *Waive Public Health Nurse Certification Fees* - $3.3 million annually for three years to waive public health nurse certification fees for three years to reduce barriers to registered nurses entering the field of public health.
- *Public Health Incumbent Upskilling* - $3.2 million annually for four years to establish the Public Health Workforce Career Ladder Education and Development Program to provide education and training for existing employees within the public health workforce, including stipends to offset up to 12 hours per week to complete educational requirements and grants for local health departments for additional hiring.
- *California Public Health Pathways Training Corps* - $8 million annually for three years to expand the California Public Health Pathways Training Corps, which provides a workforce pathway for early-career public health professionals from diverse backgrounds and disproportionately impacted communities.
- *California Microbiologist Training* - $3.2 million annually for three years to increase the number of Public Health Microbiologist Trainee spots, which is a requirement to become certified in California as a public health microbiologist.
- *Public Health Lab Aspire* - $3.2 million annually for three years to restore funding for the Lab Aspire Program, to address the severe shortage of trained and qualified public health laboratory directors.
- *California Epidemiologic Investigation Service (Cal-EIS) Training* - $3.2 million annually for three years to increase the number of Cal-EIS fellows, which trains epidemiologists for public health leadership positions.

The 2022 Budget Act also included General Fund expenditure authority of $677.4 million over three years to support the following care economy workforce development investments:

- *Community Health Workers* - $281.4 million over three years to recruit, train and certify 25,000 new community health workers by 2025, with specialized training to work with varying populations, such

as justice-involved, people who are unhoused, older adults, or people with disabilities. The Legislature also approved trailer bill language to require HCAI to develop requirements for community health worker certificate programs, and establish other requirements for community health worker certification and renewal.

- *Comprehensive Nursing Initiative* - $220 million over three years to increase the number of registered nurses, licensed vocational nurses, certified nursing assistants, certified nurse midwives, certified medical assistants, family nurse practitioners, and other health professions.
- *Social Work Initiative* - $126 million over three years to increase the number of social workers trained in the state by supporting social work training programs and providing stipends and scholarships for working people to create a new pipeline for diverse social workers who cannot otherwise afford the financial or time investment required to complete full-time training programs.
- *Nursing in Song-Brown* - $50 million over three years to support nurse training slots in the Song-Brown Healthcare Workforce Training Program.

Budget Solution – Healthcare Workforce Delays. HCAI requests to delay expenditure authority approved in the 2022 Budget Act for several health care workforce development programs. HCAI also proposes trailer bill language to revert expenditure authority approved in the 2022 Budget Act to the General Fund and express the intent of the Legislature to appropriate these amounts to HCAI in the 2024 Budget Act and 2025 Budget Act.

Separately, under the CDPH budget, the Administration is proposing to eliminate all of the public health workforce development programs authorized in the 2022 Budget Act, except waiver of public health nurse certification fees.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

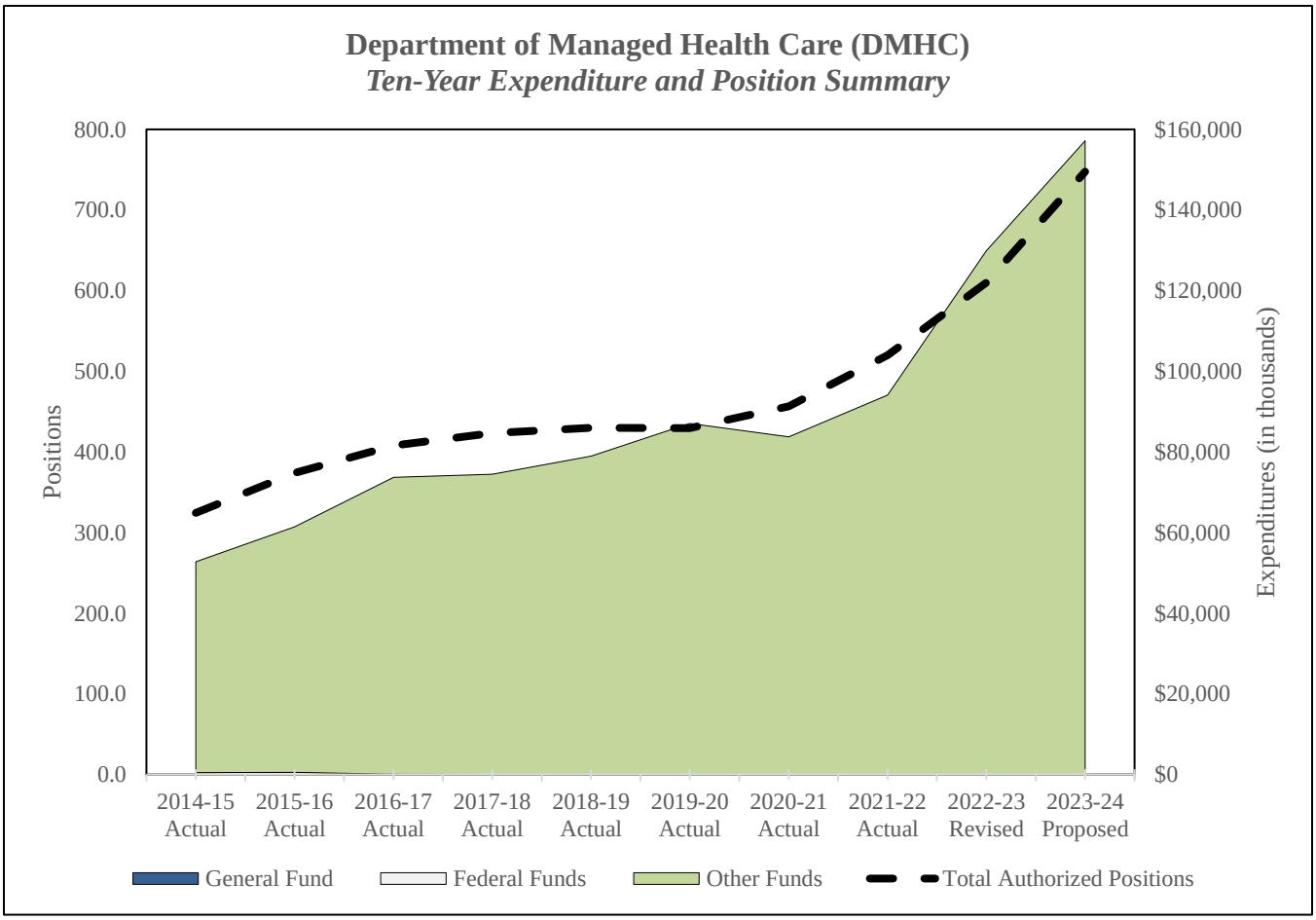
Questions. The subcommittee has requested HCAI to respond to the following:

1. Please provide a brief overview of this proposal.

2. The proposed trailer bill reverts previously approved amounts for healthcare workforce programs to the General Fund, but only expresses intent language that these funds will return to their originally intended purpose in 2024-25 and 2025-26. How can the Legislature ensure these funds will return to support these programs without statutory or other budget authority?

4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 1: Overview



Department of Managed Health Care - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	**2021-22 Actual**	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0
Other Funds	$94,116	$125,762	$129,901	$157,177
Total Department Funding:	**$94,116**	**$125,762**	**$129,901**	**$157,177**
Total Authorized Positions:	**519.9**	**610.0**	**610**	**747.6**
Other Funds Detail:				
Managed Care Fund (0933)	*$94,116*	*$125,762*	*$129,901*	*$157,177*

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

Knox-Keene Health Care Service Plan Act of 1975. The Knox-Keene Health Care Service Plan Act of 1975, and subsequent amendments, is one of the most robust regulatory regimes for managed care organizations in any state in the nation. In addition to regulatory requirements related to consumer protections and plans' financial stability, the Knox-Keene Act imposes various network adequacy requirements on health care service plans designed to provide timely access to necessary medical care for those plans' beneficiaries. These requirements generally include the following standards for appointment availability: 1) Urgent care without prior authorization: within 48 hours; 2) Urgent care with prior authorization: within 96 hours; 3) Non-urgent primary care appointments: within 10 business days; 4) Non-urgent specialist appointments: within 15 business days; 5) Non-urgent appointment for ancillary services for the diagnosis or treatment of injury, illness or other health condition: within 15 business days. The Knox-Keene Act also requires plans to ensure primary care physicians are located within 15 miles or 30 minutes of a beneficiary and there is at least one primary care provider for every 2,000 beneficiaries in a plan's network.

DMHC is composed of the following offices and other units:

Help Center. The Help Center educates consumers about their health care rights, resolves consumer complaints against health plans, helps consumers navigate and understand their coverage, and assists consumers in getting timely access to appropriate health care services. The Help Center provides direct assistance in all languages to health care consumers through the department's website (www.HealthHelp.ca.gov) and a toll free number (1-888-466-2219). DMHC collects data on calls received by the Help Center to identify common challenges experienced by consumers to inform potential changes to health plan oversight, regulation, or statutory authority. Common complaints include cancellation of coverage, billing issues, quality of services, coverage disputes, and access complaints. The Help Center often addresses consumer issues through a three-way call between its staff, the consumer, and the health plan. Complaints involving serious or urgent medical issues are routed to nurses who provide immediate assistance 24 hours a day, seven days a week.

The Help Center also oversees the independent medical review (IMR) program. IMR is available to consumers if a health plan denies, modifies, or delays a request for a service as not medically necessary or as experimental or investigational. Independent physicians review these issues and make a determination about whether the service should be provided. If an IMR determines the consumer should receive the service, health plans must provide it promptly.

The Help Center also provides assistance to health care providers to ensure they receive timely and accurate payments from health plans. This assistance includes managing individual provider complaints, complaints with multiple claims, emergency service complaints, and non-emergency service complaints.

The Help Center also manages the Independent Dispute Resolution Process (IDRP) for emergency and non-emergency billing disputes, in which an external reviewer adjudicates between payers and providers to determine the appropriate payment rate.

Office of Plan Licensing. The Office of Plan Licensing (OPL) reviews all aspects of a health plan's operations, including benefits and coverage, template contracts with doctors and hospitals, provider networks, mental health parity and complaint and grievance systems. After a health plan is licensed, OPL monitors the plan and any changes made to plan operations, including changes in service areas, contracts, benefits, or systems. OPL also periodically identifies specific licensing issues for non-routine focused examination or investigation.

Office of Plan Monitoring. The Office of Plan Monitoring (OPM) monitors health plan networks and delivery systems. OPM conducts routine surveys every three years, and conducts non-routine surveys when a specific issue or problem requires a focused review of a health plan's operations. OPM also monitors health plan provider networks and the accessibility of services to enrollees by reviewing the geographic standards, provider-to-patient ratios, and timely access to care. Additionally, OPM reviews health plan block transfer filings when a contract terminates between a health plan and a hospital or provider group.

Office of Financial Review. The Office of Financial Review monitors health plan financial statements and filings, and analyzes health plan reserves, financial management systems and administrative arrangements. The Office conducts routine financial examinations of each health plan every three to five years and initiates non-routine financial examinations as needed. The Office also administers the department's premium rate review program, which holds health plans accountable through transparency and ensures consumers get value for their premium dollar. When the Office finds a proposed rate change to be unreasonable, the health plan must notify impacted members of the unreasonable finding.

Office of Enforcement. The Office of Enforcement represents the department in actions to enforce managed health care laws. The primary purpose of an enforcement action is to change plan behavior to comply with the law, and may include issuing cease and desist orders, imposing administrative penalties, freezing enrollment, and requiring corrective actions. When necessary, the Office pursues legal action to ensure health plans follow the law.

Office of Legal Services. The Office of Legal Services provides legal, legislative, and policy analysis and advice to the department, and develops necessary and appropriate regulations to administer the Knox-Keene Health Care Service Plan Act of 1975.

Office of Administrative Services. The Office of Administrative Services provides a variety of administrative support services to the department, including accounting, budgets, business management services, and human resources.

Office of Technology and Innovation. The Office of Technology and Innovation provides technology support to the department including hardware, software, and information security services.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of DMHC's mission and programs.

Issue 2: Information Security Resources

Budget Change Proposal – Governor's Budget. DMHC requests five positions and expenditure authority from the Managed Care Fund of $3.5 million in 2023-24, $3.4 million in 2024-25, $3.5 million in 2025-26, $3.5 million in 2026-27, and $3.6 million annually thereafter. If approved, these positions and resources would allow DMHC address critical information technology (IT) gaps, develop a roadmap for implementing and maintaining required IT security, remediate recent audit findings, assist with security monitoring and enhancement, and achieve alignment with statewide security planning efforts.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$3,459,000	$3,432,000
Total Funding Request:	**$3,459,000**	**$3,432,000**
Total Requested Positions:	**5.0**	**5.0**

* Additional fiscal year resources requested: 2025-26: $3,467,000; 2026-27: $3,482,000; 2027-28 and ongoing: $3,608,000.

Background. AB 670 (Irwin), Chapter 518, Statutes of 2015, authorizes the California Department of Technology (CDT) to conduct independent security assessments of state departments and agencies, requiring no fewer than 35 assessments be conducted annually. AB 670 requires CDT to prioritize for assessment state departments or agencies that are at higher risk due to handling of personally identifiable information or health information protected by law, handling of confidential financial data, or levels of compliance with certain information security and management practices. Independent security assessments are conducted by the Cyber Network Defense (CND) Team at the California Military Department. In June 2019, the CND Team conducted a vulnerability assessment of DMHC's services and assets, resulting in identification of widespread vulnerabilities in software, technical configuration, and maintenance of the department's technical systems.

State Administrative Manual Section 5300 requires each state entity to be responsible for establishing an information security program to effectively manage risk, provide protection of information assets and prevent illegal activity, fraud, waste, and abuse. The 2017 Budget Act included two positions and consultant resources to implement a forward-looking IT roadmap, reduce use and continued investments in its legacy applications, and accelerate migration of its systems to the CDT's Office of Technology Services Cloud, consistent with the CDT Technology Letter 14-04, which details the state's "Cloud First" policy. The consulting resources in the 2017 Budget Act request allowed DMHC to contract with Business Advantage Consulting to review the department's business processes and perform a security assessment of its infrastructure, cybersecurity technologies, tools in place, and the current maturity. The assessment concluded DMHC had no cybersecurity technologies in place for 41 percent of the categories assessed and that 12 percent of the existing technologies required additional configuration.

In addition to these assessments, DMHC participated in the National Cybersecurity Review offered by the Center for Information Security in fall 2018. The review is a self-assessment designed to measure gaps and capabilities of state, local, tribal, and territorial governments' cybersecurity programs. DMHC scored below the recommended minimum maturity level and below the average in comparison to other state and federal departments.

The 2020 Budget Act included two positions and expenditure authority from the Managed Care Fund of $384,000 in 2020-21, $368,000 in 2021-22 and 2022-23, and $328,000 annually thereafter to support implementation of new applications and systems to address vulnerabilities and other issues identified by the three cybersecurity assessments and address the increase in security-related IT tickets.

In June 2021, the CND completed an assessment that found DMHC lacks adequate information security resources to capture data, perform critical daily security practices, and document security procedures. The audit revealed nine high-risk and 21 medium risk findings and determined DMHC must adopt 38 new information security policies, 12 information security and privacy plans, and at least 87 procedures must be created and maintained. The audit also found DMHC had not implemented role-based training in accordance with the State Administrative Manual and does not maintain a software platform and application inventory listing of all programs and information systems that are collecting, using, maintaining, or sharing state-entity information.

Staffing and Resource Request. DMHC requests five positions and expenditure authority from the Managed Care Fund of $3.5 million in 2023-24, $3.4 million in 2024-25, $3.5 million in 2025-26, $3.5 million in 2026-27, and $3.6 million annually thereafter. If approved, these positions and resources would allow DMHC address critical information technology (IT) gaps, develop a roadmap for implementing and maintaining required IT security, remediate recent audit findings, assist with security monitoring and enhancement, and achieve alignment with statewide security planning efforts. Specifically, DMHC requests the following staff and consultant resources:

- **One Information Technology Manager II** position and **three Information Technology Specialist II** positions in the Office of Technology and Innovation would address increased workload and critical IT gaps, in
- **One Attorney III** position in the Office of Legal Services would conduct legal research, draft legal analyses, make policy and operational recommendations, and lead rulemaking activities
- **Consultant resources** as follows:
  - $100,000 annually until 2025-26 to support a consultant to assist DMHC with development of IT policies, plans, and procedures.
  - $75,000 annually until 2024-25 to support gap analysis consultants.
  - $90,000 in 2023-24 to support an identity lifecycle consultant.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Office of Legal Services – Department of Justice (DOJ) Legal Fees

Budget Change Proposal – Governor's Budget. DMHC requests expenditure authority from the Managed Care Fund of $400,000 annually. If approved, these resources would support legal representation by the California Attorney General's Office in litigation to which DMHC is a party or in which DMHC is called as a witness.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$400,000	$400,000
Total Funding Request:	**$400,000**	**$400,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

Background. The California Attorney General's Office (AGO) provides legal services to state departments and agencies when they are party to, or called as a witness during litigation or other legal proceedings. According to DMHC, the number, complexity, and significance of legal cases to which DMHC is a party or called as a witness has increased significantly in recent years. For example, litigation has challenged DMHC's work on developing the "benchmark" plan to determine "essential health benefits" for compliance with the federal Affordable Care Act, as well as implementation of SB 510 (Pan), Chapter 729, Statutes of 2020, which requires health plan coverage of COVID-19 testing and vaccine administration. In addition, AB 595 (Wood), Chapter 292, Statutes of 2018, provides DMHC greater authority to review potentially anti-competitive mergers or purchases in the health plan market. These reviews have been the subject of increased legal challenges, as well.

Resource Request. DMHC requests expenditure authority from the Managed Care Fund of $400,000 annually. If approved, these resources would support legal representation by the California Department of Justice in litigation to which DMHC is a party or in which DMHC is called as a witness.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Office of Financial Review Workload

Budget Change Proposal – Governor's Budget. DMHC requests 14.5 positions and expenditure authority from the Managed Care Fund of $2.7 million in 2023-24 and $2.6 million annually thereafter. If approved, these positions and resources would allow DMHC to conduct more frequent financial examinations of health plans and risk-bearing organizations and to address additional workload related to an increase in licensed health plans.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$2,676,000	$2,553,000
Total Funding Request:	**$2,676,000**	**$2,553,000**
Total Requested Positions:	**14.5**	**14.5**

* Positions and resources ongoing after 2024-25.

Background. DMHC's Office of Financial Review (OFR) works to ensure stability in California's health care delivery system by actively monitoring the financial status of health plans and provider groups so they can meet their financial obligations to consumers, providers, and other purchasers. OFR reviews health plan financial statements and filings, and analyzes health plan reserves, financial management systems, and administrative arrangements. OFR also conducts routine financial examinations of each health plan every three to five years, and initiates non-routine financial examinations when necessary.

According to DMHC, the number of licensed health plans regulated by DMHC has increased steadily from 121 plans and 25 million covered lives in 2015 to 140 plans and 28 million covered lives in 2021. As a result, the workload associated with financial examinations, as well as the workload associated with financial solvency and statutory compliance issues identified during examinations, has increased significantly.

Staffing and Resource Request. DMHC requests 14.5 positions and expenditure authority from the Managed Care Fund of $2.7 million in 2023-24 and $2.6 million annually thereafter. If approved, these positions and resources would allow DMHC to conduct more frequent financial examinations of health plans and risk-bearing organizations and to address additional workload related to an increase in licensed health plans. Specifically, DMHC requests positions and resources in the following Offices:

Office of Financial Review, Provider Solvency Unit – Five positions

- **One Corporation Examiner IV, Supervisor** position and **four Corporation Examiners** would expand capacity in the OFR Provider Solvency Unit, which reviews financial statements and filings, and conducts routine examination that focus on compliance with administrative requirements, including review of claims payment practices and provider dispute resolution processes.

Office of Financial Review, Exam Unit – 7.5 positions

- **1.5 Corporation Examiner IV, Supervisor** positions and **six Corporation Examiners** would expand capacity in the OFR Exam Unit, which conducts routine and non-routine financial examinations of all

DMHC licensed health plans. The unit currently conducts 40 examinations per year and these additional staffing and resources would allow the unit to conduct financial examinations of each plan every three years, rather than three to five years.

Office of Administrative Services – One position

- **One Associate Governmental Program Analyst** would support additional administrative workload related to the additional staff requested in this proposal. This workload would include hiring activities, and processing of employee-related transactions, such as personnel transactions, travel expense claims and trainings, and contracts and procurement activities.

Office of Technology and Innovation – One position

- **One Information Technology (IT) Specialist I** position would support additional information technology workload related to the additional staff requested in this proposal. This workload would include application/system development and support, procurement and management of IT assets, data security, and support for staff IT needs.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Health Care Coverage: Abortion Services Cost Sharing (SB 245)

Budget Change Proposal – Governor's Budget. DMHC requests expenditure authority from the Managed Care Fund of $499,000 in 2023-24 and $483,000 in 2024-25 through 2027-28. If approved, these resources would allow DMHC to develop legal memoranda and regulations related to the prohibition on cost-sharing or utilization management for abortion and abortion-related services pursuant to SB 245 (Gonzalez), Chapter 11, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$499,000	$483,000
Total Funding Request:	**$499,000**	**$483,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26 through 2027-28: $483,000.

Background. SB 245 (Gonzalez), Chapter 11, Statutes of 2022, prohibits health care service plans, Medi-Cal managed care plans, and certain health insurers from imposing cost-sharing requirements or utilization management on abortion or abortion-related services. The types of cost-sharing prohibited by SB 245 include deductibles, coinsurance, copayments, or any other cost-sharing requirement. The types of utilization management prohibited by SB 245 include prior authorization, and annual or lifetime limits on coverage.

SB 245 allows DMHC, in consultation with DHCS and the Department of Insurance (CDI), to interpret and implement the provisions of the bill through plan letters or other similar guidance. However, DMHC is required to adopt regulations implementing these requirements by January 1, 2026. As part of its review of health plan compliance with SB 245, DMHC must also review health plan documents, including evidence of coverage and disclosure forms, utilization management data, and health plan survey data.

Staffing and Resource Request. DMHC requests expenditure authority from the Managed Care Fund of $499,000 in 2023-24 and $483,000 in 2024-25 through 2027-28, to develop legal memoranda and regulations related to the prohibition on cost-sharing or utilization management for abortion and abortion-related services pursuant to SB 245 (Gonzalez), Chapter 11, Statutes of 2022. Specifically, DMHC requests the following resources:

Office of Legal Services –Resources equivalent to two positions

- Resources equivalent to **one Attorney IV** position would oversee development of the regulation, conduct legal research to understand and appropriately implement SB 245, and serve as a subject matter expert for legal advice.
- Resources equivalent to **one Attorney III** position would assist in development of the regulation, conduct legal research to understand and appropriately implement SB 245, and assist in serving as a subject matter expert for legal advice.

DMHC also expects additional workload in its Office of Plan Licensing to review health plan documents for compliance with SB 245. However, DMHC expects this workload can be absorbed within existing resources.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: Health Care Coverage: Mental Health and Substance Use Disorders (AB 2581)

Budget Change Proposal – Governor's Budget. DMHC requests 0.5 position and expenditure authority from the Managed Care Fund of $27,000 in 2023-24, $186,000 in 2024-25, and $177,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with mental health and substance use disorder provider credentialing requirements, pursuant to AB 2581 (Salas), Chapter 533, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$27,000	$186,000
Total Funding Request:	**$27,000**	**$186,000**
Total Requested Positions:	**0.5**	**0.5**

*Additional fiscal year resources requested – 2025-26 and ongoing: $177,000.

Background. AB 2581 (Salas), Chapter 533, Statutes of 2022, requires health plans and insurers that provide coverage for mental health and substance use disorder services and that credential providers of those services to assess and verify the qualifications of those providers within 60 days of receiving a completed credentialing application. Previously, there was no deadline for completing a credentialing application with some applicants waiting up to six months or longer. AB 2581 requires DMHC, as part of its oversight of health plans, to review health plan documents to ensure compliance with the provisions of the bill, modify existing plan survey methodologies and tools, and revise policies and procedures to ensure compliance with AB 2581.

Staffing and Resource Request. DMHC requests 0.5 position and expenditure authority from the Managed Care Fund of $27,000 in 2023-24, $186,000 in 2024-25, and $177,000 annually thereafter to ensure health plan compliance with mental health and substance use disorder provider credentialing requirements, pursuant to AB 2581 (Salas), Chapter 533, Statutes of 2022. Specifically, DMHC requests the following positions and consultant resources:

Office of Plan Monitoring –Consultant resources

- **Consultant resources** of $27,000 in 2023-24 and $47,000 annually thereafter would support a clinical consultant to assist in reviewing e-file and routine survey activities related to AB 2581 requirements.

Office of Enforcement – 0.5 position (beginning in 2024-25)

- **0.5 Attorney III** position would evaluate cases, draft responses, send investigative discoveries during referrals, and recommend a course of enforcement action.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 7: Health Care Coverage: Prescription Drugs (AB 2352)

Budget Change Proposal – Governor's Budget. DMHC requests two positions and expenditure authority from the Managed Care Fund of $343,000 in 2023-24, 323,000 in 2024-25, and $333,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with requirements to provide information to enrollees about prescription drug benefits, pursuant to AB 2352 (Nazarian), Chapter 590, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$343,000	$323,000
Total Funding Request:	**$343,000**	**$323,000**
Total Requested Positions:	**2.0**	**2.0**

* Additional fiscal year resources requested – 2025-26 and ongoing: $333,000.

Background. AB 2532 (Nazarian), Chapter 590, Statutes of 2022, requires health plans and health insurers to provide information regarding prescription drug coverage upon request to an enrollee or insured. The required information includes eligibility for the prescription drug, the most current formulary, cost sharing information for the drug and any alternatives, and any applicable utilization management requirements. AB 2352 also requires plans to respond in real time to requests through a standard application programming interface (API), ensure information is updated no later than one business day after a change is made, and allow the use of integrated technologies or services necessary to provide the information to enrollees.

DMHC would be required to annually review health plan documents to ensure compliance, modify existing plan survey methodologies and tools, including technical assistance guides, and revise policies and procedures.

Staffing and Resource Request. DMHC requests two positions and expenditure authority from the Managed Care Fund of $343,000 in 2023-24, 323,000 in 2024-25, and $333,000 annually thereafter to ensure health plan compliance with requirements to provide information to enrollees about prescription drug benefits, pursuant to AB 2352 (Nazarian), Chapter 590, Statutes of 2022. Specifically, DMHC requests positions and resources as follows:

Help Center – One position

- **One Staff Services Analyst** would address the increased number of consumer and provider calls, reference resources and procedures, and provide call resolutions to appropriately implement AB 2532.

Office of Plan Monitoring –Consultant resources

- **Consultant resources** of $17,000 in 2023-24, $15,000 in 2024-25, and $25,000 annually thereafter to support a clinical consultant to assist the Office of Plan Monitoring in reviewing health plan filings to ensure compliance with AB 2352.

Office of Enforcement – One position

- **One Attorney** would evaluate cases, draft responses, send investigative discoveries during referrals, and recommend courses of action based upon evidence.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Health Information (SB 1419)

Budget Change Proposal – Governor's Budget. DMHC requests three positions and expenditure authority from the Managed Care Fund of $572,000 in 2023-24 and $547,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with health information application programming interface (API) requirements, pursuant to SB 1419 (Becker), Chapter 888, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$572,000	$547,000
Total Funding Request:	**$572,000**	**$547,000**
Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

Background. SB 1419 (Becker), Chapter 888, Statutes of 2022 requires health plans and health insurers, commencing January 1, 2024, to facilitate patient and provider access to health information through application programming interfaces (APIs) for the benefits of enrollees and insured individuals. Health plans and health insurers would be required to implement the following APIs: 1) a patient access API; 2) a provider directory API; 3) a payer-to-payer exchange API; 4) a provider access API; and 5) a prior authorization support API. The provider access and prior authorization support APIs would only be required when final rules are published by the federal government.

DMHC would be required to annually review health plan documents, modify existing plan survey methodologies and tools, and revise policies and procedures to ensure plan compliance with the provisions of SB 1419.

Staffing and Resource Request. DMHC requests three positions and expenditure authority from the Managed Care Fund of $572,000 in 2023-24 and $547,000 annually thereafter to ensure health plan compliance with provider directory application programming interface (API) requirements, pursuant to SB 1419 (Becker), Chapter 888, Statutes of 2022. Specifically, DMHC requests positions and resources as follows:

Office of Financial Review – One position

- **One Corporation Examiner** would review claims, conduct examinations of health plans, prepare preliminary and final reports, and monitor corrective action plans.

Office of Plan Licensing – Two positions

- **One Attorney III** position would review plan documents for legal compliance, including preparing summaries of filing or briefing memorandum, preparing memos, including preparing responsive comments for plan filings and subsequent filing amendments.

- **One Associate Governmental Program Analyst** would assist with developing compliance implementation plans and with ongoing review of plan documents, including evidence of coverage, disclosure forms, formularies, policies and procedures.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 9: Health Care Service Plans: Discipline: Civil Penalties (SB 858)

Budget Change Proposal – Governor's Budget. DMHC requests 40.5 positions and expenditure authority from the Managed Care Fund of $12.6 million in 2023-24, $9.5 million in 2024-25, $9.6 million in 2026-27, $9.7 million in 2027-28, and $9.7 million annually thereafter. If approved, these positions and resources would allow DMHC to implement revision of administrative and civil penalty provisions of the Knox-Keene Act, pursuant to the provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$12,570,000	$9,510,000
Total Funding Request:	**$12,570,000**	**$9,510,000**
Total Requested Positions:	**40.5**	**40.5**

* Additional fiscal year resources requested – 2025-26: $9,562,000; 2026-27: $9,618,000; 2027-28: $9,678,000; 2028-29 and ongoing: $9,715,000

Background. The Knox-Keene Health Care Service Plan Act of 1975, and subsequent amendments, is one of the most robust regulatory regimes for managed care organizations in any state in the nation. In addition to regulatory requirements related to consumer protections and plans' financial stability, the Knox-Keene Act imposes various network adequacy requirements on health care service plans designed to provide timely access to necessary medical care for those plans' beneficiaries. These requirements generally include the following standards for appointment availability: 1) Urgent care without prior authorization: within 48 hours; 2) Urgent care with prior authorization: within 96 hours; 3) Non-urgent primary care appointments: within 10 business days; 4) Non-urgent specialist appointments: within 15 business days; 5) Non-urgent appointment for ancillary services for the diagnosis or treatment of injury, illness or other health condition: within 15 business days. The Knox-Keene Act also requires plans to ensure primary care physicians are located within 15 miles or 30 minutes of a beneficiary and there is at least one primary care provider for every 2,000 beneficiaries in a plan's network.

DMHC's Office of Enforcement represents the department in actions to enforce managed health care laws. The primary purpose of an enforcement action is to change plan behavior to comply with the law, and may include issuing cease and desist orders, imposing administrative penalties, freezing enrollment, and requiring corrective actions. When necessary, the Office pursues legal action to ensure health plans follow the law.

SB 858 increases fines on deficient health plans, including civil penalties of not more than $25,000 for each day a violation continues, per enrollee harmed. Many penalties imposed under the Knox-Keene Act have not been adjusted since it was enacted in 1975, even for inflation. Cumulative administrative penalties would escalate as follows: 1) not less than $5,000 for a first violation; 2) not less than $10,000 nor more than $20,000 for a second violation; 3) not less than $30,000 and not more than $200,000 for each subsequent violation. SB 858 requires the DMHC director to take account of the following factors when assessing administrative penalties: 1) the nature, scope, and gravity of the violation; 2) the good or bad faith of the plan; 3) the plan's history of violations; 4) the willfulness of the violation; 5) the nature and extent to which the plan cooperated with the investigation; 6) the nature and extent to which the plan aggravated or mitigated any injury or damage cause by the violation; 7) the nature and extent to which the plan has taken corrective action to ensure the violation will not recur; 8) the financial status of the plan.

Staffing and Resource Request. DMHC requests 40.5 positions and expenditure authority from the Managed Care Fund of $12.6 million in 2023-24, $9.5 million in 2024-25, $9.6 million in 2026-27, $9.7 million in 2027-28, and $9.7 million annually thereafter. If approved, these positions and resources would allow DMHC to implement revision of administrative and civil penalty provisions of the Knox-Keene Act, pursuant to the provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022. Specifically, DMHC requests the following position and resources:

Office of Financial Review – 3.5 positions

- **2.5 Corporation Examiner IV Specialist** positions would conduct the financial examinations of health plans, including analyzing financial statements, assessing and monitoring corrective action plans, and assessing the financial impact of the increased penalties to the viability of health plans.
- **One Associate Governmental Program Analyst (AGPA)** would receive and track activities related to examination documents and referrals, assist with reporting, compliance, and adequacy issues, as well as the financial monitoring of health plans.

Office of Plan Monitoring – 3.5 positions and consultant resources

- **2.5 Attorney IV** positions would be responsible for corrective action plan design, monitoring and enforcement coordination, legal research, collaboration with the enforcement team, review of documents and plan communications pertaining to the timely compliance of imposed corrective action plans.
- **One AGPA** would provide administrative support for enforcement referrals, eFiling and assist in the enforcement coordination to support corrective action plan compliance.
- **Consultant resources** of $447,000 annually for a clinical consultant to assist the Office of Plan Monitoring in reviewing health plan filings and data to ensure compliance with SB 858.

Office of Enforcement – 22.5 positions and consultant resources

- **One Assistant Deputy Director,** at the Career Executive Assignment Level A, would provide day-to-day operational oversight of the administrative and legal support functions of the new compliance team within the Office of Enforcement and serve as an advisor to the office's Deputy Director.
- **1.5 Assistant Chief Counsel** positions would serve as lead counsel for conducting the initial review of documents, including the preliminary report, plan response, final report and follow-up reports. These positions would also review details of referrals, oversee all aspects of investigation and prosecution, and supervise lower-level attorneys and administrative staff involved in corrective action plan referrals.
- **2.5 Attorney IV** positions would be responsible for providing legal support to investigate corrective action plan referral cases, including the case evaluation and drafting discovery and recommended course of actions. These positions would also serve as lead attorneys in all aspects of pre-trial preparation, trail and hearing, and post-trial briefing and motions.
- **Six Attorney III** positions would provide legal support to investigate highly complex referral cases, perform complex legal review, analysis of the findings reports, conduct legal research of statutes, respond to complex legal questions during investigations, develop strategies to respond to difficult and sensitive matters, and serve as lead counsel during pre-trial, trial/hearing, and post-trial.

- **Four Attorneys** would evaluate corrective action plan referral cases, including the survey audit, deficiencies, and subcases resulting from the deficiencies, evaluate and prepare recommended course of action, resolution and motion for prosecution and defense, and coordinate and consult with expert witness consultants for purposes of evaluation and trial/hearing preparation.
- **One Special Investigator** would conduct investigations for case subjects associated with corrective action plan cases, conduct forensic review of case documents, interview witnesses, and prepare reports for final determination or trial.
- **One Staff Services Manager II** position would oversee all aspects of planning, organizing, managing, and direct processing of the Office of Enforcement's administrative workload.
- **1.5 Staff Services Manager I** positions would direct and coordinate the completion of all tasks assigned to the legal analyst and legal assistant staff associated with corrective action plan cases, including answering staff questions and providing direction on court filings.
- **One Legal Analyst** would assist attorneys with planning investigations and conducting legal research, review and analyze discovery initiated by a health plan and summarize and discuss a health plan's responsive documents with the attorney.
- **Three Legal Assistants** would assist attorneys with referral cases, including finalizing documents, following up on plan responses, managing the case management system, coordinating case documents, and making trial-related arrangements.
- **Two AGPAs** would prepare and maintain an attorney log and provide supporting administrative functions, including managing all enforcement action settlement documents, input of settlement-related data into the case management database and prepare a monthly resolution summary report.
- **One Staff Services Analyst** would create and maintain corrective action plan referrals in the enforcement case management system, trouble-shoot and resolve issues with ProLaw cases, reports and data input and manage program timesheets for the new positions in this proposal.
- **Consultant resources** of $135,000 annually to support three expert witness consultants each fiscal year as a matter goes to trial.

Office of Administrative Services – Three positions

- **Three AGPAs** would support administrative services for the new employees in this proposal, including accounting, budgeting, human resources, training, and organizational effectiveness and business management.

Office of Technology and Innovation – Five positions and consultant resources

- **One Information Technology Supervisor II** position would organize and direct the work of system admins, system engineers, and cloud infrastructure engineers to ensure high system availability, security, and operability required to support a high-volume of litigation and ensure compliance with SB 858.
- **One Information Technology Specialist II** position would serve as the System Engineer and be responsible for formulating and executing various system queries in response to information request from DMHC offices.
- **Three Information Technology Specialist I** positions would expand workload capacity in the Office of Technology and Innovation, including application/system development and support, procurement and management of IT assets, data security, and supporting staff IT needs.

- **Consultant resources** of $2.8 million in 2023-24 would support a consultant to implement enhancements to the corrective action plan system and develop a department-wide tracking system to allow addition of new corrective action plan types and associated workflows.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)

Issue 1: Overview and Open Enrollment Update

Background. The federal Patient Protection and Affordable Care Act (ACA) implemented significant improvements to health care coverage offered in the individual health insurance market. Beginning in September 2010, ACA individual market reforms:

1. Eliminated lifetime limits on coverage.
2. Prohibited post-claims underwriting and rescission of policies.
3. Required health plans to offer coverage to dependent children up to age 26.
4. Eliminated pre-existing condition exclusions for children.
5. Eliminated copays and other cost sharing provisions for 45 preventive services.
6. Required health plans to spend at least 85 percent of premium dollars on health expenditures or provide rebates to customers (effective January 2012).

According to federal data, by 2013, more than eight million Californians received access to no-cost preventive services and 1.4 million residents with private insurance coverage received $65.7 million in insurance company rebates.

Beginning in January 2014, the ACA implemented additional market reforms and required establishment of health benefit exchanges, which provide federally subsidized health care coverage to individuals with incomes between 138 and 400 percent of the federal poverty level (FPL). California established its own health benefit exchange, Covered California, funded by assessments on health plan premiums. Covered California offers several options for individual health care coverage negotiated for cost and quality with health plans. Enrollment occurs during an annual open enrollment period that begins November 1 and ends January 31. The ACA requires all health insurance products, with some exceptions, to cover certain essential health benefits to be considered minimum essential coverage. These benefits include:

- Ambulatory patient services
- Prescription drugs
- Emergency services
- Rehabilitative and habilitative services and devices
- Hospitalization
- Laboratory services
- Maternity and newborn care
- Preventive and wellness services and chronic disease management
- Mental health and substance use disorder services, including behavioral health treatment
- Pediatric services, including oral and vision care

Metal Tiers for Health Insurance Products in Covered California. Consumers purchasing coverage in the Covered California health benefit exchange may choose from different "metal tiers" that determine the level of coverage and cost-sharing amounts provided by the product. According to Covered California, the metal tiers provide coverage as follows:

- **Bronze:** On average, Bronze health plans pay 60 percent of medical expenses, and consumers pay 40 percent.

- **Silver:** On average, Silver health plans pay 70 percent of medical expenses, and consumers pay 30 percent. Certain income-eligible individuals may qualify for an Enhanced Silver plan, which provides coverage with lower cost-sharing. Individuals in these savings categories get the benefits of a Gold or Platinum plan for the price of a Silver plan. The three categories of Enhanced Silver plans pay 94, 87 or 73 percent of medical expenses.

- **Gold:** On average, Gold health plans pay 80 percent of medical expenses, and consumers pay 20 percent.

- **Platinum:** On average, Platinum health plans pay 90 percent of medical expenses, and consumers pay 10 percent.

Figure 1. Metal Tiers of Coverage in Covered California Health Benefit Exchange
Source: *Covered California website: "Coverage Levels/Metal Tiers" https://www.coveredca.com/individuals-and-families/getting-covered/coverage-basics/coverage-levels/*

Advance Premium Tax Credit Subsidies. The ACA subsidizes health care coverage purchased in health benefit exchanges, such as Covered California, for individuals between 138 and 400 percent of the FPL. The subsidies are provided in the form of advance premium tax credits (APTC), which reduce the amount of premium paid by income-eligible consumers purchasing coverage on the exchange. The amount of the APTC is linked to the cost of the second-lowest cost Silver plan in a consumer's coverage region. The APTC is meant to ensure that consumers are required to spend no more than two percent to 9.6 percent of their income for Silver plan premiums. Consumers may use the APTC subsidy amount to purchase other metal tiers of coverage that may be less expensive (e.g. Bronze) or more expensive (e.g. Gold or Platinum).

Individual Mandate Penalty and Cost-Sharing Reductions. In addition to individual market reforms and new coverage options, the ACA eliminated pre-existing condition exclusions for adults beginning in 2014, and imposed a requirement that individuals enroll in health plans that offer minimum essential coverage or pay a penalty, known as the individual mandate penalty. The individual mandate penalty was designed to stabilize premiums by encouraging healthy individuals to enroll in health coverage and reduce the overall acuity of health insurance risk pools. Because health plans cannot deny coverage based on a pre-existing condition, in the absence of a mandate penalty, individuals may delay enrolling in coverage until they are diagnosed with a high-cost health condition, resulting in higher overall plan expenditures, which lead to higher premiums. The ACA also limited the amount of cost-sharing that could be required of plan beneficiaries with incomes under 250 percent of the FPL. These cost-sharing reductions result in

savings to beneficiaries on deductibles, copayments, coinsurance, and maximum out-of-pocket costs. Until 2017, the federal government provided cost-sharing reduction subsidies to health plans to help mitigate the costs of limiting cost-sharing amounts for these beneficiaries. These subsidies were designed to maintain those cost-sharing limits while reducing higher premium costs that would otherwise be required.

Elimination of Cost Sharing Reduction Subsidies and Repeal of Individual Mandate. In October 2017, the federal Administration eliminated cost-sharing reduction subsidies that prevented premium growth due to ACA requirements that limited cost-sharing for health plan beneficiaries with incomes under 250 percent of the FPL. According to Covered California, the loss of these subsidies resulted in an annual reduction of approximately $750 million of federal funds available to reduce premiums. According to the Kaiser Family Foundation, health plans imposed resulting cost-sharing reduction surcharges ranging from seven to 38 percent on premiums beginning in 2018. In addition, recently enacted federal tax legislation included a reduction to zero of the individual mandate penalty for failing to purchase health care coverage. The reduction took effect for coverage in the 2019 calendar year.

State Subsidy Program and State Individual Mandate Penalty. The 2019 Budget Act included General Fund expenditure authority of $428.6 million in 2019-20, $479.8 million in 2020-21, and $547.2 million in 2021-22 to provide state premium subsidies for individuals up to 600 percent of the FPL purchasing health care coverage in Covered California. Approximately 17 percent of the funds supplemented federal APTC subsidies for individuals with incomes between 200 and 400 percent of the FPL (between $51,500 and $103,000 for a family of four) and approximately 83 percent for individuals with incomes between 400 and 600 percent of the FPL (between $103,000 and $154,500 for a family of four). The funding also covered full premium costs for individuals below 138 percent of the FPL ($35,500 for a family of four). In addition, the 2019 Budget Act included trailer bill language to implement a penalty on individuals that fail to maintain minimum essential coverage during a coverage year, to encourage enrollment in the absence of the federal individual mandate penalty. The minimum penalty is $695 for adults in a household and $347.50 for each child. The revenue from the penalty was intended to offset General Fund expenditures for the state subsidy program. According to Covered California, as of June 2020, approximately 598,000 individuals received state subsidies, with 546,000 under 400 percent of the FPL receiving an average of $14 per month and 42,000 between 400 and 500 percent of the FPL receiving an average of $301 per month.

The Federal American Rescue Plan and Inflation Reduction Act Offer More Generous Subsidies. In March 2021, President Biden signed the American Rescue Plan (ARP), which makes a significant investment in advance premium tax credits (APTC) to improve affordability for consumers seeking health care coverage in health benefit exchanges, including Covered California. For the 2021 and 2022 plan years, the ARP removes the income eligibility cap on APTC premium subsidies, which previously limited subsidies to individuals at or below 400 percent of the FPL. The ARP provides subsidies so that no individual at any income level will have to pay more than 8.5 percent of their income for a silver plan in an ACA marketplace, such as Covered California. In addition, no individual with income below 150 percent of the FPL, or any individual that receives unemployment insurance payments at any point in 2021, will pay any premiums at all for silver level coverage.

As a result of the more generous subsidies provided by the ARP, the three-year state premium subsidy program implemented by the 2019 Budget Act was subsumed by the new federal subsidies. The state

subsidy program was designed to limit individuals between 400 and 600 percent of the FPL to spending between 9.68 percent and 18 percent of income on premiums. Because the ARP caps premiums at 8.5 percent for all income levels, no state premium subsidy is necessary to reach the required contribution levels included in the state premium subsidy design. As a result, the 2021 Budget Act reverted General Fund expenditure authority of $405.6 million in 2021-22 to reflect savings in the state subsidy program resulting from the more generous federal premium subsidies. On August 16, 2022, President Biden signed the Inflation Reduction Act, which extended the ARP subsidies through the 2025 plan year.

Health Care Affordability Reserve Fund and Marketplace Affordability Report. The 2021 Budget Act also included trailer bill language to establish the Health Care Affordability Reserve Fund, as well as a transfer of General Fund resources of $333.4 million, which is the revenue the Administration estimated the state would receive from the individual mandate penalty. The reserve fund was meant to provide available resources to support state subsidies if the more generous federal subsidies are not extended beyond the 2022 coverage year, or if the state implements future health care affordability measures.

In addition to establishing the fund, the trailer bill language required Covered California to prepare a report by January 1, 2022, with options for utilizing the Health Care Affordability Reserve Fund to further improve affordability or cost-sharing requirements, including timelines and system requirements for implementation.

2023 Open Enrollment Update. The 2023 Open Enrollment period began on November 1st, 2022, and closed on Monday, January 31st, 2023, for the 2023 coverage year. The 2023 Open Enrollment continued to benefit from implementation of more generous federal subsidies from the American Rescue Plan, extended by the Inflation Reduction Act, as well as implementation of a one-dollar state subsidy program to allow for zero-dollar premiums for income-eligible individuals.

According to Covered California, as of January 29, 2023, with two days remaining of the open enrollment period, nearly 1.8 million Californians enrolled in coverage through the Covered California health benefits exchange, including more than 1.5 million Californians renewing coverage and 240,000 newly enrolled. According to Covered California, Inflation Reduction Act subsidies have allowed two-thirds of Covered California enrollees to be eligible for coverage that costs $10 or less per month.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested Covered California to respond to the following:

1. Please provide a brief overview of Covered California's mission and programs.

2. Please provide an update on enrollment in Covered California during the most recent open enrollment period.

Issue 2: Budget Solution - California Premium Subsidy Program Reversion to General Fund

Trailer Bill Language and Budget Solution – Governor's Budget. The Administration proposes trailer bill language to transfer $333.4 million from the Health Care Affordability Reserve Fund to the General Fund, while stating the intent of the Legislature to restore funding when federal subsidies expire in the 2025-26 fiscal year.

Inflation Reduction Act Continues ARP Subsidies and Implements Other Programs. The Inflation Reduction Act, signed by President Biden in August 2022, extends the generous federal premium subsidies implemented by the American Rescue Plan (ARP) for three years, until the 2025 plan year. Extension of the federal subsidies continues to subsume the state's previously enacted state subsidy program, which should allow those resources to be devoted to additional support to make coverage more affordable such as yet more generous premium subsidies, or subsidies to reduce or eliminate deductibles, co-pays, or other cost-sharing. If the federal subsidies are not extended after the 2025 plan year, the state would likely need to consider implementation of a replacement subsidy program to prevent a drastic increase in premiums year-over-year and a concomitant reduction in take-up of coverage in the exchange. Covered California estimates failure to extend the federal subsidies would result in a loss of approximately $1.6 billion annually in premium support to California consumers.

Health Care Affordability Reserve Fund and Marketplace Affordability Report. The 2021 Budget Act included trailer bill language to establish the Health Care Affordability Reserve Fund, as well as a transfer of General Fund resources of $333.4 million, which is the revenue the Administration estimates the state received from the individual mandate penalty that year. The reserve fund was meant to provide available resources to support state subsidies if the more generous federal subsidies were not extended beyond the 2022 coverage year, or if the state implement future health care affordability measures.

In addition to establishing the fund, the trailer bill language required Covered California to prepare a report by January 1, 2022, with options for utilizing the Health Care Affordability Reserve Fund to further improve affordability or cost-sharing requirements, including timelines and system requirements for implementation.

Bringing Care Within Reach. In January 2022, Covered California released its report, titled "Bringing Care Within Reach – Promoting California Marketplace Affordability and Improving Access to Care in 2023 and Beyond". The report included options for use by policy makers under three potential scenarios:

1) **American Rescue Plan premium subsidies expire after 2022** – In this scenario, the state would have needed to evaluate options to backfill the loss in federal premium support to avoid drastic increases in consumer premium costs.
2) **American Rescue Plan premium subsidies are extended with federal cost-sharing support** – In this scenario, the state would continue to benefit from generous ARP subsidies and significant additional federal resources would be available to support cost-sharing reduction subsidies for three years.
3) **American Rescue Plan premium subsidies are extended without federal cost-sharing support** – In this scenario, the state would need to consider utilizing its own funds to implement a cost-sharing reduction subsidy program.

In addition to its evaluation of options for subsidies, the report also evaluated operational or other technical challenges to implementing any of the subsidy options. This evaluation includes information about the work that Covered California staff would have to perform to design and implement a new subsidy program.

Focus on Cost-Sharing Reduction Subsidy Options. In general, the report focuses on scenarios 2) and 3) in which the ARP premium subsidies are extended with or without federal cost-sharing support, respectively. The Inflation Reduction Act extended ARP premium subsidies without federal cost-sharing support, consistent with scenario 2).

The report provides various options for cost-sharing reduction subsidies and estimates three levels of cost estimates for each option based on the level of plan switching that occurs due to changes in cost-sharing provisions. The report provides an illustration of seven options, four of which could have been supported by the $333.4 million in the Health Care Affordability Reserve Fund, and three of which could be supported with additional federally-funded cost-sharing reduction subsidies, such as those that were contained in the federal Build Back Better Act. The options presented in the report are as follows:

- **Option 1: Actuarial Value (AV) 95/90/85/80 with no deductibles ($475 million to $626 million).** In this option, cost-sharing reduction support would be expanded to all enrollees up to 600 percent of the federal poverty level (FPL). Coverage generosity would be increased with new cost-sharing reduction (CSR) plan actuarial values set to 95, 90, 85 and 80. All individuals above 150 percent of FPL would be upgraded from their existing plans. As modeled, all deductibles would be eliminated under this option. This is the only modeled option that incorporates CSR enhancements above 400 percent of FPL.

- **Option 2: AV 95/90/85 with no deductibles ($463 million to $604 million).** In this option, CSR support would be expanded to all enrollees up to 400 percent of the FPL. Coverage generosity would be increased with new CSR plan actuarial values set to 95, 90 and 85. All individuals above 150 percent of FPL would be upgraded from their existing plans. As modeled, all deductibles would be eliminated under this option.

- **Option 3: Affordable Care Act cost-sharing reduction plan upgrade with no deductibles and Gold AV for individuals between 300 and 400 percent of the FPL ($386 million to $489 million).** In this option, cost-sharing reduction support would be expanded to all enrollees up to 400 percent of the FPL. Individuals between 150 and 200 percent of the FPL would be upgraded from a Silver 87 to a Silver 94 plan with no deductibles, and individuals between 200 and 300 percent of the FPL would be upgraded from a Silver 73 to a Silver 87 plan with no deductibles. Individuals between 300 and 400 percent of the FPL would receive a new Silver 80 plan. As modeled, all deductibles would be eliminated under this option.

- **Option 4: Affordable Care Act cost-sharing reduction plan upgrade with no deductibles and Gold AV for individuals between 250 and 400 percent of the FPL ($362 million to $452 million).** In this option, cost-sharing reduction support would be expanded to all enrollees up to 400 percent of the FPL. Individuals between 150 and 200 percent of the FPL would be upgraded from a Silver 87 to an existing Silver 94 plan, and individuals between 200 and 250 percent of the FPL would be upgraded

from a Silver 73 to an existing Silver 87 plan. Individuals between 250 and 400 percent of the FPL would receive a new Silver 80 plan. As modeled, all deductibles would be eliminated under this option.

- **Option 5: Affordable Care Act cost-sharing reduction plan upgrade for individuals between 150 and 250 percent of the FPL ($278 million to $322 million).** In this option, eligibility for CSR plans would remain at 250 percent of the FPL, but individuals between 150 and 200 percent of the FPL would be upgraded from a Silver 87 to an existing Silver 94 plan, and individuals between 200 and 250 percent of the FPL would be upgraded from a Silver 73 to an existing Silver 87 plan. Deductibles would not be eliminated in this option, which would potentially prevent the need for benefit-design changes in 2023.

- **Option 6: Affordable Care Act cost-sharing reduction plans with no deductibles and Gold AV for individuals between 200 and 400 percent of the FPL ($128 million to $189 million).** In this option, CSR support would be expanded to all enrollees up to 400 percent of the FPL. Individuals between 200 and 400 percent of the FPL would receive a new Silver 80 plan. As modeled, all deductibles would be eliminated under this option.

- **Option 7: Affordable Care Act cost-sharing reduction plans with no deductibles ($37 million to–$55 million).** In this option, cost-sharing reduction support would be expanded to all enrollees up to 400 percent of the FPL. State funding would be used to eliminate all deductibles in existing CSR plans and upgrade the Silver base plan to a Silver 73 for individuals between 250 and 400 percent of the FPL.

Operational Assessment. In addition to presenting options for cost-sharing reduction subsidies, the report also provides an operational assessment for implementing a state-administered cost-sharing reduction program for benefit year 2023. According to Covered California, the major operational work streams for implementing a cost-sharing reduction program include: 1) development of the benefit design; 2) development of a payment methodology; 3) enrollment forecasting and budgeting; 4) system changes for the eligibility determination process; 5) development and implementation of enrollment processes; 6) planning for education and outreach to consumers and stakeholders; 7) process for cost-sharing reduction payments to carriers; 8) consideration of state risk-adjustment provisions; and 9) renaming of plans to match the new value with cost-sharing reduction subsidies.

2022 Budget Act Authorized Cost-Sharing Reduction Subsidies for 2023. The 2022 Budget Act included expenditure authority of $304 million for Covered California subsidies for the 2023 plan year. Provisional language provided two options: 1) if ARP subsidies were not extended, the funding would be used to reinstate the previous state premium subsidy program implemented prior to ARP; or 2) if ARP subsidies were extended the funds would be available to provide an alternative program of financial assistance pursuant to the program design adopted by Covered California.

In June 2022, the Covered California Board adopted a contingent program design that would have implemented a significant cost-sharing reduction subsidy in the event the ARP subsidies were extended. The program design, based on Option 5 in the "Bringing Care Within Reach" report, would have eliminated deductibles of up to $4,750 and reduced copayments by between 20 and 40 percent for Covered California consumers. However, the Department of Finance did not approve the program design adopted by the Covered California Board, resulting in no additional support for California healthcare consumers.

According to Covered California, the program design would have provided the following benefits:

1) Eliminated deductibles for individuals with income at or below 200 percent of the federal poverty level (FPL) as compared to Covered California's standard Silver 94 and Silver 87 products.

2) Provided an enhanced cost-sharing reduction benefit for individual between 200 and 600 percent FPL. Under the Affordable Care Act, federal funding to lower out-of-pocket costs is only available for individuals with income at or below 250 percent FPL. Under the state enhanced design, a new plan would have been offered with "Gold" level benefits at a lower "Silver" level premium price. The benefit would have had lower copays relative to the standard Silver plan (e.g., $30 office visit compared to $45 office visit and $10 generic drugs compared to $16) without a deductible.

Covered California reports, based on estimates for the most recent Open Enrollment period, that had the enhanced cost sharing reduction program been implemented:

- Approximately 540,000 Covered California consumers would have had their deductibles eliminated.
- Approximately 375,000 Covered California consumers with incomes between 200 and 600 percent FPL would have been able to upgrade from a Silver plan to a Gold plan with no deductibles and lower copayments and cost-sharing.

Administration Proposes to Revert Penalty Revenue Back to the General Fund. The Administration proposes trailer bill language to transfer $333.4 million from the Health Care Affordability Reserve Fund to the General Fund, while stating the intent of the Legislature to restore funding when federal subsidies expire in the 2025-26 fiscal year. The Administration proposes this measure as a budget solution to address the General Fund shortfall in the 2023-24 fiscal year.

As previously discussed, this amount is the estimate of what the state would have received from the individual mandate penalty in the 2021 calendar year. Individual mandate penalty revenue is deposited in the General Fund when received by taxpayers during tax filing. The 2019-20 fiscal year was the only year Covered California offered a state-based premium subsidy program. However, beginning in the 2020-21 plan year, the state implemented a $20 million program to cover the $1 per member per month premium required under the Affordable Care Act for abortion services.

Based on Department of Finance revenue statements, the total revenue received from the individual mandate penalty since its implementation, and use of General Fund for Covered California subsidies is as follows:

Fiscal Year	Mandate Penalty Revenue	Covered CA State Subsidies
2019-20	$0	$252,204,000
2020-21	$417,610,000	$83,000,000
2021-22	$334,035,000	$20,000,000
2022-23 (estimated)	$334,035,000	$20,000,000
2023-24 (estimated)	$357,072,000	$20,000,000
TOTAL	$1,442,752,000	$395,204,000

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested Covered California to respond to the following:

1. Please provide an overview this proposal.

2. The 2022 Budget Act implemented a multitude of significant expenditure increases. Why did the Administration prioritize reducing Covered California's capacity to lower healthcare costs for low- and middle-income consumers, particularly given the ongoing revenue the state receives from the individual mandate penalty?

3. Does the Administration believe individual mandate penalty revenue should continue to flow into the General Fund indefinitely, or should this tax on Californians that cannot afford health coverage be used to help those same Californians better afford health coverage?

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

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

Consultant: Elizabeth Schmitt

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.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: Preventing Older Adult Homelessness– Home Safe, Housing and Disability Advocacy Program, and Community Care Expansion

The Subcommittee has invited the following individuals to participate in this discussion:

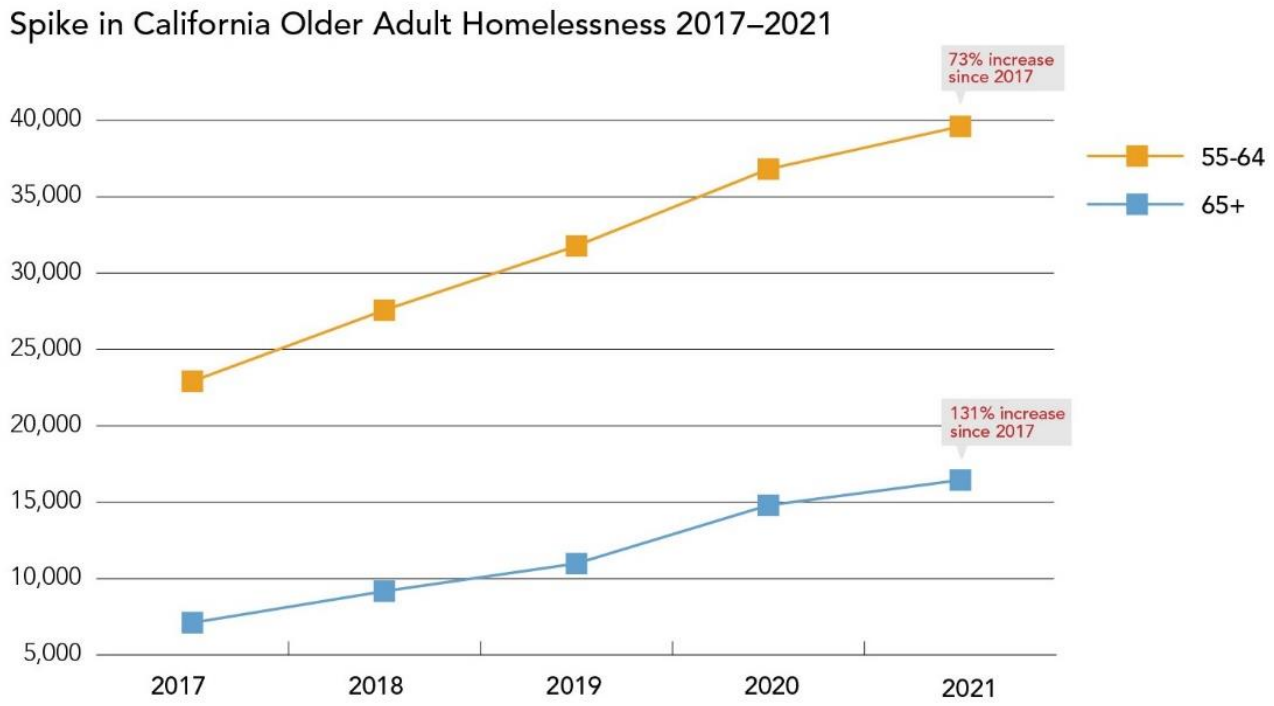
- Patti Prunhuber, Director of Housing Advocacy, Justice in Aging
- Claire Ramsey, Chief Deputy Director, and Hanna Azemati, Deputy Director of Housing and Homelessness Division, California Department of Social Services
- Trent Rhorer, Executive Director, San Francisco Human Services Agency
- Lito Morillo, Director, Kern County Human Services Department
- Rebecca Watson, Esq., Managing Director, Change Well Project
- Jonathan Russell, Chief Strategy and Impact Officer, Bay Area Community Services
- Michael Weinstein, CFO and Founding Partner, and Lynda Kaufmann, Director of Government and Public Affairs, Psynergy Programs.

Background. Older adults represent the fastest growing age group of California's homeless population. In recent years, California has invested in creating and expanding programs under the CDSS Housing and Homelessness Division that target housing supports to specific older adult populations, including those who are clients of Adult Protective Services (APS), those who are likely eligible for disability benefits, and those in need of care in a residential facility, such as a Residential Care Facility for the Elderly (RCFE). While there are a variety of state and local programs that serve the broader homeless population, this issue is focused on the following CDSS Housing and Homeless Division programs: Home Safe, Housing and Disability Advocacy Program (HDAP), and Community Care Expansion (CCE).

Older Adult Homelessness. Approximately 45 percent of unhoused Californians in adult-only households who came into contact with the homelessness response system in 2020-21 were age 50 or older.[1] Older Black Californians are overrepresented in those individuals experiencing homelessness, even when accounting for differential poverty rates. Black Californians make up 5.6 percent of the state's population and 31 percent of those accessing homeless services. High rent burdens, coupled with financial and medical emergencies, can push low-income older adults into homelessness. Experiencing homelessness is already tied to severe health declines; research shows unhoused adults develop similar rates of geriatric conditions as housed adults who are 20 years older. Older renters, especially those on Supplementary Security Income (SSI), are more likely to be rental cost-burdened because they have lower

[1] Davalos, Monica & Kimberlin, Sara, "Who is Experiencing Homelessness in California?" California Budget and Policy Center, February 2022.

incomes than the overall population.[2] The chart below represents the rise in older adult homelessness from 2017-2021.



Source: Justice in Aging, data from California Interagency Council on Homelessness.

Master Plan for Aging. California's Master Plan for Aging is a comprehensive framework to prepare the state for the growth of the 60-and-over population to 10.8 million people by 2030, when older adults will make up one-quarter of the state's population. The Master Plan for Aging outlines five goals and 23 strategies to build a California for All Ages by 2030. Goal One of the Master Plan for Aging is "Housing for All Stages & Ages," with the target of developing new housing options for Californians to age well. This includes the production, protection, and preservation of affordable housing, including residential care facilities.

Home Safe Program. The Home Safe program supports the safety and housing stability of people involved in Adult Protective Services, or those in the process of intake. The program provides a range of housing interventions including housing-related intensive case management, housing-related financial assistance, deep cleaning to maintain safe housing, mobility modifications, eviction prevention, and landlord mediation. All counties participate in the program. As of June 2022, over 4,300 people have received assistance through the program. More than 1,900 "instances of housing financial assistance" (such as rent payments or deposits) have been provided, and over 1,200 individuals were connected to the local coordinated entry system. According to an interim report by University of California San Francisco, housing was retained for 85 percent of Home Safe participants for whom data was available 6 months post-program exit.

[2] Justice in Aging, "California's Older Low-Income Renters Face Unaffordable Rents, Driving Housing Instability & Homelessness, July 2021.

Home Safe received one-time investments of $92.5 million in both the Budget Act of 2021 and the Budget Act of 2022 to expand the program over multiple years.

In 2021-22, Home Safe enrolled 2,387 new individuals, for a total of 3,001 total individuals served. Over 635 "instances of housing assistance" were provided in 2021-22, which could include new permanent housing or retention of existing housing. This is likely an undercount, as it reflects program participants at all stages of enrollment, including those who have not yet received the full array of services and housing interventions. In addition, approximately 100 instances of housing relocation services were provided to program participants in FY 2021-22 for those individuals who needed to relocate to achieve stable housing.

Housing and Disability Advocacy Program (HDAP). HDAP assists people experiencing or at risk of homelessness, who are also likely eligible for federal disability benefits, known as Supplemental Security Income (SSI). The program provides outreach, case management, benefits advocacy, and housing supports. Fifty-seven counties and two tribes participate in the program. Grantees operating local HDAPs must work in collaboration and coordination with the greater homelessness response system and participate in their local homeless Continuum of Care (CoC) and Coordinated Entry System (CES) to ensure populations with the highest needs are given the highest priority for HDAP services.

Program entry for HDAP varies at the local level. Participants may be screened through Homeless Outreach Teams and referred to the program; some counties identify eligible participants via locally run General Assistance or General Relief programs. There may also be crossover with other CDSS programs including Project Roomkey and Home Safe. CDSS reports that many HDAP grantees connected clients to the program through outreach at local Project Roomkey sites, which made it easier to locate the client, assess them for HDAP eligibility, connect them with a social worker and individualized social services including behavioral health services when applicable, and eventually rehouse them.

HDAP received $175 million ($150 million one-time, $25 million ongoing) in both the 2021 Budget Act and the 2022 Budget Act to expand the program. In addition, local match requirements were waived, and the program was expanded to serve individuals at risk of homelessness rather than individuals who are already homeless.

Since 2017, HDAP has helped 2,600 people find permanent housing and 6,000 SSI applications have been submitted. Of the 6,000 applications submitted in FY 2020-21, the majority are still awaiting an eligibility determination from the federal Social Security Administration (SSA). Of the 1,800 disability applications that have a determination, 1,400 have been approved, which equates to a 78 percent approval rate.

The high number of SSI applications submitted through the HDAP program that are pending a decision likely reflects the impacts of the closure of federal SSA field offices from March 2020 until April 2022, which caused significant delays and a general backlog of disability applications. Grantees report that not all necessary documents for filing applications were made available online, and that it was extremely difficult to contact SSA by phone. According to CDSS, HDAP grantees also report continued challenges with coordinating participants' necessary medical care, and advocates' ability to request medical records adequately and consistently in support of ongoing disability benefit claims.

Technical Assistance. To support the needs of counties to expand local HDAP and Home Safe programs, CDSS partners with the Change Well Project to provide regular and targeted technical assistance to grantees.

Community Care Expansion (CCE). The CCE program funds the acquisition, construction, and rehabilitation of adult and senior care facilities that serve applicants and recipients of Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI), including individuals who are at risk of or experiencing homelessness. Funds are also available to preserve residential care settings, including through operating subsidies for existing licensed adult and senior care facilities currently serving SSI or CAPI recipients.

CCE is part of a statewide investment in infrastructure funding to address homelessness, support healthcare delivery reform, and strengthen the social safety net. The California Health and Human Services Agency has bundled the CCE program with another program, the Behavioral Health Continuum Infrastructure Program (BHCIP). This item will only discuss CCE.

The 2021 Budget Act provided a total of $805 million general fund over three years for the CCE program. $55 million of that total is set aside to provide operating funds to existing licensed Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs). $450 million of the program funding is from the federal American Rescue Plan Act (ARPA) and the Coronavirus Fiscal Recovery Fund. These federal funds must be obligated by June 2024 and liquidated by December 2026. The 2022 Budget Act included an additional $55 million in one-time funding for operating subsidies for licensed facilities.

To date, CCE has funded 32 projects in 16 counties, with 1,172 proposed beds/units totaling $207 million. The CCE has two primary components:

CCE Capital Expansion Program. CCE Capital Expansion funds the acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to five years. Under the CCE Capital Expansion Program. $570 million is available for the acquisition, rehabilitation, and construction of adult and senior care facilities serving SSI/SSP and CAPI applicants and recipients. To date, $206.5 million of the $570 million available funds have been awarded to grantees. Applicants for CCE Capital Expansion are accepted on a rolling basis until funds are exhausted. The joint application was published in collaboration with Department of Healthcare Services Behavioral Health Continuum Infrastructure Program (BHCIP) Round 3 Funding.

CCE Preservation Program. CCE Preservation is intended to immediately preserve and prevent the closure of existing licensed residential adult and senior care facilities, including Residential Care Facilities for the Elderly (RCFEs), Adult Residential Facilities (ARFs), or Residential Facilities for the Chronically Ill. This includes funds for capital projects and funds for operating subsidies.

On June 10, 2022, CDSS announced a statewide total of $197 million in noncompetitive allocations to 35 participating counties with currently licensed facilities serving qualified residents. Of this funding, $110 million has been appropriated for operating subsidy payments (OSP) to cover potential or projected operating deficits in existing residential adult and senior care facilities so they can avoid closure, and

$142.5 million has been appropriated for capital projects that allow facilities to make essential physical repairs or necessary upgrades to avoid closure or make the facility compliant with licensing standards.

An additional funding announcement was issued on December 14, 2022 for the additional $55 million available in operating subsidy payments passed in the 2022 appropriation. The purpose of this funding is to bridge the gap in operational costs for licensed facilities serving SSI/SSP and CAPI recipients. This $55 million in operating subsidy funds will be awarded in the coming months. CDSS is currently working with counties to design and launch the local programs. Counties recently submitted CCE Preservation Implementation Plans detailing their intended program design, plans for facility outreach and prioritization, estimated length of time operating subsidies will be made available, and how funds will be monitored. CDSS is in the process of reviewing plans and will continue to support counties in implementing their local programs. CDSS anticipates that local programs will be operational in late spring or early summer 2023.

One of the key goals of the CCE is to promote the sustainability of existing licensed residential adult and senior care facilities that serve clients receiving SSI/SSP. Licensing data shows that between 2019 and 2022, residential care facilities that house clients receiving SSI/SSP have experienced a roughly five percent decrease in total capacity. Specifically, Residential Care Facilities for the Elderly (RCFEs) housing clients receiving SSI/SSP experienced an approximately eight percent decrease in capacity.

CDSS partners with Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, to implement CCE and to provide technical assistance. This technical assistance includes consultation with applicants and grantees, on-site visits, specialized assistance on topics such as permit and licensing requirements, construction plans, oversight and management, braiding of funds, workforce development strategies, racial equity, serving diverse and complex individuals, and leveraging Medicaid and other funding sources.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the Home Safe, HDAP, and CCE programs. How are these programs serving older adults who are homeless or at risk of becoming homeless?

2. Please provide an update on the implementation of investments in the 2021 and 2022 Budget Acts to expand the Home Safe and HDAP programs, and to establish the CCE program. What is the impact of these investments, and what are the preliminary outcomes?

3. Please describe the Capital Expansion and Preservation aspects of the CCE program. How is the CCE program preventing closures of licensed residential care facilities and expanding the licensed capacity for facilities serving individuals on SSI?

4. Please describe state and local challenges implementing these programs and how funds designated for technical assistance are supporting counties and grantees.

Issue 2: Overview – Housing and Homelessness Division

Background. The CDSS Housing and Homelessness Division develops, implements, monitors, and supports seven statewide housing programs that function at the intersection of housing and social services. Each of the seven housing programs serves a distinct population that is generally connected to a different program administered by CDSS:

- The CalWORKs Homeless Assistance (HA) program and the CalWORKs Housing Support Program (HSP) provide housing support to families who are eligible for CalWORKs.
- The Bringing Families Home (BFH) program provides housing support to families involved in the child welfare system.
- The Housing and Disability Advocacy Program (HDAP) provides housing support to individuals who are likely eligible for disability benefits.
- The Home Safe Program provides housing support to older adults who are clients of Adult Protective Services.
- Project Roomkey (PRK) provides housing support to vulnerable individuals at risk of COVID-19.
- The Community Care Expansion (CCE) provides funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve recipients or applicants of SSI/SSP and CAPI, including those experiencing homelessness or at risk of homelessness.

The 2021 Budget Act invested $2 billion into CDSS housing and homelessness programs. A summary of these investments is below:

Program	**Prior to FY 2021-22**	**FY 2021-22**	**FY 2022-23**
CalWORKs Homeless Assistance	$66.5 million in 2019-20; Entitlement program	Entitlement program	Entitlement Program
CalWORKs Housing Support Program	$95 million ongoing	$285 million • $95 ongoing • $190 million one-time	$285 million • $95 ongoing • $190 million one-time
Bringing Families Home	$25 million (Pilot July 2019 and June 2022)	$92.5 million one-time (plus remainder of 2019 pilot funds)	$92.5 million one-time

Housing and Disability Advocacy Program	$25 million ongoing	$175 million • $25 million ongoing • $150 million one-time	$175 million • $25 million ongoing • $150 million one-time
Home Safe	$15 million (Pilot July 2018 and June 2021, extended to June 2022)	$92.5 million one-time (plus remainder of pilot funds)	$92.5 million one-time
Project Roomkey	$62 million in 2020-21	$150 million one-time	Unspent funds re-appropriated to 2022-23
Community Care Expansion	--	$805 million (available over three years; proposed GF to be encumbered by June 2027)	$55 million (one-time)

Additional flexibilities were included in the 2021 Budget Act to support the unique needs of families and individuals served by these programs. First, local match requirements were temporarily waived for Home Safe, HDAP and BFH. This change allows previously underrepresented communities, including tribes and smaller counties, to participate in programs and access services, and helps existing programs expand their access to meet the levels of need in their communities. Second, except for Project Roomkey, all of the above programs now have a portion of funding used for the prevention of homelessness, rather than serving only those who are already experiencing homelessness.

Governor's Budget. The 2022 Budget Act included $700 million ($517.3 million General Fund) for CDSS housing and homelessness programs. The 2023-24 Governor's Budget includes $122.9 million ($61.5 million General Fund) for housing and homelessness programs in 2023-24. This represents a net decrease of $577.1 million total funds ($455.8 million General Fund) from the 2022-23 Revised Budget. The decrease reflects the one-time funding display of $525 million for items with multi-year spending authority including HSP, BFH, Home Safe, and HDAP. This decrease also reflects the one-time funding for operating subsidies for senior care facilities included in the 2022 Budget Act. This is slightly offset by an increase of $2 million for funds drawn from the tax contributions dedicated to School Supplies for Homeless Children.

Housing and Homelessness programs administered by CDSS include:

CalWORKs Homeless Assistance (HA). The CalWORKs HA program was established to help families in the CalWORKs program secure or maintain permanent housing or to provide emergency shelter when a family is experiencing or at risk of homelessness. The program is an entitlement benefit available in all 58 counties. Assistance can be temporary or permanent:

- *Temporary assistance* includes a daily payment of $85 per day for a family of four (and $15 for each additional family member) for up to 16 calendar days within a 12-month period. Families fleeing violence are eligible for 32 days of temporary assistance within a 12-month period.

- *Permanent assistance* provides security deposit costs or up to two months of rent arrearages.

In 2021-22, 44,550 families received temporary HA and 2,705 received permanent HA, for a total of 47,255 families served.

CalWORKs Housing Support Program (HSP). The CalWORKs HSP is intended to foster housing stability for families experiencing or at risk of homelessness in the CalWORKs program. The program provides assistance as quickly as possible without preconditions. Supports include financial assistance as well as housing-related wraparound support services. Currently, 55 counties participate in the program. In 2020-21, over 3,400 families were housed through the program. More than 30,500 families have been permanently housed through the program since its inception in 2014.

Bringing Families Home (BFH) Program. The BFH program aims to reduce the number of families in the child welfare system experiencing or at risk of homelessness, increase the number of families reunifying, and prevent foster care placement. Currently, 51 counties and one tribe participate in the program. The program offers financial assistance and housing-related wraparound services. From the start of the program in 2016 through June 2022 more than 3,900 families have been served and over 2,000 have been permanently housed. Participants have reported that the program provides the stability families need to reunify and better achieve their child welfare case plan goals. In 2021-22, CDSS has continued its partnership with University of Southern California Children's Data Network and University of California Berkeley California Policy Lab for evaluation efforts. CDSS anticipates final evaluation findings to be available in spring 2023; however preliminary findings show that most of the families who exited the program exited to permanent housing and an additional 14 percent exited to either community-provided or temporary housing. Only three percent reported exiting to homelessness.

Housing and Disability Advocacy Program (HDAP). HDAP assists people experiencing or at risk of homelessness, who are also likely eligible for disability benefits. The program provides outreach, case management, benefits advocacy, and housing supports. Fifty-seven counties and two tribes participate in the program. More information on HDAP is included in Issue 1 of this agenda.

Home Safe Program. The Home Safe program supports the safety and housing stability of people involved in Adult Protective Services, or those in the process of intake. The program provides a range of housing interventions including housing-related intensive case management, housing-related financial assistance, deep cleaning to maintain safe housing, mobility modifications, eviction prevention, and landlord mediation. All counties participate in the program. More information on the Home Safe is included in Issue 1 of this agenda.

Project Roomkey. Project Roomkey was established in March 2020 in response to the COVID-19 pandemic. The program provides safe shelter for vulnerable populations that need to quarantine. The Project Roomkey and Rehousing Strategy provides support for permanent transitions to safe and stable housing while providing ongoing, non-congregate shelter. Rehousing services may include direct financial assistance, housing navigation, and housing case management. One hundred percent reimbursement for shelter costs from the Federal Emergency Management Agency (FEMA) is available for counties and tribes that demonstrate eligible expenses through July 1, 2022.

Over the lifetime of Project Roomkey, 16,000 rooms have been secured and over 60,000 individuals have been sheltered. To date, eight communities reported successfully transitioning over 80 percent of Roomkey participants to permanent housing or other interim housing on a path to permanent housing; 19

communities reported a 70-79 percent success rate, and 15 communities reported a 60-69 percent success rate. Project Roomkey funds are available through the end of the 2022-23 fiscal year. However, funds that have been encumbered will continue to be available for liquidation after June 30, 2023. According to CDSS, approximately 2,200 rooms are still occupied. Approximately 700 of those individuals will continue to be housed as part of Project Homekey, which is administered by the California Department of Housing and Community Development. As Project Roomkey winds down, CDSS is working with counties to develop re-housing plans and ramp-down schedules.

Community Care Expansion (CCE). The CCE program funds the acquisition, construction, and rehabilitation of adult and senior care facilities that serve applicants and recipients of Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI), including individuals who are at risk of or experiencing homelessness. Funds are also available to preserve residential care settings, including through operating subsidies for existing licensed adult and senior care facilities currently serving SSI/SSP or CAPI recipients. More information on the CCE is included in Issue 1 of this agenda.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the CDSS Housing and Homelessness Division.

Issue 3: Housing and Homelessness Expanded Programs and Permanent Position Funding

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests $3.5 million ongoing to convert 17.0 limited-term position funding to permanent resources in the Housing and Homeless Division to fulfill its legislative mandates and provide critical services to individuals experiencing homelessness.

Background. CDSS oversees seven housing and homelessness programs implemented by counties and tribal governments statewide. These programs are described in Issue 2 of this agenda.

The 2021 Budget Act significantly expanded the budgets of CDSS Housing and Homelessness programs, increasing from less than $300 million annually to over $2 billion over two budget cycles and encumbrance periods spanning multiple years, ranging from 2025 through 2027. Chapter 85, Statutes of 2021 (AB 135) expanded the eligible use of program funds, including the incorporation of homelessness prevention components for the CalWORKs Housing Support Program (HSP), Bringing Families Home Program (BFH), and the Housing and Disability Advocacy Program (HDAP), and allowed CDSS to contract for technical assistance, data collection, and formal program evaluation.

The program expansions in 2021 and 2022 build upon an ongoing workload associated with operating housing and homelessness programming that has expanded over the years. To meet this expanded ongoing need, the Housing and Homelessness Branch has grown into the Housing and Homelessness Division effective July 1, 2022.

The number of Housing and Homelessness grantees has increased from 257 grantees in 2020-21, to 328 grantees in 2021-22 and growing. This increased number of grantees participating in all programs has created workload including significant scaling of programs at the local level, leading to significantly more policy interpretation and questions, requests for technical assistance, and data reporting/quality checks provided by CDSS, in addition to the initiation of statutorily mandated regulations development for HDAP, HSP, and BFH. In addition, the $805 investment in the Community Care Expansion (CCE) program represents a new body of work for CDSS, which requires policy development, oversight of funds, and data tracking and reporting.

This division is already operating with a high number of limited-term resources and needs to reevaluate the ability to sustain support for these programs, many of which have ongoing needs. CDSS received three-year, limited-term funding to recruit for 73.5 positions across multiple programs in 2021-22 per a budget revision. The limited-term position funding will expire on June 30, 2024, while the workload associated with the program mandates are ongoing as far as at least June 30, 2029. Given the unprecedented size of the program expansions and mandated requirements, CDSS requires extensive advanced preparation to recruit, train, and develop new staff. CDSS notes they will not be able to comply with state law and federal funding requirements if the resources are not provided beyond June 2024, and if positions cannot be recruited for as permanent well in advance of the funding expiration.

Staffing and Resource Request. CDSS requests $3.5 million ongoing to convert 17 positions in the Housing and Homelessness Division to permanent resources. The significant expansions of the programs under this Division over the last two years has created a substantial ongoing increase in workload that exceeds available resources.

The Division currently has 21 authorized positions and limited-term resources equivalent to 73 positions. As of February 13, 2023, the Division has 43 staff members, 21 of whom are in a permanent authorized position, while the remaining 22 staff are funded using limited-term funding. The 17 positions in this proposal are to address workload associated with ongoing operations of the Division.

As a result of recent program expansions, CDSS has increased statewide coordination, oversight, and intensive technical assistance for program grantees. To lead this work, the Division requires ongoing leadership over growing bodies of work including data analytics, accountability and oversight, inter-agency coordination, and expansive operational activities to support the functional operations of a new Division. Data units within the Division will be responsible for developing policies and procedures for data collection and utilization for programmatic monitoring efforts, tracking program trends, and leading data analytics to evaluate program progress and outcomes, among other responsibilities. Quality Assurance teams will support accountability and oversight for increasingly complicated program requirements and coordination. Operations units will lead all human resources processes including recruitment, hiring, onboarding, training, and staff and manager development, and the development and tracking of a new Division budget, among other responsibilities.

CDSS notes that with current limited-term staffing, the Department has been unable to meet or is at risk of not meeting all statutorily mandated requirements and has experienced delays releasing funds. Chapter 85, Statutes of 2021 (AB 135) requires CDSS to draft new regulations packages for three existing programs. These regulations will be ongoing, requiring multiple years of development, review, and updates. At the current rate, CDSS will not be able to meet the 2024 deadline to complete these regulations. This will lead to inequitable operations of CDSS programs, less clarity for grantees and risk of ineligible use of funds, decreased impact of investments, and ultimately fewer people served.

Workload specific to county support alone, including technical assistance and the development of policy guidance, has increased approximately 38 percent. In addition to existing grantees expanding their services provided, many new grantees have begun to implement programs. For example, in the Home Safe and BFH program, the number of local grantees operating the programs has more than doubled. There have been delays in providing critical services to tribes, leading to inequitable applications of Division programs for tribal communities.

CDSS notes that limited-term positions are consistently more difficult to recruit for than permanent positions. The lack of staffing and inability to recruit for additional permanent staff has had a severe impact on the Department's ability to conduct its required activities. Converting to permanent resources will place the Department in better position to meet its legislative mandates, adhere to federal reporting requirements, effectively serve stakeholders, and ensure successful implementation of its programs.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 4: Housing and Disability Advocacy Program Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes technical statutory changes to the Housing and Disability Advocacy Program (HDAP) related statute to (1) extend the sunset date for the grantee-match exemption and the waiver of the requirement to collect Interim Assistance Reimbursement (IAR) to align with the expenditure timeline of the one-time funds appropriated in Fiscal Year (FY) 2022-23 and (2) clarify CDSS's obligation to develop regulations corresponding to the entirety of the HDAP statute.

Background. HDAP assists people experiencing or at risk of homelessness, who are also likely eligible for disability benefits. The program provides outreach, case management, benefits advocacy, and housing supports.

The 2021 Budget Act included $150 million General Fund one-time available over three fiscal years for HDAP, and statutory language to exempt grantees from the dollar-for-dollar match requirement between July 1, 2021 and June 30, 2024 and the IAR collection requirement. The 2022 Budget Act included $150 million General Fund one-time available over three fiscal years with the intent to exempt grantees from the dollar-for-dollar match requirement through June 30, 2025 and the IAR collection requirement. HDAP statute requires CDSS to develop regulations to implement the changes made to statute via AB 135 (Committee on Budget, Chapter 85, Statutes of 2021) by July 1, 2024.

Technical Changes. The proposed trailer bill language would make the following changes:

Match sunset exemption and IAR collection requirement. This technical change updates the sunset date of the grantee-match exemption and IAR collection requirement from June 30, 2024 to June 30, 2025 to align with one-time funding included in the 2022 Budget Act.

Regulations development requirement. This would clarify the scope of CDSS's authority to develop regulations for all HDAP program's statutory provisions and not only the changes enacted via AB 135. If CDSS were to develop HDAP regulations only for the AB 135 changes to the program, the regulations would omit key statutory and core components in the Manual of Policies and Procedures (MPP). Failure to fully incorporate all relevant parts of the HDAP statute in regulations could lead program grantees to wrongly assume that the partial MPP regulations cover all program considerations, leading to noncompliance with statute, uneven or ineffective program implementation, and inequities in service delivery.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 5: Home Safe Program Technical Clean-Up

Trailer Bill Language – Governor's Budget. This trailer bill language makes the following technical statutory clean-up to Home Safe program statute:

- Clarifies tribal eligibility language in tribal Home Safe programs;
- Clarifies the definitions of "elder" and "dependent adult" to align the terms "elder" with the definition used in the Adult Protective Services (APS) program and any definition used in a tribal program for similar programs for adults experiencing abuse or neglect; and
- Extends the sunset date for the grantee-match exemption for one-time funds from June 30, 2024 to June 30, 2025.

Background. The Home Safe program supports the safety and housing stability of people involved in Adult Protective Services (APS), or those in the process of intake by providing homeless assistance and prevention.

Existing Home Safe statute allows the California Department of Social Services (CDSS) to award funds to tribal entities. However, under current statute, individuals are only eligible for Home Safe if they are an APS client, in the process of intake to APS, or if they are an individual who may be served through a tribal social services agency who appears to be eligible for APS. As Tribes do not administer APS and instead have unique, locally responsive elder adult services programs and systems, the requirement to serve only those who would otherwise be eligible for APS does not meet identified tribal service needs for Home Safe.

The Home Safe statute currently does not define "elder" or "dependent adult," rather depends upon the definition of "Adult protective services" found in the Elder Abuse and Dependent Adult Civil Protection Act, which contains and defines "elder" as a person 65 years of age or older. This does not reflect the current definition enacted by AB 135 (Committee on Budget, Chapter 85, Statutes of 2021), which lowered the age limit from 65 years of age to 60 years of age under the APS statutes, which are not found within the Elder Abuse and Dependent Adult Civil Protection Act. Additionally, there has been concern in the tribal community regarding the use of the term "elder" in Home Safe and APS, as that term has a separate meaning in the tribal context ("tribal elders") that is not always based on age.

The 2021 Budget Act included $92.5 million one-time General Fund available over three fiscal years for Home Safe and included language to waive the requirement for a grantee to match funds between July 1, 2021 through June 30, 2024. The 2022 Budget Act included another $92.5 million General Fund one-time available over three fiscal years with the intent to waive the grantee-match requirement through June 30, 2025.

Technical Changes. The proposed trailer bill language would make the following changes:

Clarify tribal eligibility language. Current statute can be interpreted as tying Home Safe eligibility strictly to APS, which would disparately impact tribal implementation of Home Safe and the program's ability to serve culturally appropriate definitions of tribal elders and adult protective services. This amendment

allows for a more expansive eligibility criteria for tribal entities in alignment with tribal services, customs, and laws.

Clarify the definitions of "elder" and "dependent adult." This aligns the Home Safe with APS age-based criteria of 60 years of age or older.

Match exemption extension. This technical change updates the sunset date of the county-match exemption from June 30, 2024 to June 30, 2025 to align with one-time funding included in the 2022 Budget Act.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 6: Housing Investment Power and Duties Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes the following technical statutory change:

- Clarifies the California Department of Social Services (CDSS) is authorized to expend no more than $10.5 million General Fund of the total amount of funds included in the 2022 Budget Act for housing and homeless programs data collection, data tracking, and technical assistance.

- Authorizes CDSS to modify or waive at its discretion any CDSS housing or homelessness program requirements that conflict with tribal law or custom, in line with equity-focused best practices established within the California Department of Housing and Community Development (HCD).

- Authorizes CDSS to implement program guidance through the All-County Letter process.

Background. Counties and Tribes received increased funding from both the 2021 Budget Act and 2022 Budget Act to implement new programs and scale existing CDSS housing and homelessness programs, increasing total funding from around $160 million to over $1.2 billion and increasing the overall number of grantees by 53 percent. The data, evaluation, and technical assistance needs of CDSS' programs during this critical juncture are significant, multi-year efforts that require contracting with subject matter experts. Current statute provides flexibility to support CDSS Housing and Homelessness Division's programs with data, evaluation, and technical assistance efforts, but only for the first half of the expansion funds from the Budget Act of 2021.

Technical Changes. The proposed trailer bill language would make the following changes:

Extend flexibility in housing and homelessness program funding for data collection and technical assistance. This technical change clarifies CDSS is authorized to utilize $10.5 million funding included in the 2022 Budget Act for CDSS housing and homelessness programs data collection, data tracking, and technical assistance to grantees.

Improve implementation for Tribes. CDSS has set aside $17.5 million for Tribes in both 2021-22 and 2022-23 without modification or a waiver process. However, many Tribes may not be able to effectively implement these funding opportunities due to barriers posed by program rules that do not align with tribal law and program structure, jeopardizing equitable access to housing supports throughout the state. The proposed waiver process is similar to that used within HCD following the passage of AB 1010 (Garcia, Chapter 660, Statutes of 2019).

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 7: Bringing Families Home Program Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes technical changes to Bringing Families Home (BFH) related statute to provide equity, tribal engagement, and maximize impact of state investments towards ending homelessness. The proposed changes also align BFH statute with housing best practices, enabling the California Department of Social Services (CDSS) to provide guidance on housing best practices that do not conflict with statute.

Background. The BFH program aims to reduce the number of families in the child welfare system experiencing or at risk of homelessness, increase the number of families reunifying, and prevent foster care placement.

BFH statute allows for CDSS to award funds to tribal entities. Families are only eligible for BFH if they are in receipt of child welfare services, as defined by Welfare and Institutions Code (WIC) § 16501, which is limited to "public social services." Services provided by Tribal governments are generally not considered public social services, creating misalignment on how Tribal agencies may be able to serve otherwise eligible families.

BFH statute limits the definition of permanent housing in WIC § 16523(f) to "a place to live without a limit on the length of stay in the housing that exceeds the duration of funding for the program." According to best practices, in order for a place to be considered permanent housing, in addition to being subject to landlord-tenant laws, there cannot be a predetermined limit on the length of stay per the U.S. Department of Housing and Urban Development's (HUD) Permanent Housing Definition.

BFH statute requires CDSS to develop BFH regulations to implement the changes made to statute via AB 135 (Committee on Budget, Chapter 85, Statutes of 2021) by July 1, 2024. Statute is not clear whether the Department is responsible for developing regulations for the BFH program as a whole or just the changes enacted by AB 135.

The 2021 Budget Act included $92.5 million General Fund one-time available over three fiscal years for the BFH program and included language to waive the requirement for a grantee to match funds between July 1, 2021 through June 30, 2024. The 2022 Budget Act included another $92.5 million one-time General Fund available over three fiscal years with the intent to waive the grantee-match requirement through June 30, 2025.

Technical Changes. The proposed trailer bill language makes the following changes:

Tribal eligibility language. This change clarifies that a tribe, tribal entity, or tribal agency is eligible for program funding.

Definition of homelessness. This change aligns the definition of homelessness with the HUD definition, which includes individuals fleeing domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or family member, including a child.

Definition of permanent housing. This change aligns BFH statute with housing best practices, including revising the definition of permanent housing.

Regulations. This change clarifies CDSS's authority to develop regulations for all BFH statute and not just the changes enacted in AB 135.

Match exemption extension. This change updates the sunset date of the county-match exemption from June 30, 2024 to June 30, 2025 to align with one-time funding included in the 2022 Budget Act.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 8: CalWORKs Pregnancy and Homeless Assistance Implementation (SB 1083)

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests $524,000 general fund in 2023-24 and $510,000 ongoing for two Associate Governmental Program Analysts (AGPAs) and one (1.0) Staff Services Manager I (SSM I) to implement the policy changes associated with SB 1083 (Chapter 715, Statutes of 2022), and to provide ongoing county technical assistance and oversight of the new requirements within the Homeless Assistance (HA) program.

Background. The CalWORKs HA program was established to help families in the CalWORKs program meet the costs of securing or maintaining permanent housing or to provide emergency shelter when a family is experiencing or at risk of homelessness. The program is an entitlement benefit available in all 58 counties. Assistance can be temporary or permanent:

- *Temporary assistance* includes a daily payment of $85 per day for a family of four (and $15 for each additional family member) for up to 16 calendar days within a 12-month period. Families fleeing violence are eligible for 32 days of temporary assistance within a 12-month period.

- *Permanent assistance* provides a security deposit costs or up to two months of rent arrearages.

The HA program expends an average of $60,148,938 annually to support an average of 54,750 CalWORKs families that are experiencing homelessness or are at risk of experiencing homelessness. In 2021-22, 44,550 families received temporary assistance and 2,705 received permanent assistance, for a total of 47,255 families served.

SB 1083 (Chapter 715, Statutes of 2022). SB 1083 made several changes to the CalWORKs program. These changes include:

- A county must refer all pregnant CalWORKs recipients to nurse home visiting services.

- A county can only require a family to participate in a "homelessness avoidance case plan" as a condition of receiving HA twice in a 24-month period if that county has also provided a caseworker who can assist with securing permanent housing.

- A family is eligible for CalWORKs HA if they have received any notice that could lead to an eviction, regardless of the circumstances cited in the notice.

- Under the domestic violence exception, where the perpetrator was a roommate, a roommate may include a parent or child with whom the person was living.

Staffing and Resource Request. CDSS requests resources to adequately implement SB 1083 and provide continued oversight and technical assistance to the counties implementing these changes, including aligning with housing best practices.

The three requested positions will be responsible for writing All County Letters (ACLs) and All County Information Notices (ACINs) to formally advise counties on how to implement changes in the HA

program. ACINs are used to inform counties of current policies and best practices, inform counties that forms have been revised or regulations have been adopted, or otherwise relay general policy reminders and guidance. In addition, these positions will provide program oversight by reviewing the submitted ACLs and ACINs and revising emergency HA regulations every time there is a change in law.

CDSS estimates a timely, accurate implementation of SB 1083 will require a minimum of three initial statewide county letters, regulation updates, and revisions to a minimum of three program forms in addition to various automation changes across multiple systems requiring meetings, research, and implementation. An increase in meetings and development of briefing and hearing materials will be required to adequately communicate these changes and ongoing impacts to internal and external stakeholders. Additionally, due to the cross intersection of programs in this bill, as well as newly required housing case management and navigation services, these policy changes will lead to an ongoing increase in required oversight by CDSS, resulting in higher levels of ongoing county technical assistance and stakeholder involvement.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

4170 DEPARTMENT OF AGING

Issue 1: Overview – Department of Aging

Background. The CDA administers community-based programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. As the federally designated State Unit on Aging, the department administers federal Older Americans Act (OAA) programs, the Health Insurance Counseling and Advocacy Program (HICAP), and two Medi-Cal programs. CDA administers most of these programs through contracts with the state's 33 local Area Agencies on Aging (AAA). At the local level, AAAs contract for and coordinate this array of community-based services to older adults, adults with disabilities, family caregivers, and residents of long-term care facilities.

CDA is the lead department on the state's Master Plan for Aging, a comprehensive framework to prepare the state for the growth of the 60-and-over population to 10.8 million people by 2030.

California Department of Aging

CY 2022-23 TOTAL BUDGET BY FUND SOURCE

Per 2023-24 Governor's Budget

(Dollars in Thousands)

Total Funding	Amount	Percent of Total
General Fund	$ 251,616	31%
State HICAP Fund	$ 4,582	1%
Federal Trust Fund	$171,810	22%
Special Deposit Fund	$ 2,224	0%
Reimbursements	$15,848	2%
State Department of Public Health, Licensing & Certification Pgm Fund	$400	0%
Home & Community-Based Services American Rescue Plan Fund	$353,596	44%
TOTAL	**$ 800,076**	**100%**

California Department of Aging

BY 2023-24 TOTAL BUDGET BY FUND SOURCE

Per 2023-24 Governor's Budget

(Dollars in Thousands)

Total Funding	Amount	Percent of Total
General Fund	$160,898	46%
State HICAP Fund	4,359	1%
Federal Trust Fund	$171,655	49%
Special Deposit Fund	$ 1,224	0%
Reimbursements	$15,835	4%
State Department of Public Health, Licensing & Certification Pgm Fund	$400	0%
Home & Community-Based Services American Rescue Plan Fund	$ -	0%
TOTAL	**$ 354,371**	**100%**

Governor's Budget. The Governor's proposed budget includes $354.4 million in total spending for CDA. The Governor's proposed budget also includes the following significant budget adjustment:

Modernizing the Older Californians Act. The 2022 Budget Act included $186 million general fund ($59.3 million in 2022-23, $86.9 million in 2023-24, and $39.8 million in 2024-25) to restore supports and services for older adults that were reduced in the last recession. This included budget bill language authorizing the CDA to work with local Area Agencies on Aging to allocate the funding between the following: 1) senior nutrition programs, 2) family caregiver supports, 3) volunteer development programs, and 4) aging in place programs.

The Governor's Budget proposes to spend this $186 million investment over five years instead of three. This amounts to $37.2 million in each of the five years.

CDA Programs. CDA administers the following community-based programs:

Medi-Cal Programs. The department administers two Medi-Cal programs: it contracts directly with agencies that operate the Multipurpose Senior Services Program (MSSP) and provides oversight for the MSSP waiver and certifies Community-Based Adult Services (CBAS) centers for participation in Medicaid.

- The Multipurpose Senior Services Program (MSSP) provides both social and health care management services to assist individuals to remain in their own homes and communities. While most of the program participants also receive In-Home Supportive Services, MSSP provides on-going care coordination, links participants to other needed community services and resources, coordinates with health care providers, and purchases some needed services that are not otherwise

available to prevent or delay institutionalization. The total annual combined cost of care management and other services must be lower than the cost of receiving care in a skilled nursing facility. A team of health and social service professionals provides each MSSP participant with a complete health and psychosocial assessment to determine needed services. The team then works with the MSSP participant, their physician, family, and others to develop an individualized care plan. CDA implements MSSP under the supervision of the Department of Health Care Services (DHCS) through an interagency agreement.

- CBAS is a community-based day health program that provides services to older adults with chronic medical, cognitive, or mental health conditions or disabilities who are at risk of needing institutional care. Each CBAS center has a multidisciplinary team of health professionals who conduct a comprehensive assessment of each potential participant to determine and plan services needed to meet the individual's specific health and social needs. Services provided at the center include the following: professional nursing services; physical, occupational and speech therapies; mental health services; therapeutic activities; social services; personal care; hot meals and nutritional counseling; and transportation to and from the participant's residence. CDA implements CBAS under an interagency agreement with DHCS and the California Department of Public Health (CDPH). There are approximately 280 CBAS centers statewide.

Senior Nutrition. CDA administers two federal senior nutrition programs, the Congregate Nutrition Program and the Home Delivered Meal Program. The Congregate Nutrition program serves individuals age 60 or older with the greatest economic or social need and served more than 4.2 million meals in 2020-21. The Home Delivered Meal Program serves older adults who are not able to attend congregate programs and served more than 24.8 million meals in 2020-21.

Supportive Services. The Supportive Services Program assists older individuals to help them live as independently as possible and access services available to them. Services include information and assistance, transportation services, senior centers, and legal services for older adults.

Family Caregiver Support. The Family Caregiver Support Program provides support to unpaid family caregivers of older adults and grandparents (or other older relatives) with primary caregiving responsibilities for a child or individual with a disability. Each AAA is responsible for determining the array of services provided to unpaid family caregivers. Those services can include respite care, support services (such as support groups and training), and supplemental services (such as assistive devices and home adaptations).

Long-Term Care Ombudsman (LTCO). The LTCO identifies, investigates, and resolves community complaints made by, or on behalf of, residents in long-term care facilities. The office also maintains a 24-hour, seven days a week crisis line to receive complaints by, and on behalf of, long-term care residents.

Long-Term Care Patient Representative. The 2022 Budget Act created the Office of the Long-Term-Care Patient Representative, which provides trained representatives for specified long-term care residents who may need medical treatment but lack the capacity to make health care decisions have no legal surrogate authorized to make decisions on their behalf.

Health Insurance Counseling and Advocacy (HICAP). The HICAP Program provides personalized counseling, outreach, and community education to Medicare beneficiaries about their health and long-term care coverage options.

Senior Community Service Employment Program (SCSEP). The SCSEP Program provides part-time, subsidized work-based training and employment in community service agencies for low-income persons, 55 years of age and older, who have limited employment prospects.

Aging and Disability Resource Connection (ADRC). A key component of the Master Plan for Aging is developing pathways for a more coordinated system of services and supports to ensure people can access the services they need. ADRCs are coordinated networks of local providers that serve as community access point for older adults, people with disabilities, and caregivers navigating long-term services and supports. ADRC partnerships provide core service functions (Enhanced Information & Referral, Options Counseling, Short-Term Service Coordination, and Facility-to-Home Transition Services) using person-centered practices that empower individuals to make informed decisions and exercise control over their long-term care needs. Since 2020, CDA has increased the number of fully established local ADRC partnerships from six to 17, encompassing 41 percent of the state's population. In addition, CDA currently has eight partnerships in development ("Emerging ADRCs"), including Los Angeles County, which will capture an additional 31 percent of the state's population once fully established.

Significant Recent Budget Investments. The 2021 and 2022 Budget Acts provided significant investment in various CDA programs and initiatives. These investments include:

- *Modernizing the Older Californians Act***.** The 2022 Budget Act included $186 million to restore supports and services for older adults that were reduced in the last recession.

- *Bridge to Recovery Program.* The 2022 Budget Act included $61.4 million General Fund one-time to provide grants to Adult Day Health Care centers and Adult Day Programs, such as CBAS centers, to support the safe return to in-person congregate care.

- *RN/Community Health Worker Pilot.* The 2022 Budget Act included $12.5 million General Fund one-time to support a competitive grant pilot program for qualified nonprofit organizations to hire registered nurses and community health care workers to provide health education, navigation, coaching, and care to residents of senior housing developments in the Counties of Contra Costa, Fresno, Orange, Riverside, Sacramento, San Diego, Shasta, and Sonoma.

- *Master Plan for Aging Implementation.* The 2022 Budget Act included $10.9 million in 2022-23 and $3.3 million General Fund ongoing to support 19 permanent positions and resources to 1) continue implementation of the Master Plan for Aging; 2) establish a State Public Conservator Liaison within the department; 3) develop an Aging and Disability Institute of Learning and Innovation; 4) develop an Expanded Non-Medi-Cal HCBS Evaluation; 5) coordinate and support disaster planning and response, and 6) develop a Long-Term Care (LTC) Ombudsman Outreach and Awareness campaign.

- *Older Adult Recovery and Resiliency Initiative.* The 2021 Budget Act included $106 million General Fund for programs to strengthen older adults' recovery and resilience from isolation and

health impacts caused by the COVID-19 pandemic. This investment increases service levels of existing programs based on local needs including Senior Nutrition programs, Senior Legal Aid, Home Modifications and Fall Prevention programs, the Behavioral Health Line, Senior Digital Connections, Family Caregiver Support, Senior Employment Opportunities, Elder Abuse Prevention, and ADRCs. This funding is a component of the state's Home and Community-Based Services (HCBS) Spending Plan, which is discussed in Issue 5 of this agenda.

- *Access to Technology for Seniors and Persons with Disabilities.* The 2021 Budget Act included $50 million one-time for the Technology Access for Older Adults and Adults with Disabilities pilot program, which provides grants to counties to assist older adults and adults with disabilities in accessing technology. This program is also a component of the HCBS Spending Plan, which is discussed in Issue 5 of this agenda.

Community-Based Adult Services (CBAS) Update. With the onset of the COVID-19 pandemic, the federal Center for Medicare and Medicaid Services (CMS) provided temporary flexibility for CBAS centers to operate as a fully virtual or hybrid model. Effective October 1, 2022, that temporary flexibility ended and CBAS centers returned to in-person congregate care, with more narrow flexibility under a new CDA policy known as "Emergency Remote Services." Under Emergency Remote Services (ERS), centers can only provide services to participants remotely if they individually experience a public emergency (e.g., disaster, epidemic outbreak) or a personal emergency (e.g., serious illness, loss of caregiver).

Since the initiation of Emergency Remote Services, CBAS centers have expressed critical issues with this the transition back to in-center services, including drops in attendance and disenrollment and discharges from CBAS services by Managed Care Plans. CDA data currently shows that of the 280 certified CBAS Centers, ERS has been used by 175 centers (62.5 percent), and 105 centers (37.5 percent) have not initiated use of ERS.

Bridge to Recovery. The Bridge to Recovery Program is designed to support the safe return to in-person congregate care for CBAS and other center-based adult day services. The 2022 Budget Act included $61.4 million for grants to address infection prevention, infrastructure needs, and staffing shortages and wage differentials. CDA is currently developing an application process for this grant program; the department anticipates releasing a request for applications in June and awarding grants by late summer. CDA has also entered into a $5 million contract with a consulting firm, PCG, to serve as the fiscal intermediary for this program.

Multipurpose Senior Services Program (MSSP) Update. The 2021 Budget Act included $6.3 million in 2021-22 and $11.7 million ongoing to make the temporary MSSP rate increase permanent and to increase MSSP slots. Out of the total 2,657 MSSP slots added, 2,286 slots are available for MSSP site use and 371 remain unallocated. As of January 2023, MSSP sites are serving approximately 83 percent of their assigned slots. A needs assessment is by UCLA and CDA is underway to ensure an equitable distribution of the remaining 371 unallocated slots.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of CDA and progress towards implementing the Master Plan on Aging.

2. Please provide an update on the return to in-person CBAS services. How is CDA addressing stakeholder concerns about declines in CBAS attendance and enrollment?

3. Please provide an update on the development of the ADRC network.

Issue 2: Master Plan for Aging, Phase III Infrastructure and Capacity

Budget Change Proposal – Governor's Budget. CDA requests 10 positions and a General Fund augmentation of $1.758 million in 2023-24 and $1.728 million ongoing to support continued implementation of the Master Plan for Aging, with dedicated resources for data and information technology (IT) capacity, security, project management, and IT procurement and contracting expertise.

Background. In June 2019, Governor Gavin Newsom issued an Executive Order calling for the creation of a Master Plan for Aging (MPA). The Executive Order affirmed the priority of the health and well-being of older Californians and the need for policies that promote aging with dignity and independence. It also called for a "blueprint" for state government, local government, the private sector, and philanthropy to prepare for the coming demographic changes, which translates to one out of four individuals over the age of 60 by 2030. This proposal requests resources to advance implementation of the MPA by building CDA's data/information technology capacity and enterprise project management capabilities.

Staffing and Resource Request. Since the MPA's launch in January 2021, CDA has undertaken 26 substantial new initiatives through the 2021-22 and 2022-23 enacted budgets. While CDA has a project-specific resource, the department does not have adequate resources to build a data/IT and project management infrastructure to advance the various initiatives with a data-driven framework for policy and program development. CDA also lacks IT contracting and procurement expertise, which compromises the department's ability to adhere to California Department of Technology (CDT) and Department of General Services (DGS) procurement rules and has delayed mission critical IT procurement and contract work.

CDA requests additional information security positions to ensure the protection and privacy of data the department acquires to better understand the needs of California older adults and persons with disabilities. IT project management resources are critical to supporting MPA initiatives with IT components such as a statewide customer data portal, contact center, learning management system, data dashboards. The requested resources will provide the baseline technical resources needed to support the most efficient and effective implementation of MPA initiatives using a consistent framework, process, and enterprise approach across all IT initiatives, as described below:

IT Project Management and Portfolio Oversight (1.0 Information Technology Manager I [ITM I], 1.0 Information Technology Specialist II [ITS II]): CDA is increasingly at project risk due to insufficient IT planning and project resources, limiting the department's ability to implement MPA IT initiatives. Without dedicated IT project managers, current technical staff continue to juggle project management functions between developers, database administrators and other technical staff. To this end, CDA requests 2.0 IT Project Management positions to establish a project management function within CDA and support the growing number of CDA and MPA IT initiatives. The new resources will build organizational maturity related to consistent IT project processes, reporting, risk/issue management, planning, and state compliance.

IT Security (1.0 ITM I, 1.0 ITS II, 1.0 ITS I): CDA's current information security is comprised of one position serving as the Information Security Officer at the ITS I level. With only one full time position, CDA does not have the resource capacity, nor the expertise to adequately meet state requirements and secure, monitor, and protect information assets. In 2021, Governor Newsom released the Cal-Secure multi-year cybersecurity roadmap that outlines cybersecurity requirements for all state entities. To meet

the priorities and key initiatives outlined in Cal-Secure, CDA requests additional staff to develop a security program comparable to similarly sized state entities within the California Health and Human Services Agency (CalHHS). CDA requests 1.0 ITM I to support a Chief Information Security Officer, 1.0 ITS II to serve as the Senior Security Specialist, and 1.0 ITS to serve as a Security Specialist focused on operations.

IT Operations and Support (1.0 ITS II, 1.0 ITS I): CDA IT staffing has remained static while the number of CDA staff doubled over the last several years. This growth increased the demand for IT services related to hardware, software, equipment, and end user issues. IT service requests increased from 2,500 (annual) in 2018 to an anticipated request volume over 4,000 in 2022. To keep pace with the service request volume and the growing complexities of CDA's technical environment, senior technical engineers assist with IT service support staff with Level 1 (basic) requests to compensate for lack of staffing. The requested positions will eliminate single points of failure and allow CDA to appropriately distribute, assign, and manage IT functions and responsibilities.

IT Procurement and Contracting (3.0 Associate Governmental Program Analysts [AGPA]). CDA requests 3 AGPAs to oversee and administer all IT Procurement and Contracting responsibilities. With trained IT procurement analysts, CDA will comply with CDT and DGS procurement rules, and advance implementation of critical IT projects. As CDA continues to modernize its operations and implement the MPA, IT procurement expertise will be an ongoing need.

MPA Projects. Several MPA initiatives are dependent on IT capacity and capabilities in the areas of Project Management, database administration, information security, and systems administration. The requested staff would provide IT support to the following MPA projects:

- *The Learning Management System (LMS):* This centralized training system will support training curriculums, services and tools, and a training database to improve the availability and consistency in training resources for network leaders, program providers, program volunteers, and state staff.

- *The Customer Holistic Aging Relationship and Management (CHARM)* solution will migrate five standalone AAA client relationship management (CRM) platforms into on single, enterprise solution that will enable CDA to get a holistic view of services provided to older adults, people with disabilities and family caregivers, enabling access to real-time data for further program research.

- *The Consumer-Facing Web Portal and Contact Center* project seeks to provide a single, statewide website and automated referral system for long-term services and supports. This effort is critical to helping California's older adults, people with disabilities, and family caregivers with accessing the information and support needed to make informed, timely decisions about their care.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDA respond to the following:

1. Please provide an overview of this proposal.

Issue 3: Health Insurance Counseling and Advocacy Program Modernization

Budget Change Proposal – Governor's Budget. The California Department of Aging (CDA) requests a one-time authority increase of $1.819 million from the Health Insurance Counseling and Advocacy Program (HICAP) Special Fund to continue to support HICAP modernization efforts, including increased funding for local HICAPs.

Background. HICAP is California's implementation of the federal State Health Insurance Assistance Program (SHIP). HICAP offers consumer-oriented Medicare counseling and education services including: (1) community education regarding Medicare Parts A and B, Medicare Part D Prescription Drug Plans, Medicare Advantage (MA) Plans, Medicare Supplement Insurance and long-term care insurance; (2) individual health insurance counseling that provides objective and accurate comparisons of choices; (3) informal advocacy services regarding enrollment, disenrollment, claims, appeals, prescription drug exceptions and other urgent Part D Plan coverage issues; and (4) legal referral and, in some geographic areas, legal assistance for filing grievances and appeals. Eligibility for HICAP services is limited to Medicare beneficiaries and persons imminent of Medicare eligibility.

CDA became California's administrator of the SHIP in 1992. The Mello-Granlund Older Californians Act (Chapter 1097, Statutes of 1996) required HICAP management and operation responsibilities to be contracted through local Area Agencies on Aging (AAAs). HICAP services are available statewide through 26 AAAs. For the AAAs that do not administer a HICAP program, a neighboring AAA provides services for residents in that service area.

Prior to 2021-22, 58 percent of HICAP service providers reported insufficient staffing necessary to manage existing workload and modernization. In addition, 73 percent of HICAP service providers reported insufficient funding to procure needed equipment and supplies. Several of the HICAPs had only part-time volunteer coordinators and no dedicated staff.

In 2021-22, CDA received approval for limited-term HICAP flexibilities and increased authority. This included two-year limited term resources from the HICAP Special Fund for the equivalent of 3 CDA positions and $1.4 million to increase minimum local provider staffing requirements for paid volunteer coordinators from 0.5 FTEs to 1.0 FTEs (per provider). The intent of this limited-term augmentation was to implement HICAP's modernization efforts in line with the Master Plan for Aging's Health Care Reimagined goal, which intends to help older adults access services that they need to live at home, improve health, and increase quality of life. In addition, the 2021-22 resources provided support to CDA for a health care consultant to provide an independent review and develop recommendations to advance HICAP Modernization efforts. In 2022-23, this effort grew to include the development of an overarching strategic roadmap that outlines goals and objectives to guide HICAP Modernization. This request seeks to continue these investments.

Workload Measure	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Clients Served (Clients Counseled from Finalized Intakes)	66,198	60,940	64,470	63,254	50,925	TBD
Active HICAP Counselors (Volunteers and Paid)	799	770	747	677	604	TBD
Average Clients Served per counselor	83	79	86	93	84	TBD
Community Education Events (Interactive Presentations)	3,686	3,612	3,479	2,475	1,374	TBD
Estimated CDA Completed HICAP Monitoring Visits	7	6	7	6	7	6
Estimated CDA Sponsored Technical Assistance/Training Event Hours	78	69	92	62	64	67

Source: CDA

CDA's implementation of the 2021 Budget Act funding included an independent review of HICAP and the development of recommendations for HICAP modernization efforts. The recommendations include developing a strategic roadmap for HICAP, developing a HICAP technical assistance center for more robust training opportunities, and redesigning the HICAP website, among others.

Resource History
(Dollars in thousands)

Program Budget	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Authorized Expenditures	$2,495	$2,501	$2,506	$2,502	$4,600	$4,566
Actual Expenditures	$2,478	$2,501	$2,503	$2,502	TBD	TBD
Revenues	$3,976	$4,168	$4,349	$4,142	$4,142	$4,142
Authorized Positions	2.0	2.0	2.0	2.0	4.0	4.0
Filled Positions	2.0	2.0	2.0	2.0	TBD	TBD
Vacancies	0.0	0.0	0.0	0.0	TBD	TBD

Source: CDA

Staffing and Resource Request. CDA requests one-time, limited-term resources from the HICAP Special Fund for 1 Research Data Specialist II (RDS II) and 2 Associate Governmental Program Analysts (AGPAs) to continue planning, implementation, and maintenance of CDA's strategic plan to modernize HICAP. This is a temporary, one-year extension of the positions authorized in the 2021 Budget Act. This proposal includes the following state operations resources and local assistance resources:

State Operations Resources. One RDS II will oversee, review, update, and provide recommendations for HICAP data collection and reporting. One AGPA will serve as a fiscal analyst to review, monitor, and support local HICAP programs. One AGPA will serve as project lead for the development of new training resources and expand technical assistance.

Local Assistance Resources. For 2021-22 and 2022-23, CDA requested increased local assistance resources of $1,386,000 to allow each local HICAP program to retain one full-time equivalent staff position to support recruiting and training volunteer counselors to serve the increasing number of Medicare beneficiaries. This proposal would extend those positions for one year. CDA projects that with the continuation of these increased state and local assistance resources, the department will be able to implement HICAP modernization efforts to serve more older Californians that have or will soon be eligible for Medicare. Below is a display of the projected outcomes of this funding.

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Clients Served (clients counseled from Finalized Intakes)[1,3,6]	50,925	57,960	57,960	57,960	57,960	57,960
Active HICAP Counselors (Volunteers and Paid)[1,3,6]	604	690	690	690	690	690
Average Clients Served per counselor[2,6]	84	84	84	84	84	84
Community Education Events (Interactive Presentations)[1,3,6]	1,374	1,374	1,374	1,374	1,374	1,374
CDA Completed HICAP Monitoring Visits[4,6]	7	8	9	8	9	8
CDA Sponsored Technical Assistance/Training Event Hours[5,6]	86	146	178	230	230	230

[1] Projection for Current Year (CY) based on FY 2020-21 performance.
[2] Projection only based on CY FY 2020-21 performance.
[3] Projection for Budget Year (BY) – BY+4 based on adjustments to FY 2020-21 Active HICAP Counselors multiplied by 1.1425 to represent the $1.386 million local assistance increase from the HICAP Fund augmentation.
[4] Projection based on a targeted 25 percent increase in frequency of monitoring. Exact frequency and method of monitoring may be subject to change.
[5] Projection based on analysis of historical data related to training/technical assistance opportunities offered by CDA staff to AAAs and HICAP service providers. Increases from CY are from estimated additional training opportunities to be managed by requested permanent full-time staff.
[6] At the time of the development of this request CDA's strategic plan to modernize HICAP is in development, these projections do not reflect the full implementation of CDA's strategic plan to modernize HICAP.

Source: CDA

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDA respond to the following:

1. Please provide an overview of this proposal.

Issue 4: Stakeholder Proposal: Support for Local Aging Programs

Funding Caregiver Supports and ADRC Sustainability. The Subcommittee has received the following stakeholder proposal under the California Department of Aging (CDA):

The California Association of Area Agencies on Aging proposes the state provide additional funding to support local aging programs. The C4A proposal includes:

- $2.69 million for the state to provide a 15 percent match for the federally funded Family Caregiver Support Program (FCSP), a locally administered program which provides support services to unpaid family caregivers.

- $5 million to build capacity for FCSP in rural areas.

- $16 million in FY 2023-24 and $19.7 million in 2024-25 to continue the expansion of the ADRC program.

The Subcommittee has requested Michael Costa, Executive Director, California Association of Area Agencies on Aging, present this stakeholder proposal.

Subcommittee Staff Comment. Informational item. No action is needed.

Issue 5: Home and Community-Based Services Spending Plan – CDA and CDSS Update

The Subcommittee has invited the following individuals to participate in this discussion:

- Jackie Barocio, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Mark Beckley, Chief Deputy Director, California Department of Aging
- Leora Filosena, Deputy Director of Adult Programs, California Department of Social Services
- Michael Costa, Executive Director, California Association of Area Agencies on Aging
- Brent Wakefield, President, Meals on Wheels San Diego County
- Tiffany Whiten, Senior Government Relations Advocate, California State Council of SEIU

Background. As a part of the 2021 Budget Act, the state was required to submit a package of home- and community-based services (HCBS) enhancements—known as the HCBS spending plan—to the federal government as a condition of drawing down additional federal funds resulting from a temporary 10 percentage point increase to the federal Medicaid match rate. California's plan included $3 billion in HCBS enhancements (which would be matched by an additional $1.6 billion in standard Medicaid funds, totaling $4.6 billion). The 2021 Budget Act included control section language that allowed the administration to allocate and expend funds to implement the HCBS enhancements through the annual budget process or written midyear notifications to the Legislature. The Department of Health Care Services (DHCS) is the lead state agency on the plan, which spans 26 initiatives across six departments under the California Health and Human Services Agency. This issue is limited to the HCBS programs administered by CDA and CDSS.

CDA Programs under the HCBS Spending Plan. The HCBS Spending Plan includes the following CDA programs:

Access to Technology for Seniors and Persons with Disabilities: $50 million. This program provides grants to counties to purchase digital devices service plans and training for older adults to access technology. Forty-two counties are participating, 30 contracts have been executed to date, and remaining contracts are with counties pending local approval.

Senior Nutrition Infrastructure: $40 million. This program provides allocations to local AAAs to issue grants to nutrition providers to improve meal production and delivery infrastructure. CDA has executed contracts and allocated funds to 32 of 33 AAAs, which already have or are in the process of developing subcontracts with their meal providers.

Direct Care Workforce (non-IHSS) Training and Stipends: $150 million. The CalGrows program is a statewide direct care workforce training and stipends program to incentivize, support, and fund career pathways training for the non-IHSS direct care workforce. CDA awarded $89 million in grants for various training and incentive programs, which are expected to launch no later than March 1, 2023.

Older Adult Resiliency and Recovery: $106 million. This program includes a variety of CDA initiatives to support older adults:

- Senior Nutrition: $20.7 million.
- Senior Legal Services: $20 million
- Fall Prevention and Home Modification: $10 million
- Family Caregiving Support: $2.8 million
- Digital Connections: $17 million
- Aging and Disability Resource Connections: $9.4 million
- Behavioral Health Line: $2.1 million
- Elder Abuse Prevention Council: $1 million
- State Operation Resources: $6 million

No Wrong Door/ Aging and Disability Resource Connections (ADRC): $5 million. This includes various initiatives to build out the "No Wrong Door" approach, including a data collection system for Older Americans Act and ADRC programs and a statewide web portal for aging and disability services. These projects are in the planning stages of the Project Approval Lifecycle (PAL) process.

Alzheimer's Day Care and Resource Centers: $5 million. This funds a new pilot program called Cal Compass to provide dementia-capable services at licensed centers in the community. Seven contracts were awarded to adult day programs across the state.

In addition, the HCBS Spending Plan originally included $9 million for CDA to develop a pilot program for Adult Family Homes. The Governor's proposed 2023-24 budget eliminates this program from the HCBS Spending Plan.

CDSS Programs under the HCBS Spending Plan. The HCBS Spending Plan includes the following CDSS programs:

Community Care Expansion (CCE) Program: $53.4 million. The CCE program funds the acquisition, construction, and rehabilitation of adult and senior care facilities that serve applicants and recipients of Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI), including individuals who are at risk of or experiencing homelessness. The CCE program budget of $805 million appropriated in the 2021 Budget Act includes $53.4M of HCBS funding. In an effort to liquidate these funds as soon as possible, CDSS is directing the CCE HCBS dollars towards the CCE Capital Expansion component and will liquidate the HCBS funds first, starting with all acquisition-related costs. Any other funds related to capital expansion projects that are drawn down by awarded projects will come from the HCBS portion of the CCE Capital Expansion budget first, until the entire $53.4 million is fully liquidated by March 2024.

IHSS Care Economy Payments: $295 million. The IHSS HCBS Care Economy Payments provided a one-time incentive payment of $500 to each IHSS Provider who worked for a program recipient for a minimum of two months between March 1, 2020, and March 31, 2021. The one-time payment was provided in January 2022 to 574,730 providers.

IHSS Career Pathways: $295 million. The IHSS Career Pathways program is a new training program to increase the quality of care, recruitment, and retention of providers and to provide training opportunities

for career advancement in the home care and health care industries. Providers participating in the IHSS Career Pathways program are paid for the time that they participate in the trainings and are eligible for incentive payments if certain trainings are completed. In order to be eligible for certain incentive payments, IHSS providers must continue to work for IHSS recipients for a certain amount of time after the completion of the training. To be eligible to receive the largest incentive payment (a one-time payment of $2,000), a provider must continue to work for a particular recipient for a minimum of 40 hours a week for six months after completing the training.

Registration for IHSS Career Pathways classes began in October 2022. From October 2022 through December 2022, 1,181 providers have participated in 3,017 training courses. A total of 547 classes were offered in January, and CDSS plans to have contractors add more classes in March 2023. According to the Legislative Analyst's Office, the average number of hours of training per provider was 1.95 hours. CDSS has received requests for approval of 85 training incentive payments (none have been approved to date).

HCBS Spending Plan Timeline. The Governor's proposed 2023-24 budget assumes that all HCBS spending plan funding will be expended by March 2024, and California will not use the additional optional year allowed by the federal government to spend the enhanced federal funding. However, some stakeholders involved in implementing these programs have expressed concerns about being able to implement the programs within the timeline provided, which generally means spending funds and ending programs by December 31, 2023. For example, under this assumed December 2023 expenditure deadline, IHSS providers would need to complete the training program by the end of June 2023 to be eligible for the largest incentive payment of $2,000. The most recent expenditure data provided by the Department of Finance (DOF) shows that several CDA and CDSS programs under the HCBS spending plan have the bulk of program funds remaining. For example, CDA Senior Nutrition Infrastructure shows $0 spent to date and CDSS IHSS Career Pathways shows only $2.7 million out of $295 million spent to date.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an update on CDA programs that are a part of the HCBS spending plan. How does CDA intend to ensure that all HCBS funds will be spent within the administration's timeline?

2. How is CDA working with local area agencies on aging and program grantees to mitigate concerns about the administration's timeline for spending HCBS funds?

3. Will the administration propose to extend program expenditure deadlines if not all funds have been spent by December 2023?

The Subcommittee requests CDSS respond to the following:

1. Please provide an update on the IHSS Career Pathways program. How does CDSS intend to ensure that all HCBS funds will be spent within the administration's timeline?

2. What assumptions is CDSS making to project that all funds designated for IHSS Career Pathways will be spent by the December 2023 deadline?

3. How many providers does CDSS expect to go through the trainings and receive incentive payments? How is CDSS winding down the program in a way that ensures providers are aware of the deadlines they must meet in order to be eligible for various training incentive payments?

4. Will the administration propose to extend program expenditure deadlines if not all funds have been spent by December 2023?

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: Overview – In-Home Supportive Services

Background. The In-Home Supportive Services (IHSS) program provides personal care services to approximately 615,607 qualified low-income individuals who are blind, over 65, or who have disabilities. Services include feeding, bathing, bowel and bladder care, meal preparation, and clean-up, laundry, and paramedical care. These services help program recipients avoid or delay more expensive and less desirable institutional care settings. Eligibility for IHSS is tied to Medi-Cal eligibility.

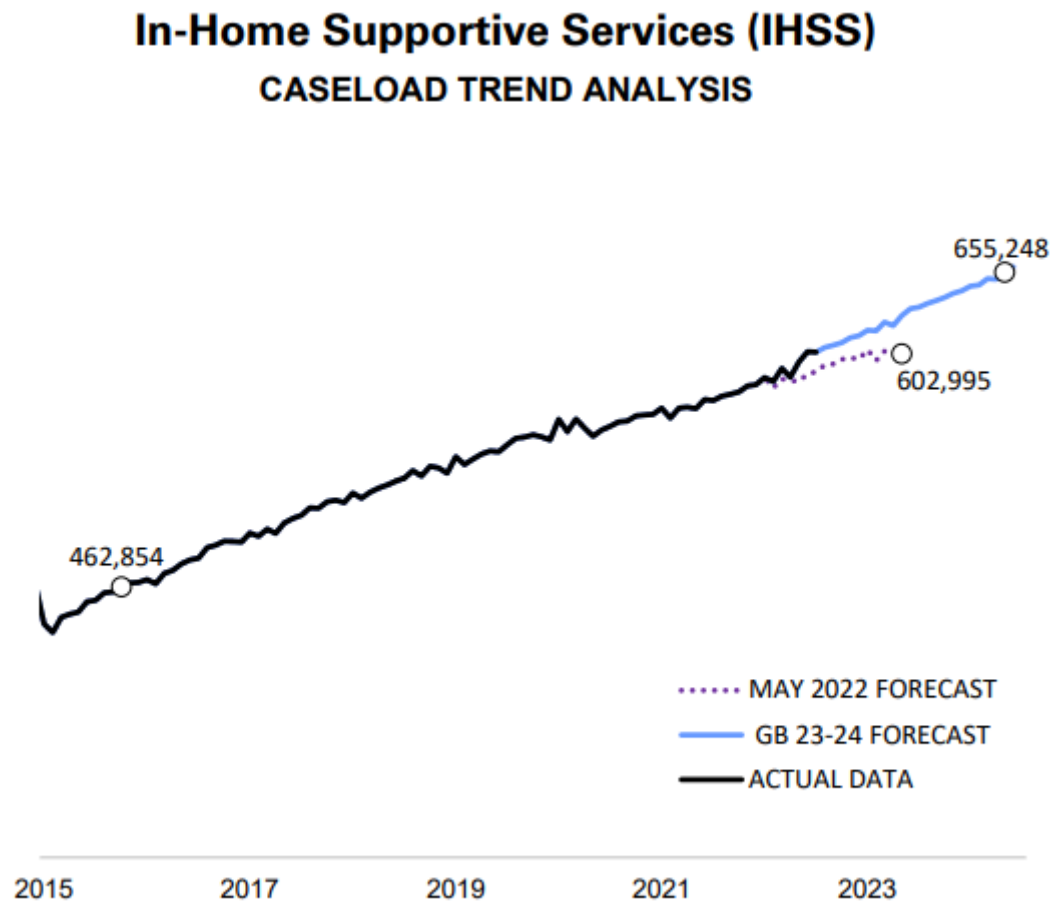
As of December 2022, approximately 15 percent of IHSS consumers are 85 years of age or older, 40 percent are ages 65-84, 36 percent are ages 18-64, and eight percent are 17 years of age or younger. The IHSS recipient selects, hires, and manages their service provider. Seventy-one percent of IHSS providers are relatives of the recipient; 55 percent of providers are live-in.

Service delivery. County social workers determine IHSS eligibility and perform case management after conducting a standardized in-home assessment of an individual's ability to perform activities of daily living. In general, most social workers annually reassess recipients' need for services. Based on authorized hours and services, IHSS recipients are responsible for hiring, firing, and directing their IHSS provider(s). The average number of service hours provided to IHSS recipients in 2022-23 is estimated to be 116 hours per month.

Governor's Budget. The Governor's revised budget for 2022-23 includes $18.5 billion ($5.9 billion General Fund) in 2022-23 for IHSS program and administration costs. This reflects a net decrease of $128.4 million ($267.9 million General Fund). The decrease is due to a lower number of hours per case, which is offset by a higher caseload and cost per hour than previously projected. The General Fund decrease also reflects an extension of the enhanced Federal Medical Assistance Payment (FMAP) rate to June 30, 2023.

The Governor's proposed 2023-24 Budget includes $20.5 billion ($7.8 billion General Fund) for IHSS and reflects an increase of $1.9 billion ($1.6 billion General Fund) compared to the 2022 Budget Act. This is due to the expansion of full-scope Medi-Cal to undocumented adults age 50 and older regardless of immigration status, conclusion of enhanced FMAP, and growth in the projected caseload and cost per hour.

For 2022-23, the IHSS costs include a half-year impact of $15.50 minimum wage implementation, while in 2023-24, the IHSS costs include a full-year impact of $15.50 minimum wage implementation and a half-year impact of $16.00 minimum wage implementation. The projected provider cost per hour is $18.62 in 2022-23 and increases to $19.12 in 2023-24. The updated caseload is projected to be 615,607 in 2022-23 and is projected to increase to 642,289 in 2023-24. The updated hours per case are 116 in 2022-23 and 2023-24.



Source: CDSS

The 2023-24 Governor's Budget projects a total IHSS caseload of 642,289 recipients, representing a 4.3 percent increase from 2022-23.

The 2023-24 Governor's Budget includes $103.4 million General Fund in 2022-23 and $857.2 million General Fund in 2023-24 for the expansion of full -scope Medi-Cal to undocumented adults age 50 and older regardless of immigration status. This expansion became effective on May 1, 2022. However, the Department assumed no costs to the IHSS program until 2022-23 and a significant increase in costs in 2023-24 due to the average amount of time it takes for eligible Medi-Cal recipients to become enrolled in IHSS.

Permanent Backup Provider System Update. The 2022 Budget included $34.4 million ($15.4 million General Fund) ongoing to establish a permanent backup provider system for IHSS recipients to avoid disruptions to caregiving due to an immediate need or emergency. Under the permanent backup provider system, a recipient who has an urgent need or whose health and safety will be at risk without a backup provider can receive up to 80 hours (if recipient is non-severely impaired) or 160 hours (if recipient is severely impaired) of backup provider services per state fiscal year. Additionally, backup providers are paid $2 above the local IHSS hourly wage rate. The Governor's proposed 2023-24 budget assumes roughly $15 million in General Fund costs to support the Backup Provider System in 2022-23 and 2023-24. This

additional funding would support over 35,000 IHSS recipients receiving an average of 119 hours of backup care in a year.

IHSS Career Pathways. The 2021 Budget included a $295 million investment of federal HCBS funds to create the IHSS Career Pathways program. The previous issue in this agenda includes more information on IHSS Career Pathways.

Stakeholder Proposal. The County Welfare Directors Association (CWDA) proposes an investment of $240 million General Fund to increase county administrative funding for the IHSS program. CWDA proposes that the current methodology underfunds the cost of IHSS workers and does not count workload associated with processing an application for authorized but unpaid cases.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the IHSS program.

2. Please provide an update on the IHSS Back-up Provider System.

Issue 2: In-Home Supportive Services Wage Supplement

Trailer Bill Language – Governor's Budget. This trailer bill language would clarify the application of wage supplements created as a part of In-Home Supportive Services (IHSS) Memorandum of Understandings (MOUs) between counties and IHSS provider unions.

Background. The In-Home Supportive Services (IHSS) program provides personal care services to approximately 615,607 qualified low-income individuals who are blind, over 65, or who have disabilities.

SB 90 (Committee on Budget and Fiscal Review, Chapter 25, Statutes of 2017) was intended to (1) require a wage supplement be added to the highest wage a county pays at the time the supplement is created and (2) allow the wage supplement to be added to any increase in minimum wage. When this statute was chaptered, Santa Cruz County reduced its original wage prior to creating its wage supplement. This resulted in the state having to cover a higher portion of the wage supplement with General Fund.

AB 110 (Committee on Budget, Chapter 8, Statutes of 2018) was passed to ensure the county did not benefit financially from minimum wage increases compared to other counties. For counties with a negotiated wage supplement prior to January 2018, AB 110 required that the wage supplement be applied to a minimum wage increase only when the minimum wage is equal to or exceeds the county individual provider wage plus the wage supplement. The purpose of AB 110 was to prevent a county from reducing its provider wages then creating a wage supplement that back fills the wage reduction.

Technical Change. Upon further analysis, CDSS has determined AB 110 will unintentionally impact Trinity and Shasta counties by not allowing their IHSS provider wage supplement to be added to the minimum wage. Specifically, if the minimum wage increases by an amount less than $0.50 after the state minimum wage reaches $15.50 per hour on January 1, 2023, then Trinity and Shasta IHSS providers would not be able to receive a wage supplement in that given year. The current statute also restricts minimum wage increases in Santa Cruz.

This trailer bill language will amend statute to no longer negatively impact Trinity and Shasta counties, and will allow Santa Cruz providers to receive minimum wage increases as they are applied.

CDSS anticipates that by removing section this proposal will have an approximate total fiscal impact of $4.1 million General Fund over the course of 2023-24 through 2026-27.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

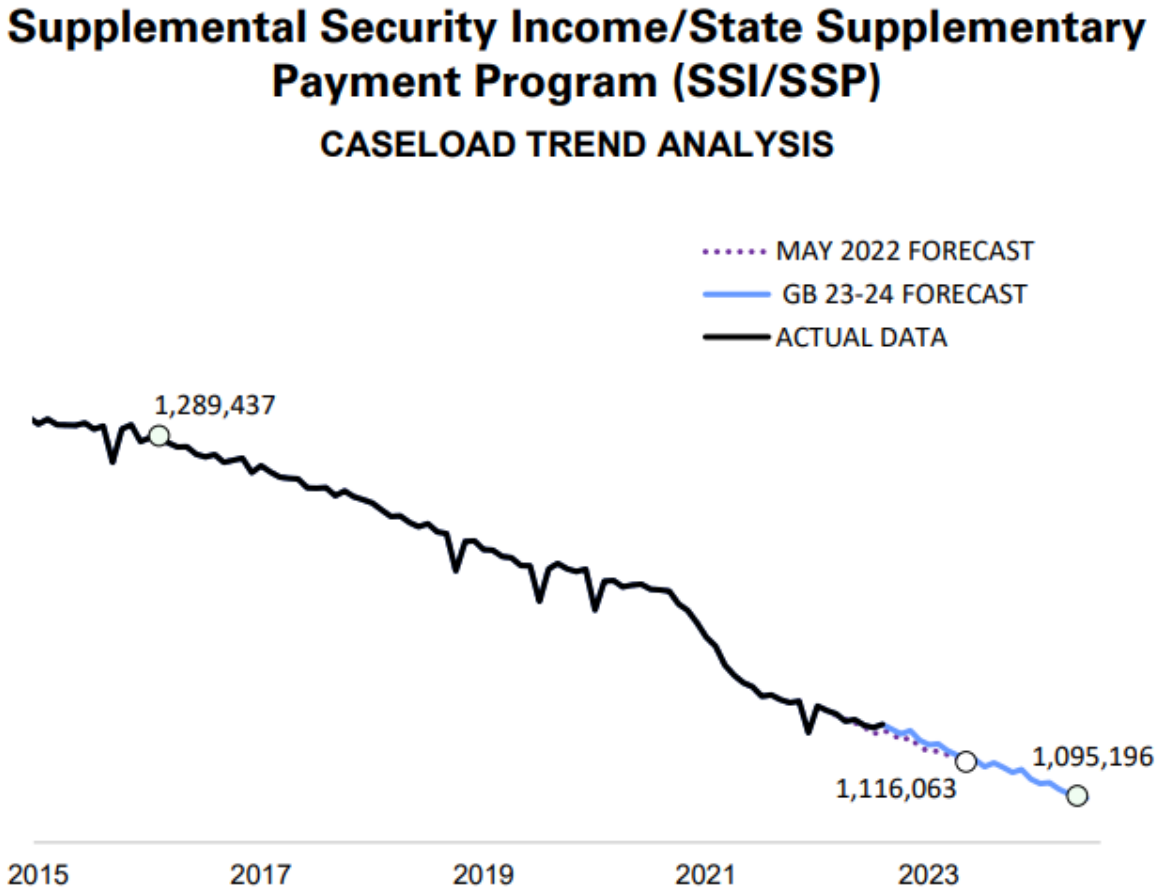
Issue 3: Overview – SSI/SSP

Background. The Supplemental Security Income/State Supplemental Payment (SSI/SSP) programs provide cash assistance to around 1.1 million Californians, who are aged 65 or older, are blind, or have disabilities, and in each case meet federal income and resource limits. A qualified SSI recipient is automatically qualified for SSP. SSI grants are 100 percent federally funded. The state pays SSP, which augments the federal benefit.

Cash Assistance Program for Immigrants (CAPI). In 1998, the Cash Assistance Program for Immigrants (CAPI) was established as a state-only program to serve legal non-citizens who were aged, blind, or had disabilities. After 1996 federal law changes, most entering immigrants were ineligible for SSI, although those with refugee status are allowed seven years of SSI. The CAPI recipients in the base program include 1) immigrants who entered the United States prior to August 22, 1996, and are not eligible for SSI/SSP benefits solely due to their immigration status; and 2) those who entered the U.S. on or after August 22, 1996, but meet special sponsor restrictions (have a sponsor who is disabled, deceased, or abusive). In 2022-23, the CAPI caseload is 14,520.

Governor's Budget. The Revised Budget for SSI/SSP in 2022-23 is $10.7 billion ($3.3 billion General Fund) which reflects an increase of $9.3 million (decrease of $16.7 million General Fund). The increase in total funds reflects a higher cost of living adjustment (COLA) in 2023 and a slightly slower caseload decline than initially projected in the 2022 Budget Act. The decrease in General Fund reflects lower average grants than previously projected. CAPI costs are $173.8 million General Fund in 2022-23.

The 2023-24 Governor's Budget includes $11.4 billion ($3.5 billion General Fund) for SSI/SSP, which reflects an increase of $626.7 million ($244.4 million General Fund) compared to the 2022 Budget Act. The General Fund increase is due to the full-year impact of the 2023 10.3 percent grant increase and half-year impacts of the proposed 2024 8.6 percent grant increase, partially offset by a continued projected caseload decline. The CAPI Program costs are $179.6 million General Fund in 2023-24.



Caseload. The Governor's budget projects a SSI/SSP caseload of 1,103,661 in 2023-24, which represents a nearly two percent decrease from the current year. The Governor's Budget projects the CAPI caseload will remain relatively flat at 14,511 in 2023-24.

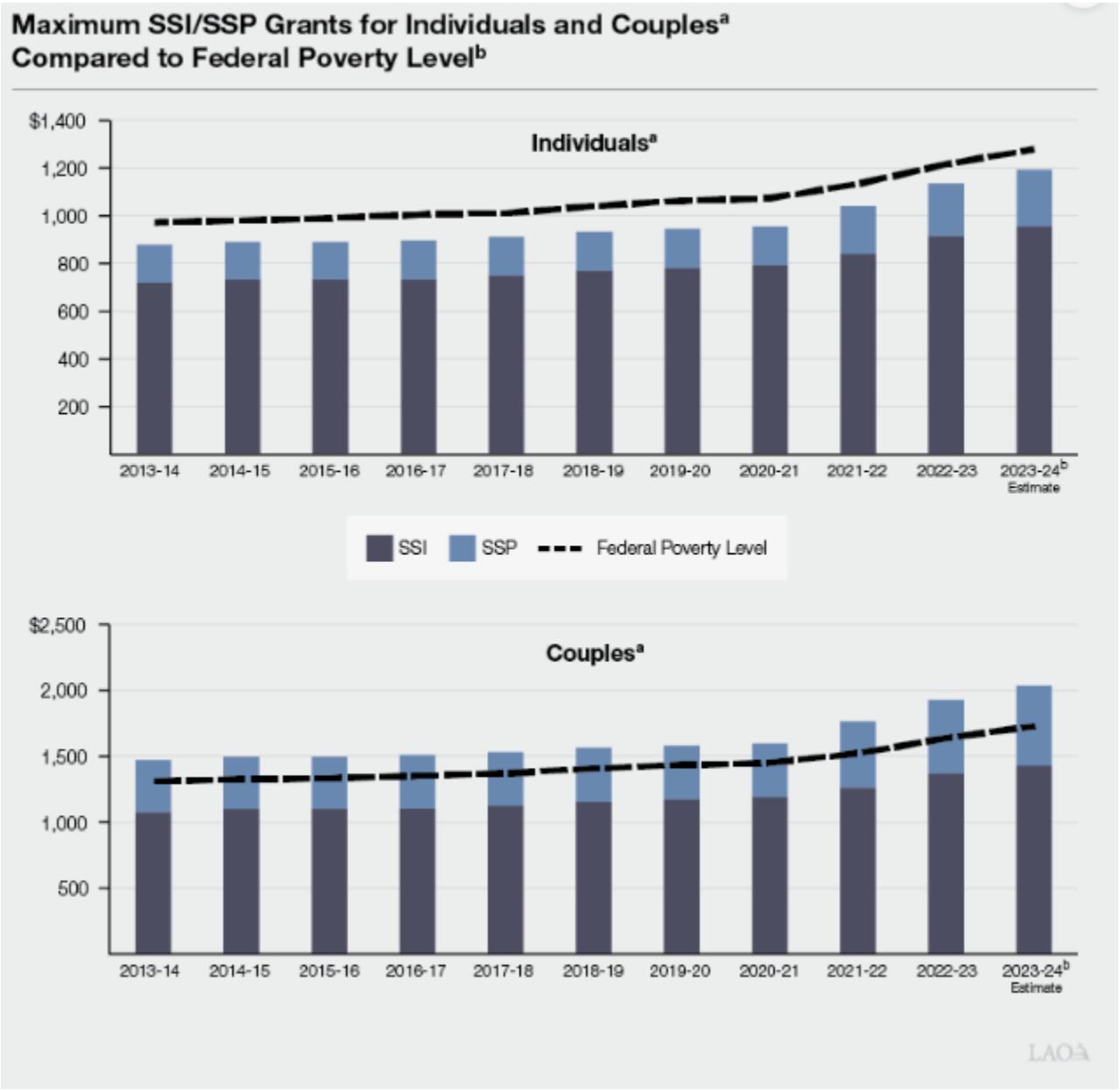
Since 2014-15, the SSI/SSP caseload has shown steady decline due to overall program attrition from the disabled population and slower caseload growth resulting from fewer income eligible individuals. CDSS attributes the further decline starting in 2020-21 to COVID-19 when Social Security Administration (SSA) field offices closed, combined with a growing trend of applicants whose income and/or resources exceed SSI/SSP's eligibility thresholds.

Grant Levels. The 2021 Budget Act included $225 million General Fund in 2021-22 and $450 million in 2022-23 to increase grants for SSP, Cash Assistance Program for Immigrants (CAPI), and California Veterans Cash Benefits recipients, to restore SSI/SSP grants to 2009 levels.

The 2022 Budget Act accelerated the phase-in of this restoration to January 1, 2023, and included trailer bill language to enact this change. The Governor's proposed 2023-24 budget includes an 8.6 percent projected increase in the SSP grant. This reflects the half-year impact of the 2024 SSP grant increase.

While this recent budget action represents a historic investment to restore SSP grants to pre-Great Recession levels, grant levels remain just above the poverty line for couples and below the poverty line

for individuals. The chart below, provided by the Legislative Analyst's Office, compares SSI/SSP monthly maximum grant levels to the federal poverty line.



Stakeholder Proposal. Californians for SSI, a statewide coalition of over 200 organizations across the aging, disability rights, housing and homeless, anti-hunger, and anti-poverty sectors, requests ongoing funding to end poverty for Californians living on SSI/SSP. This proposal includes the following:

- A three-step increase to bring SSI/SSP grants to 100 percent of the federal poverty level over three years, which they would require $209 million over the next three years and $418 million ongoing.

- $8.28 million to update specific nutrition programs that serve SSI households to create parity with CalFresh.

- $10 million to revive the Special Circumstances Program, to support vulnerable individuals on SSI/SSP facing emergencies.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the Governor's proposed budget for SSI/SSP.

Issue 4: Overview – Adult Protective Services

Background. Each of California's 58 counties has an Adult Protective Services (APS) agency to aid adults aged 60 years and older and dependent adults who are unable to meet their needs, or are victims of abuse, neglect, or exploitation. The APS program provides 24/7 emergency response to reports of abuse and neglect of elders and dependent adults who live in private homes, apartments, hotels or hospitals, and health clinics. APS social workers evaluate abuse cases and arrange for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship. APS social workers conduct in-person investigations on complex cases, often coordinating with local law enforcement, and assist elder adults and their families navigate systems such as conservatorships and local aging programs.

Governor's Budget. The Governor's Budget does not include any changes to the APS program. The tables below show APS expenditures from 2021 to the proposed 2023-24 Budget.

Values in Thousands

2021-22 APS Expenditures Table					
	Federal	LRF	County	Health	Total
TOTAL APS	$0	$161,088	$69,038	$147,122	$377,248

*Expenditures reflect the Basic APS Realigned Program expenditures.

Values in Thousands

2022-23 APS Budgeted Table					
	Federal	State	County	Reimb.	Total
TOTAL APS	$16,531	$166,455	$338,089	$71,357	$592,432

Values in Thousands

2023-24 APS Budgeted Table					
	Federal	State	County	Reimb.	Total
TOTAL APS	$0	$73,955	$318,792	$109,595	$502,342

Federal Relief. In the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021, California APS received $9.5 million to supplement services in response to the pandemic. This funding allocation was based on each county's percentage of the total average APS monthly elderly (aged 60 and above) caseload. From the funds, $254,974 was earmarked for an evaluation study to highlight strategies the counties employed and their effectiveness in responding to the unique demands brought on by COVID-19. The federal relief funding has been used for a variety of purposes, including: emergency shelter, technology for staff (laptops, tablets, phones, etc.), extended case management, financial abuse public awareness and education campaign, hiring additional staff, and conducting nursing follow up with clients after case closure. California also received $8.6 million for APS as part of the American Rescue Plan Act (ARPA). As part of this grant, CDSS submitted a strategic plan for APS in May 2022.

2021 Budget Act Changes. The 2021 Budget Act made several changes to the APS program and included $70 million to expand the APS program. As of January 1, 2022, the elderly eligibility age decreased from 65 to 60. Consequently, the age for dependent adults eligible for APS services changes to 18-59. The 2021

Budget also included an increased emphasis on housing for the elderly and required the development of a stakeholder workgroup to explore the feasibility of a statewide automated APS case management system.

CDSS facilitated four virtual meetings in 2022 with the APS Data Workgroup, held a public stakeholder meeting, and surveyed other states to explore the feasibility of a statewide automated APS case management system. CDSS released a report in November 2022, which identifies three recommendations for a statewide system for the APS program: (1) a state-built case management system, (2) a vendor-built commercial case management system, or (3) a data warehouse. The report does not identify a preferred option, but rather identifies the advantages and challenges and considerations associated with each recommendation.

2022 Budget Act Changes. The 2022 Budget Act included $4.6 million General Fund ongoing to continue formerly funded APS training. The 2022 Budget Act also reappropriated unexpended funds included in the 2021 Budget Act for the APS program expansion, and approved position authority for five permanent positions to assist with that expansion.

Data Collection. In 2018, the state received a federal grant to improve the state's APS data collection system. The department used the grant to overhaul its primary APS data collection that counties use to electronically submit their monthly statistics. The updated tool was implemented for county use in January 2019. The updated tool captures more comprehensive data that more closely reflects data collected in the federal National Abuse Maltreatment Reporting System database. A key new element in the revised SOC 242 is data tracking recidivism rate. With this, the state is able to detect the rate of repeat clients, a valuable tool to quantitatively measure the effectiveness of interventions and remediation efforts. Also, CDSS is able to now know what other social agencies were utilized in cases as well as better track where referrals are coming from. The updated SOC 242 now provides demographic information on both clients and perpetrators. The APS Public Data Dashboard recently went live on the CDSS website.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the APS program.

2. Please provide an update on the implementation of federal APS grants and the APS expansion in the 2021 Budget.

Issue 5: Overview – Community Care Licensing Division

Background. The Community Care Licensing (CCL) Division in the Department of Social Services (CDSS) oversees the licensure or certification of 71,474 licensed facilities that include childcare centers; family child care homes; adult day care facilities; foster family homes; children, adult, and senior residential facilities; and certified family homes and home care organizations. CCL is responsible for protecting the health and safety of individuals served by those facilities. Licensing program analysts investigate any complaints lodged, and conduct inspections of the facilities. As of January 2023, CCL has a total of 1,587 staff.

Governor's Budget. Within the state operations budget, the Governor's Budget includes $244.2 million for CCL in 2022-23. The Governor's proposed budget also includes several budget change proposals for CCL, which are discussed in the following issues in this agenda.

Funding. Licensed facilities must pay an application fee and an annual fee, which is set in statute. The revenue from these fees is deposited into the Technical Assistance Fund (TAF) and is expended by the department to fund administrative and other activities in support of the licensing program. In addition to these annual fees, facilities are assessed civil penalties if they are found to have committed a licensing violation. Civil penalties assessed on licensed facilities are also deposited into the TAF, and are required to be used by the department for technical assistance, training, and education of licensees.

2021 Budget Act. The 2021 Budget Act included the following changes to the CCL program:

- *Administrator Certification Training Program Fee Structure*. The 2021 Budget revised the fee structure for the administrator certification training program for administrators of community care facilities.

- *Reducing Law Enforcement in Children's Residential Facilities.* The 2021 Budget included $294,000 ($183,000 General Fund) in 2021-22 and 2022-23 for the extension of limited-term positions to continue work to reduce the use of law enforcement within facilities for foster youth.

- *CCL Resources.* The 2021 Budget included $2.3 million ($1.9 million General Fund) ongoing to support additional positions to address ongoing complaint investigations workload and reduce license application processing time.

- *Closure of Adult Residential Facilities and Resident Transfers*. The 2021 Budget included $1.1 million ongoing General Fund to provide temporary oversight of Adult Residential Facilities (ARF) when a facility owner forfeits their license or intends to close the facility.

2022 Budget Act. The 2022 Budget Act included the following changes to the CCL program:

- *Home Care Fund Loan Forgiveness.* The 2022 Budget paused General Fund loan repayments for one year and required CDSS and the Department of Finance to report on revenue trends and structural solutions for the fund.

- *CCL Workload.* The 2022 Budget included $1.3 million General Fund ongoing for eight permanent positions to support and provide expertise to the CCL Division regional offices in the Adult and Senior Care Program, Child Care Program, and Children's Residential Program.

- *Migrating Data from Legacy Systems*. The 2022 Budget included $1.5 million General Fund and two one-year limited term positions to complete the project to migrate existing systems to the new staging relational database.

CARE Inspection Tool Update. All facilities licensed by CCL must meet minimum licensing standards, as specified in California's Health and Safety Code and Title 22 regulations. CDSS conducts pre- and post-licensing inspections for new facilities and unannounced visits to licensed facilities under a statutorily required timeframe. CCL has developed the Compliance and Regulatory Enforcement (CARE) inspection tools to improve the effectiveness and quality of the inspection process. The CARE Tools focus CCL's efforts in the three priority areas: prevention, compliance, and enforcement. As of November 2022, the Child Care Program is using the full CARE tools for all pre-licensing and annual inspections; the Children's Residential Program is using CARE tools for some of their facility categories; and the Adult and Senior Care Program is using CARE tools for all pre and post-licensing inspections as well as COVID-19 infection control. Because CARE is a more robust tool, CCL reports significantly increased inspection times across program areas, leading to an inspection backlog.

Subcommittee Staff Comment. Informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of the Community Care Licensing program.

2. Please provide an update on the CARE Inspection Tool and current inspection backlog.

Issue 6: Home Care Fund Stabilization

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests 15 positions and $2.8 million in ongoing funding to stabilize and provide responsible oversight and enforcement of the home care system in California through the Home Care Program.

Background. The Home Care Services Bureau was created by AB 1217 (Chapter 790, Statutes of 2013), which required that CDSS regulate Home Care Organizations (HCOs), provide background checks for home care aides (HCAs) affiliated with HCOs, and maintain a list of approved independent and affiliated HCAs in a public registry. Along with enforcing background check requirements, CDSS requires HCOs maintain adequate liability and workers' compensation insurance and requires affiliated HCAs attend annual training and obtain tuberculosis clearances.

Before the passage of AB 1217, home care was unregulated in California. In 2011, the California Senate Office of Oversight and Outcomes found that California was one of the few states to leave the home care services industry unregulated. It was challenging for private individuals hiring in -home caregivers to ascertain accurate information about prospective caregivers' criminal background. The report examined recent elder abuse cases perpetrated by in-home caregivers, and concluded that in many cases, those convicted of elder abuse—whether involving theft, fraud, or assault—had prior criminal records, underscoring the importance of ensuring that HCAs possess criminal record clearances.

In 2014-15, CDSS received resources to establish and maintain the operational and administrative components of the program prior to the implementation date of January 1, 2016. The program received a General Fund loan of $1.5 million in 2014-15 to assist with implementation costs with the intent to repay the loan with the fees from Home Care Fund (HCF) revenues (Chapter 25, Statutes of 2014).

In 2015-16, the CDSS received 38.5 positions to implement the program, and an additional loan of $5.5 million for implementation costs. It was estimated that 2,000 HCOs would seek licensure and 70,000 HCAs would seek registration at program implementation, and 255 additional HCOs would seek licensure each subsequent year.

In 2016-17, the CDSS received a $1.0 million increase in the loan amount due to revised estimates concerning the number of HCOs and HCAs seeking licensure and registration, respectively, as well as unaccounted for costs regarding the processing of mail applications and responding to complaints. The 2016 budget adjusted the estimated number of HCOs and HCAs that would apply for initial licensure, increasing both estimates to 3,000 and 100,000, respectively.

In 2017-18 and 2018-19, CDSS made two partial General Fund loan repayments of $1.1 million. In 2017-18, CDSS received increased expenditure authority, funded by an increase in fees, to meet ongoing workload. The Program increased HCO fees by approximately 8.5 percent (from $5,165 to $5,603) and HCA fees by 40 percent (from $25 to $35). Since then, CDSS has instituted several cost-saving measures in order to improve the financial standing of the Home Care Program. However, these measures have been insufficient to support the ongoing work of the program.

In 2021-22, the CDSS requested resources, programmatic changes, and loan forgiveness of $5,681,000. No resources or programmatic changes were approved. The Legislature approved a pause in the loan repayment for one year.

The tables below represent the program budget and workload history of the Home Care Services Bureau:

Resource History
(Dollars in thousands)

Program Budget	16-17 PY-5	17-18 PY – 4	18-19 PY – 3	19-20 PY – 2	20-21 PY-1	21-22 PY
Authorized Expenditures	7,635	8,923	7,819	7,546	7,240	N/A
Actual Expenditures	7,635	8,438	7,713	7,021	6,833	N/A
Revenues	3,556*	7,625	4,078	5,739	8,878	N/A
Authorized Positions	28.0	28.0	28.0	28.0	28.0	28.0
Filled Positions	25	22.25	24.15	25.8	25.7	25.58
Vacancies	3	5.75	3.85	2.2	2.3	2.42

*Includes GF loan of $1M

Source: CDSS

Workload History

WORKLOAD MEASURE	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
HCA APPS RECEIVED (NEW OR RENEWAL)	53,822	71,988	58,694	73,653	57,017	64,175
HCO APPS RECEIVED (NEW OR RENEWAL)	371	1,169	557	991	639	1208
HCO VISITS (COMPLETED)	129	849	506	257	35*	293
CALL VOLUME	N/A	52,877**	45,695	73,908***	58,354	51,105

**Visits conducted remotely due to the COVID-19 pandemic.*
*** Calls for January 2018 through June 2018*
**** Increased call volume to overflow calls from the Care Provider Management Bureau (CPMB), then Caregiver Background Check Bureau CBCB, during the pandemic and after the Guardian implementation.*

Source: CDSS

The Home Care Program was initially established in 2016 as a 100 percent fee-funded program; however according to CDSS, this structure was created under assumptions about program revenues and operational

expenses that have since proven incorrect. Due to the lower than projected revenue from unlicensed HCOs, a critical shortage of personnel to conduct inspections, and increased legal expenses, the Home Care Program is not sustainable as originally envisioned. The Program has reduced costs by leaving positions unfilled, reducing travel costs, streamlining work processes, and evaluating procedures for legal review; however, these efforts have been insufficient to operationalize the program within its current resources. Additionally, based on a recent survey of states with a program similar to Home Care Services, CDSS determined that there is a need for non-fee-based funding for those programs. As examples, Oregon and Colorado both utilize General Fund dollars for their programs while Texas utilizes block grants and state funds for its home care licensing program.

Data indicates that far fewer HCOs sought licensure than projected. At program implementation, 1,217 HCOs applied for licensure rather than the expected 2,000, leading to a revenue shortfall of $4.04 million. Licensure applications continued to decrease in subsequent years. Given that revenues from HCO licensure fees constitute the bulk of program revenues, the lower-than-expected number of licensees has resulted in a significant revenue shortfall. CDSS projects that the lower-than-expected number of HCOs seeking licensure results from a substantial portion of HCOs operating without a license; CDSS estimates that 1,100 HCOs are operating on an unlicensed basis, in comparison with the approximately 1,800 HCOs currently licensed with the state. The continued proliferation of unlicensed HCOs endangers the health and safety of clients in care and lowers operating revenue for CDSS. The lack of sufficient staffing renders the Program unable to investigate complaints of unlicensed HCOs as mandated by statute. Since July 2021, CDSS has completed 27 complaint-related visits to HCOs accused of operating on an unlicensed basis, which represents less than three percent of the estimated number of unlicensed HCOs in California.

The lack of sufficient funding has limited the Program's capacity to conduct mandated inspections and investigations. Program revenues have been redirected to support unanticipated legal expenditures related to due process for licensees and HCAs; furthermore, six initial revenue projections did not account for sufficient personnel and travel costs commensurate with inspection and investigation-related workload. Since program implementation in 2016, the program has accumulated a significant backlog of over 1,700 inspections while only completing 1,800 initial and biennial inspections.

Staffing and Resources Request. CDSS requests ongoing funding ($2.9 million in 2023-24 and $2.8 million ongoing) and 15 positions to provide stability and support to the Home Care Program, including elevating the Home Care Services Bureau into a Branch. Nine of the requested staff are to create two Enforcement Units to conduct inspections and investigations and one Policy Unit to provide necessary policy guidance for the maintenance of the Program. With the creation of these three new units, CDSS proposes to split the current Bureau structure into two separate bureaus: Policy & Enforcement Bureau and Licensing, Registry & Administrative Support Bureau, creating the need for the Home Care Services Bureau to become the Home Care Services Branch.

CDSS also the following policy changes to ensure Home Care Services in California meet the growing need for well-regulated in-home care: (1) statutory changes to stabilize the funding using General Fund in 2023-24 and 2024-25, and (2) deferral of $711,000 General Fund loan repayment in 2023-24. At the time of this writing, CDSS's proposed statutory language was not available.

The proposed positions for this proposal are included in the table below.

Number of Staff	Position Classifications
1.0	CEA-A
1.0	Staff Services Manager II (SSM II)
3.0	Staff Services Manager I (SSM I)
8.0	Staff Service Analysts/ Associate Governmental Program Analysts (SSA/AGPA)
1.0	Research Data Analyst II (RDA II)
1.0	Attorney III (ATT III)
15.0	

Enforcement Units. CDSS requests two Enforcement Units to pursue enforcement of entities that are operating unlicensed HCOs or that are licensed and not operating in accordance with statute and/or regulation. Enforcing those unlicensed entities to become licensed assists with the revenue to the Program and ensures active regulation of HCOs and HCAs. One Enforcement Unit will be responsible for HCOs doing business in Southern California and the other Enforcement Unit will be responsible for HCOs doing business in Central and Northern California.

Policy Unit. CDSS requests the establishment of a Policy Unit that will (1) draft necessary policy guidance for the maintenance of the Program by issuing Provider Information Notices to licensees, (2) update regulations, as needed, and (3) provide policy guidance to internal and external stakeholders.

The CDSS Legal Division requests permanent funding and position authority for one (1.0) Attorney III to provide critical legal policy support for the stabilization of the Home Care Services program. The proposed expansion to the Home Care Services Program will increase the number of program Enforcement staff and the number of inspections of unlicensed HCOs. This expansion will result in a significant increase in legal support needs. The Attorney III will provide ongoing legal research and analysis, draft regulations, provide litigation support, and provide ongoing legal consultation to enforcement and program staff, among other responsibilities.

In addition to those positions indicated above, the Quality Management Bureau (QMB) is requesting one (1.0) Research Data Analyst II (RDA II) in the Systems Review Unit. This position is essential to support the Program to develop and maintain a system review model consistent with the other Community Care Licensing Division programs already being served by QMB. The RDA II will be tasked with developing methodologies, creating data collection systems, and creating the reporting structure for the Program. The RDA II will maintain monthly management reports and continue to be responsive to the evolving needs of HCSB.

According to CDSS, these program enhancements are necessary to meet strategic priorities identified by the California Health and Human Services Agency to meet the home care needs of persons with disabilities and California's growing aging population, and to fully operationalize and meet key goals in the California Master Plan for Aging. CDSS notes that California's population age 65 and older is expected to be 87

percent higher in 2030 than in 2012; many of these individuals will utilize home care services to remain in their own homes and age in place.

Projected Outcomes. The requested resources will form a Policy & Enforcement Bureau to conduct inspections and investigations. This Bureau will provide an increase in the number of unlicensed/complaint visits completed monthly. With existing resources, the Program completes approximately 65 visits per month; with the requested resources, approximately 400 visits per month can be completed. With current staffing, the current backlog is projected to double by 2022-23; with the requested resources, the Program can reduce the backlog of inspections almost completely by the end of 2024-25. The following table shows the projected outcomes of this proposal:

Workload Measure	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Enforcement Bureau: Projected Completed Inspections (Initial, biennial, closures, suboffices, technical assistance and missed/re-visits)	1,056	1,859	2,028	2,365
Enforcement Bureau: Projected Completed Unlicensed and Complaint Visits	144	253	276	323

Assumes a total of 40 inspections (30 inspections and 10 unlicensed/complaint visits) are scheduled with an average of 20% missed visit per month, based on current workload data. Full staffing is assumed In June 2024. It is assumed that an average of 12% of completed visits are unlicensed/complaint visits.

Source: CDSS

If approved, CDSS will initiate recruitment for 15.0 positions in the two new Enforcement Units, new Policy Unit within the Home Care Services Branch, Quality Assurance Bureau, and Legal Division Policy and Litigation Branch. Within six months of funding, CDSS will initiate a strategy for addressing the inspections backlog and pursuing unlicensed HCOs. The Policy Unit will reevaluate the fee structure with the goal of improving the rate structure for Home Care Organization licensure and stabilizing the Home Care Program revenue. This reevaluation of the fee structure will be completed by January 2025.

Subcommittee Staff Comment and Recommendation – Hold Open. Subcommittee staff notes that the trailer bill language aligned with this proposal was not available at the time of this writing.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 7: Reinforce the Caregiver Background Check System and Background Check Resources

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests contract funding of $900,000 of which $300,000 is for three year limited-term funding to support the existing Guardian background check system for ongoing IT maintenance and $600,000 is for two year limited-term funding to initiate planning activities to develop a replacement to the Guardian system.

Background. The CDSS Community Care Licensing Division (CCLD) is responsible for regulating the care facilities it licenses, and protecting the health and safety of children, adults, and seniors in those facilities. CCLD licenses and oversees approximately 74,000 community care facilities throughout California, including childcare facilities, foster family homes, and care facilities for the adult and senior population. Health and Safety Code (HSC) Section 1522 mandates a background check of all applicants, licensees, adult non-residents, volunteers, and employees who have contact with these vulnerable populations. CCLD's Care Provider Management Bureau (CPMB) conducts these background checks to determine whether individuals should be allowed to be present in a licensed care facility.

CPMB is mandated by Health and Safety Code Sections 1522, 1568.09, 1569.17, and 1596.874 to process background checks resulting in a high volume, high production, time critical operation. CPMB processes over 200,000 Department of Justice (DOJ) fingerprint results annually, of which approximately 75,000 have criminal background histories. To determine if these applicants can be granted a criminal record exemption, CPMB screens, routes, reviews and analyzes these histories in addition to over 50,000 additional background check documents requested and received from facilities, applicants, and law enforcement agencies per year. This requires processing high volumes of incoming and outgoing mail and faxes, as well as creating, filing, and retrieving over 12,000 paper case files per year. CPMB also manually processes over 20,000 TrustLine and Home Care Services Registry applications that are received through the mail that require manual input into the data system and processing of paper checks for registry fees. The table below depicts the current CPMB Program Budget:

Resource History
(Number of Positions)

CPMB Program Budget	PY – 5	PY-4	PY – 3	PY-2	PY-1	CY
Authorized Positions	81.75	80.75	81.75	81.75	88.7	87.7
Filled Positions	73.125	72.55	72.775	76.075	78.575	78.7
Vacancies	8.625	8.2	8.975	5.675	10.125	9.0

Source: CDSS

In 2013, CDSS and the California Department of Public Health (CDPH) applied for, and were awarded, a federal block grant funded by the Office of Inspector General called the National Background Check (NBC) Program. The goal of the NBC pilot program was to streamline criminal background check processes. The NBC pilot program ended in 2016. CDSS and CDPH met their minimum obligations as participants in the pilot, however the state of California had a hard hiring freeze during this time period, and CDSS could not adequately recruit state resources to leverage the NBC software at the operational level, which decreased the overall success of the pilot. Immediately following the pilot, CDPH moved forward in procuring the NBC system, which is still in use, but CDSS continued to use its prior criminal background check system until January 2019 due to concerns over the costs of switching systems and CDSS wanting to leverage the enhancements made since the conclusion of the pilot in 2016.

In the last quarter of 2018, CDSS revisited the NBC Program and looked to leverage many of the enhancements developed by CDPH and other states since 2016. To deliver the NBC system, later retitled as the Guardian system, CDSS received delegated approval from the Office of Agency Information Officer (OAIO) due to the nature of being a low-cost value, internally facing, Commercial Off the Shelf (COTS) solution.

The Guardian vendor initially anticipated minimal customization to meet CDSS' business needs. When the vendor started to design and develop the workflows, the vendor team highlighted the need for software customization instead of configuration beyond their original estimate. Because of the urgent need for facilities to manage their background checks electronically because of the COVID-19 State of Emergency and related stay at home orders, Guardian was developed as a minimum viable product and was rolled out in January 2021, with customizations deferred. The new database has experienced system inefficiencies and technical challenges, resulting in both the ongoing need for system workarounds and in processing delays. This has resulted in increased backlogs and has created a high volume of public telephone inquiries.

According to CDSS, the average timeframe for a background check clearance (no criminal history) is six days once CDSS receives the required information from the Department of Justice (DOJ). Approximately 11 percent of applications require an exemption (some criminal history). These cases are currently exceeding an average of 150 days to process. Prior to the implementation of Guardian, when all background check activities were conducted on paper, the average time frame for a standard exemption was 120 days.

Issues with the Guardian system. Since initial deployment of the full system in January 2021, numerous issues have been identified in the Guardian system.

Workflow Challenges. In the development of custom workflows necessary to meet CPMB's business needs, the vendor team highlighted the acute need for NBC software customization, beyond their original estimate and the baseline functionality implemented for the 20 other states that the vendor has developed and hosted. According to CDSS, the most significant challenges with the Guardian system have been as follows:

- The original cost and functionality was based on experience deploying the NBC system to other states as well as CDPH; however California's needs specific to background checks for CDSS

programs are significantly more complex, requiring far more customization than initially anticipated and increasing the cost from the initial estimates.

- Data migrated from the legacy criminal background check system was not adequately cleaned prior to the migration resulting in additional cases that appear to be pending but were previously completed. This skewed the data significantly.

- Due to lack of product customization, the current system has problems meeting CDSS specific requirements related to automating workflows. This limitation greatly hinders day-to-day business operations while processing background checks applications.

- Due to underlying system issues, CDSS could not move into a maintenance and operations contract within the timeframes expected.

Tracking. Guardian system lacks proper functionality for tracking case milestones and deadlines. For example, when CCLD staff are working standard exemption cases, letters are mailed to applicants who then have 45 days to respond with the required information. Currently, Guardian is not capable of alerting staff (or sending proper notifications) when the 45-day period has expired; additionally, there is no ability to generate an automated alert to the applicant that their deadline has expired. The system will automatically move the case to the next step but will not alert anyone. CDSS currently tracks this outside of Guardian using a manual process and Microsoft Excel spreadsheet.

There also is no functionality to alert or notify CCLD staff when the due date has ended for ordered arrest reports. This is currently being tracked manually outside of Guardian, which is laborious to enter and manage. When these deadlines expire, and nobody is notified, it has major impact on applicants, who experience extended wait times to begin their employment, and providers, who are waiting on an applicant's exemption to be completed and struggle to hire staff in their facilities.

Department of Justice (DOJ) Interface. The functionality assigning the criminal history, as well as the functionality which populates fields related to the criminal history on the employee profile, have been turned off because they would not function properly. The risk of not having this functionality is that certain criminal information, that would effectively remove an employee from a care facility or end their employment outright, will not populate to the employee's profile. As a workaround, CCLD staff are currently manually printing and processing all subsequent criminal history. Printing and processing subsequent criminal histories are intensely manual and slow processes that carry a higher risk of error. This has contributed to an immense backlog of work.

Extreme backlog of background check cases. CPMB is experiencing an extreme backlog of background check cases since deployment of the Guardian system in January 2021. Since implementation, the backlog has increased approximately 30 percent, creating significant impacts on internal and external stakeholder business practices. Background check cases where an exemption is required are currently exceeding an average of 150 days to process and, in many cases, far longer (the expectation is approximately an average of 90 days). The table below depicts backlogs in Guardian:

Backlogs in Guardian

Case Type	Backlogs (Current data in Guardian)
Backlogged Cases in Process	12,784
Backlogged Cases Not Started	7,500
Arrest Only Investigations	4,795
TOTALS	**25,079**

High volume of Calls. CDSS reports that Public inquiries via phone and email are at an all-time high and CPMB is unable to meet the demand. CPMB is only able to answer phones from 8:00 a.m. to 12:00 p.m. The limited phone period allows for program staff to perform other critical duties, such as responding to Guardian email inquiries, priority case resolution, DOJ error batch resolution, incoming mail/faxes, and meetings/trainings.

Phone wait times are averaging approximately 44 minutes, with some wait times up to two hours. It is currently necessary to redirect staff from other areas of the Bureau to assist with this demand, which takes them away from processing cases and other high-priority assignments. The inability to answer public inquiries and process background checks in a timely manner negatively impacts licensed facilities, registries, and Trustline's ability to hire care providers. Prior to Guardian, there were occasional calls to analysts working cases, but a customer service unit did not exist for ongoing public support. CPMB currently averages approximately 200 calls daily. Approximately 70 percent of the callers are inquiring about the status of their application or background check status. This data indicates CPMB call volume October 2021 through March 2022:

- Total calls received 31,794
- Total calls handled 21,159
- Average wait time 44 minutes
- Average 2,116 calls handled per person over 6-month period
- Average 353 calls handled per person, per month

Resource Request. According to CDSS, the long-term solution is to replace the background check system. Replacing the Guardian system will allow CDSS to make system modifications and enhancements more efficiently and alleviate pain points in the system.

CDSS requests $600,000 in limited term funding over two years for the following activities through contracted services:

- Begin the Project Approval Lifecycle (PAL) planning activities for Stage 2 such as gathering mid-level requirements, identifying baseline business processes, systems, and architecture, market research, and alternative analysis.

- Develop a roadmap for PAL Stage 3 and Stage 4 based on Stage 2 alternative analysis.

- Develop a budgetary analysis for additional planning, procurement, project implementation, and support activities.

While CDSS identifies a replacement system, the Department plans to continue using the existing Guardian system with a request of $300,000 in limited term funding over three years.

This proposal does not include the funding for a replacement system; rather it includes funding for the planning and research necessary to initiate the procurement of a replacement system through Stage 2 of the PAL process. CDSS plans to submit a budget change proposal to develop the new system when the PAL process is complete.

Within six to nine months of approval, CDSS plans to start the request for proposal process for service contracts. With six to nine months of procuring consulting services, CDSS would complete the Stage 2 Alternative Analysis of the PAL process. The California Health and Human Services Agency Portfolio Manager and PAL Manager from Department of Technology will provide project oversight in the development of PAL document and procurement of contract services for planning activities.

Stakeholder proposal. A coalition of organizations representing families and agencies licensed by CCLD and resource families in the foster care system, including the California Alliance of Child and Family Services, the California Assisted Living Association, and other affected organizations, request $1.558 million General Fund for 12 limited-term staff at CCLD to process background checks while the state plans for a permanent replacement for Guardian. This stakeholder coalition notes that issues with Guardian is leading to serious delays in hiring staff in all settings licensed by CCLD, including child care programs, Foster Family Agencies and resource families, short-term residential therapeutic programs, social rehabilitation programs, residential care facilities for the elderly, home care organizations, and other adult and senior care facilities that serve vulnerable individuals. Stakeholders additionally have shared that due to extreme delays to starting employment caused by Guardian, prospective employees most often decline their pending employment offers and instead secure work in settings where they can start earning a paycheck immediately. According to the coalition, 12 additional staff at CPMB could help process clearances within three days; process simplified exemptions in an average of seven days; manually review and clear the Guardian backlog; and extend the current hotline hours to 5pm.

The Subcommittee has requested Tyler Rinde, Deputy Director of Child Welfare Policy, California Alliance of Child and Family Services, to present this stakeholder proposal.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the measures CDSS is taking in the short term to address issues with the Guardian system and reduce the current backlog.

3. What are the desired outcomes, in terms of timeframes for processing exemptions, for a replacement to the Guardian system?

Issue 8: Preventing Trauma During Facility Closure

Budget Change Proposal – Governor's Budget. CDSS requests $5.1 million in ongoing funding and permanent authority for one position to support temporary manager contracts. The request is critical to take quick and effective action to protect the health and safety of residents of Residential Care Facilities for the Elderly (RCFE) and Adult Residential Facilities (ARF) and minimize the effects of transfer trauma that accompanies the abrupt transfer of residents. These resources are also necessary to implement the statutory requirement to provide a 60-day eviction notice to residents should there be a need to relocate residents. As a part of critical division restructuring, CDSS is also requesting permanent position authority for two (2.0) Career Executive Assignment (CEA B) positions for Assistant Deputy Directors (ADDs).

Background. CDSS is statutorily authorized to place a temporary manager in Adult and Senior Care Program (ASCP) residential facilities when it has been determined that it is necessary to temporarily suspend a license for the welfare and safety of the residents and exclude the licensee from presence in the facility pending the outcome of an administrative hearing. The services of a temporary manager are critical to operate the facility by ensuring adequate staffing, meeting resident and client needs, ensuring bills are paid, and communicating with advocates and representatives regarding a change of ownership or relocation options. In these cases, CDSS has the authority to contract with a temporary manager to bring the facility into compliance with the law, facilitate a transfer of ownership to a new licensee, or ensure the orderly transfer of residents should the facility be required to close. It is critical to have a temporary manager in place rather than immediately move elderly residents from their home to avoid transfer trauma and maintain the day-to-day operations of the facility. Additionally, a 60-day eviction notice is required pursuant to Health and Safety Code section 1569.682 (a)(2)(A) - (F).

During the first three years with the statutory authority, CDSS had a very limited need to utilize this authority and the costs and resources were absorbable. In the past two years, there has been an increased need to place a temporary manager, requiring significant staff time, and contract costs not currently budgeted. In the early stages of the pandemic, there was an increased number of providers who could not sustain business operations due to illness, death, and staffing issues. Temporary managers were needed to ensure that residents remained safely in their homes. The future need to place a temporary manager is calculated based on the average number of Temporary Suspension Orders (TSO) that were served in the last five years. Some TSOs result in a temporary manager placement.

Upon entering into a temporary manager contract initiated as a result of a TSO, the expected length of the temporary manager's contract is a minimum of 60 days to stabilize the operations for a newly approved licensee or to successfully transfer the residents or clients. The estimated cost for a temporary manager over a 60-day period is approximately $710,000, based on the highest contract amount in the current year.

Staffing and Resource Request. CDSS requests one Association Governmental Program Analyst (AGPA) dedicated to processing the temporary manager contract requests. The AGPA will be responsible for maintaining and updating the temporary manager list; negotiating contract terms; preparing contract documents for the purpose of entering into emergency contracts; monitoring expenditures and maintaining policies and procedures in collaboration with legal, contracts, and budgets. In addition, the AGPA will send out e-mail alerts to potential temporary managers; notify the regional offices of the responses received; coordinate the initial calls between the Regional Managers and the potential temporary manager; ensure that the Regional Offices and temporary manager understand and adhere to the terms of the

contract; and work with the Regional Offices to verify the temporary manager's expenditures for the work completed. The AGPA will also be the primary contact with temporary manager for contract and payment concerns.

An average of seven TSOs have been served annually over the past five years. Assuming a TSO will result in a TM placement, CCLD projects that it will utilize the services of seven temporary managers each year at an annual cost of $4.9 million.

CDSS is also undergoing critical restructuring in the CCLD and requests positional authority for two additional ADDs (CEA B), for the following functions of the division: Residential Programs and Child Care Program. Over time, CCLD has experienced not only an increase in oversight authority, but an increase in complexity and demand to respond to disasters, legislative mandates, and the pandemic that has stretched the capacity of its current organizational structure. Additionally, new projects have been assigned to CCLD in recent years, including the transition of CDE Early Childhood Programs to CDSS, with their associated licensing workload, and the need for migration to new data systems to effectively manage data tracking and reporting requirements. With a division of 1,560 employees, CDSS has determined that the span of control for the existing Deputy Director and one ADD is not sustainable. The current ADD oversees operations for the CCLD, which includes information technology, investigations, administrative duties, centralized complaint bureau, caregiver background check, training, and data management. This proposal requests positional authority, but not funding authority, for these new ADD positions, which were added because of the need for executive leadership within CCLD to effectively support licensing programs. They are currently being funded with salary savings.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 9: Veterans Foster Home Support (AB 2119)

Budget Change Proposal – Governor's Budget. CDSS requests $1.3 million in ongoing funding and 8.0 permanent positions to implement the requirements of AB 2119, which requires medical foster homes authorized by the United States Department of Veterans Affairs (USDVA) to be licensed as medical foster homes for veterans by the Community Care Licensing Division (CCLD). CCLD requests 3.0 Licensing Program Analysts (LPA),1.0 Associate Governmental Program Analyst (AGPA), 1.0 Nurse Evaluator II (NE II), and 1.0 Research Data Analyst II (RDA II); Legal Division requests 1.0 Attorney III in the CCL Legal Policy Branch; Information Services Division (ISD) requests 1.0 Information Technology Specialist II.

Background. AB 2119 authorizes the California Department of Social Services (CDSS) to establish a program, no sooner than July 1, 2024, to issue licenses to medical foster homes (MFH) for veterans. This USDVA program allows eligible veterans with disabilities to receive health care from the USDVA while living in the home of a caregiver as an alternative to an institutionalized setting.

AB 2119 created a new licensing category that requires CDSS to review applications within a specified timeframe, conduct pre-licensing visits after licensure, conduct inspections annually, provide orientations and technical support, and investigate complaints and other issues as they arise. Under this new licensing category, MFHs approved by the USDVA will be authorized to operate in California subject to licensure, inspection, training, and other oversight activities by CDSS. CDSS is required to implement and administer the program through written directives until regulations are adopted. In addition, this new mandate requires CDSS to make adjustments to its current billing system to process the $88 licensing application fee paid by the MFH applicant.

Staffing and Resource Request. CDSS requests the following positions to implement AB 2119:

Community Care and Licensing Division (CCLD). CDSS requests three (3.0) Licensing Program Analysts (LPA) who will be responsible for licensing and monitoring Veteran MFHs in each of the four regional operational areas in California, which are aligned with the eight existing USDVA Medical Centers. The LPAs will ensure adequate and consistent coverage in each region. The LPA's responsibilities will include annual inspections; pre-licensing inspections; complaint investigations; follow-up visits related to any cited violations; and caseload management visits. CDSS estimates the LPAs will manage a caseload of 150 veteran homes. The LPAs will also perform other caseload management and administrative duties. Additionally, CCLD requests 1.0 Nurse Evaluator II (NE II) to provide clinical consultation and evaluation of any medical-related issues related to the residents in MFHs.

In order to support the development of regulations and directives, data collection, and the development of new licensing forms, CDSS requests 1.0 Associate Governmental Program Analyst (AGPA) to develop and promulgate regulations and 1.0 Research Data Analyst II to develop specific quality assurance metrics and perform systems review.

Information Services Division (ISD). The CDSS ISD requests 1.0 Information Technology Specialist II position to serve as Senior Project Manager to support IT project planning and management through the state Project approval lifecycle (PAL) process. The Senior Manager will be the single point of contact for PAL approvals and procurement activities to enhance Licensing Information System (LIS) and Facility

Management System (FAS) to create a new licensing category for MFHs. During IT project execution phase, the Senior Project Manager will coordinate CDSS in-house IT staff resources and contractor resources for the timely delivery of the IT solution.

Legal. The Children's and Community Care Licensing Policy and Litigation Branch is requesting permanent funding and position authority for one (1.0) Attorney III in the CCL Residential Programs Unit. The Attorney III will provide initial and ongoing legal support to the CCLD Adult and Senior Care (ASC) Programs staff for the implementation and oversight of the Veterans Medical Foster Homes Program as established by AB 2119. This creates a new CCLD licensing category that works in conjunction with the USDVA, who certifies that the veterans medical foster homes adhere to existing federal approval processes. As part of implementation, CCLD will need assistance in drafting and reviewing recommended statutory language; drafting and seeking Office of Administrative Law approval of applicable regulations; and drafting Provider Information Notices, Evaluator Manual updates, forms, and training materials. Legal staff, in coordination with CCLD, will meet with USDVA and other stakeholders to evaluate regulatory changes necessary to implement and provide continued oversight of the proposed category of licensed homes.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 10: Safe Use of Outdoor Play Spaces

Budget Change Proposal – Governor's Budget. CDSS is requesting 1.0 permanent Associate Governmental Program Analyst (AGPA) to revise child care regulations to allow children with exceptional needs to use outdoor play spaces simultaneously with nondisabled children without obtaining a waiver. The AGPA would also assist with the implementation of the regulations through written directives on or before January 1, 2024, as mandated by AB 2827. CDSS requests $162,000 in 2023-34 and $149,000 ongoing for this proposal.

Background. Mainstreaming is the practice of educating students with exceptional needs in regular classes. Including children with exceptional needs benefits all students socially, emotionally, linguistically, and academically. Studies show that children begin to show preferences for specific playmates as early as age two and that play is one of the major arenas where children learn the skills to engage in positive peer relationships. Inclusive peer play fosters observable increases in children's cooperation, communication and language development, empathy and responsibility, and it decreases anti-social behaviors, such as bullying and rejection. When taught alongside their non-disabled peers, students with disabilities have improved academic outcomes, fewer absences, and receive better instruction. Their families gain social support, and non-disabled children and their families become more understanding and accepting of differing abilities.

Existing regulations impose various requirements on outdoor activity space for child care facilities, including, among others, that there be at least 75 square feet per child of outdoor activity space based on the total licensed capacity. CDSS currently issues waivers to licensing regulations related to outdoor play spaces on a case-by-case basis to allow mainstreaming between children with exceptional needs and nondisabled children. Bearing in mind the health and safety of the children in care, approved waivers from CDSS outline a list of conditions that must be followed when mainstreaming will be conducted. These conditions include: (1) outlining when and where mainstreaming is to occur, (2) maintaining proper staffing ratios, and (3) specifying who is responsible for supervising the children when mainstreaming occurs.

AB 2827 requires CDSS to revise its child care regulations to allow children with exceptional needs to use outdoor play spaces simultaneously with nondisabled children without obtaining a regulatory waiver. The regulations will have to specify any health and safety requirements that must be met when that simultaneous play occurs. The legislation allows CCLD to implement the regulations through written directives on or before January 1, 2024.

Staffing and Resource Request. CDSS requests funding for one (1.0) AGPA position to complete, implement, and monitor the changes that are required by AB 2827. This permanent AGPA position's workload would consist of staging stakeholder meetings, drafting regulations and written directives, responding to public questions and researching inquiries by internal staff; drafting resources such as Provider Information Notices and Regional Office Memos and other resources for the public; revising relevant forms, manuals, and procedures; providing notification and instructions to the field, center licensees, and other stakeholders; representing CDSS at meetings to inform licensees about changes to the licensing structure, and providing technical analysis on the implementation of AB 2827.

According to CDSS, this request will improve the current CDSS policy of providing waivers on a case-by-case basis through the development of appropriate regulation revisions. These new regulations will specify any health and safety requirements to ensure safety during comingling and will allow children with exceptional needs and nondisabled children to simultaneously play outside with each other without the child care licensee first needing to obtain a waiver.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested CDSS respond to the following:

1. Please provide an overview of this proposal.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, March 16, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Scott Ogus

Item **Department** **Page**

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.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: Oversight – Implementation of Recent Expansions of Medi-Cal Eligibility

Oversight and Panel Discussion – Implementation of Recent Expansions of Medi-Cal Eligibility. The subcommittee has requested the following panelists to participate in a discussion of recent expansions of Medi-Cal eligibility:

- **Department of Health Care Services** – Status Update on Implementation of Medi-Cal Expansions

- **Cathy Senderling-McDonald**, Executive Director, County Welfare Directors Association of California
- **Sarah Dar**, Director of Health and Public Benefits Policy, California Immigrant Policy Center
- **Kim Selfon,** Medi-Cal and IHSS Policy Specialist, Bet Tzedek Legal Services
- **Linda Nguy**, Senior Policy Advocate, Western Center on Law and Poverty
- **Kristen Golden-Testa**, Health Policy Director, The Children's Partnership

Recent Expansions of Medi-Cal Eligibility. Since 2019, the Legislature has approved several significant expansions of Medi-Cal eligibility for undocumented individuals, seniors and persons with disabilities, and young children. These expansions include:

1. *Full-Scope Medi-Cal Expansion to Undocumented Young Adults*. The 2019 Budget Act included expenditure authority of $98 million ($74.4 million General Fund and $23.3 million federal funds) for expansion of full-scope Medi-Cal coverage to undocumented young adults age 19 to 25. This eligibility expansion began on January 1, 2020.

2. *Elimination of the Senior Penalty – Medi-Cal Aged and Disabled to 138 Percent FPL*. The 2019 Budget Act included expenditure authority of $63 million ($31.5 million General Fund and $31.5 million federal funds) to eliminate the senior penalty and expand eligibility for Medi-Cal's aged and disabled program up to 138 percent of the federal poverty level. This eligibility expansion began on December 1, 2020.

3. *Eliminate Assets Test in Medi-Cal*. The 2021 Budget Act included expenditure authority of $394 million ($197 million General Fund and $197 million federal funds) annually beginning in 2022-23, and the Legislature approved trailer bill language, to increase the Medi-Cal asset limit to $130,000 for an individual (plus $65,000 for each additional household member) no sooner than July 1, 2022, and to fully eliminate the asset limit no sooner than January 1, 2024. The phase-out schedule of the asset limit began on July 1, 2022, and the asset test will be fully eliminated on January 1, 2024.

4. *Full-Scope Medi-Cal Coverage Age 50 and Older Regardless of Immigration Status*. The 2021 Budget Act included expenditure authority of $67.3 million ($48 million General Fund and $19.3 million federal funds) in 2021-22 and $1.5 billion ($1.3 billion General Fund and $200 million federal funds) when fully implemented, and the Legislature approved trailer bill language, to expand full-scope Medi-Cal coverage for income-eligible adults age 50 years of age and older regardless of immigration status. This eligibility expansion began on May 1, 2022.

5. *Medi-Cal Coverage for All Income-Eligible Californians*. The budget includes expenditure authority of $835.6 million ($626.1 million General Fund and $209.5 million federal funds) in 2023-24, growing to $2.6 billion ($2.1 billion General Fund and $500 million federal funds) when fully implemented, and the Legislature approved trailer bill language, to expand full-scope Medi-Cal eligibility to all income-eligible adults regardless of immigration status, beginning no later than January 1, 2024.

6. *Share of Cost Reform*. The Legislature approved trailer bill language to reform calculations of share of cost and expand eligibility for Medi-Cal for medically needy older adults and persons with disabilities, if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support this program.

7. *Continuous Coverage for Children Up to Age 5*. The Legislature approved trailer bill language to provide continuous Medi-Cal coverage for children up to age five, if a determination is made in the spring of 2024 that General Fund over the multiyear forecast is available to support this program.

Medi-Cal Eligibility. Medi-Cal is a health care program for low-income and low-resource individuals and families who meet defined eligibility requirements. Medi-Cal coordinates and directs the delivery of health care services to approximately 14.4 million qualified individuals, including low-income families, seniors and persons with disabilities, children in families with low-incomes or in foster care, pregnant women, and low-income people with specific diseases. As of January 1, 2014, due to the Affordable Care Act, childless adults up to 138 percent of the federal poverty level are also eligible for services in Medi-Cal.

The Affordable Care Act, in addition to expanding income-eligibility for Medi-Cal, also established a new methodology for determining income eligibility, based on Modified Adjusted Gross Income (MAGI). MAGI is used to determine Medi-Cal eligibility for most children, pregnant women, parents, and adults. The methodology considers taxable income and tax filing relationships to determine financial eligibility for Medi-Cal. MAGI-based eligibility does not allow income disregards or asset or resource tests.

Some populations eligible for Medi-Cal are exempt from the MAGI-based eligibility methodology, including those whose eligibility is based on age or disability. Individuals in these categories, known as non-MAGI, are determined using income eligibility methodologies for the Supplemental Security Income (SSI) program. To qualify (as of April 2022), an individual's countable monthly income must be below $1,546 or $2,106 for a couple. Countable income excludes certain expenses and other income disregards to determine eligibility. In addition, non-MAGI beneficiaries are subject to limits on assets ("asset test") and are responsible for a "share of cost" to be eligible for Medi-Cal coverage. The asset test is in the process of phasing out for this population by January 1, 2024. Previously, individuals could not possess countable assets (excluding certain assets like a house and a car) in excess of $2,000. Currently, the asset test limit is set at $130,000. As of January 1, 2024, the asset test limit will be eliminated.

Non-MAGI beneficiaries are also subject to a share of cost, which is the difference between an individual's countable income and the amount the federal government calculates an individual needs to cover daily expenses. The monthly maintenance need allowance is $600 for one person and $1,100 for four people. For example, if a single non-MAGI beneficiary has monthly countable income of $2,000, then the beneficiary is responsible for $1,400 as a share of cost ($2,000 countable income - $600 maintenance need

allowance). Non-MAGI beneficiaries must pay their share of cost towards medical costs before Medi-Cal will cover any medically necessary health care services.

Restricted-Scope Medi-Cal Coverage. Prior to the expansions of Medi-Cal regardless of immigration status, income-eligible Californians without satisfactory immigration status or who are pregnant have been eligible for restricted-scope Medi-Cal coverage. Restricted-scope Medi-Cal, which is offered on a fee-for-service basis, covers emergency medical services, pregnancy-related services, long-term care (in certain cases), the Medi-Cal Access Program (for pregnant people with incomes between 213 and 322 percent of the federal poverty level), the Breast and Cervical Cancer Treatment Program, and the Child Health and Disability Prevention Program. Federal Medicaid law allows federal matching funds for these restricted scope services, but does not provide matching funds for full-scope coverage for these populations under the state's recent and planned expansions of eligibility regardless of immigration status.

Health4All – Full-Scope Medi-Cal Coverage Regardless of Immigration Status. SB 75 (Committee on Budget and Fiscal Review), Chapter 18, Statutes of 2015, expanded full-scope Medi-Cal coverage to income-eligible children age 18 and under, beginning May 1, 2016. This expansion was the first time the state offered full-scope Medi-Cal coverage to undocumented Californians. SB 104 (Committee on Budget and Fiscal Review), Chapter 67, Statutes of 2019, further expanded coverage for young adults ages 19 through 25, which began on January 1, 2020. AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, expanded coverage for older Californians age 50 and older beginning May 1, 2022, and SB 184 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2022, completes the expansion of coverage by authorizing coverage of the remaining population, ages 26 to 49, beginning January 1, 2024. The Governor's January budget maintains the implementation schedule for the 26 to 49 expansion. According to DHCS, 714,295 individuals age 26 to 49 are expected to receive full-scope Medi-Cal coverage by the end of 2023-24.

Non-MAGI Changes – "Senior Penalty", Asset Test, and Share of Cost Reform. Prior to recent expansions to eligibility requirements, non-MAGI individuals with income under 100 percent of the federal poverty level (FPL) and who are over age 65 or are disabled were eligible for the Aged and Disabled Program. With certain income disregards, income eligibility for this program was approximately 124 percent of the FPL. Because this income eligibility level was below the MAGI income eligibility level of 138 percent of the FPL, individuals that aged into the Aged and Disabled Program when they turned 65 would be subject to more stringent Medi-Cal eligibility requirements, known as the "senior penalty".

SB 104 (Committee on Budget and Fiscal Review), Chapter 67, Statutes of 2019, eliminated the "senior penalty" by increasing the income eligibility levels in the Aged and Disabled Program to 138 percent of the FPL, consistent with eligibility under MAGI rules. This expansion of eligibility, which was implemented on December 1, 2020, ensured that Californians would not be subject to stricter income eligibility requirements for Medi-Cal once they turned 65 or became disabled.

AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, phases out asset limits for non-MAGI Medi-Cal eligibility. Previously, beneficiaries could only have $2,000 of countable assets (not including a home or a car) to be eligible for Medi-Cal. AB 133 increased the asset limit to $130,000 beginning July 1, 2022, and eliminates the limit entirely on January 1, 2024.

SB 184 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2022, conditionally authorizes reform to the calculation of "share of cost" for non-MAGI Medi-Cal beneficiaries. SB 184 would increase the maintenance need allowance to be equal to the income limit for Medi-Cal without a share of cost, beginning on January 1, 2025. However, this reform would only be implemented if the Department of Finance finds the state has sufficient General Fund resources to support ongoing implementation of the program.

Continuous Coverage for Children Ages Zero to Five. SB 184 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2022, also conditionally authorizes continuous Medi-Cal coverage for children ages zero to five, regardless of income, beginning on January 1, 2025. This reform would allow for greater care coordination and continuity of care for children in their critical, formative, first five years. However, similar to Share of Cost reform, this reform would only be implemented if the Department of Finance finds the state has sufficient General Fund resources to support ongoing implementation of the program.

Subcommittee Staff Comment. This is an informational item.

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

DHCS

1. Please provide a brief overview and update of implementation, or planning for implementation, of the following expansions of Medi-Cal eligibility:

    a. Medi-Cal Eligibility Regardless of Immigration Status (including young adults, older adults, and 26-49)
    b. Elimination of the "Senior Penalty" for the Aged and Disabled Program
    c. Phase-out of the Asset Test for non-MAGI Medi-Cal Eligibility
    d. Share of Cost Reform (future implementation)
    e. Continuous Coverage for Children 0-5 (future implementation)

2. For future expansions, how is the department reaching out to affected populations to ensure they are aware of their newly available eligibility for Medi-Cal and, once enrolled, how to access benefits and services?

3. What are the operational challenges to any of these expansions posed by the unwinding of the federal public health emergency's continuous coverage requirement?

4. Although the Share of Cost Reform and Continuous Coverage for Children expansions are contingent on Finance findings of sufficient General Fund resources, what advance planning has DHCS done to be ready in the event these expansions move forward?

5. These recent expansions of Medi-Cal eligibility, as well as similar changes to other public benefit programs, have been phased in to account for the migration of the three county eligibility systems into a single system, CalSAWS. When CalSAWS is fully implemented in January 2024, will it be easier

to implement new expansions of Medi-Cal eligibility, or will expanding Medi-Cal coverage still be subject to the ability of the technology platform to accommodate new changes?

County Welfare Directors Association of California (CWDA)

1. From the perspective of county eligibility workers, how have these expansions impacted volume and complexity of eligibility workload?

2. Are counties well-resourced to implement these expansions, in addition to the unwinding of the public health emergency's continuous coverage requirement?

3. How are counties and their community partners reaching out to populations that are newly eligible for Medi-Cal under these expansions to ensure they are aware of the opportunity to receive Medi-Cal coverage, as well how to access benefits and services?

4. These recent expansions of Medi-Cal eligibility, as well as similar changes to other public benefit programs, have been phased in to account for the migration of the three county eligibility systems into a single system, CalSAWS. When CalSAWS is fully implemented in January 2024, will it be easier to implement new expansions of Medi-Cal eligibility, or will expanding Medi-Cal coverage still be subject to the ability of the technology platform to accommodate new changes?

California Immigrant Policy Center (CIPC)

1. What has full-scope Medi-Cal coverage meant to the immigrant communities that have received coverage thus far under the young adult and older adult expansions? How has utilization, prevention, and coordination of care changed since these expansions were implemented?

2. How have outreach efforts been going for the upcoming expansion for ages 26 to 49?

3. How should the state's outreach or messaging change to immigrant communities once all income-eligible Californians can receive full-scope Medi-Cal coverage regardless of immigration status? What type of opportunities or investments could the state undertake to ensure coverage translates to better health and well-being?

Bet Tzedek

1. How have the end of the "senior penalty" and the phase-out of the asset test impacted the ability of seniors and persons with disabilities to enroll in and maintain Medi-Cal coverage, as well as continuity of care?

2. How have these expansions of eligibility improved care coordination and overall well-being for seniors and persons with disabilities?

3. As the state unwinds the public health emergency's continuous coverage requirement and begins redeterminations of Medi-Cal eligibility, how do you expect seniors and persons with disabilities that

have aged into non-MAGI Medi-Cal categories, or those who have not had to undergo redeterminations in two to three years, to navigate the redetermination process?

4. How would the Share of Cost reform improve access to Medi-Cal coverage, and improve the health and well-being of seniors and persons with disabilities, if the Department of Finance allows this expansion to proceed?

5. Are there any challenges for seniors and persons with disabilities in accessing newly expanded coverage that the Legislature should examine further?

Western Center on Law and Poverty (WCLP)

1. How have the new expansion populations fared in attempting to enroll in coverage or access benefits and services?

2. How well are DHCS, counties, and community partners doing to engage populations that will soon have access to full-scope Medi-Cal coverage to make them aware of expanded eligibility and how to access benefits and services?

3. Do you expect any significant challenges or disruptions to care from the unwinding of the public health emergency's continuous coverage requirement?

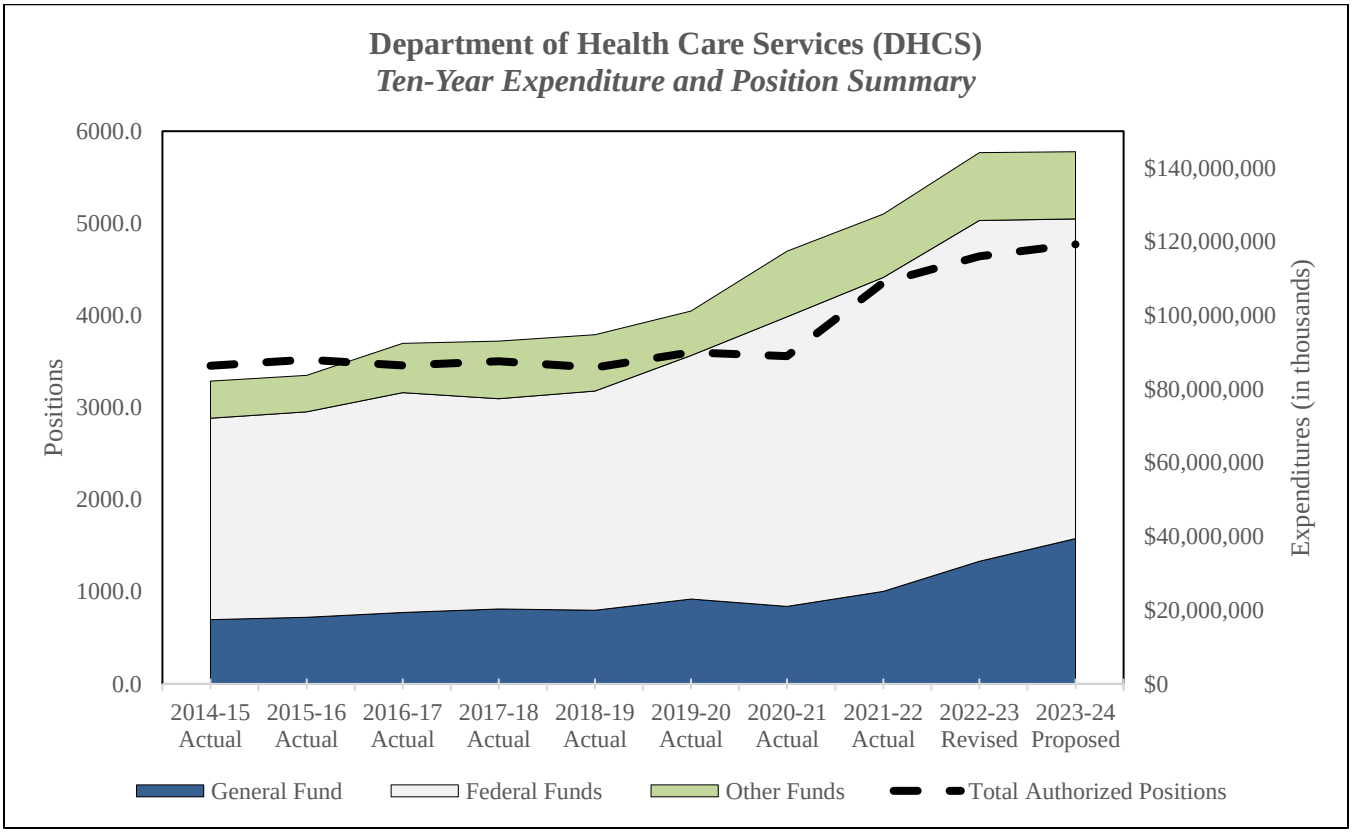
4. What additional reforms or administrative changes would improve the unwinding and redetermination process, particularly for populations that will have expanded eligibility in January 2024?

The Children's Partnership (TCP)

1. How would continuous coverage of children zero to five improve continuity of care, and the health and well-being of California children, if the Department of Finance allows this expansion to proceed?

2. What evidence exists of improvements to health and well-being for children offered continuous coverage ages zero to five, either during the public health emergency's continuous coverage requirement or in other states that have implemented such an expansion?

Issue 2: Overview



Department of Health Care Services - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	**2021-22 Actual**	**2022-23 Budget Act**	**2022-23 Revised**	**2023-24 Proposed**
General Fund	$25,165,081	$37,332,644	$33,244,352	$39,408,906
Federal Funds	$85,186,603	$89,460,329	$92,517,734	$86,753,329
Other Funds	$17,124,382	$17,418,078	$18,392,223	$18,265,494
Total Department Funding	$127,476,066	$144,211,051	$144,154,309	$144,427,729
Total Authorized Positions	4357.2	4640.5	4640.5	4771.5
Other Funds Detail:	$0	$0	$0	$0
Breast Cancer Control Account (0009)	$8,950	$10,946	$9,219	$10,340
Childhood Lead Poisoning Prev Fund (0080)	$0	$1,003	$989	$989
DUI Program Licensing Trust Fund (0139)	$687	$1,350	$1,385	$1,444
Prop 99 - Hospital Services Acct (0232)	$95,588	$77,350	$77,350	$73,748

Prop 99 - Physician Services Acct (0233)	$26,595	$22,249	$22,249	$21,842
Prop 99 - Unallocated Acct (0236)	$63,619	$47,024	$47,024	$45,469
Narcotic Treatment Program Lic Fund (0243)	$1,784	$1,792	$1,913	$1,903
Perinatal Insurance Fund (0309)	$537	$19,600	$11,072	$13,388
Major Risk Medical Insurance Fund (0313)	$0	$0	$0	$0
Audit Repayment Trust Fund (0816)	$0	$41	$41	$41
Medi-Cal Inpatient Payment Adj Fund (0834)	$102,369	$112,221	$104,548	$121,576
Special Deposit Fund (0942)	$58,092	$73,022	$57,890	$80,144
Reimbursements (0995)	$1,022,946	$2,003,688	$2,295,961	$2,091,698
County Health Initiative Matching Fund (3055)	$0	$174	$174	$174
Children's Medical Services Rebate Fund (3079)	$10,604	$5,762	$9,600	$30,632
Mental Health Services Fund (3085)	$6,252,908	$3,733,693	$3,360,305	$3,293,238
Nondesignated Public Hospital Suppl Fund (3096)	($656)	$4,258	($177)	$0
Private Hospital Supplemental Fund (3097)	($9,859)	$192,941	$11,261	$25,325
Mental Health Facility Licensing Fund (3099)	$30	$373	$373	$373
Residential and Outpatient Prog Lic Fund (3113)	$7,569	$8,208	$2,748	$11,797
Children's Health and Human Svcs Special Fund (3156)	$0	$0	$416,000	$0
Hospital Quality Assurance Revenue Fund (3158)	$3,483,282	$3,810,863	$3,659,400	$5,188,271
SNF Quality and Accountability Fund (3167)	($5,202)	$20,500	$21,697	$0
Emergency Medical Air Transportation Fund (3168)	$4,351	$1,120	$4,011	$1,076
Public Hosp Investment, Imp, Incentive Fund (3172)	$0	$0	$0	$0
Long-Term Care Quality Assurance Fund (3213)	$444,025	$495,668	$517,203	$501,312
Health and Human Services Special Fund (3293)	$0	$0	$0	$0
Healthcare Treatment Fund (3305)	$884,802	$570,491	$652,615	$745,788

Health Care Service Plan Fines/Penalties Fund (3311)	$7,570	$12,382	$12,382	$12,487
Medi-Cal Emergency Med Transport Fund (3323)	$70,107	$65,868	$62,368	$63,001
Medi-Cal Drug Rebate Fund (3331)	$1,474,916	$1,841,255	$1,788,007	$1,853,824
Health Care Services Special Fund (3334)	$2,517,457	$2,065,534	$2,065,534	$0
YEPEITA - Cannabis Tax Fund (3350)	$343,191	$401,766	$574,920	$401,766
PACE Oversight Fund (3362)	$0	$748	$748	$748
Loan Repayment Acct, Healthcare Treatment Fund (3375)	$23,168	$40,780	$42,028	$52,466
Opioid Settlement Fund (3397)	$0	$78,029	$78,029	$34,617
California Emergency Relief Fund (3398)	$0	$0	$1,083,000	$0
988 State Suicide and BH Crisis Svcs Fund (3414)	$0	$0	$0	$4,773
Medi-Cal County BH Fund (3420)	$0	$0	$0	$1,048,717
Managed Care Enrollment Fund (3428)	$0	$0	$0	$784,450
Whole Person Care Pilot Special Fund (8107)	$307,289	$0	$0	$0
Global Payment Program Special Fund (8108)	$1,430,221	$1,272,004	$1,235,912	$1,145,301
DPH GME Special Fund (8113)	$231,910	$220,597	$282,297	$268,943
Suicide Prevention Vol Contribution Fund (8124)	$0	$1,093	$1,093	$250
Federal Temporary High Risk Health Ins Fund (8500)	$0	$0	$0	$0
LIHP Fund (8502)	$0	$0	$0	$0
Coronavirus Fiscal Recovery Fund of 2021 (8506)	$303,719	$220,000	$226,281	$0
Home- and Comm-Based Svcs ARP Fund (8507)	($2,038,187)	($16,315)	($345,227)	$333,583

Department of Health Care Services – *Changes to State Operations and Local Assistance*				
Fiscal Year:	**2021-22**	**2022-23 (CY)**	**2023-24 (BY)**	**CY to BY**
STATE OPERATIONS				
Fund Source	***Actual***	***Revised***	***Proposed***	***Change***
General Fund	$292,900,000	$549,327,000	$350,622,000	($198,705,000)
Federal Funds[1]	$472,963,000	$655,745,000	$597,047,000	($58,698,000)
Spec. Funds/Reimb	$354,653,000	$602,697,000	$397,591,000	($205,106,000)
Total Expenditures	**$1,120,516,000**	**$1,807,769,000**	**$1,345,260,000**	**($462,509,000)**
Total Positions	**4357.2**	**4640.5**	**4771.5**	**131.0**
LOCAL ASSISTANCE (*MEDI-CAL AND OTHER PROGRAMS)*				
Fund Source	***Actual***	***Revised***	***Proposed***	***Change***
General Fund	$24,872,181,000	$32,695,025,000	$39,058,284,000	$6,363,259,000
Federal Funds[1]	$85,013,640,000	$92,080,489,000	$86,156,282,000	($5,924,207,000)
Spec. Funds/Reimb	$16,469,729,000	$17,571,026,000	$17,867,903,000	$296,877,000
Total Expenditures	**$126,355,550,000**	**$142,346,540,000**	**$143,082,469,000**	**$735,929,000**
[1]*Federal Funds include Funds 0890, 7502, 7503, and 8506.*				

Background. The Department of Health Care Services' (DHCS) mission is to protect and improve the health of all Californians by operating and financing programs delivering health care services to eligible individuals. DHCS programs provide services to ensure low-income Californians have access to health care services and that those services are delivered in a cost-effective manner. DHCS programs include:

- ***Medi-Cal.*** DHCS serves as the single state agency for Medi-Cal, California's Medicaid program. Medi-Cal is a health care program for low-income and low-resource individuals and families who meet defined eligibility requirements. Medi-Cal coordinates and directs the delivery of health care services to approximately 14.4 million qualified individuals, including low-income families, seniors and persons with disabilities, children in families with low-incomes or in foster care, pregnant women, and low-income people with specific diseases. As of January 1, 2014, due to the Affordable Care Act, childless adults up to 138 percent of the federal poverty level are also eligible for services in Medi-Cal.

- ***Children's Medical Services.*** Children's Medical Services coordinates and directs the delivery of health care services to low-income and seriously ill children and adults. Its programs include the Genetically Handicapped Persons Program, California Children's Services Program, and Child Health and Disability Prevention Program.

- ***Primary and Rural Health***. Primary and Rural Health coordinates and directs the delivery of health care to Californians in rural areas and to underserved populations. Its programs include: Indian Health Program, Rural Health Services Development Program, Seasonal Agricultural and Migratory Workers

Program, State Office of Rural Health, Medicare Rural Hospital Flexibility Program/Critical Access Hospital Program, Small Rural Hospital Improvement Program, and the J-1 Visa Waiver Program.

- ***Mental Health & Substance Use Disorder Services***. As adopted in the 2011 through 2013 Budget Acts, DHCS oversees the delivery of community mental health and substance use disorder services, reflecting the elimination of the Departments of Alcohol and Drug Programs and Mental Health.

- ***Other Programs*.** DHCS oversees family planning services, cancer screening services to low-income under-insured or uninsured women, and prostate cancer treatment services to low-income, uninsured men, through the Every Woman Counts Program, the Family Planning Access Care and Treatment Program, and the Prostate Cancer Treatment Program.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of DHCS programs and budget.

Issue 3: November 2022 Medi-Cal Local Assistance Estimate

Local Assistance Estimate – Governor's Budget. The November 2022 Medi-Cal Local Assistance Estimate includes $138.1 billion ($36.5 billion General Fund, $88.6 billion federal funds, and $12.9 billion special funds and reimbursements) for expenditures in 2022-23, and $137.7 billion ($32.3 billion General Fund, $91.4 billion federal funds, and $14 billion special funds and reimbursements) for expenditures in 2023-24.

Medi-Cal Local Assistance Funding Summary			
Fiscal Year:	**2022-22 (CY)**	**2023-24 (BY)**	**CY to BY**
Benefits			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$30,504,060,000	$37,138,247,000	$6,634,187,000
Federal Funds	$86,355,273,000	$80,779,714,000	($5,575,559,000)
Special Funds/Reimbursements	$13,942,780,000	$14,330,038,000	$387,258,000
Total Expenditures	**$130,802,113,000**	**$132,247,999,000**	**$1,445,886,000**
County Administration			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$1,633,678,000	$1,411,565,000	($222,113,000)
Federal Funds	$4,685,310,000	$4,576,589,000	($108,721,000)
Special Funds and Reimbursements	$99,598,000	$89,168,000	($10,430,000)
Total Expenditures	**$6,418,586,000**	**$6,077,322,000**	**($341,264,000)**
Fiscal Intermediary			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$162,403,000	$163,925,000	$1,522,000
Federal Funds	$362,920,000	$427,949,000	$65,029,000
Special Funds and Reimbursements	$0	$0	$0
Total Expenditures	**$525,323,000**	**$591,874,000**	**$66,551,000**
TOTAL MEDI-CAL LOCAL ASSISTANCE EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$32,300,141,000	$38,713,737,000	$6,413,596,000
Federal Funds	$91,403,503,000	$85,784,252,000	($5,619,251,000)
Special Funds and Reimbursements	$14,042,378,000	$14,419,206,000	$376,828,000
Total Expenditures	**$137,746,022,000**	**$138,917,195,000**	**$1,171,173,000**

Caseload. In 2022-23, the budget assumes annual Medi-Cal caseload of 15.2 million, an increase of six percent compared to assumptions in the 2022 Budget Act. The department estimates 91 percent of Medi-Cal beneficiaries, or 13.9 million, will receive services through the managed care delivery system while nine percent, or 1.4 million, will receive services through the fee-for-service delivery system.

In 2023-24, the budget assumes annual Medi-Cal caseload of 14.4 million, a decrease of 5.2 percent compared to the revised caseload estimate for 2022-23. The department estimates 97.6 percent of Medi-Cal beneficiaries, or 14.1 million, will receive services through the managed care delivery system while 2.4 percent, or 349,247, will receive services through the fee-for-service delivery system.

Significant General Fund Adjustments. The November 2022 Medi-Cal Local Assistance Estimate includes the following significant adjustments to General Fund expenditures:

Current Year (2022-23) Savings – The Estimate includes total expenditures of $137.7 billion ($32.3 billion General Fund, $91.4 billion federal funds, and $14 billion special funds and reimbursements) for the Medi-Cal program in 2022-23, a 12.9 percent decrease in General Fund expenditures compared to the assumptions included in the 2022 Budget Act. According to DHCS, the primary drivers of these decreased General Fund expenditures are as follows:

- *State Only Claiming*. $2.4 billion General Fund savings from updated estimates of federal repayments for inappropriate claims related to state only populations, as well as shifts of portions of those repayments into future fiscal years.
- *COVID-19 Impacts*. $773.8 million General Fund savings as a net result of additional quarters of enhanced federal matching funds related to the continuation of the federal public health emergency (PHE), offset by increased caseload costs. The budget does not reflect the impact of the federal Consolidated Appropriations Act and its gradual phase-down of enhanced federal matching funds and schedule for eligibility redeterminations for state Medicaid programs.
- *Delay of Behavioral Health Continuum Infrastructure Program Grants*. $480.7 million General Fund savings as a result of the delay of the final round of grant awards in the Behavioral Health Continuum Infrastructure Program (BHCIP) from 2022-23 to 2025-26 and 2026-27.
- *Delay Elimination of Checkwrite Hold*. $309.4 million General Fund savings from shifting the elimination of the two-week checkwrite hold for Medi-Cal fee-for-service claims from 2022-23 to 2024-25.
- *Impact of Federal Deferrals*. $425.3 million General Fund savings as a result of recent decisions and updated estimates of deferrals of federal matching funds for Medi-Cal expenditures.
- *Prior Year MCO Tax Reconciliation*. $308 million General Fund savings as a net result of updated estimates of payments to and recoveries from managed care plans related to risk corridor calculations for the previous tax on managed care organizations (MCO Tax).
- *Proposition 56 Impacts*. $295.5 million General Fund savings as a result of updated Proposition 56 revenue projections reducing the estimated need to backfill supplemental provider payments with General Fund resources.
- *Hospital Quality Assurance Fee Transfers*. $139.2 million General Fund savings from updated savings estimates from the Hospital Quality Assurance Fee.
- *Medi-Cal Drug Rebate Fund Transfer*. $43.6 million General Fund savings from transfer of prescription drug manufacturer rebate funding from the Medi-Cal Drug Rebate Fund to the General Fund.

- *Designated State Health Programs*. $40.4 million General Fund savings from the federal reauthorization of the Designated State Health Program, which will help cover the costs of the justice components of the California Advancing and Innovating Medi-Cal (CalAIM) initiative.
- *Nursing Facility Rate Adjustment*. $41 million General Fund costs due to updated estimates of costs for the Workforce and Quality Incentive Program for nursing facility days and federal PHE-related add-on costs.
- *Coordinated Care Initiative Reconciliation*. $86 million General Fund costs due to reconciliations of payments for in-home supportive services in the Coordinated Care Initiative (CCI).
- *Medicare Eligibility Update*. $95.7 million General Fund costs for updated estimates of state Medicare costs for individuals for whom federal matching funds are not available.
- *Medi-Cal Rx Updated Rebates Amounts*. $124.2 million General Fund costs due to a decrease in estimated supplemental rebates from transition of pharmacy claims from managed care to fee-for-service as part of Medi-Cal Rx.
- *Shift of BHCIP Expenditures from Prior Years*. $160.6 million General Fund costs related to the delay of BHCIP expenditures previously estimated to be spent in 2021-22 into the 2022-23 fiscal year.
- *Various Other Changes*. $439.6 million General Fund costs from various other changes to the Medi-Cal program.

Budget Year (2023-24) Adjustments – The Estimate includes total expenditures of $138.9 billion ($38.7 billion General Fund, $85.8 billion federal funds, and $14.4 billion special funds and reimbursements) for the Medi-Cal program in 2023-24, a 19.9 percent increase compared to the revised General Fund expenditure assumptions for 2022-23. According to DHCS, the primary drivers of these increased General Fund expenditures are as follows:

- *End of One-Time Expenditures*. $2.8 billion General Fund savings due to the end of one-time expenditures, including BHCIP, the Children and Youth Behavioral Health Initiative, Behavioral Health Bridge Housing, and funding for Los Angeles County Justice-Involved Populations Services and Supports.
- *Hospital Quality Assurance Fee Transfers*. $690.9 million General Fund savings from updated savings estimates from the Hospital Quality Assurance Fee.
- *Proposed 2024 MCO Tax*. $316.5 million General Fund savings from the proposed reauthorization of the MCO Tax beginning January 1, 2024.
- *Medi-Cal Rx Updated Rebates Amounts*. $690.9 million General Fund savings due to an increase in estimated supplemental rebates from transition of pharmacy claims from managed care to fee-for-service as part of Medi-Cal Rx.
- *Disproportionate Share Hospital Funding Reduction*. $124.3 million General Fund savings from reduction of state spending on disproportionate share hospitals pursuant to provisions of the federal Affordable Care Act.
- *Designated State Health Programs*. $112.6 million General Fund savings from the federal reauthorization of the Designated State Health Program, which will help cover the costs of the justice components of the California Advancing and Innovating Medi-Cal (CalAIM) initiative.
- *Impact of Federal Deferrals*. $69 million General Fund savings as a result of recent decisions and updated estimates of deferrals of federal matching funds for Medi-Cal expenditures.

- *County Behavioral Health Recoupments*. $63.5 million General Fund savings from recoupments from county behavioral health systems related to inpatient psychiatric hospital claims and state only programs.
- *CARE Act Implementation*. $16.5 million General Fund costs to support county implementation of the Community Assistance, Recovery, and Empowerment (CARE) Act.
- *Proposition 56 Impacts*. $88.4 million General Fund costs as a result of updated Proposition 56 revenue projections and the estimated need to backfill supplemental provider payments with General Fund resources.
- *Growth in Fee-for-Service Costs*. $223.3 million General Fund costs as a result of fee-for-service delivery system expenditures, primarily attributable to growth in pharmacy spending.
- *Increase in Retroactive Managed Care Payments*. $251.6 million General Fund costs related to retroactive payments to managed care plans, primarily attributable to the ten percent add-on for skilled nursing facilities.
- *Growth in Medicare Costs*. $260.1 million General Fund costs related to increases in costs for Medicare for dual eligible beneficiaries.
- *Nursing Facility Rate Adjustment*. $302.4 million General Fund costs due to updated estimates of costs for the Workforce and Quality Incentive Program for nursing facility days and federal PHE-related add-on costs, as well as including a full 12 months of the facility reimbursement rate increase.
- *Medi-Cal Drug Rebate Fund Transfer*. $363.7 million General Fund costs from decreased transfers from the Medi-Cal Drug Rebate Fund to the General Fund due to establishment of an estimated reserve in the fund.
- *Expansion of Full-Scope Medi-Cal Regardless of Immigration Status*. $634.8 million General Fund costs to expand full-scope Medi-Cal to all income-eligible Californians regardless of immigration status, beginning January 1, 2024.
- *Growth in Managed Care Costs*. $664 million General Fund costs due to growth in costs for managed care coverage of health care services for Medi-Cal beneficiaries.
- *End of Prior MCO Tax*. $1.5 billion General Fund costs related to the expiration of the previous MCO Tax.
- *COVID-19 Impacts*. $2.7 billion General Fund costs as a net result of loss of enhanced federal matching funds due to expiration of the federal PHE offset by savings from redeterminations of eligibility for Medi-Cal beneficiaries retained in the program under the federal continuous coverage requirement. The budget does not reflect the impact of the federal Consolidated Appropriations Act and its gradual phase-down of enhanced federal matching funds and schedule for eligibility redeterminations for state Medicaid programs.
- *State Only Claiming*. $3.4 billion General Fund costs from updated estimates of federal repayments for inappropriate claims related to state only populations, as well as shifts of portions of those repayments from prior fiscal years into 2023-24.
- *Various Other Changes*. $15.2 million General Fund savings from various other changes to the Medi-Cal program.

Subcommittee Staff Comment and Recommendation—Hold Open. It is recommended to hold this issue open as updated estimates of caseload and expenditures will be provided at the May Revision.

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

1. Please provide a brief overview of the significant General Fund changes in the Medi-Cal program in the 2022-23 and 2023-24 fiscal years.

Issue 4: November 2022 Family Health Local Assistance Estimate

Local Assistance Estimate – Governor's Budget. The November 2022 Family Health Local Assistance Estimate includes $252.1 million ($212.5 million General Fund, $5 million federal funds, and $34.6 million special funds and reimbursements) for expenditures in 2022-23, and $260.7 million ($198.6 million General Fund, $5.2 million federal funds, and $56.9 million special funds and reimbursements) for expenditures in 2023-24.

Family Health Local Assistance Funding Summary			
Fiscal Year:	**2022-23 (CY)**	**2023-24 (BY)**	**CY to BY**
California Children's Services (CCS)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$76,431,000	$78,650,000	$2,219,000
Federal Funds	$0	$0	$0
Special Funds/Reimbursements	$7,692,000	$8,704,000	$1,012,000
County Funds [non-add]	[$79,716,000]	[$81,918,000]	[$2,202,000]
Total CCS Expenditures	**$84,123,000**	**$87,354,000**	**$3,231,000**
Genetically Handicapped Persons Program (GHPP)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$125,669,000	$109,883,000	($15,786,000)
Special Funds and Reimbursements	$6,248,000	$26,362,000	$20,114,000
Total GHPP Expenditures	**$131,917,000**	**$136,245,000**	**$4,328,000**
Every Woman Counts Program (EWC)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$10,437,000	$10,083,000	($354,000)
Federal Funds	$4,970,000	$5,219,000	$249,000
Special Funds and Reimbursements	$20,667,000	$21,796,000	$1,129,000
Total EWC Expenditures	**$36,074,000**	**$37,098,000**	**$1,024,000**
TOTAL FAMILY HEALTH EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$212,537,000	$198,616,000	($13,921,000)
Federal Funds	$4,970,000	$5,219,000	$249,000
Special Funds and Reimbursements	$34,607,000	$56,862,000	$22,255,000
County Funds [non-add]	[$79,716,000]	[$81,918,000]	[$2,202,000]
Total Family Health Expenditures	**$252,114,000**	**$260,697,000**	**$8,583,000**

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

The programs included in the Family Health Estimate are:

- **California Children's Services (CCS)**: The CCS program, established in 1927, is one of the oldest public health care programs in the nation and is administered in partnership with county health departments. The CCS state-only program provides health care services to children up to age 21 who have a CCS-eligible condition such as: cystic fibrosis, hemophilia, cerebral palsy, heart disease, cancer or traumatic injury; and either do not qualify for full-scope Medi-Cal or whose families cannot afford the catastrophic health care costs for the child's care. CCS costs for Medi-Cal eligible children are reflected in the Medi-Cal Local Assistance Estimate.
  Caseload Estimate (Medi-Cal): The budget estimates Medi-Cal CCS caseload of 198,898 in 2022-23, an increase of 19,337 or 10.8 percent, compared to the 2022 Budget Act. The budget estimates Medi-Cal CCS caseload of 190,305 in 2023-24, a decrease of 8,593 or 4.3 percent, compared to the revised 2022-23 estimate.
  Caseload Estimate (State-Only): The budget estimates state-only CCS caseload of 9,192 in 2022-23, a decrease of 3,620 or 28.3 percent, compared to the 2022 Budget Act. The budget estimates state-only CCS caseload of 11,488 in 2023-24, an increase of 2,296 or 25 percent compared to the revised 2022-23 estimate.
- **Genetically Handicapped Persons Program (GHPP):** The GHPP program, established in 1975, provides medically necessary services and administrative case management for individuals age 21 and over with a GHPP-eligible condition such as cystic fibrosis, hemophilia, sickle cell, Huntington's, or metabolic diseases. The GHPP state-only program is for those individuals who do not qualify for full-scope Medi-Cal. GHPP costs for Medi-Cal eligible individuals are reflected in the Medi-Cal Local Assistance Estimate
  Caseload Estimate (Medi-Cal): The budget estimates Medi-Cal GHPP caseload of 922 in 2022-23, an increase of 117 or 14.5 percent, compared to the 2022 Budget Act. The budget estimates Medi-Cal GHPP caseload of 904 in 2023-24, a decrease of 18 or two percent, compared to the revised 2022-23 estimate.
  Caseload Estimate (State-Only): The budget estimates state-only GHPP caseload of 654 in 2022-23, an increase of two or 0.3 percent, compared to the 2022 Budget Act. The budget estimates state-only GHPP caseload of 656 in 2023-24, an increase of two or 0.3 percent, compared to the revised 2022-23 estimate.
- **Every Woman Counts (EWC) Program:** The EWC program provides free breast and cervical cancer screening and diagnostic services to uninsured and underinsured women who do not qualify for Medi-Cal. Women diagnosed with breast or cervical cancer may be referred to the Breast and Cervical Cancer Treatment Program (BCCTP).
  Caseload Estimate: The budget estimates EWC caseload of 25,010 in 2022-23, an increase of 689 or 2.8 percent, compared to the 2022 Budget Act. The budget estimates EWC caseload of 24,305 in 2023-24, a decrease of 705 or 2.8 percent compared to the revised 2022-23 estimate.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of the significant changes in Family Health Estimate programs in the 2022-23 and 2023-24 fiscal years.

2. Please provide a status update of the stakeholder process and transition plan for the Child Health and Disability Program (CHDP)? Does the Administration plan to include the transition plan in its 2024-25 proposed budget for consideration by the Legislature, prior to commencing the transition?

Issue 5: Post Eligibility Treatment of Income – Trailer Bill Language

Trailer Bill Language – Governor's Budget. DHCS requests trailer bill language to align state law with federal guidelines regarding Medi-Cal eligibility cost-sharing provisions for individuals subject to post-eligibility treatment of income and spend-down of excess income.

Background. The Medi-Cal program has two primary pathways to be determined eligible for coverage. Modified Adjusted Gross Income (MAGI) uses federal tax rules to determine eligibility based on countable income and applies to children, parents and caretakers of children, adults 19 through 64 years old, and pregnant people. The other pathway, non-MAGI, applies to those who do not qualify through MAGI, and includes seniors and persons with disabilities, individuals in long-term care and other individuals not eligible for MAGI. For non-MAGI individuals to become eligible for Medi-Cal coverage, they must meet asset limit requirements, currently set at $130,000 or below, and meet share of cost requirements. A non-MAGI individuals share of cost is calculated by determining the difference between the individual's non-exempt income level and the "maintenance need level", or a fixed amount allowable for living expenses and based on the size of the individual's household. In a long-term care setting, the maintenance need level is referred to as a "personal needs allowance", and all income above this level must be paid to the individual's long-term care facility as a share of cost.

Trailer Bill Language Proposal. DHCS requests trailer bill language to align state law with federal guidelines regarding Medi-Cal eligibility cost-sharing provisions for individuals subject to post-eligibility treatment of income and spend-down of excess income. DHCS reports it is moving away from the term "share of cost" and, to address concerns raised by the federal Centers for Medicare and Medicaid Services (CMS) and consumer advocates, seeks to change references in statute and program notices to include "spenddown of excess income" to refer to non-MAGI income requirements in the Medically Needy program, and "post-eligibility treatment of income" for income liability in the long-term care context. This trailer bill proposal would replace references to "share of cost" in state Medi-Cal law with the appropriate references to "spenddown of excess income" and "post-eligibility treatment of income".

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: Health Care Coverage: Contraceptives (SB 523)

Budget Change Proposal – Governor's Budget. DHCS requests three positions and expenditure authority of $455,000 ($228,000 General Fund and $227,000 federal funds) in 2023-24 and $428,000 ($214,000 General Fund and $214,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to identify contraceptive-related services that must be carved out of managed care and into a fee-for-service, state-only program, due to unavailability of federal matching funds, consistent with the requirements of the Contraceptive Equity Act of 2022, SB 523 (Leyva), Chapter 630, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$228,000	$214,000
0890 – Federal Trust Fund	$227,000	$214,000
Total Funding Request:	**$455,000**	**$428,000**
Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

Background. The Contraceptive Equity Act of 2022, SB 523 (Leyva), Chapter 630, Statutes of 2022, among several other provisions, requires health plans, including Medi-Cal managed care plans, to provide all contraceptive drugs, devices, and products approved by the Food and Drug Administration (FDA) without restrictions or delays, including prior authorization, step therapy, and other utilization management or control techniques. According to DHCS, existing law and contract provisions require Medi-Cal managed care plans to provide members of childbearing age with access to the following services, both in and out-of-network, without prior authorization:

- Health education and counseling
- Limited history and physical examination
- Laboratory tests if medically indicated for the contraceptive decision-making process
- Diagnosis and treatment of a sexually transmitted disease
- Screening, testing, and counseling of at-risk individuals for human immunodeficiency virus (HIV) and referral for treatment
- Follow-up care for complications associated with contraceptive methods
- Provision of contraceptive pills, devices, and supplies
- Tubal ligation
- Vasectomies
- Pregnancy testing and counseling

Medi-Cal currently covers all FDA-approved drugs, devices and products without cost-sharing, when provided by an authorized Medi-Cal provider acting under their scope of practice.

According to DHCS, federal financial participation (FFP) is only available for sterilization procedures if the individual is at least 21 years of age, the individual is not mentally incompetent, the individual has given voluntary consent, and at least 30 days, but not more than 180 days, have passed between the date of informed consent and the date of the sterilization (except in certain emergency situations). FFP is also not available for a hysterectomy if performed solely for the purpose of rendering an individual

permanently incapable of reproducing. SB 523 does not allow for these types of restrictions or delays of coverage for these services. As a result, DHCS reports it is not able to distinguish between instances of the same services that are and are not eligible for FFP. DHCS indicates it would need to treat all such procedures as ineligible for FFP and, pursuant to authorization provided by SB 523, would carve out all affected services from managed care into fee-for-services with 100 percent General Fund support.

Staffing and Resource Request. DHCS requests three positions and expenditure authority of $455,000 ($228,000 General Fund and $227,000 federal funds) in 2023-24 and $428,000 ($214,000 General Fund and $214,000 federal funds) annually thereafter to identify contraceptive-related services that must be carved out of managed care and into a fee-for-service, state-only program, due to unavailability of federal matching funds, consistent with the requirements of the Contraceptive Equity Act of 2022, SB 523 (Leyva), Chapter 630, Statutes of 2022. Specifically, DHCS requests the following positions:

Managed Care Quality and Monitoring Division – Three positions

- **One Health Program Specialist II** positions would develop and lead policy development and implementation activities; analyze covered services for fee-for-service carve-out in collaboration with other departmental staff; facilitate carve outs in collaboration other departmental staff; lead work to update any necessary managed care regulations; identify and lead updates to any necessary policy documents; oversee initial and ongoing monitoring activities; assist in development of public health and health care projects; gather, analyze, and organize data related to managed care; analyze proposed legislation, regulations, and health program standards; and provide consultation and technical assistance to local agencies.
- **Two Associate Governmental Program Analysts** would draft and update applicable policy documents or guidance; perform ongoing monitoring activities; respond to relevant inquiries; provide support in the drafting of applicable managed care regulations; track and facilitate the movement of regulation updates through the regulation update process; utilize a variety of analytical techniques to resolve complex governmental problems; and analyze data and present ideas and information effectively both orally and in writing.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 7: California Cancer Care Equity Act (SB 987)

Budget Change Proposal – Governor's Budget. DHCS requests three positions and expenditure authority of $1.1 million ($458,000 General Fund and $604,000 federal funds) in 2023-24, $726,000 ($292,000 General Fund and $434,000 federal funds) in 2024-25 through 2026-27, and $581,000 ($219,000 General Fund and $362,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to ensure Medi-Cal managed care plans make good faith efforts to contract with cancer centers or related programs, pursuant to the requirements of SB 987 (Portantino), Chapter 608, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$458,000	$292,000
0890 – Federal Trust Fund	$604,000	$434,000
Total Funding Request:	**$1,062,000**	**$726,000**
Total Requested Positions:	**3.0**	**3.0**

* Additional fiscal year resources requested – 2025-26 and 2026-27: $726,000; 2027-28 and ongoing: $581,000.

Background. SB 987 (Portantino), Chapter 608, Statutes of 2022, requires Medi-Cal managed care plans to improve access to cancer care for Medi-Cal beneficiaries. Plans are required to make a good faith effort to contract with at least one National Cancer Institute (NCI)-designated comprehensive cancer center, a site affiliated with the NCI Community Oncology Research Program (NCORP), or a qualifying academic cancer center. Plans are also required to allow members with a complex cancer diagnosis to request a referral to one of these entities, whether or not they have successfully executed a contract to enroll the entity as a network provider. SB 987 also requires DHCS to, in consultation with stakeholders, develop a process for updating and further defining a "complex cancer diagnosis" on a periodic basis.

Staffing and Resource Request. DHCS requests three positions and expenditure authority of $1.1 million ($458,000 General Fund and $604,000 federal funds) in 2023-24, $726,000 ($292,000 General Fund and $434,000 federal funds) in 2024-25 through 2026-27, and $581,000 ($219,000 General Fund and $362,000 federal funds) annually thereafter to ensure Medi-Cal managed care plans make good faith efforts to contract with cancer centers or related programs, pursuant to the requirements of SB 987 (Portantino), Chapter 608, Statutes of 2022). Specifically, DHCS requests the following positions:

Managed Care Quality and Monitoring Division – Two positions, resources equivalent to one position and consultant resources

- **One Health Program Specialist II** position would serve as administrative lead on the internal and external stakeholder workgroup effort; communicate regularly with executive staff on issues and implementation progress; collaborate with the Medical Consultant II (MC II) and the advisory group of applicable stakeholders to develop a process to continually update the definition of "complex cancer diagnosis"; assist in further defining "complex cancer diagnosis" per the developed process and working with the MC II to facilitate a contract with an appropriate, external consultant; oversee and coordinate the development, implementation, maintenance, evaluation and health plan oversight of plans who contract with cancer centers, including updating and revising policies, regulations, assessment tools, templates and checklists; develop processes to standardize policy requirements for

plans' contracted and sub-contracted provider networks; advise management on the development of policy and data reports that will be useful to DHCS, plans and stakeholders; prepare APLs, memos, and contract language in collaboration with clinical programmatic staff to communicate policy requirements and promising practices related to the cancer diagnosis and treatment strategies for plans; and support division leadership when coordinating efforts with other state and federal agencies, internal and external stakeholders, and other divisions within DHCS.

- **One Associate Governmental Program Analysts** would support drafting updates to plan contracts, evidence of coverage, All Plan Letters (APL) and other policy guidance; review plan responses on a quarterly basis for instances of non-compliance; provide technical assistance to plans when issues of noncompliance are found; compose analytical reports, and develop and present data-informed recommendations; monitor the execution of developed planning activities processes and procedures within the developed timeframes; manage activities of internal and external stakeholder workgroups; and assist with the collection, analysis, and review of stakeholder input regarding updating and further defining "complex cancer diagnosis" on a periodic basis.
- Resources equivalent to **one Health Program Specialist I** position would contribute to the development of implementation timelines, roles and responsibilities, processes and procedures, and other planning activities; support the development and further define the term "complex cancer diagnosis" on a periodic basis; support policy development related to plan requirements to contract with at least one eligible cancer center; draft and communicate policy guidance to the plans as well as ensuring the plan contract, evidence of coverage, and any applicable APLs reflect updated policy; provide technical assistance to plans; collaborate with appropriate stakeholders to develop a notice for notifying members of their right to access cancer treatment care through these cancer centers.
- **Contract resources** – DHCS also requests expenditure authority of $300,000 ($150,000 General Fund and $150,000 federal funds) to support a consultant to convene an advisory panel of external stakeholders on a regular basis to further define and update the definition of "complex cancer diagnosis".

Quality and Population Health Management – One position

- **One Medical Consultant II** position would provide professional advice to develop and implement the stakeholder workgroup process for updating, revising, and further defining "complex cancer diagnosis" on an ongoing basis as treatment advances and clinical standards change; provide clinical input to inform the activities of technical staff who will coordinate the convening of stakeholder workgroup meetings to update and further define "complex cancer diagnosis"; assist in the selection of a consultant vendor with the appropriate clinical expertise; advise department staff on the identification of stakeholders who should be included to provide clinical input for workgroup meetings; oversee, participate in and providing clinical input for workgroup meetings with stakeholders. The position will also be provide clinical guidance to stakeholders; maintain current knowledge of advances in the clinical care of cancer as well as formulating clinical policy documents relating to updates to the definition of "complex cancer diagnosis"; and provide technical assistance to department staff in cases where clarification of the "complex cancer diagnosis" definition is needed to formulate new policies and procedures, or to monitor plan compliance with state laws, regulations and policies.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Maternal and Pandemic-Related Mental Health Conditions (SB 1207)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $310,000 ($155,000 General Fund and $155,000 federal funds) in 2023-24 and $292,000 ($146,000 General Fund and $146,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to expand requirements for Medi-Cal managed care plans to develop a maternal mental health program, pursuant to SB 1207 (Portantino), Chapter 618, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$155,000	$146,000
0890 – Federal Trust Fund	$155,000	$146,000
Total Funding Request:	**$310,000**	**$292,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. SB 1207 (Portantino), Chapter 618, Statutes of 2022, expands the requirements for health plans, including all Medi-Cal managed care plans, to develop a maternal mental health program designed to promote quality and cost-effective outcomes. While previous requirements applied to Medi-Cal managed care plans with a Knox-Keene license, county organized health systems (COHS) were not covered. SB 1207 expands these requirements to COHS and clarifies that the programs for all plans must include quality measures to encourage screening, diagnosis, treatment, and referral. SB 1207 encourages plan programs to include coverage for doulas, incentivize training opportunities for contracting obstetric providers, and educate enrollees about the program.

Staffing and Resource Request. DHCS requests two positions and expenditure authority of $310,000 ($155,000 General Fund and $155,000 federal funds) in 2023-24 and $292,000 ($146,000 General Fund and $146,000 federal funds) annually thereafter to expand requirements for Medi-Cal managed care plans to develop a maternal mental health program, pursuant to SB 1207 (Portantino), Chapter 618, Statutes of 2022. Specifically, DHCS requests the following positions:

Managed Care Quality and Monitoring Division – Two positions

- **One Health Program Specialist II** position would serve as a highly specialized expert program advisor, subject matter expert and program consultant; collaborate on implementation activities; contribute to the development of timelines, roles and responsibilities, processes and procedures, and other implementation activities; assist in designing program requirements, implementation plan, and long-term monitoring policy guidance; identify initial monitoring data elements, and create and implement a long-term program monitoring plan, and design program-specific corrective action process including sanctions; manage the long-term program monitoring plan to oversee plan compliance; take part in planning and conducting programmatic all-plan webinars; provide ongoing overall program expertise and technical assistance to internal and external stakeholders; and manage the corrective action process for plan program non-compliance.
- **One Associate Governmental Program Analysts** would review, track, and monitor deliverables related to program implementation; assist with the ongoing monitoring of the plans operationalization of developed program activities, processes, and procedures; provide technical assistance to plans;

assist in the development of policy guidance for plans; develop timelines, and other planning activities; and issue corrective action plans when non-compliance is identified.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal

Issue 9: Whole Child Model – Trailer Bill Language

Trailer Bill Language– Governor's Budget. DHCS proposes trailer bill language to expand the Whole Child Model for California Children's Services (CCS) to the 15 counties converting to County Organized Health System or Single Plan models, and to mandatorily enroll foster children in Single Plan counties in the Whole Child Model.

Background. SB 586 (Hernandez), Chapter 625, Statutes of 2016, authorized 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 are delivered by Medi-Cal managed care plans in Whole Child Model counties. The Whole Child Model program has been implemented in 21 counties with 5 health plans, with the goal 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 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

Whole Child Model Pilot Evaluation. SB 586 also 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 2019 Budget Act included expenditure authority of $1.6 million ($800,000 General Fund and $800,000 federal funds), available for expenditure or encumbrance until June 30, 2021 to conduct the program evaluation of the Whole Child Model required pursuant to SB 586.

As of March 2023, the department has not yet released the evaluation of the Whole Child Model Pilot.

Managed Care Procurement and Model Changes. On February 9, 2022, DHCS released a Request for Proposal (RFP) for its commercial managed care plan contracts, seeking managed care plans committed and able to advance equity, quality, access, accountability, and transparency to reduce health disparities and improve health outcomes for Californians. While the RFP is only for commercial plans, DHCS indicated the updated contract released with the RFP would be executed with all Medi-Cal managed care plans, including local initiatives and County Organized Health Systems, as of January 1, 2024.

During the procurement process, counties were permitted to change their model for Medi-Cal managed care plans. The following counties made changes to their plan models:

- Alameda – From Two Plan Model to a Single Plan with Alameda Alliance
- Contra Costa – From Two Plan Model to a Single Plan with Contra Costa Health Plan
- Imperial – From Regional Model to a Single Plan with California Health and Wellness
- Mariposa – From Regional Model to County Organized Health System with Central California Alliance for Health
- San Benito – From Regional Model to County Organized Health System with Central California Alliance for Health
- Butte – From Regional Model to County Organized Health System with Partnership Health Plan
- Colusa – From Regional Model to County Organized Health System with Partnership Health Plan
- Glenn – From Regional Model to County Organized Health System with Partnership Health Plan
- Nevada – From Regional Model to County Organized Health System with Partnership Health Plan
- Placer – From Regional Model to County Organized Health System with Partnership Health Plan
- Plumas – From Regional Model to County Organized Health System with Partnership Health Plan
- Sierra – From Regional Model to County Organized Health System with Partnership Health Plan
- Sutter – From Regional Model to County Organized Health System with Partnership Health Plan
- Tehama – From Regional Model to County Organized Health System with Partnership Health Plan
- Yuba – From Regional Model to County Organized Health System with Partnership Health Plan
- Alpine – From Regional Model to Two Plan Model with Health Plan of San Joaquin
- El Dorado – From Regional Model to Two Plan Model with Health Plan of San Joaquin

Trailer Bill Language Proposal – Expand Whole Child Model and Mandatory Enrollment for Foster Children. DHCS proposes trailer bill language to expand the Whole Child Model for California Children's Services (CCS) to the 15 counties converting to County Organized Health System (COHS) or Single Plan models, and to mandatorily enroll foster children in Single Plan counties in the Whole Child Model. According to DHCS, because the Whole Child Model was implemented in COHS counties, expansion to new COHS and Single Plan counties after model plans change would allow alignment across the state. The expansion would be phased in, depending on the plan model type and CCS county designation, as follows:

- Phase 1 – Whole Child Model would be implemented no sooner than January 1, 2024, in the ten counties becoming COHS that have a dependent county designation in the CCS program. These counties include Colusa, Glenn, Nevada, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito.
- Phase 2 – Whole Child Model would be implemented no sooner than January 1, 2025, in the two additional counties becoming COHS that have an independent county designation, as well as the three counties becoming Single Plan counties. These counties include Alameda, Butte, Contra Costa, Imperial, and Placer.

In addition, DHCS proposes to mandatorily enroll foster children in COHS and Single Plan counties in the expanded Whole Child Model. According to DHCS, foster children in counties becoming COHS or Single Plan counties would already be mandatorily enrolled in managed care. DHCS seeks to also mandatorily enroll foster children eligible for CCS into the Whole Child Model.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. When will the department release the evaluation of the Whole Child Model Pilot?

3. What evidence exists of benefits to CCS-eligible children of improvements in care in the Whole Child Model compared to the existing, fee-for-service CCS system?

4. What changes to CCS provider reimbursement would occur when counties transition from fee-for-service to the Whole Child Model? How will those changes affect access to specialty care for CCS-eligible children?

Issue 10: Proposals for Investment

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

For presentation

- **Supportive Services During Pregnancy and 12 Months Postpartum.** Maternal and Child Health Access, the March of Dimes, and the Children's Partnership request expenditure authority of $7.5 million ($2.4 million General Fund and $5.1 million federal funds) annually to extend the Comprehensive Perinatal Services Program (CPSP) benefit from 60 to 365 days postpartum and to reimburse for Comprehensive Perinatal Health Workers (CPHWs) services when rendered in the community instead of only at a medical facility during pregnancy or the postpartum period.

Other Requests Received by the Subcommittee

- **Medi-Cal Health Enrollment Navigators Project Budget Augmentation.** The California Primary Care Association (CPCA) requests General Fund expenditure authority of $60 million in 2023-24 to support Medi-Cal Health Enrollment Navigators. According to CPCA, ensuring that local county offices have adequate resources to complete Medi-Cal determinations of eligibility, manage active cases, and renew eligibility is critical. The role of community health centers (CHCs) and community-based organizations (CBOs) in the patient navigation aspect of these efforts, particularly to support communities of color cannot be overlooked as a vital component of this process. COVID education and vaccination efforts were a stark example of patients' distrust interacting with government agencies. CHCs are critical, trusted messengers to support their patients in maintaining coverage through health navigation services. These include supporting patients in completing complex applications, providing in-language services, connecting patients with accurate information regarding immigration-related questions, and acting as an Authorized Representative in order to interact directly with county staff on behalf of a patient to ensure the application process is completed.

  Some counties use out-stationed enrollment workers, who set up in the field – at a CHC or CBO on a regular basis. This streamlines the enrollment process and facilitates a faster processing timeline. Out-stationed workers are less prevalent than they used to be, and many counties no longer fund them. Augmented funding for local county offices should be directed towards out-stationed workers in CHC settings to expedite Medi-Cal processing in these settings.

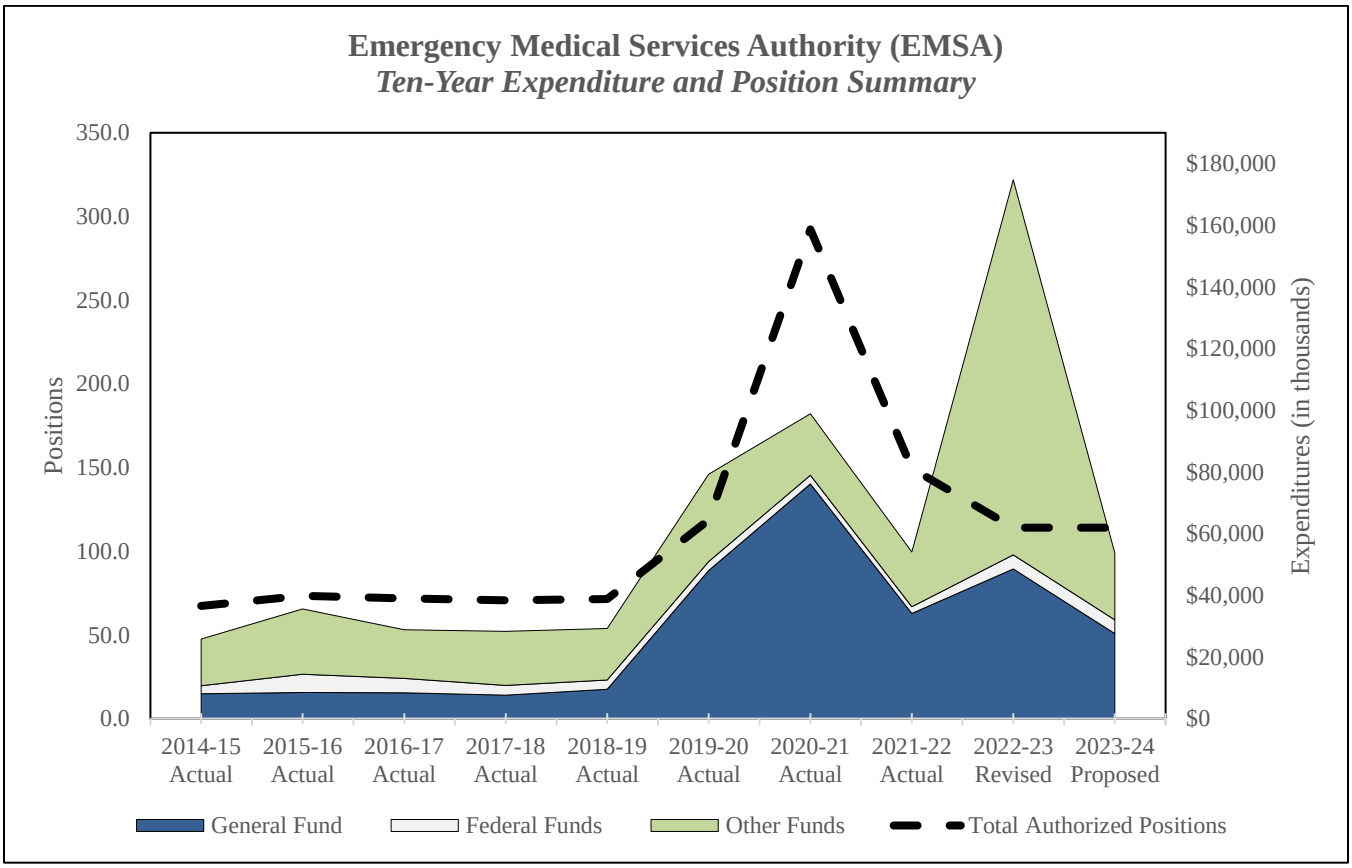
  Many counties have local coverage programs that have solely relied on health centers for enrollment services, and serve as these patients' medical home (MyHealthLA, HealthySF, Contra Costa CARES, HealthPAC in Alameda County, CMSP Path to Health and Connect to Care programs). These CHCs across the state will be critical to the adult expansion enrollment, to both ensure a smooth transition to full-scope Medi-Cal, and minimize disruptions in where they receive care. Health centers are where the majority of the undocumented adult population has been receiving care, and are trusted providers who will be critical in the adult expansion transition.

- **Housing Preservation for Long-Term Care Residents.** Justice in Aging, California Advocates for Nursing Home Reform, and Disability Rights California request expenditure authority of $44 million

($22 million General Fund and $22 million federal fund) annually to support increasing the home upkeep allowance (HUA) from $209 per month to actual housing costs up to 138 percent of the federal poverty level for Medi-Cal enrollees in long-term care, for long-term care stays not longer than six months. According to the proponents, individuals with Medi-Cal in long-term care facilities are at risk of losing their homes because they have to spend their income towards the facility share-of-cost, instead of using that money to cover their housing in the community. This proposal would make it easier for long-term care residents with Medi-Cal coverage to preserve their housing while they receive the care needed to return to the community. Because the HUA is not tied to the true cost of housing, it is inadequate to pay the rent or mortgage and other costs needed to actually maintain a home or apartment. If an individual has any family living in the home, they cannot use the HUA, even if their family members cannot pay for the upkeep of the home. This results in people staying in nursing facilities indefinitely because they lose their home and are unable to transition back to the community. These permanent nursing home stays are also expensive for the state.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 1: Overview



Emergency Medical Services Authority - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	**2021-22 Actual**	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$34,083	$45,243	$48,543	$27,598
Federal Funds	$2,205	$4,466	$4,534	$4,465
Other Funds	$17,754	$121,436	$121,660	$21,628
Total Department Funding:	**$54,042**	**$171,145**	**$174,737**	**$53,691**
Total Authorized Positions:	**149.5**	**114.0**	**114**	**114**
Other Funds Detail:				
EMS Training Prog. Approval Fund (0194)	*$147*	*$241*	*$246*	*$246*
EMS Personnel Fund (0312)	*$2,617*	*$3,644*	*$3,724*	*$3,688*
Reimbursements (0995)	*$14,121*	*$115,837*	*$115,954*	*$15,957*
EMT Certification Fund (3137)	*$869*	*$1,714*	*$1,736*	*$1,737*

Background. The Emergency Medical Services Authority (EMSA), authorized by the Emergency Medical Services System and Prehospital Emergency Care Act, administers a statewide system of coordinated emergency medical care, injury prevention, and disaster medical response that integrates public health, public safety, and health care services. Prior to the establishment of EMSA in 1980, California did not have a central state agency responsible for ensuring the development and coordination of emergency medical services (EMS) programs statewide. For example, many jurisdictions maintained their own certification requirements for paramedics, emergency medical technicians (EMTs), and other emergency personnel, requiring individuals certified to provide emergency services in one county to re-test and re-certify to new standards to provide emergency services in a different county. EMSA is organized into three program divisions: the Disaster Medical Services Division, the EMS Personnel Division, and the EMS Systems Division.

Disaster Medical Services Division. The Disaster Medical Services Division coordinates California's medical response to major disasters by carrying out EMSA's mandate to provide medical resources to local governments in support of their disaster response efforts. The division coordinates with the Governor's Office of Emergency Services, the Office of Homeland Security, the California National Guard, the Department of Public Health, and other local, state, and federal agencies, private sector hospitals, ambulance companies, and medical supply vendors, to promote and improve disaster preparedness and emergency medical response in California.

EMS Personnel Division. The EMS Personnel Division is responsible for the certification, licensing, and discipline of all active paramedics throughout the state. The division develops and implements regulations that set training standards and the scope of practice for various levels of personnel; sets standards for and approves training programs in pediatric first aid, cardiopulmonary resuscitation (CPR), and preventive health practices for child day care providers and school bus drivers; and develops standards for emergency medical dispatcher training, pre-arrival emergency care instructions, and epinephrine auto-injector training.

EMS Systems Division. The EMS Systems Division is in charge of developing and implementing EMS systems throughout California, including supporting local Health Information Exchange projects that will allow the state to collect more meaningful data so emergency medical services providers can deliver better patient care. The division oversees system development and implementation by the local EMS agencies, the statewide trauma system, and emergency medical dispatcher and communication standards. It establishes regulations and guidelines for local agencies, reviews and approves local plans to ensure they meet minimum state standards, coordinates injury and illness prevention activities with the Department of Public Health and the Office of Traffic Safety, manages the state's EMS data and quality improvement processes, conducts Ambulance Exclusive Operating Area evaluations, and oversees the operation of California's Poison Control System and EMS for Children programs.

Subcommittee Staff Comment—This is an informational item.

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

1. Please provide a brief overview of the Authority's mission and programs.

Issue 2: EMS Personnel Human Trafficking Training Implementation (AB 2130)

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $84,000 in 2023-24 through 2025-26. If approved, these resources would allow EMSA to coordinate and support implementation of emergency medical technician and paramedic training on human trafficking, pursuant to the requirements of AB 2130 (Cunningham), Chapter 256, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$84,000	$84,000
Total Funding Request:	**$84,000**	**$84,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $84,000.

Background. AB 2130 (Cunningham), Chapter 256, Statutes of 2022, requires emergency medical technicians (EMTs) and paramedics to receive at least 20 minutes of training on issues related to human trafficking, beginning July 1, 2024. The United States Department of Homeland Security identifies EMTs, paramedics and other emergency services providers as the most likely to encounter human trafficking victims. California has the highest number of human trafficking cases in the nation reported to the National Human Trafficking Hotline. A study that surveyed EMS personnel in Florida regarding their awareness of issues of human trafficking found that those with training were significantly more likely to suspect human trafficking in situations that might increase suspicion, suggesting universal human trafficking training would help EMS personnel better identify victims of human trafficking.

The EMS Personnel Division is responsible for the certification, licensing, and discipline of all active paramedics throughout the state. The division develops and implements regulations that set training standards and the scope of practice for various levels of personnel; sets standards for and approves training programs in pediatric first aid, cardiopulmonary resuscitation (CPR), and preventive health practices for child day care providers and school bus drivers; and develops standards for emergency medical dispatcher training, pre-arrival emergency care instructions, and epinephrine auto-injector training.

EMSA is responsible for licensing EMT paramedics (EMT-Ps), and 69 certifying entities statewide are responsible for certifying EMT-Is and EMT-IIs. EMT-I applicants must complete a minimum of 170 hours of training, EMT-II applicants must complete a minimum of 160 hours for initial certification, and EMT-P applicants must complete a minimum of 1,094 hours of training. According to EMSA, some current EMT training programs may include issues related to human trafficking.

Resource Request. EMSA requests General Fund expenditure authority of $84,000 in 2023-24 through 2025-26 to coordinate and support implementation of emergency medical technician and paramedic training on human trafficking, pursuant to the requirements of AB 2130 (Cunningham), Chapter 256, Statutes of 2022. Specifically, these resources would allow EMSA to establish a working group to draft regulatory changes, coordinate and assist local entities to incorporate the new standard into EMT curricula, convene a workgroup and work with information technology staff to make system changes to include verification of human trafficking training, and train EMSA staff and provide resources to local EMS authorities and certifying entities to verify the new human trafficking training requirement is met.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Diversity, Equity, and Inclusion Strategic Plan Development

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $100,000 in 2023-24. If approved, these resources would allow EMSA to contract with a consultant to develop a Diversity, Equity, and Inclusion Strategic Plan that aligns with CalHHS initiatives to reduce health inequities and disparities.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$100,000	$-
Total Funding Request:	**$100,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to EMSA, as part of CalHHS equity initiatives it was tasked with achieving the following goals to address prehospital EMS patient and workforce inequities:

1. Participate in a newly-established Justice, Equity, Diversity, and Inclusion (JEDI) subcommittee within the CalHHS Interdepartmental Advisory Council by appointing a Chief Equity Office as a member.
2. Join the Capitol Collaborative on Race and Equity (CCORE) 2024-25 Learning Cohort Program of government officials to learn about, plan for, and implement activities that embed racial equity approaches into institutional culture, policies and practices.
3. Incorporate equity priorities in department strategic planning for internal and external stakeholders.
4. Contribute to the development of the CalHHS Equity Dashboard and enhance EMS workforce equity training and inclusion in services.

Resource Request. EMSA requests General Fund expenditure authority of $100,000 in 2023-24 to contract with a consultant to develop a Diversity, Equity, and Inclusion Strategic Plan that aligns with CalHHS initiatives to reduce health inequities and disparities. Specifically, the consultant would lead the development of an EMSA Equity Workgroup to develop and implement the plan, which would include the following components:

- Maximize community partnerships and stakeholder collaboration
- Incorporate health equity concepts and measures into EMSA programs and policies
- Conduct a strengths, weaknesses, opportunities, and threats analysis
- Develop a mission, a vision, objectives, strategic goals, tasks, and action items
- Establish key performance indicators and baseline metrics
- Develop mechanisms to collect detailed EMS Personnel workforce data
- Develop mechanisms to collect detailed patient demographic and health outcomes data
- Secure training and host forums for EMSA staff on the impact of EMS workforce diversity and cultural competency training on patient health outcomes

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: California POLST eRegistry Act – Trailer Bill Language

Trailer Bill Language – Governor's Budget. EMSA requests trailer bill language to repeal the requirement that the California POLST eRegistry incorporate the Advanced Health Care Directive Registry administered by the California Secretary of State.

Background. The 2021 Budget Act included General Fund expenditure authority of $10 million in 2021-22 and $750,000 annually thereafter to implement a statewide electronic registry system to collect information about Physician Orders for Life Sustaining Treatment (POLST) received from health care providers. Accompanying the 2021 Budget Act was AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, the health omnibus trailer bill. Within AB 133 was the California POLST eRegistry Act, which required EMSA to establish a POLST eRegistry in consultation with stakeholders to collect patients' POLST information received from a physician, nurse practitioner, or other providers. AB 133 provides that the eRegistry would be implemented in conjunction with EMSA's California EMS Data Resource System (CEDRS), and requires POLSTs to be submitted electronically.

AB 133 also required EMSA to incorporate the Advance Health Care Directive Registry, administered by the California Secretary of State, into the POLST eRegistry. The Advance Health Care Directive Registry allows a person who has executed an advance health care directive to register information regarding the directive with the Secretary of State. This information is made available upon request to the registrant's health care provider, public guardian, or legal representative.

Trailer Bill Language – Amend California POLST eRegistry Act. EMSA requests trailer bill language to repeal the requirement that the California POLST eRegistry incorporate the Advance Health Care Directive Registry administered by the California Secretary of State. According to EMSA, the POLST form is a medical order, signed by both a patient and physician, nurse practitioner, or physician assistant, that give seriously ill patients more control over their care by specifying the type of medical treatment they wish to receive toward the end of life. An Advance Health Care Directive, on the other hand, is a legal document administered under the Probate Code. EMSA reports there is no existing electronic registry for the Advance Health Care Directive registry, which makes integration of this data into the POLST electronic registry not technically feasible without creating significant delays to implementation. As a result, EMSA requests eliminating the requirement to incorporate the Advance Health Care Directive registry in to the POLST eRegistry.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Please briefly describe the operational challenges to including data from the Advanced Health Care Directive Registry in the POLST registry.

3. How will EMSA and the Secretary of State navigate potential confusion that may arise from having two options for an individual to register their preferences for life sustaining care?

Issue 5: EMSA Director and Chief Medical Officer – Trailer Bill Language

Trailer Bill Language – Governor's Budget. EMSA requests trailer bill language to repeal the requirement that the EMSA Director be a medical doctor (MD) and establish the position of Chief Medical Officer within EMSA's leadership team.

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

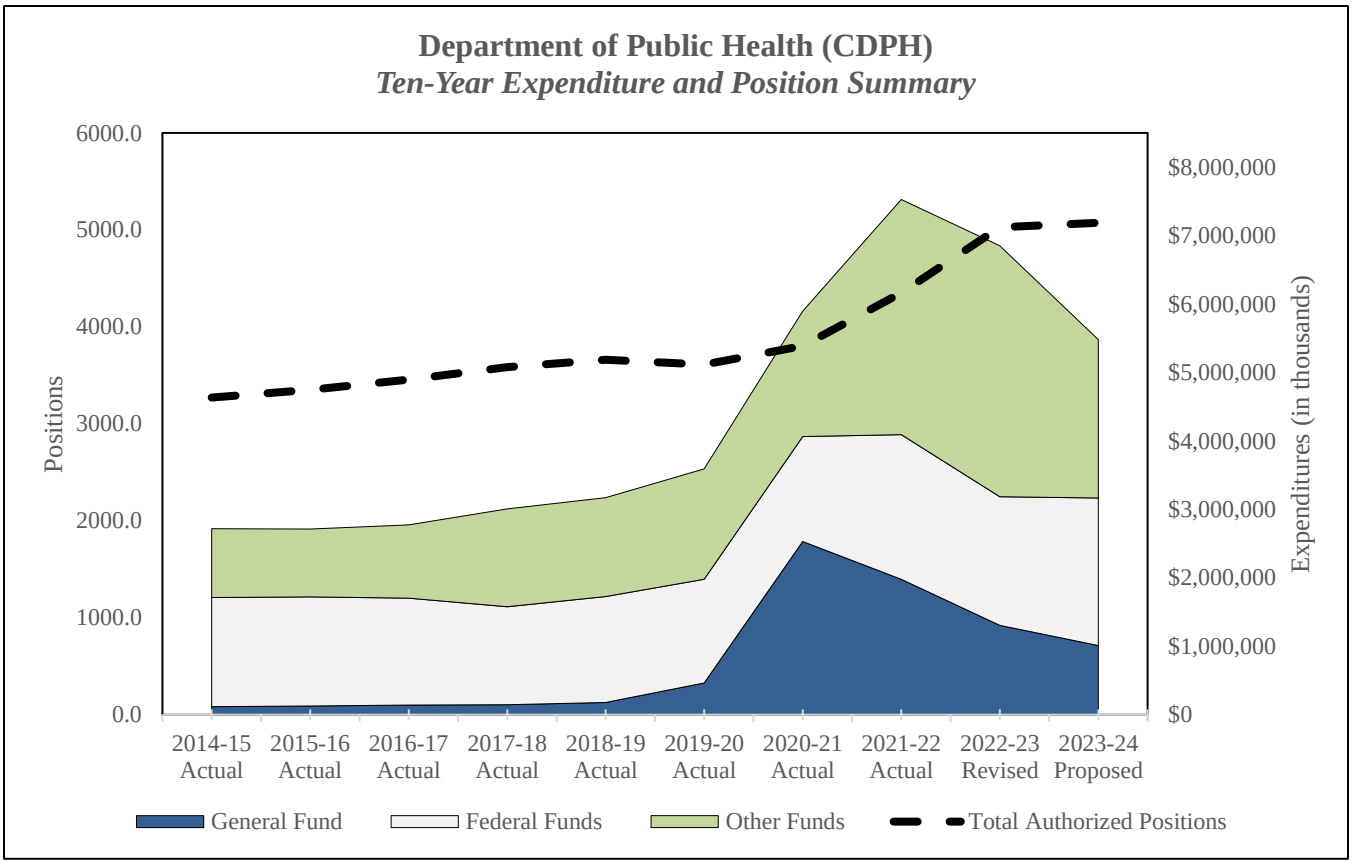
Questions. The subcommittee has requested EMSA to respond to the following:

1. Please provide a brief overview of this proposal.

2. Please describe the proposed division of responsibilities between the EMSA Director and the Chief Medical Officer.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: Overview



Department of Public Health - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	***2021-22 Actual***	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$1,981,029	$1,204,560	$1,303,874	$1,008,922
Federal Funds	$2,110,615	$1,668,994	$1,880,931	$2,159,343
Other Funds	$3,435,447	$3,895,608	$3,664,269	$2,312,862
Total Department Funding:	**$7,527,091**	**$6,769,162**	**$6,849,074**	**$5,481,127**
Total Authorized Positions:	**4348.9**	**5028.0**	**5028**	**5073.0**
Other Funds Detail:				
Breast Cancer Research Account (0007)	$965	$2,095	$2,095	$745
Nuclear Planning Assessment Acct (0029)	$736	$1,052	$1,080	$1,078
Motor Vehicle Acct, Trans. Fund (0044)	$1,283	$1,667	$1,709	$1,709
Sale of Tobacco to Minors Ctrl Acct (0066)	$138	$969	$1,056	$1,052
Occup. Lead Poisoning Prev Acct (0070)	$2,242	$3,580	$3,680	$4,174

Medical Waste Management Fund (0074)	$2,516	$3,070	$3,183	$3,180
Radiation Control Fund (0075)	$29,220	$30,308	$31,381	$31,349
Tissue Bank License Fund (0076)	$454	$1,580	$1,631	$1,629
Child. Lead Poisoning Prev Fund (0080)	$32,867	$43,714	$44,241	$37,720
Export Document Program Fund (0082)	$547	$575	$446	$624
Clinical Lab. Improvement Fund (0098)	$13,840	$17,023	$17,514	$16,110
Health Statistics Special Fund (0099)	$28,969	$31,313	$32,269	$32,362
Dept. of Pesticide Regulation Fund (0106)	$277	$349	$360	$359
Air Pollution Control Fund (0115)	$261	$310	$318	$317
CA Health Data and Planning Fund (0143)	$240	$240	$240	$240
Food Safety Fund (0177)	$11,250	$11,859	$12,300	$12,288
Genetic Disease Testing Fund (0203)	$143,424	$173,046	$173,945	$187,842
Health Education Account, Prop 99 (0231)	$53,775	$37,181	$37,317	$37,686
Research Account, Prop 99 (0234)	$3,979	$2,801	$2,836	$4,292
Unallocated Account, Prop 99 (0236)	$2,306	$1,832	$1,895	$1,772
Infant Botulism Treatment/Prev Fund (0272)	$7,587	$6,575	$6,642	$14,041
Child Health and Safety Fund (0279)	$550	$551	$551	$551
Registered Enviro. Health Spec Fund (0335)	$347	$487	$502	$503
Indian Gaming Spec Dist Fund (0367)	$8,050	$8,436	$8,499	$8,497
Vectorborne Disease Account (0478)	$117	$141	$141	$141
Toxic Substances Control Acct (0557)	$578	$578	$585	$584
Domestic Violence Train/Ed Fund (0642)	$431	$672	$686	$685
CA Alzheimers Research Fund (0823)	$618	$675	$680	$680
Special Deposit Fund (0942)	$6,041	$12,949	$12,971	$8,971
Reimbursements (0995)	$1,006,060	$669,750	$723,749	$873,033
Drug and Device Safety Fund (3018)	$6,290	$8,034	$8,082	$7,873
WIC Manufacturer Rebate Fund (3023)	$184,529	$190,012	$213,809	$221,918
Medical Marijuana Program Fund (3074)	$0	$0	$0	$0
AIDS Drug Assist. Program Fund (3080)	$273,615	$368,058	$345,699	$350,855
Cannery Inspection Fund (3081)	$3,343	$4,247	$4,344	$4,342
Mental Health Services Fund (3085)	$13,755	$5,115	$5,202	$2,598
Licensing and Certification Fund (3098)	$222,022	$294,343	$300,164	$297,820
Gambling Addiction Program Fund (3110)	$150	$150	$150	$150
Birth Defects Monit. Prog Fund (3114)	$2,486	$2,489	$2,558	$2,556
Lead-Related Construction Fund (3155)	$956	$1,333	$1,363	$1,363
Cost/Impl Acct, Air Poll. Ctrl Fund (3237)	$347	$394	$401	$400
Cannabis Control Fund (3288)	$876	$595	$602	$601
State Dental Program Acct., Prop 56 (3307)	$7,398	$28,929	$29,068	$33,771

Tobacco Law Enforc. Acct. Prop 56 (3308)	$0	$0	$0	$0
Tobacco Prev/Ctrl Prog Acc Prop 56 (3309)	$0	$0	$0	$0
DPH Tobacco Law Enforc, Prop 56 (3318)	$6,269	$5,595	$6,095	$4,798
DPH, Tobacco Prev/Ctrl, Prop 56 (3322)	$93,857	$93,100	$93,570	$90,850
Ind. Hemp Enroll/Oversight Fund (3396)	$0	$0	$0	$1,253
Opioid Settlement Fund (3397)	$0	$45,800	$45,800	$7,500
California Emergency Relief Fund (3398)	$1,259,886	$1,782,036	$1,482,860	$0

Background. The Department of Public Health (CDPH) delivers a broad range of public health programs. Some of these programs complement and support the activities of local health agencies in controlling environmental hazards, preventing and controlling disease, and providing health services to populations who have special needs. Others are primarily state-operated programs, such as those that license health care facilities.

According to CDPH, the goals of these programs include the following:

1. Achieve health equities and eliminate health disparities.
2. Eliminate preventable disease, disability, injury, and premature death.
3. Promote social and physical environments that support good health for all.
4. Prepare for, respond to, and recover from emerging public health threats and emergencies.
5. Improve the quality of the workforce and workplace.

The department is composed of seven major program areas:

(1) Center for Healthy Communities – This center works to prevent and control chronic diseases, such as cancer, cardiovascular diseases, asthma, adverse pregnancy outcomes, and diabetes; reduce the prevalence of obesity; provide training programs for the public health workforce; prevent and control injuries, violence, deaths, and diseases related to behavioral, environmental, and occupational factors; promote and support safe and healthy environments in all communities and workplaces; and prevent and treat problem gambling.

(2) Center for Environmental Health – This center works to protect and improve the health of all California residents by ensuring the safety of drinking water, food, drugs, and medical devices; conducts environmental management programs; and oversees the use of radiation through investigation, inspection, laboratory testing, and regulatory activities.

(3) Center for Family Health – This center works to improve health outcomes and reduce disparities in access to health care for low-income families, including women of reproductive age, pregnant and breastfeeding women, and infants, children, and adolescents and their families.

(4) Center for Health Care Quality – This center regulates the quality of care in approximately 8,000 public and private health facilities, clinics, and agencies throughout the state; licenses nursing home administrators, and certified nurse assistants, home health aides, hemodialysis technicians, and other direct care staff.

(5) Center for Infectious Disease – This center works to prevent and control infectious diseases, such as HIV/AIDS, viral hepatitis, influenza and other vaccine preventable illnesses, tuberculosis, emerging infections, and foodborne illnesses.

(6) Center for Health Statistics and Informatics – This center works to improve public health by developing data systems and facilitating the collection, validation, analysis, and dissemination of health information.

(7) Public Health Emergency Preparedness – This program coordinates preparedness and response activities for all public health emergencies, including natural disasters, acts of terrorism, and pandemic diseases. The program plans and supports surge capacity in the medical care and public health systems to meet needs during emergencies. The program also administers federal and state funds that support CDPH emergency preparedness activities.

Supplemental Reporting Language – State of the State's Public Health. The 2018 Budget Act included the following supplemental reporting language requiring CDPH to provide information on the State of the State's Public Health.

Item 4265-001-0001—Department of Public Health

1. ***State of the State's Public Health***. At its first budget subcommittee hearings of the 2019-20 budget process, the Department of Public Health shall report to the health and human services budget subcommittees of both houses of the Legislature a summary of key public health statistics in California. The briefing and related handout shall include excerpted information from the County Health Status Profiles report on key public health indicators, including available information about these indicators' trends, for issues that the department considers major existing or emerging public health issues. The briefing and related handout may, for example, provide statistics on issues such as opioid overdoses and naloxone treatments, the number of people infected with sexually transmitted diseases (STDs) and the geographic regions in which STD transmissions are highest, rates of diabetes and/or other chronic diseases among various subpopulations, or recent public health outbreaks.

CDPH has expressed a willingness to continue to provide an annual State of the State's Public Health report to the Assembly and Senate budget subcommittees during the budget process.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of CDPH's programs and budget.

2. Please present the State of the State's Public Health report, pursuant to the supplemental reporting language included in the 2018 Budget Act.

Issue 2: COVID-19 Response

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $101.3 million in 2023-24. If approved, these resources would allow CDPH to continue the state's efforts to protect public health and safety against the spread of COVID-19, including vaccinations, testing, and operations support, as well as implementing the state's SMARTER Plan.

Program Funding Request Summary		
Fund Source	**2023-24**	**20245-25**
0001 – General Fund	$101,300,000	$-
Total Funding Request:	**$101,300,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to CDPH, its efforts during the COVID-19 pandemic have played a crucial role in slowing community transmission and saving the lives of many Californians by providing vaccinations, diagnostic testing, contact tracing, medical surge staff support for facilities in need, and emergency response activities at the border. The changing nature of the COVID-19 pandemic and the end of certain state and federal policies enacted in response to the pandemic, have resulted in evolution of the state's response, including implementation of the SMARTER Plan approach to COVID-19. The components of the SMARTER Plan are as follows:

- **Shots** – Individuals are recommended to stay up to date with COVID-19 vaccinations and boosters.
- **Masks** – Individuals are recommended to wear a good fitting mask with good filtration, according to masking recommendations based on COVID-19 Community Levels published by the federal Centers for Disease Control and Prevention (CDC).
- **Awareness** – The state will maintain the ability to promote vaccination, masking, and other mitigation measures in all 58 counties, while supporting engagement with at least 150 community-based organizations.
- **Readiness** – The state will maintain wastewater surveillance in all regions and enhance respiratory surveillance in the healthcare system while continuing to sequence at least 10 percent of positive COVID-19 test specimens. The state will also maintain the ability to add 3,000 clinical staff within two to three weeks of need across various healthcare facility types.
- **Testing** – The state will maintain commercial and local public health capacity statewide to perform at least 500,000 tests per day for COVID-19.
- **Education** – Expand school-based vaccination sites by 25 percent as eligibility for vaccines expands.
- **Rx -** Ensure local entities can order effective therapeutics within 48 hours.

According to CDPH, to continue the critical work of responding and maintaining preparedness, the state will continue to supply test kits to high-risk populations, promote the bivalent booster campaign with a focus on vulnerable individuals who are at risk for severe disease and hospitalizations, and work with healthcare systems to improve their incorporation of testing and treatment for their patients. Several efforts are winding down, such as the gradual demobilization of community testing sites as demand decreases, the Public Testing Lab Network, staffing deployments, and COVID-19 therapeutics initiatives as this work will eventually transition to the health care system. CDPH's 2023-24 budget request prioritizes the most critical activities that need to continue, including vaccinations, testing, operations support, and

information technology, so that California's most vulnerable populations are protected and to maintain a state of readiness.

Resource Request. CDPH requests General Fund expenditure authority of $101.3 million in 2023-24 to continue the state's efforts to protect public health and safety against the spread of COVID-19, including vaccinations, testing, and operations support, as well as implementing the state's SMARTER Plan. The specific allocations, compared to those adopted in the 2022 Budget Act, are as follows:

Areas of Expenditure	2022 Budget Act	2023-24 Proposal
Vaccinations (including boosters)	$93,000,000	$8,000,000
Testing	$530,000,000	$28,000,000
Operations Support	$165,133,000	$15,000,000
Public Health Readiness and Response	$18,284,000	$0
Enhanced Surveillance	$16,465,000	$0
Test to Treat Therapeutics	$158,129,000	$0
Border Operations	$411,025,000	$0
IT Pandemic Response	$0	$300,000
Staffing	$140,000,000	$0
Emergency Contingency Funds	$250,000,000	$50,000,000
TOTAL	**$1,782,036,000**	**$101,300,000**

Of these amounts, CDPH reports the following would comprise the components of these expenditures:

- $28 million to purchase 12 million test kits in support of the SMARTER Plan
- $9 million for consultants to continue CDPH's response to COVID-19 through activities related to county monitoring, testing strategies, and support for CDPH's COVID-19 website and public information campaign services
- $3 million for redirection of CDPH staff funded by special funds and non-COVID allowable federal funds to continue COVID-19 response efforts, an 85 percent reduction in redirected staff
- $3 million for MHCC and RSS costs related to service agreements to provide specialized business, and technical services to support response to and recovery from the pandemic, in addition to legal settlements for COVID-19-related litigation including challenges to state public health orders and guidance
- $5 million for grant incentive programs to provide support to pediatric providers to administer vaccines for ages 0-5
- $3 million for vaccine staffing to validate and mitigate errors in CAIR data, the provider call center that will continue to give support to providers enrolled in the MyCAVax program, and program management and communication activities for LHDs and providers
- $300 thousand for IT Infrastructure, and
- $50 million for emergency contingency funds to support pandemic response efforts that exceed identified areas of expenditure.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Please describe the rationale for the reductions in expenditures from previous augmentations for COVID-19 Response activities compared to this request.

Issue 3: Maintenance and Operations of Infectious Disease Data Systems - SMARTER Plan

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $74.4 million in 2023-24. If approved, these resources would allow CDPH to support the maintenance and operations of critical infectious disease data systems established during the COVID-19 pandemic and will continue to support the state's emergency preparedness and response efforts, consistent with the SMARTER Plan.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$74,400,000	$-
Total Funding Request:	**$74,400,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. In February 2022, the Administration released its SMARTER Plan, intended to transition the state to the next phase of the COVID-19 pandemic response by outlining key activities, building on lessons learned, and leveraging those lessons which can be adapted to future emergency response activities. The SMARTER plan includes the following components:

- **Shots** – Individuals are recommended to stay up to date with COVID-19 vaccinations and boosters.
- **Masks** – Individuals are recommended to wear a good fitting mask with good filtration, according to masking recommendations based on COVID-19 Community Levels published by the federal Centers for Disease Control and Prevention (CDC).
- **Awareness** – The state will maintain the ability to promote vaccination, masking, and other mitigation measures in all 58 counties, while supporting engagement with at least 150 community-based organizations.
- **Readiness** – The state will maintain wastewater surveillance in all regions and enhance respiratory surveillance in the healthcare system while continuing to sequence at least 10 percent of positive COVID-19 test specimens. The state will also maintain the ability to add 3,000 clinical staff within two to three weeks of need across various healthcare facility types.
- **Testing** – The state will maintain commercial and local public health capacity statewide to perform at least 500,000 tests per day for COVID-19.
- **Education** – Expand school-based vaccination sites by 25 percent as eligibility for vaccines expands.
- **Rx -** Ensure local entities can order effective therapeutics within 48 hours.

Implementation, Maintenance and Operations of COVID-19 Related IT Systems. According to CDPH, during the COVID-19 pandemic, extensive upgrades to data systems were implemented and new systems launched to manage large data volumes, facilitate data flow, support case investigation and contact tracing data, collect outbreak investigation data, enable digital exposure notification, provide data automation, and provide advanced analytic tools. These systems include the following:

- **CA Notify** – CA Notify provides notification if a person receives a positive test result for certain highly infectious diseases and accelerates initiation of contact tracing.

- **CAIR2 Message Broker** – The California Immunization Registry 2 (CAIR2) message broker is a secure gateway to hospitals and labs for exchanging reportable vaccination records with CDPH. CDPH believes this tool will be useful for supporting data exchange for a variety of vaccines in the future.
- **CalCONNECT** – The California Confidential Network for Contact Tracing (CalCONNECT) is California's contact tracing system used to manage case and contact records and notify individuals of possible exposure to people who test positive for infectious diseases. This system provides the foundation for developing future contact tracing capacity for other diseases.
- **CalREDIE/HIE Gateway** – The California Reportable Disease Information Exchange (CalREDIE) is CDPH's infectious disease reporting and surveillance system of record, and is used statewide by 61 local health jurisdictions and over 350 laboratories for reporting notifiable conditions via the Health Information Exchange (HIE) Gateway.
- **CERT (emergency)** – The CDPH Employee Redirection Tracker (CERT) enables human resources staff to receive, assign, redirect, and manage departmental requests for staff resources where an unmet business need exists due to emergency and rapid response.
- **CCRS** – The California COVID-19 Reporting System (CCRS) is an integrated software-as-a-service (SaaS) that provides 24 hour processing of lab results for all reportable infectious diseases. CCRS maintains the flow of information to sustain the operations of downstream systems, including CalREDIE, Los Angeles and San Diego County disease surveillance systems, and Office of AIDS. Collectively, these systems provide information regarding COVID-19 testing, infection, hospitalization, death, and vaccinations rates needed to support the Governor's Blueprint for a Safer Economy.
- **Enterprise Infrastructure/Security** – Maintenance and operations of remote access services, and new rapid response cloud services applications, including ongoing licensing and software for various services and software solution tools to address the foundational, operational and governance needs for cloud providers such as Salesforce, Azure, and Amazon Web Services (AWS).
- **LIMS** – The Laboratory Information Management System (LIMS) provides for the management, processing, and collection of samples and associated data on public health risks.
- **LTM** – The Lab Testing Metrics (LTM) application provides a platform for CDPH's Lab Field Services (LFS) to collect and manage a variety of public health data from laboratories.
- **myCAvax (Vaccine Management, My Turn, and DVR)** – Vaccine Management is a suite of applications that allows for: 1) myCAvax, which is the enrollment and approval application for vaccine providers, vaccine allocation, vaccine ordering, and vaccine reporting; 2) My Turn Clinic, which enables providers and local health jurisdictions (LHJs) to run vaccination clinics, including mobile vaccination clinics, school vaccination clinics, mass vaccination clinics, and standard vaccinations clinics; 3) My Turn Public, which enables Californians to find and book vaccination appointments, including walk-in appointments and scheduled appointments; 4) Digital Vaccine Record (DVR), which is the state's secure proof of vaccination tool.
- **REDCap** – Research Electronic Data Capture (REDCap) is a survey tool used to respond to disease cluster and outbreak investigations to rapidly build, share, and manage standardized questionnaires and databases in a secure web application to assist with reporting to California LHJs, the CDC, and partner states.
- **IT OPS Center** – Provides 24 hour IT support, monitoring, rapid response, and problem resolution of all CDPH disease surveillance systems. This center was established to provide tracking and oversight of the many interoperable IT systems to ensure timely delivery of health data to downstream dashboards.

CDPH leveraged approximately $250 million of one-time emergency funding from a variety of sources to implement these systems in response to the COVID-19 pandemic, including necessary IT staff.

The 2022 Budget Act included 130 positions and General Fund expenditure authority of $235.2 million in 2022-23, ten additional positions and General Fund expenditure authority of $156.1 million in 2023-24, and $61.8 million annually thereafter to maintain and operate the technology platforms and applications necessary to support both COVID-19 response activities and other potential disease outbreaks. These systems included all of those referenced above.

CDPH reports there are additional needs beyond the 2022 Budget Act augmentation for two systems: 1) the California COVID Reporting System (CCRS) and CalCONNECT.

California COVID Reporting System (CCRS) for Electronic Lab Reporting. The California COVID Reporting System (CCRS) was implemented in October 2020 to address the challenges of managing COVID-19 laboratory data, providing upgraded capabilities for managing all communicable disease laboratory data sent electronically. CDPH receives laboratory results for COVID-19 and other infectious diseases related to California residents from laboratories across the U.S. in accordance with state regulations. The great majority of laboratory results are submitted electronically and managed by CCRS. More than 350 entities are connected directly to this system and submit results on behalf of thousands of entities. These entities include laboratories that report their own results, and aggregators or hubs that report results for multiple laboratories. Incoming laboratory results are compared against existing laboratory results to identify, match, and remove duplicate records. Processed laboratory results are transferred to CDPH's Enterprise Rhapsody Gateway for routing to downstream public health systems, including the California Reportable Disease Information Exchange (CalREDIE), Los Angeles, and San Diego County disease surveillance systems. Data processed through CCRS is used to monitor infectious disease and testing trends.

Additionally, CCRS is closely integrated with CalCONNECT. The functions of CCRS must be sustained and appropriately resourced for the ongoing operations of state and local public health surveillance efforts for COVID-19 and other infectious diseases that depend on laboratory reporting.

In August 2020, CDPH conducted a challenge-based procurement to develop and implement the CCRS system. For the maintenance and operations phase of this project, CDPH engaged in a new challenge-based procurement process in March 2022, resulting in a contract with a new vendor. A transition between the old and new vendor was completed by December 31, 2022.

The 2022 Budget Act augmentation included $26.3 million in 2022-23 to provide maintenance and operations for one year to support and operate CCRS. The one-year funding strategy was designed to allow CDPH to obtain updated maintenance and operations costs through a competitive process and include these costs in a proposal for 2023-24. As part of the transition, CCRS was renamed to the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) to recognize that the system receives data for all reportable conditions, not just COVID-19.

CalCONNECT. CalCONNECT is California's system for case and outbreak investigation, contact tracing, symptom monitoring of exposed individuals, and communication with affected persons, including

the dissemination of isolation and quarantine guidance to cases and contacts. CalCONNECT was developed during the COVID-19 pandemic and was recently expanded to support the Mpox response. CalCONNECT has also incorporated a new generic disease condition function that can be utilized for monitoring persons exposed to avian influenza, Ebola, and other infectious diseases. CalCONNECT also supports outbreak investigations by providing workplaces and schools streamlined ways to report exposure events directly to their LHD and CDPH. As a result of CalCONNECT's success related to COVID-19, numerous stakeholder groups, including local health jurisdictions, have requested that CDPH build upon the system and expand its functionality to support additional disease conditions that require case investigation and contact tracing, such as tuberculosis, human immunodeficiency virus (HIV), syphilis, perinatal hepatitis B, and measles.

The 2022 Budget Act augmentation included $39.6 million in 2022-23 to provide maintenance and operations for one year to support and operate CalCONNECT. The one-year funding strategy was designed to allow CDPH to obtain ongoing maintenance and operations costs for CalCONNECT through a competitive process and include these costs in a proposal for 2023-24. CDPH reports it engaged in a new challenge-based procurement process in March 2022, resulting in a new contract with the existing vendor.

Resource Request. CDPH requests General Fund expenditure authority of $74.4 million in 2023-24 to support the maintenance and operations of critical infectious disease data systems established during the COVID-19 pandemic and will continue to support the state's emergency preparedness and response efforts, consistent with the SMARTER Plan. Specifically, CDPH requests the following resources:

Surveillance and Public Health Information and Reporting (SaPHIRE, formerly CCRS) - $30.9 million

CDPH requests General Fund expenditure authority of $30.9 million in 2023-24 for maintenance and operations costs for SaPHIRE. CDPH would also utilize these resources to support integration and critical data exchange between SaPHIRE and other core CDPH systems, including CalREDIE and CalCONNECT.

CalCONNECT - $39.7 million

CDPH requests General Fund expenditure authority of $39.7 million in 2023-24 for necessary IT licenses and technology service costs to support maintenance and operations of CalCONNECT. These funds would support the technology infrastructure of CalCONNECT in its current state, support critical programmatic public health services statewide, prepare for and respond to future public health emergencies, and leverage the infrastructure developed for COVID-19 to address other conditions that impact the people of California.

IT Infrastructure and Security - $3.8 million

CDPH requests General Fund expenditure authority of $2.8 million in 2023-24 for licensing, maintenance, and support of the infrastructure and security protocols needed to support public health surveillance and response systems and departmental data, including security of protected health information (PHI) and personally identifiable information (PII).

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. The requested maintenance and operations resources are only for 2023-24. What is the plan for ongoing maintenance and operations of these systems?

Issue 4: Public Health Workforce Investments Reversion

Budget Solution – Governor's Budget. CDPH requests reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments. If approved, these reverted resources would help address the state's General Fund problem.

Background. The 2022 Budget Act included significant investments in health workforce development in the areas of behavioral health, primary care, public health, and reproductive health. The public health investments in the package were as follows:

- *Waive Public Health Nurse Certification Fees* - $3.3 million annually for three years to waive public health nurse certification fees for three years to reduce barriers to registered nurses entering the field of public health.

- *Public Health Incumbent Upskilling* - $3.2 million annually for four years to establish the Public Health Workforce Career Ladder Education and Development Program to provide education and training for existing employees within the public health workforce, including stipends to offset up to 12 hours per week to complete educational requirements and grants for local health departments for additional hiring.

- *California Public Health Pathways Training Corps* - $8 million annually for three years to expand the California Public Health Pathways Training Corps, which provides a workforce pathway for early-career public health professionals from diverse backgrounds and disproportionately impacted communities.

- *California Microbiologist Training* - $3.2 million annually for three years to increase the number of Public Health Microbiologist Trainee spots, which is a requirement to become certified in California as a public health microbiologist.

- *Public Health Lab Aspire* - $3.2 million annually for three years to restore funding for the Lab Aspire Program, to address the severe shortage of trained and qualified public health laboratory directors.

- *California Epidemiologic Investigation Service (Cal-EIS) Training* - $3.2 million annually for three years to increase the number of Cal-EIS fellows, which trains epidemiologists for public health leadership positions.

Reversion of Resources to Address General Fund Problem. CDPH requests reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments, to help address the state's General Fund problem. Specifically, CDPH requests reversion of the Public Health Incumbent Upskilling, California Public Health Pathways Training Corps, California Microbiologist Training, Public Health Lab Aspire, and California Epidemiologic Investigation Service Training programs. The Administration proposes to retain the waiver of public health nurse certification fees.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Why did the Administration propose to eliminate these public health workforce programs, rather than delay them as in the case of those administered by HCAI?

Issue 5: COVID-19 Website Information Technology Resources

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $900,000 in 2023-24, 2024-25, and 2025-26. If approved, these resources would support security and translation services to optimize maintenance of the COVID-19 website.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$900,000	$900,000
Total Funding Request:	**$900,000**	**$900,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $900,000.

Background. During the COVID-19 pandemic, the state improved or created multiple information technology systems to support the state's pandemic response efforts. Among these systems was the COVID-19 website, COVID19.CA.GOV, established by the Office of Digital Innovation using approximately $2.3 million of one-time emergency funding. According to CDPH, the COVID-19 website aims to enable users to find the information they need, understand it quickly, and act accordingly. Information included on the COVID-19 website includes current safety measures, vaccines, vaccination records, masks, travel, testing, financial help, education and childcare, and safety in the workplace. The website offers answers to COVID-19 questions, data on COVID-19 impacts and response measures, and guidance about how to prevent getting sick or having a severe illness, reopen and operate businesses and facilities safely, and access relief.

At the end of the 2021-22 fiscal year, maintenance and support for the COVID-19 website was transferred to CDPH. CDPH reports it currently supports the site using contractor resources.

Resource Request. CDPH requests General Fund expenditure authority of $900,000 in 2023-24, 2024-25, and 2025-26, to support security and translation services to optimize maintenance of the COVID-19 website. Specifically, CDPH requests the following contract staff and resources:

- **Three contract staff** would perform the following functions:
    - Product Manager – The Product Manage would manage stakeholder of the COVID-19 website, serve as liaison between the team working on the site and department leadership, assign tasks within the team and track progress, and communicate with stakeholders regularly.
    - Content Designer – The Content Designer would write, edit, and simplify web-based guidance; redesign or create new content deriving from various state guidance; design new and edit existing COVID-19 response content for the website; improve navigation between webpages; participate in COVID-19 user research to understand how content can be improved; implement modern web content styles and standards; and review website analytics and user feedback for opportunities to improve content.
    - Web Engineer – The Web Engineer would monitor site integrity, site health statistics, and conduct continuous improvements; monitor the data pipeline; write and optimize back-end and front-end programming code; develop, modify, and support data visualizations and embedded data graphics; test website and page changes for errors; assist content team with website issues; maintain, update

and monitor search engine; and write server-side code for data processing and client-side code for interactive widgets.

CDPH also requests General Fund expenditure authority of $150,000 annually over the three years to support translation services, and $139,000 annually over the three years to support software licensing and IT security tools.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: AIDS Drug Assistance Program (ADAP) Estimate

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

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

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

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

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

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

ADAP Estimate – Governor's Budget. The November 2022 ADAP Local Assistance Estimate reflects revised 2022-23 expenditures of $440.5 million, a decrease of $14.5 million or 3.2 percent compared to the 2022 Budget Act. According to CDPH, this decrease is primarily due to lower than expected projected medication expenditures for medication-only clients and lower than expected premiums for insured client groups. For 2023-24, CDPH estimates ADAP expenditures of $440.1 million, an increase of $393,000, or 0.09 percent compared to revised expenditures for 2022-23. According to CDPH, the continued relative reduction of expenditures between 2023-24 and 2022-23, compared to the 2022 Budget Act, is similarly due to lower than expected medication and premium expenditures, as well as expansions of Medi-Cal coverage to previously uninsured populations.

ADAP Local Assistance Funding Summary		
Fund Source	**2022-23**	**2023-24**
0890 – Federal Trust Fund	$107,076,000	$101,519,000
3080 – AIDS Drug Assistance Program Rebate Fund	$333,445,000	$338,609,000
Total ADAP Local Assistance Funding	**$440,521,000**	**$440,128,000**

ADAP tracks caseload and expenditures by client group. CDPH estimates ADAP caseload and expenditures for 2022-23 and 2023-24 will be as follows:

Caseload by Client Group	**2022-23**	**2023-24**
Medication-Only	11,648	10,668
Medi-Cal Share of Cost	90	90
Private Insurance	10,409	10,414
Medicare Part D	7,350	7,351
PrEP Assistance Program	6,305	8,105
TOTAL	**35,801**	**36,628**

Expenditures by Client Group	**2022-23**	**2023-24**
Medication-Only	$313,407,919	$299,195,054
Medi-Cal Share of Cost	$670,664	$658,655
Private Insurance	$86,602,374	$91,529,534
Medicare Part D	$26,476,046	$28,770,897
PrEP Assistance Program	$10,171,767	$13,233,295
TOTAL	**$437,328,771**	**$433,387,434**

Costs for administration of ADAP are estimated to be $5.4 million in 2022-23 and $5.8 million in 2023-24. Costs for administration of PrEP-AP are estimated to be $4.5 million in 2022-23 and $6.1 million in 2023-24. Enrollment costs are estimated to be $7.1 million in 2022-23 and $6.9 million in 2023-24.

Beginning in 2017-18, ADAP introduced a new reimbursement methodology for enrollment sites which includes a payment floor and variable payments dependent on new client medication enrollment, client bi-annual self-verification, client annual re-enrollment, client insurance assistance enrollment and re-enrollment, and PrEP client enrollment and re-enrollment.

In addition, ADAP's pharmacy benefit manager, Magellan Rx Management, contracts with a safety net recovery vendor, Health Management Systems (HMS) to pursue recovery of paid claims when a liable third party is identified post-payment. CDPH estimates recoveries of $15.7 million in 2022-23 and $14.2 million in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

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

Issue 7: California Immunization Registry (AB 1797)

Budget Change Proposal – Governor's Budget. CDPH requests three positions and General Fund expenditure authority of $915,000 in 2023-24 and $453,000 annually thereafter. If approved, these positions and resources would allow CDPH to ensure health care providers and agencies provide required information to, and certain education and human services entities have access to, the California Immunization Registry (CAIR), pursuant to AB 1797 (Weber), Chapter 582, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$915,000	$453,000
Total Funding Request:	**$915,000**	**$453,000**
Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

Background. AB 1797 (Weber), Chapter 582, Statutes of 2022, requires health care providers and other agencies to report administered immunizations to the California Immunization Registry (CAIR) and allows schools, childcare facilities, and human services agencies to look up COVID-19 immunizations for program participation purposes. Prior to AB 1797, reporting of vaccines has been largely voluntary. Only pharmacists, optometrists, dentists, podiatrists, and Medi-Cal managed care plans are required to report immunizations given to patients to CAIR. As a result, most vaccine providers are not required to report to CAIR. AB 1797 closes that gap by requiring all health care providers to report administered vaccinations.

CDPH reports that, as a result of AB 1797, the Division of Communicable Disease Control would need to manage enrollment and support for the thousands of new providers that are not currently reporting vaccinations to CAIR. In addition, the division would need to manage access to CAIR for schools, childcare facilities, and human services agencies.

Staffing and Resource Request. CDPH requests three positions and General Fund expenditure authority of $915,000 in 2023-24 and $453,000 annually thereafter to ensure health care providers and agencies provide required information to, and certain education and human services entities have access to, the California Immunization Registry (CAIR), pursuant to AB 1797 (Weber), Chapter 582, Statutes of 2022. Specifically, CDPH requests the following positions and resources:

Division of Communicable Disease Control – Three positions and resources equivalent to three positions

- **Two Information Technology Associates** and resources equivalent to **one Information Technology Associate** would serve as CAIR Help Desk staff, be responsible for supporting increased enrollment of providers manually reporting immunizations, schools, childcare facilities, and human services agencies in CAIR.
- **One Health Education Consultant II** position and resources equivalent to **two Health Education Consultant II** positions would serve as local CAIR representatives and be responsible for supporting additional physicians, schools, and childcare facilities' enrollment; assist help desk staff with complex user issues, evaluate CAIR user issues, and collaborate with program staff to resolve, train, and maintain new and existing clinic and physician users.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Fentanyl Program Grants (AB 2365) and Availability of Fentanyl Test Strips and Naloxone

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Opioid Settlements Fund of $7.5 million in 2023-24, $3.5 million in 2024-25, and $1.5 million in 2025-26 and 2026-27. If approved, these resources would support six one-time competitive grants to reduce fentanyl overdoses and use, pursuant to AB 2365 (Patterson), Chapter 783, Statutes of 2022, and two one-time competitive grants to support innovative approaches to make fentanyl test strips and naloxone more widely available.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$7,500,000	$3,500,000
Total Funding Request:	**$7,500,000**	**$3,500,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26 and 2026-27: $1,500,000.

Background. AB 2365 (Patterson), Chapter 783, Statutes of 2022, requires the CDPH to establish a grant program to reduce fentanyl overdose and use throughout the state to increase local efforts in education, testing, recovery, and support services. Six, one-time grants would be awarded as part of this pilot, allocated by region: two in Northern California, two in the Central Valley, and two in Southern California. Grants would support any of the following activities: (1) education programs in local schools; (2) increasing testing abilities for fentanyl; (3) overdose prevention and recovery programs, including making naloxone or other overdose recovery drugs more available in the community; and (4) increasing social services and substance use recovery services to those addicted to fentanyl or other opioids. In addition, AB 2365 requires grantees to provide CDPH with information on how grant money was used, the number of people served, and data for the number hospitalizations, overdoses, and overdose deaths from fentanyl both the year prior to the grant and the year the grant was used.

Syringe Services Programs. According to CDPH, Syringe Services Programs (SSPs) are the primary vehicle for reaching people at greatest risk of experiencing or witnessing an overdose with overdose education and naloxone distribution services. State data show SSPs have received a third of the naloxone shipments in this fiscal year, but account for two-thirds of the reported reversals. Unlike many other types of types of programs that order naloxone through the DHCS Naloxone Distribution Project (NDP) and keep it available in case of onsite emergencies, SSPs actively work to distribute naloxone to people who use drugs, typically their program participants, then train them in its use and serve as sources of emotional support after they reverse an overdose. A 2022 CDPH-supported survey of 1,500 SSP participants found that 65 percent of respondents had witnessed an overdose in the previous six months, and 54 percent had used naloxone on someone to reverse an overdose. Although most of California's SSPs participate in the NDP, many also supplement their naloxone orders through other sources.

Recent changes to California law as a result of AB 1598 (Davies), Chapter 201, Statutes of 2022, exempted testing equipment designed, marketed, intended to be used, or used, to test a substance for the presence of fentanyl, ketamine, gamma hydroxybutyric acid, or any analog of fentanyl from being considered "drug paraphernalia." As of January 1, 2023, AB 1598 authorizes service providers throughout California to seek to distribute fentanyl test strips to their clients and patients to prevent overdose. Fentanyl test strips are a form of inexpensive drug testing technology that was originally developed for urinalysis, but which

have been shown to be effective at detecting the presence of fentanyl in drug samples prior to ingestion. A study involving a community-based program in North Carolina found that 81 percent of those with access to fentanyl test strips routinely tested their drugs before use. Those with a positive test result were five times more likely to change their drug use behavior to reduce the risk of overdose. In a Rhode Island study of young adults who reported using heroin, cocaine, or illicitly obtained prescription pills, "receiving a positive [fentanyl] result was significantly associated with reporting a positive change in overdose risk behavior." Increasing access to fentanyl test strips, potentially through the Naloxone Distribution Project, will assist many organizations looking to better serve the needs of their clients.

Resource Request. CDPH requests expenditure authority from the Opioid Settlements Fund of $7.5 million in 2023-24, $3.5 million in 2024-25, and $1.5 million in 2025-26 and 2026-27 to support six one-time competitive grants to reduce fentanyl overdoses and use, pursuant to AB 2365 (Patterson), Chapter 783, Statutes of 2022, and two one-time competitive grants to support innovative approaches to make fentanyl test strips and naloxone more widely available. Specifically, these resources would support the following grant programs, as follows:

AB 2365 Fentanyl Program Grants

CDPH requests expenditure authority from the Opioid Settlements Fund of $5 million in 2023-24, $3 million in 2024-25, and $1 million in 2025-26 and 2026-27 for AB 2365 Fentanyl Program Grants. Of these amounts, $479,000 each year would support personnel, including the following administratively established positions:

- **One Associate Governmental Program Analyst** would support administrative aspects of pilot grants; provide customer service to grantees on administrative issues; establish contracts and amendments; process invoices; monitor budgets and expenditures; and travel to grantee sites for site visits and monitoring.
- **Two Health Program Specialist I** positions would develop program documents; review applications and select awardees; monitor grantee progress; provide technical assistance; coordinate data tracking and reporting; collect, analyze, and interpret evaluation metrics; develop reports to the Legislature and Governor; coordinate all document review and approvals; and travel to grantee sites for site visits and monitoring.

Of these amounts, $4.5 million in 2023-24, $2.5 million in 2024-25, and $521,000 in 2025-26 and 2026-27 would support the six one-time fentanyl program grants, pursuant to AB 2365.

Improved Access to Fentanyl Test Strips and Naloxone

CDPH requests expenditure authority from the Opioid Settlements Fund of $2.5 million in 2023-24 and $500,000 in 2024-25, 2025-26, and 2026-27 to support improved access to fentanyl test strips and naloxone. Of these amounts, $165,000 each year would support personnel, including the following administratively established position:

- **One Health Program Specialist I** position would develop program documents and solicit information from potential naloxone and fentanyl test strip vendors; review responses to develop procurement for naloxone and fentanyl test strip distributors; set goals and objectives for successful distribution

programs; monitor progress; coordinate data tracking and reporting; collect, analyze, and interpret evaluation metrics; coordinate document review and approvals; and develop a technical assistance plan that focuses on gaps in jails, emergency departments, homeless service providers, and other community-based agencies.

Of these amounts, $217,000 in each year would support a technical assistance contract with a University of California campus, and $2.1 million in 2023-24 and $118,000 in 2024-25, 2025-26, and 2026-27 would support the two one-time grants to expand access to fentanyl test strips and naloxone.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of these grant proposals.

Issue 9: BabyBIG Infant Botulism Treatment and Prevention Program

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Infant Botulism Treatment and Prevention Fund of $7.4 million in 2023-24, $11.6 million in 2024-25, $7 million in 2025-26, $4.9 million in 2026-27, and $3.9 million annually thereafter. If approved, these resources would allow CDPH to meet manufacturing costs associated with the production of the most recent lot of its licensed orphan drug, BabyBIG (Human Botulism Immune Globulin), the only treatment for infant botulism.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0272 – Infant Botulism Treatment and Prevention Fund	$7,400,000	$11,600,000
Total Funding Request:	**$7,400,000**	**$11,600,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $7,000,000; 2026-27: $4,900,000; 2027-28 and ongoing: $3,900,000.

Background. The Infant Botulism Treatment and Prevention Program was created to provide and improve the treatment of infant botulism and to prevent infant botulism and related diseases. BabyBIG is an orphan drug that consists of human-derived anti-botulism-toxin antibodies and is approved by the U.S. Food and Drug Administration (FDA) for the treatment of infant botulism types A and B. CDPH is the only producer of BabyBIG in the world, with only one facility, Shire Biotechnology located in Los Angeles, approved by the FDA for production of the drug.

Resource Request. CDPH requests expenditure authority from the Infant Botulism Treatment and Prevention Fund of $7.4 million in 2023-24, $11.6 million in 2024-25, $7 million in 2025-26, $4.9 million in 2026-27, and $3.9 million annually thereafter to meet manufacturing costs associated with the production of the most recent lot of its licensed orphan drug, BabyBIG (Human Botulism Immune Globulin), the only treatment for infant botulism. According to CDPH, a new lot of BabyBIG is made approximately every five years. The most recent lot of BabyBIG, Lot 7, will be completed in 2022-23, with the next lot, Lot 8, scheduled to begin by 2023-24 and provide an uninterrupted supply of BabyBIG for babies critically ill with infant botulism.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 10: Licensure of Clinical Lab Geneticists and Clinical Reproductive Biologists (SB 1267)

Budget Change Proposal – Governor's Budget. CDPH requests one position and expenditure authority from the Clinical Laboratory Improvement Fund of $210,000 in 2023-24 and $176,000 annually thereafter. If approved, this position and resources would allow CDPH to implement the licensure of clinical laboratory geneticists and clinical reproductive biologists, pursuant to SB 1267 (Pan), Chapter 473, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0098 – Clinical Laboratory Improvement Fund	$210,000	$176,000
Total Funding Request:	**$210,000**	**$176,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

Background. SB 1267 (Pan), Chapter 473, Statutes of 2022, creates a new clinical license category for clinical laboratory geneticists. According to CDPH, current law authorizes CDPH to license trainees, scientists, and specialists authorized to direct laboratories in the genetics subspecialties of clinical cytogenetics and clinical molecular biology, and to apply fees for application and license renewal. However, the American Board of Medical Genetics and Genomics (ABMGG) has recently consolidated to existing training and certification categories, cytogenetics and genetic molecular biology, into a single category, laboratory genetics and genomics. SB 1267 resolves this problem by creating the new clinical laboratory genetics subspecialty and authorizing CDPH to license and oversee the subspecialty.

In addition, SB 1267 creates a new licensure category for clinical laboratorians who provide clinical testing used in assisted reproductive technology techniques. CDPH does not currently license specialists in this discipline.

CDPH expects that approximately 660 people will qualify for licensure in 2023-24 and 435 annually thereafter. Specifically, CDPH estimates the following licensure workload:

- 20 new Laboratory Genetics Directors in 2023-24, with 20 annually thereafter
- 200 new Laboratory Geneticist Scientists in 2023-24, with 200 annually thereafter
- 70 new Clinical Reproductive Biologist Directors in 2023-24, with 15 annually thereafter
- 200 new Clinical Reproductive Biologist Scientists in 2023-24, with 100 annually thereafter
- 170 new Trainees in Laboratory Genetics and Reproductive Biology, with 100 annually thereafter

Resource Request. CDPH requests one position and expenditure authority from the Clinical Laboratory Improvement Fund of $210,000 in 2023-24 and $176,000 annually thereafter to implement the licensure of clinical laboratory geneticists and clinical reproductive biologists, pursuant to SB 1267 (Pan), Chapter 473, Statutes of 2022. Specifically, these resources would support **one Examiner II** position, who would oversee processing of licensure applications for trainees, clinical laboratory scientists, and master's and doctoral specialists in reproductive biology; oversee approval of training programs and certification examinations; serve as subject matter expert for development of policies, procedures, and regulations; provide support for personnel licensing and the regulated community; work with CDPH's Tissue Bank

program's regulations team as a subject matter expert on a rulemaking package to update tissue bank regulations.

In addition, CDPH requests expenditure authority of $34,000 to make minor changes to the program's electronic application program to accommodate the addition of new license categories.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 11: CA Integrated Vital Records System Upgrades for Death Certificate Content (AB 2436)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $563,000 in 2023-24. If approved, these resources would allow CDPH to make changes to information on death certificates, pursuant to AB 2436 (Bauer-Kahan), Chapter 966, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$563,000	$-
Total Funding Request:	**$563,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. AB 2436 (Bauer-Kahan), Chapter 966, Statutes of 2022, revises the information required on death certificates to include the current first and middle names, birth last names, and the birthplace of the parents, without reference to the parent's gendered relationship to the decedent. Prior to AB 2436, death certificates had fixed fields for "mother" and "father". Neither of these fields accounts for gender options available on other California vital records and do not reflect the diversity of modern families.

As the State Registrar, CDPH is responsible for registering each live birth, death, fetal death, and marriage that occurs in California, and for providing certified copies of vital records to the public. CDPH administers various electronic systems that maintain vital records, including the California Integrated Vital Records System (Cal-IVRS), in collaboration with the University of California, San Diego (UCSD). UCSD provides regular maintenance and operations functions and scheduled system enhancements for functionality and efficiency under a contract with CDPH.

Resource Request. CDPH requests General Fund expenditure authority of $563,000 in 2023-24 to make changes to information on death certificates, pursuant to AB 2436 (Bauer-Kahan), Chapter 966, Statutes of 2022. Specifically, CDPH requests the following:

- UCSD Staff – $88,000 would support one UCSD programmer and UCSD analyst for a period of three months to focus solely on system updates required to meet the changes in statute, including changes to the certificate template and user interface, and updates to data file mapping.
- Independent Contractors – $475,000 would support four independent contractor staff for a period of four and a half months to assist CDPH staff with requirements gathering, user acceptance testing, resource updating, training and outreach to system users, and implementation planning and tracking.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 12: Proposal for Investment

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

For presentation

- **Hepatitis C Virus (HCV) Equity: Access to the Cure**. The End the Epidemics Coalition requests General Fund expenditure authority of $5 million annually in 2023-24, 2024-25, and 2025-26. If approved, these resources would support expansion of HCV public health services, including outreach, testing, linkage and engagement in care to support young people who use drugs (PWUD), Black, Indigenous, and People of Color (BIPOC) communities, and those experiencing homelessness in curing HCV. The Office of Viral Hepatitis Prevention in CDPH's STD Control Branch would administer funding to Local Health Jurisdictions (LHJ) using the current funding formula, or an updated version as appropriate. At least 50 percent of the award would support the maintenance and expansion of community-based services in priority settings, such as syringe exchange sites, mobile health vans, emergency rooms, and county jails.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, March 23, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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.

5160 DEPARTMENT OF REHABILITATION

Issue 1: Department of Rehabilitation Overview

The Department of Rehabilitation (DOR) provides direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. DOR provides services to over 130,000 Californians with disabilities annually to obtain, retain, and advance in employment with competitive wages in integrated settings, and to maximize equality and the ability to live independently in communities of their choice.

The table below provides an overview of DOR's funding from current year to the proposed Governor's Budget for 2023-24.

Program	**FY 2022-23**	**FY 2023-24**	**Difference**
Vocational Rehabilitation Services	$499,418,000	$477,977,000	($21,441,000)
Independent Living Services	$40,902,000	$23,557,000	($17,345,000)
Administration	$58,568,000	$52,259,000	($6,309,000)
Administration - Distributed	($58,568,000)	($52,259,000)	$6,309,000
Total, All Programs	**$540,320,000**	**$501,534,000**	**$(38,786,000)**
General Fund	$101,729,000	$82,174,000	($19,555,000)
Vending Stand Fund	$3,361,000	$3,361,000	$0
Federal Trust Fund	$415,721,000	$407,769,000	($7,952,000)
Reimbursements	$10,773,000	$8,080,000	($2,693,000)
Opioid Settlement Fund	$4,000,000	$0	($4,000,000)
HCBS ARPA Fund	$4,736,000	$150,000	($4,586,000)
Total, All Funds	**$540,320,000**	**$501,534,000**	**($38,786,000)**

Governor's Budget. The Governor's Budget for DOR proposes $501.5 million ($82.2 million General Fund) in 2023-24 to fund programs related to vocational rehabilitation (VR), independent living, assistive technology and traumatic brain injury (TBI). DOR's budget in 2023-24 reflects a decrease primarily due to one-time funding appropriated in 2022-23. The Governor's Budget does not include any new proposals for DOR.

Vocational Rehabilitation (VR) Program. The VR program delivers vocational rehabilitation services to individuals with disabilities through vocational rehabilitation professionals in district and branch offices located throughout the state. DOR staff assist individuals with disabilities in preparing for and engaging in competitive integrated employment. In addition, the Department has cooperative agreements with state and local agencies (secondary and postsecondary education, behavioral/mental health, and welfare) to provide services. The Department operates under a federal Order of Selection process, which gives priority to individuals with the most significant disabilities. Individuals with disabilities who are eligible for the Department's vocational rehabilitation services may be provided a full range of services, including vocational assessment, assistive technology, vocational and educational training, job placement, supported

employment, and independent living skills training to maximize their ability to live and work independently.

VR services are funded with 78.7 percent federal dollars and 21.3 percent matching funds, part of which are provided by General Fund and part by public agencies through DOR's cooperative program agreements. Federal law requires DOR to set aside no less than 15 percent of the federal VR grant to provide pre-employment transition services (also known as Student Services) to students with disabilities ages 16-21.[1] DOR Student Services include job exploration counseling, work-based learning experiences, postsecondary education counseling, workplace readiness training, and instruction in self-advocacy.

DOR works with public and private organizations to develop and improve community-based vocational rehabilitation services. The Department sets standards, certifies Community Rehabilitation Programs, and establishes fees for services. The Department, in partnership with the Department of Developmental Services (DDS), implements strategic initiatives to increase the employment of individuals with disabilities through the Disability Employment Program.

Blind/Visually Impaired Programs. The Department, through its Business Enterprises Program, provides comprehensive training and technical assistance to enable individuals who are blind or visually impaired to support themselves in the operation of vending stands, snack bars, and cafeterias. Prevocational, including employment readiness, services are provided by the Orientation Center for the Blind to consumers with vision loss to prepare them for independent living. DOR additionally administers the Older Individuals Who are Blind Program, which annually distributes more than $3 million in federal grants to support independent living services for individuals aged 55 or older. AB 2480 (Arambula), Chapter 532, Statutes of 2022, expands similar services to adults aged 18 to 55 who are blind and who previously were not eligible for vocational rehabilitation services.

Independent Living Program. DOR's Independent Living Program supports 28 independent living centers throughout California in collaboration with the State Independent Living Council, which advocates for the leadership, empowerment, independence, and productivity of individuals of all ages and with any type of disability. DOR received $10 million General Fund through June 30, 2025, for the Community Living Fund Program, a program that advances the Master Plan on Aging by expanding institutional transition and diversion services for people of all ages and with any type of disability who do not qualify for existing programs and services.

Assistive Technology (AT) Program. DOR administers the California AT Program through federal Assistive Technology Act of 2004 funds and Social Security Reimbursement funds. The AT Program includes device lending and reutilization.

Traumatic Brain Injury (TBI) Program. Twelve TBI centers throughout California provide a coordinated post-acute care service model for about 800 individuals with TBI, designed to increase independent living skills and maximize the ability of individuals with TBI to live independently. TBI program core services include community reintegration, supported living, vocational supportive services, professional and public education, and information and referral. The Department also works with the

[1] Pub.L. No. 113-128 (July 22, 2014) 128 Stat. 1425

federal government to administer a TBI partnership grant. As part of this grant, a state TBI Advisory Board is responsible for creating a TBI state plan, statewide TBI registry, and needs assessment.

TBI Program Expansion. As part of the state's Home and Community-Based Services (HCBS) Spending Plan, which uses federal American Rescue Plan Act (ARPA) funds to enhance home and community-based services, DOR received a one-time appropriation of $5 million to expand the TBI program. The HCBS funding is being used to expand the capacity of the six existing TBI sites, which currently provide services to 13 counties, and to fund six additional TBI sites in unserved or underserved geographic areas, expanding the TBI program to 12 sites covering 35 counties.

DOR executed contracts with 12 community-based organizations serving TBI survivors offering in-person services. In addition, some services such as peer support groups and community reintegration services are provided virtually and available to individuals with TBI throughout California. In addition to providing TBI core services to individuals with TBI, HCBS funding is being used to build the capacity of TBI sites and other systems to provide comprehensive services to individuals with TBI. Examples of capacity building activities include professional development on how to serve individuals with TBI, relationship building, outreach, and coordination of services with healthcare, homeless, Veterans, and domestic violence organizations, and developing educational materials and training for other professionals and providers to increase early identification of TBI needs and access to services.

Because the TBI expansion is a component of California's HCBS Spending Plan, the one-time funding must be spent within the HCBS Spending Plan period, which ends December 31, 2023 for most programs. For the TBI expansion, contracts were executed to go through January 31, 2024, in light of stakeholder feedback to maximize the time for program expenditures and allow time to process invoices by March 31, 2024.

According the latest HCBS update from the Department of Finance, which reflects HCBS expenditure data through September 2022, less than $100,000 of the $5 million allocated to DOR for the TBI expansion had been spent. According to DOR, the 12 TBI sites have steadily increased monthly billing, indicating a ramp up in growth, and more recent expenditure data is likely around $500,000. DOR is closely monitoring monthly expenditure rates to targeted technical assistance as needed to ensure all funds are expended by March 2024.

When HCBS funding expires, ongoing TBI services will be provided through the six existing TBI sites funded by the State TBI Fund. All sites that received HCBS funding are investing in capacity building that will enhance their ability to continue serving individuals with TBI past the life cycle of the HCBS funding.

Subcommittee Staff Comment and Recommendation. Informational item. No action is needed.

Questions. The Subcommittee requests DOR respond to the following:

1. Please provide an overview of the proposed 2023-24 Governor's Budget for the department.

2. Please provide an update on implementation of the Integrated Employment in Recovery program.

3. Please provide an update on implementation of the Community Living Fund.

4. Please provide an update on the expansion of the TBI Program, including an update on DOR's monitoring of program expenditures to meet the Administration's HCBS Spending Plan projections.

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES

Issue 1: Subminimum Wage Phase-out Plan

In addition to the State Council on Developmental Disabilities (SCDD), the Subcommittee requests the following departments to participate in this discussion:

- Department of Rehabilitation (DOR)
- Department of Developmental Services (DDS)

State Council on Developmental Disabilities (SCDD). SCDD is responsible for developing and implementing a State Plan containing goals, objectives, activities, and projected outcomes designed to improve and enhance the availability and quality of services for individuals with developmental disabilities and their families. The appointed Council members engage in policy planning to ensure system coordination, barrier removal, monitoring, and evaluation. Twelve Regional Offices and Regional Advisory Committees provide programmatic support to assist with advocacy, capacity building, systems change, and implementation of State Plan objectives in Council Regions throughout California.

Subminimum Wage Employment. Subminimum wage employment for individuals with disabilities, known as the 14(c) certificate, dates back to the 1938 Fair Labor Standards Act, which allowed employers to pay workers with disabilities lower wages. Providers can receive a 14(c) license, authorizing the payment of subminimum wages to individuals with an intellectual or developmental disability (IDD). According to figures published by the U.S. Department of Labor in October 2022, 46 entities in California hold 14(c) certificates. There are 4,106 individuals employed by these entities who are paid below the federal minimum wage according to this report.

Subminimum wage employment often occurs in work activity programs, also known as sheltered workshops. The Department of Developmental Services (DDS) has seen a decline in participation in work activity programs from approximately 6,100 individuals in 2018-19 to approximately 2,073 individuals currently. There are 40 vendors throughout the state that operate work activity programs, including 15 in Northern California, three in Central California, and 22 in Southern California.

Additionally, 3,556 consumers are in Group Supported Employment Programs. DDS estimates that 50 to 70 percent of these individuals participating in Group Supported Employment Programs are also working under a 14(c) certificate and therefore receiving subminimum wage.

Phase-out Subminimum Wage Employment in California. In 2021, the Legislature passed and the Governor signed SB 639 (Durazo) Chapter 339, Statutes of 2021, which ends subminimum wage employment in California, to advance equal pay and equal treatment in the workplace for all Californians, regardless of disability. Effective January 1, 2022, no new 14(c) licenses are authorized. SB 639 required SCDD, in consultation with stakeholders and relevant state agencies, to develop a multiyear phase-out plan by January 1, 2023. Current 14(c) licensed providers are able to renew their licenses until January 1, 2025, or as determined in the phase-out plan, whichever is later. At that time all employees must be paid at least minimum wage or higher in California.

The phase-out plan must include: benchmarks of desired outcomes for each year of the plan, resources necessary to ensure employees with IDD receive services and supports to transition to Competitive Integrated Employment (CIE), a road map for applying to and using all federal funding programs, and data collection reporting requirements for tracking outcomes for employees with IDD who are transitioned out of subminimum wage employment. The SCDD is additionally required to submit annual reports detailing progress, recommendations for funding levels, and data collection.

Transition Plan to Phase out Subminimum Wages. In January 2023, SCDD released its Transition Plan to Phase out Subminimum Wages pursuant to SB 639.[2] SCDD's key recommendations include: advance state collaboration for planning, accountability, and data gathering; develop rate structures that equitably support the needs of all seeking vocational support; fund work incentives benefits consultation; finance a network of job developers and job coaches; mandate CIE concepts in educational settings; identify solutions for transportation barriers; establish a CIE Pilot to demonstrate best practices in job development and retention; and develop outreach, guidance, and technical assistance. In addition, SCDD identifies some benchmarks for the phase-out including:

- By January 2024, 100 percent of direct employment staff should be certified under an existing national standard.
- By January 2024, the number of individuals working under a 14(c) waiver should be halved and by January 2025, the number should be down to zero, as required under SB 639.
- DDS, DOR, and each Regional Center should develop an "agency transition plan" by April 2023.
- Early adopter sites piloting various strategies should be operationalized by June 2023.

Both DOR, as the state's lead vocational rehabilitation agency, and DDS, as the state's lead agency serving Californians with IDD, have programs underway to help transition or divert individuals away from subminimum wage employment.

DOR Programs. Pursuant to federal law, beginning in 2016, employers who hold a 14(c) certificate may not continue to employ an individual at a wage less than federal minimum wage unless certain conditions are met. These conditions include: (a) the designated state unit provides Career Counseling, Information and Referrals; and (b) the employer provides information about training opportunities in self-advocacy, self-determination, and peer mentoring provided by an entity that does not have any financial interest in the individual's employment outcome. DOR is the designated state unit for this mandate. Individuals receiving less than the federal minimum wage must receive the required career counseling twice in their first year of sub-federal minimum wage employment and at least annually thereafter. While the 14(c) entity has no legal obligation to make counseling services available to employees paid at or above federal minimum wage, DOR offers these services at no charge to any individual working in a 14(c) setting regardless of their wage and conducts outreach to these entities to make these services known to their employees. In 2021-22, DOR provided counseling to 2,959 individuals in 14(c) settings.

[2] California State Council on Developmental Disabilities: Transition Plan to Phase Out Subminimum Wages, January 1, 2023.

Since 2016, 1,607 individuals who were working in 14(c) settings have chosen to pursue Vocational Rehabilitation (VR) employment services with DOR. Each of them has an Individualized Plan for Employment (IPE) with the goal of achieving competitive integrated employment (CIE), and all services provided are in support of achievement of that goal. DOR's vocational rehabilitation program strictly provides services in support of employment in integrated settings at competitive wages. DOR has specific programs, including dedicated funding through its Supported Employment grant for individuals with the most significant disabilities. Additionally, DOR partnereds with state-level and local education agencies, the Department of Developmental Services, and regional centers on the Competitive Integrated Employment Blueprint to support CIE, and continues to work to develop and implement local planning agreements that support the transition of youth with IDD into CIE.

DOR's Achieving Competitive Employment team provides career counseling and information and referral services including individualized person-driven, transition planning for individuals currently employed in subminimum wage. Services may include the development of a CIE transition plan, job discovery, career exploration, identifying transferable skills, attending regional center planning meetings to advocate for CIE, educating the recipient on the VR process and commitment, and assisting the recipient with applying for VR services.

In addition to DOR's statewide VR program, DOR also administers two federal disability innovation fund grants to support the design, development, implementation, and evaluation of new and unique interventions. These projects include the following:

- **Pathways to Success Project (PSP)**. DOR received $18.3 million federal fund, available from October 1, 2021 to September 30, 2026, to increase competitive integrated employment outcomes, economic self-sufficiency, independence, and inclusion, through a unique service delivery design supported by sector-specific teams specializing in high-wage, high-skill, and high-demand careers for individuals with disabilities. The Pathways to Success Project, which is a pilot research project, is particularly focused on underrepresented communities, including people of color, women, and individuals with IDD. So far, 315 participants have been enrolled and are working with their specific sector team, and 26 participants have obtained employment working on average 40 hours per week with average wages of $30.54 per hour. DOR anticipates providing services to 1,400 individuals with disabilities throughout the five-year program period.

- **CA Subminimum Wage to Competitive Integrated Employment Project.** DOR received $13.9 million federal fund, available from October 1, 2022 to September 30, 2027, to provide a comprehensive set of interventions and supports to increase CIE outcomes, independence, economic self-sufficiency, and inclusion for individuals with the most significant disabilities currently in, or contemplating entering, subminimum wage employment. To-date, the DOR project team has completed Memoranda of Understanding (MOUs) with both state-level project implementation partners (SCDD and DDS), and with the Rehabilitation Services Administration, as required by the grant. DOR is completing contracts with the evaluation partner, San Diego State University, and the two community college service delivery sites, one in San Diego and the other in North Orange County. The first cohort of participants will begin their program in August 2023.

DDS Programs. DDS also operates several initiatives designed to support individuals in their CIE employment goals and address the transition away from subminimum wage employment. These programs include:

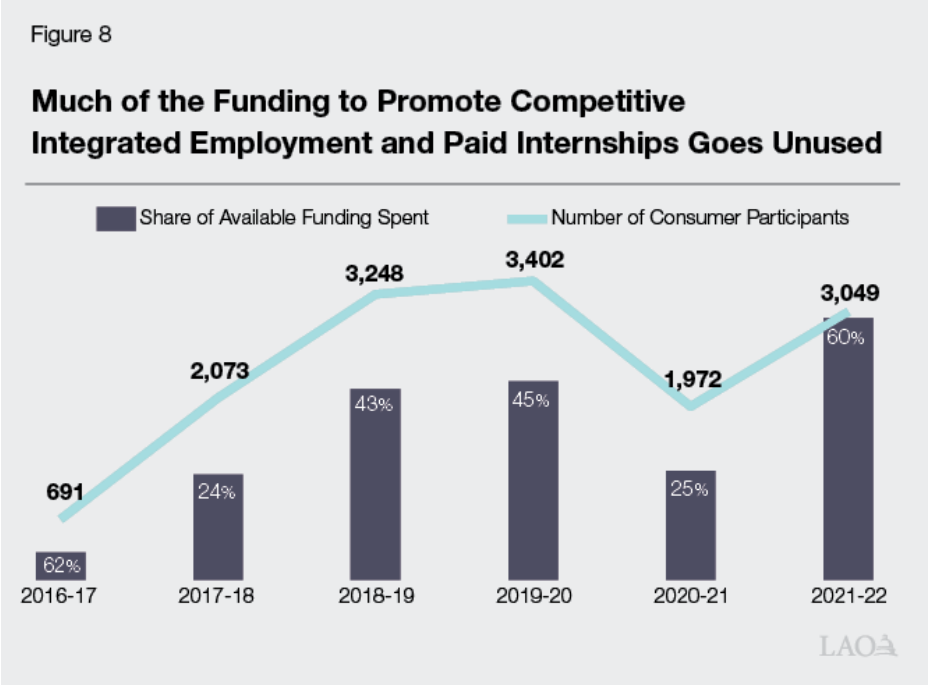
- **Paid Internship Program**. This program offers 1,040 hours of a paid internship with a business that aligns with the individual's Individual Program Plan (IPP.) The goal of these internships is to gain transferable employment skills into CIE or a direct hire with the business where the internship took place. In 2021-22 1,527 individuals participated in the paid internship program.

- **Competitive Integrated Employment Incentive Payment**. This incentive provides vendors with three milestone payments for individuals they serve who achieved CIE. The vendor is eligible for a payment of $2,000 after 30 consecutive days of CIE placement, $2,500 after six consecutive months of placement, and $3,000 after 12 months of consecutive CIE. In 2021-22 1,679 participants achieved at least one CIE milestone. The Quality Incentive Program provides additional incentive payments for providers for successful CIE placements. This includes payments for individuals who exit work activity programs and enter CIE. Providers are also incentivized to send staff to Supported Employment focused training such as the Association of Community Rehabilitation Educators Basic Employment or Customized Employment Training and Certified Employment Support Professional training.

- **Employment Grant.** DDS received $10 million General Fund in one-time funding for grants focused on new and innovative pathways to CIE for individuals served by regional centers. Since January 2023, 45 projects have been awarded funding. The first quarterly report is due on March 30, 2023.

- **Person-Centered Career Pathway Pilot Program**. DDS received $8.3 million General Fund for a pilot program focused on expanding career preparedness for individuals with IDD who are currently served through work activity programs or are recent high school graduates.

- **Tailored Day Services.** Tailored Day Services is an individualized service design, as determined through the Individual Program Plan, and developed through a person-centered planning process that reflects and maximizes individual preferences and goals. The services allows for flexibility in the duration, location, and intensity of day program services.



The chart above, provided by the Legislative Analyst's Office, tracks the share of funding made available for CIE incentives and paid internships which has been actually utilized each year since 2016-17. These programs are not focused specifically on individuals who currently participate in subminimum wage employment, and are broadly available to all individuals with IDD who are interested in employment.

Subcommittee Staff Comment. This is an informational item. No action is needed.

While both DOR and DDS are ramping up programs to support transitions to competitive integrated employment for individuals currently in work activity programs, these are pilot programs that may not cover all individuals or all regions of the state. It is not clear exactly how many individuals who are currently participating in work activity programs or other subminimum wage work will be served by the various pilot programs or other DOR or DDS programs.

Questions. The Subcommittee requests SCDD respond to the following:

1. Please provide an overview of the Transition Plan to Phase out Subminimum Wages. What steps does the state need to take? What are the timelines and milestones to transition individuals out of subminimum wage employment by January 1, 2025?

The Subcommittee requests DOR respond to the following:

2. Please describe DOR's responsibility to provide transition planning for individuals currently employed in 14(c) certificate programs. How many individuals does DOR reach through this program? How will this work be adapted to align with the phase-out of subminimum wages?

3. Please provide an overview of DOR's current programs focused on transitioning individuals out of subminimum wage employment, including the Subminimum Wage to Competitive Integrated Employment Project. How many individuals will be served under this programs?

The Subcommittee requests DDS respond to the following:

4. Please provide an overview of DDS programs available to transition individuals out of subminimum wage employment. How many of the individuals currently in 14(c) programs does DDS anticipate reaching through the person-centered career pathways pilot program or other programs?

5. How does DDS plan to establish person-centered transition plans for each individual earning subminimum wage?

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 1: Department of Developmental Services (DDS) Overview

The Department of Developmental Services is responsible for administering the Lanterman Developmental Disabilities Services Act (Lanterman Act). The Lanterman Act provides for the coordination and provision of services and supports to enable people with intellectual and developmental disabilities (IDD) to lead more independent, productive, and integrated lives. Under the Lanterman Act, individuals with IDD are entitled to an array of services and supports sufficiently complete to meet their individual needs and choices, regardless of age or degree of disability, and at each stage of life. Additionally, the Early Start Program provides for the delivery of services to infants and toddlers at risk of a developmental disability.

The department carries out its responsibilities through contracts with 21 community-based, non-profit corporations known as regional centers (RCs), as well as through state-operated homes and facilities. RCs are fixed points of contacts for all individuals with IDD. The RCs coordinate services for each individual with IDD through an Individual Program Plan (IPP), and work with local vendors to purchase the needed services and supports to carry out the IPP.

Department of Developmental Services
Expenditures by Fund Source
* Dollars in thousands

Grand Total By Fund	Fiscal Year	
	2022-23	2023-24 (Proposed Budget)
General Fund	$7,157,010	$8,593,599
Federal Trust Fund	$59,892	$56,921
Lottery Education Fund	$130	$130
Developmental Disabilities Program Development Fund	$175	$859
Developmental Disabilities Services Account	$150	$150
Reimbursements	$4,484,944	$4,828,847
Mental Health Services Fund	$1,251	$1,251
Home and Community-Based Services (HCBS) American Rescue Plan Act (ARPA) Fund	$474,176	$479,544
HCBS APRA Reimbursements	$377,294	$189,650
Total All Funds	$12,555,022	$14,150,951

Governor's Budget. The Governor's Budget updates the department's 2022-23 budget to include $12.6 billion ($7.2 billion General Fund) and includes $14.2 billion ($8.6 billion General Fund) for 2023-24. The 2023-24 budget reflects a net increase of $1.6 billion ($1.4 billion General Fund) compared to the updated current year budget.

Delay of Preschool Inclusion Grants. The 2022-23 Budget Act included $20 million General Fund over two years for grants to enable preschool programs to include more children with exceptional needs. The Governor proposes delaying the implementation of this two-year program until 2024-25. The Governor's budget does not include any other reductions or delays to the DDS budget.

Additional Changes in Governor's Budget. The department's Safety Net Plan, seven budget change proposals, and proposed trailer bill language are described in the following issues in this agenda. The Governor's budget also includes the following proposals not discussed elsewhere in this agenda:

- Reduced Caseload Ratio for Children Aged 0-5. $102.1 million ($68.5 million General Fund) to reflect updated caseload estimates and a revised methodology to support reduced caseload ratios of 1:40 for children ages 0-5. This adjustment is driven by an updated coordinator cost assumption and an increase of approximately 15,000 children. DDS estimates the 0-5 caseload reaching approximately 106,000 children in 2023-24.

- Fairview Warm Shutdown. $11.3 million General Fund for an additional year of funding to support the warm shutdown of Fairview Developmental Center. This includes 52 positions, primarily groundskeepers, electricians, engineers, maintenance, and security staff, and $2.8 million for utilities and facility costs necessary to maintain the property.

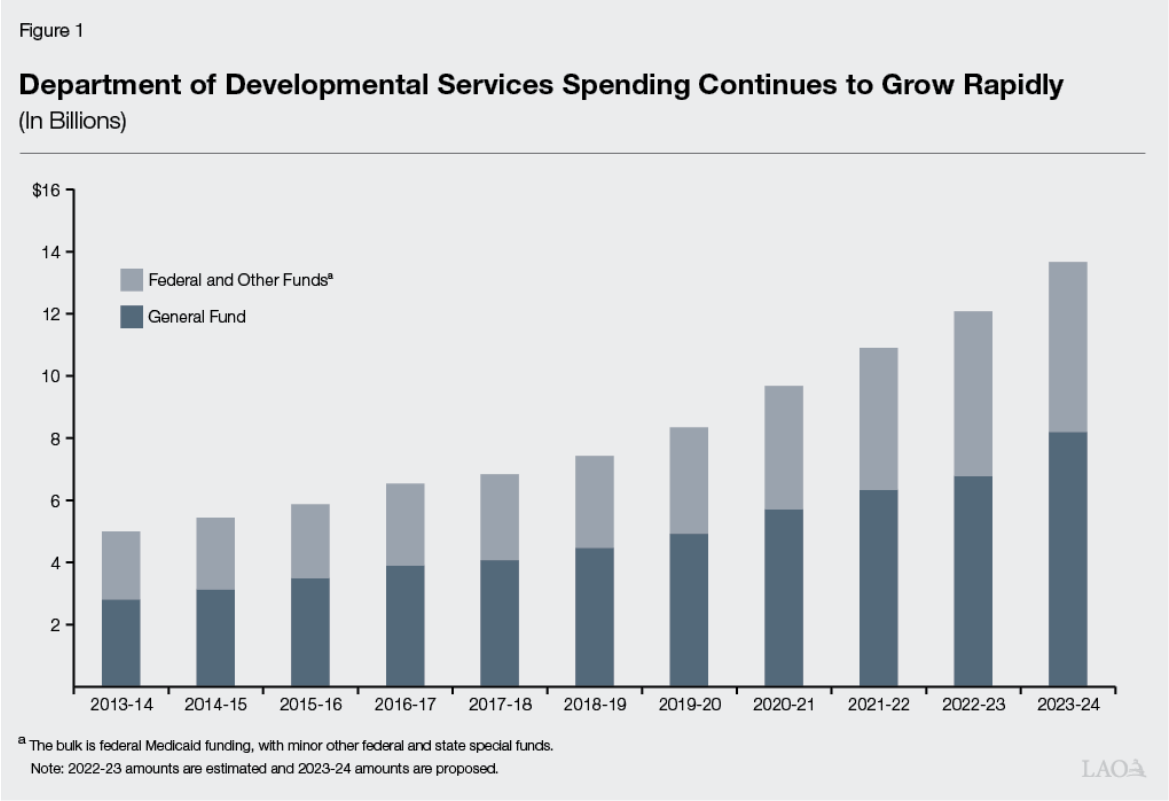
- Rate Model Assumptions. $10.1 million ($6 million General Fund) increase of ongoing funding to adjust service provider rates for mileage based on updates to the federal Internal Revenue Service mileage rate.

Caseload. Regional centers are projected to serve about 400,485 individuals in 2022-23 and 420,927 individuals in 2023-24. In addition, the department projects serving 312 individuals in state-operated facilities in 2023.

As noted by the Legislative Analyst's Office (LAO), caseload growth is one of the main drivers of significant year-over-year growth in DDS spending, in addition to increased utilization of services, additional costs for ramping up 2022-23 initiatives, and the expiration of a temporary 6.2 percentage point increase in federal Medicaid funding.

The LAO also notes that recent federal actions to unwind the 6.2 increase in federal Medicaid funding will increase General Fund costs by about $20 million in 2022-23 and decrease them by about $60 million in 2023-24 relative to the Governor's budget.

The following chart, provided by the LAO, reflects increases in DDS spending over the last 10 years.



Source: Legislative Analyst's Office

Community Services (Regional Centers). The 2022-23 updated Regional Center budget includes $12.1 billion ($6.8 billion General Fund), a net decrease of $382.7 million ($524.3 million General Fund decrease) as compared to the Enacted Budget. This includes a projected decrease of $376.3 million in Purchase of Services (POS) expenditures and a decrease of $8.8 million in Operations costs. The decrease of $524.3 million General Fund reflects utilization changes and the anticipated extension through June 30, 2023, of the Families First Coronavirus Response Act (FFCRA), which provides a temporary 6.2 percent increase in reimbursements.

The 2023-24 Regional Center budget includes $13.7 billion ($8.2 billion General Fund), a net increase of $1.6 billion ($1.4 billion General Fund) compared to the updated current year. This includes a projected $23.2 million decrease in operations costs, and $1.6 billion increase in POS expenditures. The increase of $1.4 billion General Fund is due to expiration of FFCRA on June 30, 2023, which provides a temporary 6.2 percent increase in reimbursements.

State-Operated Facilities. The 2022-23 updated State Operated Facilities budget includes $326.7 million ($288.9 million General Fund), a net increase of $10.4 million ($7.8 million General Fund) compared to the Enacted Budget. The 2023-24 budget includes $340.7 million ($306.6 million General Fund), a net increase of $14.1 million ($17.7 million) compared to the updated current year. The Governor's budget proposes various changes to state-operated facilities including STAR Homes, CAST teams, and Porterville Developmental Center, which are described in Issue 2 of this agenda.

Headquarters. The 2022-23 updated budget includes $156.2 million ($97 million General Fund), a net increase of $5 million ($2.5 million General Fund) from the Enacted Budget. The proposed 2023-24 budget includes $155.5 million ($97.5 million General Fund), a net decrease of $571,000 ($538,000 General Fund increase) compared to the updated current year budget. The changes reflect the expiration of five limited-term positions; adjustments to employee retirement and compensation; adjustments to employee compensation, and seven budget change proposals.

Ongoing oversight issues. DDS has undergone significant budget and policy changes in recent years. These changes include the implementation of comprehensive rate reform, restoring services that were cut during the Great Recession, creating provisional eligibility for Lanterman Act services for three and four-year olds, and investing in numerous initiatives to improve equity, outcomes, and quality for individuals with IDD. Issue 14 of this agenda includes a description of major investments in the 2021 and 2022 Budget Acts, and Issue 3 of this agenda focuses on equity and Regional Center oversight issues. Some key ongoing oversight issues are additionally included below.

Rate Implementation. The 2021 Budget Act began the phase-in of a major overhaul of DDS service provider rates, replacing an outdated rate structure with a new model based on a 2020 study. The 2022 Budget Act accelerated the implementation of the new rate model, moving the final phase of rate increases to July 1, 2024. The Governor's budget maintains the accelerated time line, including $1.2 billion ($273.3 million General Fund) in 2023-24 for further implementation of the rate study. Much of the funding to implement the new rate models comes from federal ARPA funding through the state's Home and Community-Based (HCBS) Spending Plan, which is described in Issue 13 of this agenda. The General Fund share of rate implementation in 2022-23 is only $32.2 million, reflecting a higher share of limited-term federal funding under the HCBS Spending Plan.

With the full implementation of the new rate system, statute requires that 10 percent of each service provider rate be reserved for a "quality incentive payment." These payments must be tied to performance metrics specific to each category of provider, determined by a workgroup of stakeholders led by DDS. As noted by the LAO, significant questions remain about developing this quality incentive program within the accelerated timeframe, including how DDS will determine appropriate measures for each provider category and develop a reasonable plan for collecting relevant data. Stakeholders have expressed uncertainty about how the quality incentive program will implement in conjunction with the final phase of rate model implementation on July 1, 2024, as well as some underlying issues with several of the rate models, such as the rate for Independent Living Services, which providers say is based on erroneous assumptions. Relevant stakeholder proposals are included in Issue 15 of this agenda.

Home and Community-Based Services (HCBS) Final Rule. In 2014, the Centers for Medicare and Medicaid Services (CMS) issued the HCBS Final Rule, which governs the way that individuals must be able to interact with their communities in order to receive federal funding for services. Home and community-based services are services and supports that allow an individual to live in their homes and communities rather than in institutional settings, such as residential services, independent and supported living services, and day programs. Nearly all types of Regional Center services are eligible to receive federal HCBS funding through Medicaid.

The HCBS Final Rule, which took effect March 17, 2023, requires that, as a condition of receiving federal HCBS funding, home and community-based settings meet the following criteria:

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

The final rule also includes additional requirements for provider-owned or controlled home and community-based residential settings. These requirements include: the individual has a lease or other legally enforceable agreement providing similar protections; the individual has privacy in their unit including lockable doors, choice of roommates and freedom to furnish or decorate the unit; the individual controls their own schedule including access to food at any time; the individual can have visitors at any time; and the setting is physically accessible. The Final Rule builds off decades of work by the disability rights movement and furthers the goals of the Americans with Disabilities Act (ADA) and the Supreme Court's *Olmstead* decision, holding that community living is a civil right.

States were originally provided a five-year transition period to implement the HCBS criteria, which was delayed multiple times. As of March 17, 2023, all states must be fully compliant with the Rule's basic civil rights requirements and may, through time-limited corrective actions plans (CAPs), have additional time to fully comply with a limited number of requirements in the Rule that have been impacted by the COVID-19 public health emergency. California's CAP includes additional time to ensure provider compliance with the following HCBS Final Rule Criteria: access to the broader community; opportunities for employment; choice of non-disability specific settings; and option for a private unit and/or choice of roommate. Therefore, service provider compliance as of March 17, 2024 does not reflect full compliance with all of the HCBS Final Rule criteria. To verify compliance with the HCBS Final Rule, DDS has primarily relied on requiring providers to submit self-assessment surveys demonstrating HCBS compliant policies, and provided technical assistance and outreach. The state also provides grants to help providers modify programs to come into compliance.

DDS is largely defining compliance for purposes of the March 17, 2023 deadline as the provider submitting documentation to DDS that the provider has policies on file consistent with the HCBS Final Rule. As of March 10, 2023, only 39 providers did not submit documentation. DDS has taken action to address these providers, including a moratorium on new referrals, and a temporary payment withhold of 50 percent. However, given the state's Corrective Action Plan, DDS is not requiring providers to have substantially implemented those HCBS policies as of March 17, 2023. This means that many providers remain out of compliance with the full set of HCBS criteria. It is unclear how many providers are actually in full compliance with the HCBS Final Rule and whether those that are not in full compliance can easily conform to the new federal requirements. All providers will need to reach compliance with the full set of HCBS criteria by June 30, 2024 or the state faces fiscal penalties.

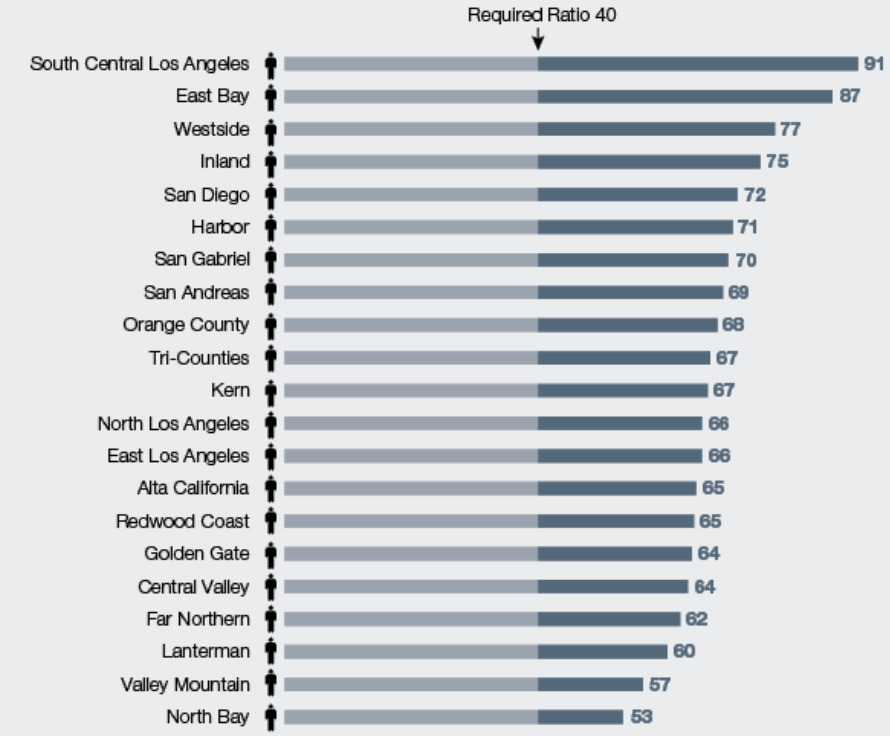
Regional Center Caseload Ratios. Service coordinators at each of the 21 Regional Centers are responsible for developing each person's Individual Program Plan IPP and coordinating the purchase of

their needed services and supports. Statute requires that Regional Centers maintain certain average caseload ratios, including 1:62 for those enrolled in Medicaid HCBS waiver programs, 1:40 for children five years of age or younger, 1:25 for consumers who have complex needs, and 1:66 for all others. In addition, the 2021 Budget Act included $10 million ongoing to implement service coordinator ratios of 1:40 for those who have a low level or no services purchased by Regional Centers. The LAO notes that the state has not made progress in reaching required caseload ratios in recent years, and overall service coordinator caseloads have increased over the last five years. The chart below, provided by the LAO, represents service coordinator ratios for children ages 0-5. The Governor's budget proposes $102.1 million ($68.5 million General Fund) to update caseload estimates and a revised methodology to reduce caseload ratios of 1:40 for children ages 0-5. Issue 15 of this agenda includes a stakeholder proposal to revise the Regional Center core staffing formula.

Figure 4

All Regional Centers Exceed New Required Ratio for Young Children (0-5)

Average Number of Consumers Served by a Single Service Coordinator, October 2022



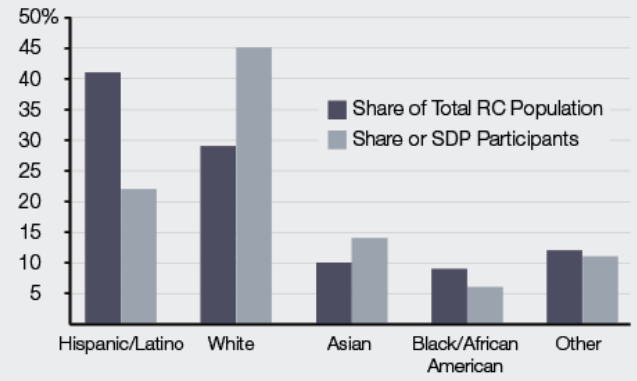
Note: Caseload ratios are defined as the number of consumers served by a single service coordinator. Statute requires a 1:40 ratio for young children (ages 0-5).

LAO

Self Determination Program (SDP). The SDP program offers an alternative to traditional service coordination. SB 468 (Emmerson) Chapter 683, Statutes of 2013, created the SDP to provide individuals with IDD greater control over which services they will receive and from whom. Participants are provided a fixed amount of resources (based on that participant's purchase of service expenditures over the prior 12 months) with which to purchase the services of their choosing. Original enrollment in SDP was limited to 2,500 individuals, and that cap was lifted in 2021, however total statewide enrollment in SDP was just 2,269 as of December 2022. There are also racial/ethnic disparities in SDP enrollment, demonstrated in the chart to the right, provided by the LAO.

Figure 10

SDP Enrollment Disproportionate by Race/Ethnicity



RC = Regional Centers and SDP = Self-Determination Program.

LAO

Return of Family Fees. While Lanterman Act services are an entitlement and are fully covered, families whose children receive specific services are required to pay sliding scale fees based on income. These fees were suspended during the COVID-19 pandemic, but are returning in 2023. There are three different types of family fees:

- *Annual Family Program Fee and Family Cost Participation Program.* The Annual Family Program Fee is assessed yearly per family on parents whose adjusted gross income level is at or above 400 percent of the federal poverty level. The Family Cost Participation Program is assessed on parents whose child is not eligible for Medi-Cal and who receives day care, respite, or camping services. DDS reports that they are currently in discussions with stakeholders on a plan to consolidate and streamline both of these fees, and will propose statutory or fiscal changes as part of the 2023-24 May Revision.

- *Parental Fee Program.* The parental fee program is limited to families who have a child under 18 who is placed into 24-hour out of home care. The fee is assessed monthly to parents with annual gross income at or above 201 percent of the current Federal Poverty Level, and is based on a percentage of income, ranging from three to six percent of the family's income. However, families that do not submit family income information requested by DDS are assessed the "maximum fee," which is based on the USDA maximum monthly cost of caring for a child. The chart below shows maximum monthly fees based on a child's age.

Age Group	Maximum Monthly Fee
0-2	$1,723
3-5	$1,723
6-8	$1,691
9-11	$1,798
12-14	$1,826

15-17	$2,013

Unlike the two fees described above, the Parental Fee Program is automatically returning with the end of California's State of Emergency declaration. Fees are effective May 1, 2023. Non-payment of the fee does not impact the provision of services to a child. However, past due/delinquent accounts are submitted to the Franchise Tax Board (FTB), which is an annual process for all state departments. Data from previous years shows that in 2017, 1,472 families were sent to FTB collections; 1,146 families in 2018, and 656 families in 2019.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of the proposed 2023-24 Governor's budget for the department, including major changes from the 2022-23 budget.

2. Please provide an update on DDS caseload, including growth in Provisional Eligibility and Early Start.

3. Please provide an update on rate model implementation, including a description of the department's plan to implement the quality incentive program, which requires 10 percent of each provider's rate be tied to a performance metric. Given the acceleration of the full rate model implementation to July 1, 2024, how will DDS establish an appropriate performance metric for each service and collect the relevant data?

4. Please provide an update on the department's efforts to achieve provider compliance with the HCBS final rule. Given that current compliance with the HCBS Final Rule primarily reflects that providers have submitted relevant documentation that they have a plan to implement compliant policies, how will DDS continue ensure that service providers have actually put those policies into practice? What proportion of providers are not currently in compliance with all components of the HCBS Final Rule, and will need to take additional action to come into compliance by the end of the Corrective Action Plan period on June 30, 2024? How does the department assess and verify compliance?

5. Please provide an update on the Self-Determination Program, including how DDS is providing support to families who wish to enroll in the Self-Determination Program and providing equitable access to underserved communities.

6. Please provide an update on the return of family fees that were suspended during the pandemic, including the Annual Family Program Fee/Family Cost Participation Program and the Parental Fee Program. How is DDS working with families and stakeholders to revise fee structures, communicate changes, and mitigate any adverse impacts to families?

Issue 2: 2023 Safety Net Plan

The Subcommittee has requested the following individuals to participate in a panel discussion on the department's 2023 Safety Net Plan:

- Nancy Bargmann, Director, Department of Developmental Services
- John W. Decker, DSW, MSW, Alta California Regional Center
- Toby Bazan, Self-Advocate
- Jacquie Dillard-Foss, Executive Director, STEP Agency
- Will Leiner, Managing Attorney, Disability Rights California

Proposed Changes to the Safety Net – Governor's Budget. As part of the 2023-24 Governor's Budget, DDS released an updated Safety Net Plan.[3] The 2023-24 Governor's budget for DDS includes various changes to Safety Net services and supports, including changes to state-operated facilities, which are part of the Safety Net Plan. Major changes in the Governor's budget pursuant to the 2023 Safety Net Plan include the following:

- STAR Home Staffing Adjustments and Intermediate Care Facility Licensure. $15.9 million ($9.8 million General Fund) increase of funding for ongoing staffing resources to convert two Stabilization Training Assistance Reintegration (STAR) Homes to intermediate care facilities (ICFs) licensed through the Department of Public Health.
- Complex Needs Residential Program. $10.5 million General Fund for start-up resources to develop three 5-person residential homes for individuals with highly complex needs, for a total of five new ICFs. These homes would be licensed as intermediate care facilities. The Governor's budget also proposes trailer bill language that extends 10 crisis beds at Canyon Springs Desert STAR facility which are scheduled to sunset in June 2023 after the development of additional enhanced behavioral support homes.
- Extension of 10 Beds at Porterville Developmental Center (PDC). $4.9 million General Fund increase of one-time resources to continue funding 10 additional beds at PDC through 2023-24 to maintain compliance with the 28-day timeline to provide services to individuals deemed incompetent to stand trial (IST), under the provisions of the Stiavetti lawsuit.

In addition to these major changes, the Governor's budget includes a decrease of $280,000 ($173,000 General Fund) to the Crisis Assessment Stabilization Team (CAST) program due to staffing changes, and a decrease of $3.7 million General Fund due to half of one unit at Porterville Developmental Center closing.

[3] The 2023 Safety Net Plan: https://www.dds.ca.gov/wp-content/uploads/2023/01/DDS-Safety-Net-Plan-Update-Final-1-10-2023-posted.pdf

The Governor's budget also includes $1.6 million ($1.1 million General Fund) to support implementation and increased workload in coordination of trauma-informed care for dually served youth in foster care and the establishment of an Autism Services Branch. The Autism Services Branch is discussed in Issue 6 of this agenda.

Background. With the closure of state-operated developmental centers, a developmental service "safety net system" was developed to be person-centered, trauma-informed, and to prevent or transition individuals from placements and interventions that are highly restrictive. The safety net system is designed to support individuals who have IDD and co-occurring behavioral and/or mental health needs requiring supports from multiple agencies, including for mental health, special education, psychiatric, and crisis services, as well as medically complex individuals.

Closure of State-Operated Developmental Centers. The 2012 Budget Act placed a moratorium on admissions to the state's remaining Developmental Centers, and as part of the 2015 Budget Act, DDS submitted closure plans for the three remaining Developmental Centers: Sonoma, Fairview, and the Porterville General Treatment Area. These Developmental Centers have all since closed (Fairview is in a warm shutdown). The Porterville Developmental Center Secure Treatment Program (PDC-STP), which houses adults with IDD who are determined by a court to be Incompetent to Stand Trial (IST), is the only remaining Developmental Center. DDS also operates the Canyon Springs Community Facility, which is a large residential treatment facility with capacity to house 56 individuals.

Safety Net Plan. The need for DDS to develop a Safety Net Plan grew out of the closure of the Developmental Centers. The first Safety Net Plan in 2017 described "how the Department will provide access to crisis services after the closure of a [Developmental Center] and how the State will maintain its role in providing services to those whom private sector vendors cannot or will not serve."[4] The 2020 Safety Net Plan considered new models of supports for individuals served and introduced the safety net continuum of care.

SB 188 (Committee on Budget and Fiscal Review), Chapter 49, Statutes of 2022, required an update to the original plan and required the 2023 Safety Net Plan to include:

- An evaluation of the progress made in creating a safety net, including transition data and services for residences intended to facilitate transitions or diversions from institutions for mental diseases (IMDs), Canyon Springs Community Facility, the Secure Treatment Program at Porterville Developmental Center (PDC-STP), prisons or jails, or other restrictive settings.

- Areas for evaluation and recommendations from DDS' stakeholder community such as best practices for supporting individuals at risk of moving to restrictive settings, expanding or refining existing services or supports, and developing new models for individuals whom private sector vendors cannot or will not serve.

Safety Net Continuum. The department's safety net continuum of care consists of the following:

[4] DDS, 2023 Safety Net Plan.

- Preventative support services (respite, Systemic, Therapeutic, Assessment, Resources, and Treatment (START))
- Mobile crisis services (Crisis Assessment Stabilization Teams (CAST))
- Residential services (Community care facilities)
- Homes/Services for complex support stabilization (Community crisis homes)
- Homes for individuals needing longer term behavioral supports (Enhanced Behavioral Support Homes)
- Secure residential facilities (Delayed Egress, Secure Perimeter homes)
- Acute crisis options (Porterville Developmental Center Secure Treatment Program (STP))
- Step down homes (e.g., Institutions for Mental Disease, STP step down homes)
- Stabilization/Wrap-around

Specialized Models. The 2014 Budget Act authorized the development of specialized models known as Enhanced Behavioral Supports Homes (EBSH) and Community Crisis Homes (CCH). Current development of specialized models to support individuals with complex needs include 23 CCHs that have been completed and eight more CCHs in development, 71 completed EBSHs and 43 in development, five homes with delayed egress in combination with a secured perimeter (DESP), and two in development.

- **Stabilization Training Assistance Reintegration (STAR) Homes.** STAR Homes are state-operated acute crisis homes. Five community homes are operating with two additional homes expected to be operational by late Spring 2023. Four of the seven homes provide support and services for children and adolescents and the other three support adults. These homes are in Northern, Central and Southern California. The maximum length of stay in a STAR home is 13 months. Over the last several years, there has been an increase in the number and complexity of referrals to the STAR services, and a trend of individuals returning to STAR. As of November 2022, there were 38 active referrals to STAR, including 21 adults and 17 children/adolescents.

    - *Desert STAR.* Since September 28, 2018, pursuant to SB 175 (Chapter 884, Statutes of 2018), DDS has authority to accept court admissions of individuals experiencing an acute crisis to a separate and distinct unit of the state-operated Canyon Springs Community Facility, operating as a STAR unit (Desert STAR) to serve up to 10 individuals. This was developed as a temporary solution while other community-based STAR homes were built. Desert STAR has served 28 individuals with complex mental health and behavioral support needs. Statute (Welfare and Institutions Code 7505) prohibits new admissions to Desert STAR after June 30, 2023.

- **Community Crisis Homes (CCH).** The Safety Net also includes vendor-operated crisis homes for children, adolescents, and adults known as crisis homes. CCHs are generally four-bed residential facilities that provide 24-hour non-medical care to adults and children with developmental disabilities in need of crisis intervention services who would otherwise be at risk of placement in an institutionalized setting (acute crisis center, a state-operated facility, an out-of-state placement, a general acute hospital, or an institution for mental disease).

- **Enhanced Behavioral Supports Homes (EBSH).** Enhanced Behavioral Supports Homes (EBSHs) are adult residential facilities or children's group homes. EBSHs provide 24-hour non-medical care in a homelike setting to individuals with developmental disabilities who require additional supports, staffing, and supervision. The homes have unique characteristics and offer behavioral services and supports which are beyond what is typically available in other community-based homes. EBSHs are certified by DDS and licensed by the State Department of Social Services.

- **Delayed Egress Secure Perimeter homes**. Delayed egress/secure perimeter is an addition to a licensed facility, mainly an EBSH, a CCH, or a Special Residential Facility (SRF). Homes that are identified as delayed egress/secure perimeter have a locked fence and a gate around the facility. This is designed for individuals who, based on an assessment, pose a risk of harm to themselves or others and require the delayed egress/secure perimeter as an enhancement to staff supervision. The current completed capacity for homes with delayed egress/secure perimeter is 39, with 10 homes with a capacity for 40 bed currently in development.

- **Adult Residential Facility for Persons with Special Health Care Needs (ARFPSHNs).** These homes were developed for adults with IDD who are medically fragile and require 24/7 licensed nursing supports. Additionally, Group Homes for Children with Special Health Care Needs are designed to provide 24/7 health care and intensive support services in home-like settings for up to five children each.

Systemic, Therapeutic, Assessment, Resources, and Treatment (START). The START model provides vendor-operated crisis prevention and response services for individuals with IDD and complex behavioral health needs. The first START teams were piloted by Regional Centers in 2019, and now 15 START teams serve 15 Regional Centers. START has served 928 total individuals with 488 actively receiving services. Individuals receiving START services have experienced reductions in inpatient psychiatric hospitalizations and mental or behavioral health visits to hospital emergency departments, with the vast majority maintaining residence in the community or family home.

Crisis Assessment Stabilization Team (CAST). CAST services are state-operated mobile crisis services, providing partnerships, assessments, training and support to individuals continuing to experience crises after Regional Centers have exhausted all other available crisis services in their catchment areas and for those who are at risk of having to move to more restrictive settings. There are three CAST teams serving 11 Regional Centers: one CAST in Northern California, one CAST in Southern California, and one CAST in Central California. Staff are shared with STAR Homes.

2023 Safety Net Areas of Focus. The stakeholder workgroup participating in the development of the 2023 Safety Net Plan identified the following specialized populations of focus:

- Aging populations of individuals served and their caregivers
- Children and youth in the child welfare system
- Individuals with Autism Spectrum Disorder (ASD)
- Individuals with Complex Support Needs
- Individuals served with Fetal Alcohol Syndrome

In addition to focusing on the above specialized populations, stakeholders identified areas of focus as (1) Prevention and Abuse Awareness and (2) Prevention Supports and Services. The 2023 Safety Net Plan includes stakeholder recommendations for each of these categories.

Governor's Budget Proposals for the Safety Net. The following Safety Net Plan proposals are included in the Governor's budget:

CAST Staffing Revision. DDS proposes to establish a standalone CAST team in response to the increased need for crisis support. This proposal would effectively separate CAST teams from the STAR Homes as they currently share several staff. Currently each of the three statewide CAST teams is authorized 7.25 positions, for a statewide total of 21.75 positions. The proposed changes would result in 19 positions statewide. The revised CAST team is comprised of Psychologist, Community Program Specialist, Behavior Specialist, and Psych Tech Instructor. The net impact is a decrease of -2.8 statewide CAST positions and -$280,000 (-$173,000 General Fund).

State-Operated Complex Needs Residential Program. DDS proposes to develop a residential program (three five-bed intermediate care facilities (ICFs) with a maximum stay of 18 months) for high intensity needs, adolescents/adults with complex, co-occurring IDD and mental health diagnoses. This residential program will focus on serving individuals with severe aggression, tendencies for property destruction, and leaving unexpectedly. The complex needs residential program will be designed as an enhanced STAR model with an increased focus on mental health services, partnerships with local mental health resources to provide strong mental health and psychiatric supports, and a partnership with DDS' Office of Protective Services. This proposal would be an alternative service option for Desert STAR as admission is only allowable through June 30, 2023 [W&I Code section 7505(a)(4)]. This proposal includes amendments to extend the authority for Desert STAR operations during development of the three complex needs homes.

DDS notes that there were 2,754 adolescents and adults identified statewide with complex needs in 2021. According to DDS, although specialized models like CCHs and state-operated STAR homes provide individuals experiencing an acute crisis with person-centered support and crisis stabilization on a time-limited basis, there remains a critical need for a "can't say no" option for individuals whom private sector vendors cannot or will not serve. As a result of limited appropriate resources, individuals have experienced admission to locked psychiatric facilities, medical hospitals, Institutions for Mental Disease (IMDs), or received services out-of-state. In 2021-22, 892 individuals had unplanned psychiatric hospital admissions, 329 individuals were referred to the Statewide Specialized Resource Services, and 48 adults were admitted to an IMD, funded by a Regional Center.

DDS states that a new model of service for individuals with high intensity needs with co-occurring IDD and mental health diagnoses would reduce the number of individuals served in restrictive settings and will assist in meeting the growing need for acute crisis services, as well as reducing reliance on Canyon Springs Community Facility.

Intermediate Care Facility (ICF). ICFs are health facilities licensed by the California Department of Public Health to provide 24-hour personal care, habilitation, developmental, and supportive health services to developmentally disabled clients whose primary need is for developmental services and who have a recurring but intermittent need for skilled nursing services. This is a different licensing model than most DDS homes, such as STAR Homes, which is a primarily residential model licensed by the

Department of Social Services. There are several types of ICFs, including some that are designated for nursing care for people with IDD who are medically fragile.

DDS also states that ICF licensure supports the success of this population by providing a broader range of clinical specialties to support the complex needs of these individuals. The Governor's budget proposes $10.5 million General Fund for the development of these Complex Needs homes.

STAR Staffing and Conversation to ICF Licensure. The Department requests ongoing staffing resources, including 41 positions, to convert two of its seven STAR homes, which are currently licensed as Adult Residential Facilities through the Department of Social Services, to ICFs licensed through the Department of Public Health.

According to DDS, this ICF conversion provides a more robust clinical staffing complement to serve individuals with complex needs that are more challenging to serve through the CCH model, such as individuals with co-occurring behavioral and medical needs. The ICF model incorporates classifications including a dietician and a physician to respond to acute behavioral and medical needs. According to DDS, the ICF model will be able to meet complex individual needs within the home without frequent disruptions in care associated with having to access external community and generic resources that are often not equipped to support the complexities of co-occurring IDD and behavioral, mental, and medical health needs.

Regional Center Supports for Trauma-informed Services for Foster Youth. DDS proposes ongoing funding of $1.6 million ($1.1 million General Fund) to provide an additional 15 additional Regional Center specialists statewide who will focus on the requirements related to youth in foster care with complex needs and multi-system involvement. These 15 Regional Center Specialists would join 15 current Regional Center specialists who are responsible for implementing recommendations pursuant to the AB 2083 System of Care Multiyear Plan, which establishes a framework for improving cross-agency coordination to improve services for foster youth with complex needs. These positions have a defined scope of work and responsibility to implement recommendations to address timelines for youth in foster care who are also eligible for regional center services. For example, 27 percent of infants and toddlers ages 0-2 in foster care exceed the 45-day intake timeline for Early Start, as compared to 21 percent of infants and toddlers not in foster care.

The Regional Center Specialists (both the current 15 specialists and the additional proposed 15 specialists) are responsible for:

- Collaborating and sharing information with counties, state agencies, and other specified entities to identify and coordinate services for foster children and youth served by regional centers;
- Identifying and coordinating available placement and service options for foster children and youth served by regional centers;
- Participating on interagency leadership and placement teams;
- Providing expertise and guidance to regional center staff on service coordination for foster children, and youth served by regional centers, who have experienced severe trauma; and,
- Providing DDS with implementation updates and recommendations.

Establish an Autism Services Branch at DDS. DDS proposes six permanent positions to establish an Autism Services Branch within the Office of Statewide Clinical Services to support statewide policy and program development and address the needs of the growing population of individuals with Autism Spectrum Disorder (ASD). This proposal is discussed in Issue 6 of this agenda.

Extension of 10 IST Beds at Porterville Developmental Center. This proposal is not included in the department's 2023 Safety Net Plan, but relates to the department's statewide capacity for serving individuals with complex needs.

Porterville Developmental Center Secure Treatment Program (PDC-STP) houses adults with IDD who have been charged with a crime, and who have been determined by the court to be Incompetent to Stand Trial (IST). At PDC, individuals are provided with training in an attempt to restore their competency in order for them to be able to stand trial. If an individual cannot be restored to competency, they may be committed civilly to the Secure Treatment Program until they can become ready to step down into a community placement, usually with significant training and supports.

The 2020 Budget Act provided temporary resources to increase capacity in the PDC STP by 20 persons through June 30, 2023. The purpose of this extension was to support compliance with the *Stiavetti* lawsuit, which requires IST services within 28 days of a transfer of responsibility. The Governor's budget includes trailer bill language to extend 10 of the 20 beds for an additional year, for a cap of 221 individuals rather than 211 as defined in current law. The Porterville STP census was 189 as of January 2023, and DDS is currently compliant with the 28-day timeframe. This issue is discussed in greater detail in Issue 3 of this agenda.

Stakeholder Concerns with the Safety Net Plan. Between the development of the three new "Complex Needs" homes and the conversion of two STAR Homes, the Governor's proposal will create five new Intermediate Care Facilities (ICFs). Disability Rights California notes that ICFs are "institutional by definition and design," and have policies that are more permissive of mechanical restraints. Stakeholders have expressed concerns that the Safety Net Plan focuses primarily on building out more restrictive settings like ICFs and less on expanding community-based services such as Supported Living Services (SLS) that have proven to be successful in meeting the needs of individuals with complex needs.

Subcommittee Staff Comment. Informational Item. No action is needed.

Staff notes that DDS has expressed the intention to locate the three proposed state-operated "Complex Needs Residential Program" homes on DDS property in Southern California, on or adjacent to the grounds of Fairview Developmental Center. Fairview Developmental Center is currently in a warm shutdown phase to maintain the facility while the City of Costa Mesa works on a development plan. It is unclear how the potential development of these new homes on the Fairview site would impact the warm shutdown or the state's goal of permanently closing Fairview Developmental Center.

The Subcommittee requests DDS respond to the following questions:

1. Please provide an overview of the Safety Net, including a brief history on how the Safety Net was developed in conjunction with the closure of Developmental Centers. Who is served by the safety net, and what is the spectrum of residential and crisis services available to individuals who have

complex needs? Please include descriptions of the population, including demographic information, and programming available at Canyon Springs and Porterville in addition to the crisis continuum.

2. Please describe the changes proposed in the 2023 Safety Net Plan, including the three Complex Needs Residential Homes, the conversion of two STAR Homes to ICFs, and the proposed extensions of 10 beds at Canyon Springs and Porterville. Please explain why these changes are needed.

3. What additional services, capacity, or models are needed to complete the Safety Net? How do the changes proposed in the 2023 Safety Net Plan address these needs, and what are the gaps in services that remain?

Issue 3: Extension of 10 Beds at Porterville Developmental Center

Trailer Bill Language – Governor's Budget. DDS proposes trailer bill language to extend 10 Incompetent to Stand Trial (IST) Beds at Porterville Developmental Center for one year. Current law caps the Porterville Developmental Center Secure Treatment Program (STP) at 211 persons starting on July 1, 2023. This proposal would extend the cap to 221 persons until July 1, 2024.

Porterville Developmental Center. Porterville Developmental Center (PDC) Secure Treatment Program (STP) provides 24-hour residential services to adults who have IDD, have been charged with a crime, and have been determined by the court to meet the criteria requiring IST treatment in a secure area.

Individuals with IDD who are arrested and determined to be incompetent to stand trial (IST) are referred to competency training so that they may participate in court proceedings. The maximum commitment time for competency training is two years, with some lesser offenses having a shorter commitment time. If an individual with IDD cannot be "restored to competency" during the two- year commitment period, a court may dismiss the criminal charges or determine that the client should be subject to a civil commitment under Welfare & Institutions Code section 6500(a)(1). This type of civil commitment is for clients with IDD who are determined by a court to pose a danger to themselves or others. If the client is placed at Porterville STP, the treatment teams work with the appropriate Regional Center when the individual is deemed ready to return to the community to find the a community placement appropriate for the client's long-term safety and stability.

The Porterville STP census was 189 as of January 2023. The following chart includes demographic information on the individuals housed at Porterville:

Age	99% 1%	18-64 years 65 years and over
Gender	91% 9%	Male Female
Ethnicity	34% 29% 22% 15%	Black or African-American Hispanic White Other, Unknown or Asian
Primary Language	90% 7% 3%	English Spanish Other or Unknown
Legal Status	58% 42%	WIC 6500 PC 1370.1
Resident County	45% 15% 15% 11% 7% 6%	South Coast Region Bay Area Central Region North Central Region Inland Deserts Region Northern Region

***Stiavetti* Lawsuit.** *Stiavetti v. Clendenin* (originally *Stiavetti v. Ahlin)* initiated by the ACLU, alleged constitutional violations due to the delay in admission of Incompetent to Stand Trial (IST) defendants to State Hospitals and DDS Developmental Centers. The court's judgment found that the Department of State Hospitals and DDS must commence substantive services to restore IST defendants to competency within 28 days of the transfer of responsibility. The amended ruling orders a compliance date of February 27, 2024.

In past years, there was a waitlist for admission to competency training at Porterville STP. To maintain capacity to meet the timelines required by *Stiavetti*, PDC received funding for an additional 20 beds (increasing the total statutory cap from 211 to 231) until June 30, 2023. DDS is currently compliant with the 28-day timeframe. According to DDS, the request for 10 of the 20 beds to continue through 2023-24 is to continue meeting the 28-day timeframe during the transition to a post-pandemic environment.

Investments in Community-Based Restoration Programs and Diversion. The 2021 budget included $2.3 million ($853,000 General Fund) for three positions and resources to develop community-based competency restoration programs. Additionally, the 2020 budget included trailer bill language that made it easier for courts to divert people with IDD away from the criminal legal system and provided parity for diversion options for individuals who have committed non-violent crimes. While DDS provides competency training and treatment at Porterville Developmental Center STP, this may not be the optimal setting for particular individuals, such as those who have been charged with non-violent felony offenses and could be safely served in a community setting.

The 2021 Budget Act funded forensic specialist positions in a number of Regional Centers to assist in development, monitoring, outreach and management of services for individuals who have become involved in or have a high potential for involvement in criminal conduct. The 2021 Budget Act also included funding for a Regional Center-contracted statewide intensive individualized transition service to provide wraparound services to individuals with IDD who have entered the judicial system.

To provide alternatives to Porterville, DDS has developed three PDC-specific step-down homes and five Delayed Egress Secured Perimeter Enhanced Behavioral Support Homes (EBSHs) for a capacity to serve up to 32 individuals transitioning out of PDC from a WIC 6500 admission. This provides additional capacity to support Penal Code 1370.1 admissions at Porterville. In addition, a number of EBSH and Community Crisis Home (CCH) resources have been developed to serve individuals at Porterville under a 6500 admission who are ready for transition to community settings. DDS also meets with each Regional Center at least quarterly to confirm progress is being made on transition plans for each individual residing at Porterville under a 6500 admission.

Concerns about the Conditions at Porterville. Disability Rights California notes that although civil commitments to Porterville are reviewed annually by a court, civil commitments to Porterville can last indefinitely, sometimes longer than the person would have otherwise remained in prison.[5] The residents at Porterville, as displayed in the table above, are disproportionately Black and Latino men. According to a recent paper published by Disability Rights California, 20 of the current Porterville residents have been

[5] Disability Rights CA, "Porterville Developmental Center Q&A," March 2023: https://www.disabilityrightsca.org/latest-news/porterville-developmental-center-qa

living in Porterville for five to nine years, 12 for 10-20 years, and four residents have been living in Porterville for over 20 years. Porterville also has the highest total number of restraint episodes across DDS-operated facilities.[6]

Funding. The Porterville STP is 100 percent General Fund as these services are not eligible to receive federal assistance. The DDS budget includes $4.9 million General Fund to extend 10 beds at Porterville through July 1, 2024, above the current statutory cap. This trailer bill language is the statutory language needed for that extension. The DDS budget also includes a decrease of $3.7 million General Fund due to half of one unit closing.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that current law ends the extension of 20 beds at Porterville STP (for a total of 231 beds) on July 1, 2023, at which point the statutory cap on Porterville STP will return to 211 persons. The census at Porterville has remained below 200 for many months and is currently 189 individuals, which is comfortably below the 211 cap set to take effect on July 1, 2023. DDS is currently meeting the 28-day timeframe for IST admissions pursuant to the *Stiavetti* lawsuit. Therefore, it is unclear why an additional extension of 10 beds is necessary.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. The current census at Porterville STP is 189 individuals as of January 2023, and DDS is currently meeting its obligations under *Stiavetti*. Why is capacity for more than 211 individuals needed?

3. The 2020 Budget and the 2021 Budget Acts provided additional resources to help divert consumers away from the criminal legal system and to develop community-based competency restoration programs. Please provide an update on how those resources are being used and the timeline for the development of additional community-based forensic programs. How many individuals with IDD have participated in diversion programs or community-based competency restoration programs?

[6] DDS Restraint Data: https://www.dds.ca.gov/wp-content/uploads/2023/03/4TH-Q-HRIWebPosting-1.pdf

Issue 4: Extension of 10 Beds at Canyon Springs

Trailer Bill Language – Governor's Budget. DDS proposes statutory changes to extend 10 crisis beds at Canyon Springs Community Facility. The 2022 Budget Act permits admissions to the 10-bed acute crisis unit within Canyon Springs Community Facility (CSCF) through June 30, 2023. This trailer bill language would extend admissions to the 10-bed acute crisis unit, known as Desert STAR, until the three Complex Needs Residential Homes proposed in the Governor's Budget are open.

Background. Welfare and Institutions Code (WIC) Section 7505(4) details exception criteria whereby an individual can be admitted to a state-operated facility. Admissions to Canyon Springs for individuals who meet the specified criteria ends on June 30, 2023. The specified criteria established in WIC 7505(4) includes an individual who is committed by a court to Canyon Springs and meets the definition of an acute crisis, defined as:

- There is imminent risk of substantial harm to the individual or others.
- The services and support needs of the individual cannot be met in the community, including supplemental services or other emergency and crisis intervention services.
- Due to serious and potentially life-threatening conditions, the individual requires a specialized environment for crisis stabilization.

WIC Section 7505(5) enables individuals to be committed by a court to Canyon Springs who are currently admitted to either an acute psychiatric hospital or an acute crisis facility due to an acute crisis until June 30, 2023.

Canyon Springs Community Facility (CSCF). Canyon Springs Community Facility is a state-operated locked facility that houses up to 56 adults who have IDD. There are three Immediate Care Facilities (ICF) units on campus. The facility staff focus on the development of the individuals' ability to manage their lives through various treatment/training programs such as behavioral supports and replacement behavior teaching, coping skills, life skills, supportive counselling, vocational skills, adult education, recreational skills, interpersonal relationship development, community integration, and encouragement of healthy life choices. CSCF operation expenditures are funded through General Funds, Reimbursements and Lottery Funds.

Desert STAR. Since September 28, 2018, pursuant to SB 175 (Chapter 884, Statutes of 2018), DDS has authority to accept court admissions of individuals experiencing an acute crisis to a separate and distinct secure unit of the state-operated Canyon Springs Community Facility, operating as a STAR unit (Desert STAR) to serve up to 10 individuals. Desert STAR has served 28 individuals with complex mental health and behavioral support needs. Statute (Welfare and Institutions Code 7505) prohibits new admissions to Desert STAR after June 30, 2023.

State-Operated Complex Needs Residential Homes. As described in Issue 2 of this agenda, DDS's Safety Net Plan proposes to develop a residential program (three five-bed intermediate care facilities (ICFs) with a maximum stay of 18 months) for high intensity needs, adolescents/adults with complex, co-occurring IDD and mental health diagnoses. This new residential program will focus on serving individuals with severe aggression, tendencies for property destruction, and leaving unexpectedly. The complex needs residential program will be designed as an enhanced STAR model with an increased focus

on mental health services, partnerships with local mental health resources to provide strong mental health and psychiatric supports, and a partnership with DDS' Office of Protective Services. These homes would be an alternative service option for Desert STAR as admission is only allowable through June 30, 2023. The Governor's budget proposes $10.4 million for start-up resources to develop these three homes.

According to DDS, The ICF model for crisis beds at Canyon Springs has been effective in providing services to individuals with co-occurring diagnoses who require crisis services. The extended authority would provide these supports while the complex needs homes are developed to provide similar services in a community setting. Two homes would offset the use of Canyon Springs for crisis services, which currently serves 10 adults, and an additional home would support the increasing demand for adolescent services, including mental health services. The need for one adolescent home was based on assessment of the number of existing and past trends for STAR referrals for adolescents. This trailer bill language would extend admissions to the 10-bed acute crisis unit, known as Desert STAR, until the three Complex Needs Residential Homes proposed in the Governor's Budget are open.

Subcommittee Staff Comment and Recommendation – Hold Open.

Subcommittee staff notes that admission to Desert STAR is only permissible through June 30, 2023. This trailer bill language does not include a date to which admissions would be extended, but rather allows for admissions to Canyon Springs/Desert STAR to continue until the point that the three Complex Needs Residential Homes proposed in the Safety Net Plan are open. This proposal lacks specificity as to how long admissions to Desert STAR will be permitted to continue. For example, will admissions to Desert STAR continue until all three new homes are open, or only one or two of those homes? What is the department's timeline for opening these homes? Should the Legislature consider extending the Desert STAR admissions past the June 30, 2023 statutory limit, it may wish to establish more concrete parameters for when admissions to Desert STAR must stop.

Additionally, neither this proposal nor the Safety Net Plan proposal includes a statutory definition of the Complex Needs Residential Homes. DDS states that because the homes would be licensed as ICFs, which is an existing licensing category, no new statutory definition is needed. However, without a definition of the Complex Needs Residential Homes, it is unclear how they will be different from a typical ICF, and how the unique features of the proposed homes, such as the five-person limit, 18-month length of stay, and focus on mental health and psychiatric supports, will be implemented.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal, including an overview of Canyon Springs Community Facility and Desert STAR.

2. Why it is necessary to extend admissions to Canyon Springs past the current statutory timeline of June 30, 2023? What is the department's timeline for developing the three new Complex Needs Residential Homes?

3. Why are the existing models for individuals with complex needs insufficient to meet this population? Why is the ICF model appropriate for this type of facility, and will the facilities be locked?

Issue 5: Equity and Oversight in Regional Center Services

The Subcommittee has requested the following individuals to participate in a panel discussion on improving equity and oversight in Regional Center services:

- Nancy Bargmann, Director, Department of Developmental Services
- Vivian Haun, Senior Attorney, Disability Rights California
- Fernando Gomez, Parent and Co-founder, Integrated Community Collaborative
- Amy Westling, Executive Director, Association of Regional Center Agencies (ARCA)
- Judy Mark, President, Disability Voices United

Background. In 1969, the Lanterman Act established that individuals with intellectual and developmental disabilities (IDD) and their families have a right to receive the necessary supports and services required to live independently in the community. The Lanterman Act enumerates the rights of individuals with IDD as well as the rights of their families, what services and supports are available to these individuals, and how regional centers and service providers work together to provide these supports and services. The term "developmental disability" is defined as a disability that originates before a person reaches 18 years of age, is expected to continue indefinitely, and is a significant disability for the individual. Such disabilities include epilepsy, autism spectrum disorder, intellectual disability, and cerebral palsy, among others.

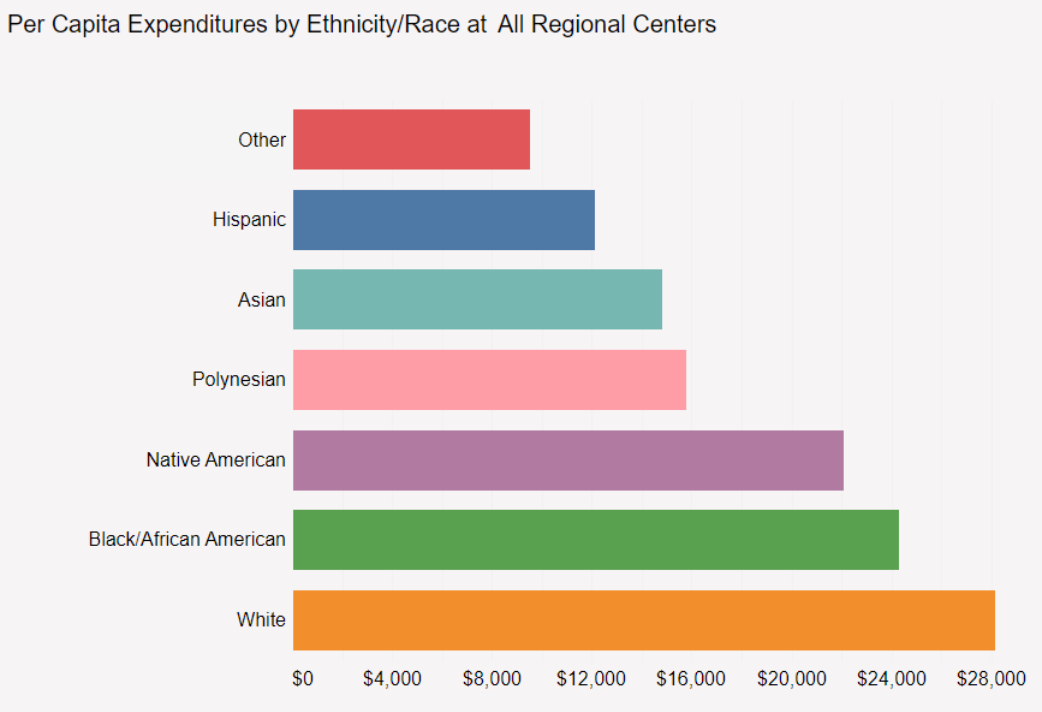
Regional Centers. In addition to establishing the rights of individuals, the Lanterman Act also created California's regional center system, comprised of 21 nonprofit regional centers throughout the state whose primary purpose is to connect individuals with services in the community. Regional centers coordinate a robust array of services and supports for over 400,000 individuals with IDD in 2022-23. Services may include diagnosis, evaluation, treatment, and coordination of services such as personal care, day care, special living arrangements, and physical, occupational, and speech therapy. Additional services include, but are not limited to mental health services, recreation, counseling for the individual served and their family, assistance locating a home, behavior training and modification programs, emergency and crisis intervention, and many others.

Regional centers conduct assessments, determine eligibility for services, and provide case management for individuals with IDD through an Individual Program Plan (IPP), which is a plan for services and supports developed according to the needs and personal choices of the individual. The IPP serves as a tool to maximize the opportunities for each individual with IDD to develop relationships, integrate into community life, increase control over their life, and obtain positive roles in the community. The IPP is required to prioritize the services and supports that allow children to live with their families and adults to live in the community as independently as possible.

The regional centers do not provide direct services; they purchase services from local service providers on the individual's behalf, according to the IPP. This is known as purchase of services (POS).

Disparities in the Regional Center System. Racial and ethnic disparities in the provision of developmental services has been a longstanding concern in the regional center system. According to DDS, within the regional center system, 24 percent of individuals served speak a language other than English and 72 percent of all consumers served by DDS are non-white; however studies consistently find that communities of color are less likely to receive regional center services and receive lower than average per capita POS compared to white individuals.

Existing law requires regional centers to compile and report POS data broken down by race/ethnicity, age, language, disability detail, and residence type, and to meet with stakeholders annually regarding this POS data. These data consistently have shown large disparities in the average amounts spent among these groups. In particular, spending for Hispanic/Latino individuals is about half that for white individuals on average. The chart below, provided by DDS, demonstrates per capita expenditures by ethnicity/race at all Regional Centers:



Service Access and Equity Grants. In 2016, the Legislature authorized the Service Access and Equity grant program through ABX2-1 (Thurmond, Chapter 3, Statutes of 2016), which provides $11 million in ongoing General Fund resources for DDS to assist regional centers in reducing POS disparities. In 2017, AB 107 (Committee on Budget, Chapter 18, Statutes of 2017) additionally allowed community-based organizations to receive Service Access and Equity grant funding. The 2022 Budget Act temporarily doubled the funding for the Service Access and Equity grant program, adding $11 million one-time in addition to the $11 million annually.

Over 400 grants have been awarded since 2016, touching over 200,000 people statewide. Some examples of Service Access and Equity grant projects funded in 2022-23 include:

- Empower diverse emerging self-advocate leaders and mental health ambassadors with skill development through education and training.

- Create the first statewide Native American navigator program based on tribal land.

- Establish a first-of-its-kind navigator and support program focused on the Deaf+ community.

- Facilitate navigating Early Start services for Black infants exiting NICUs through grassroots and trauma-informed care approaches.

- Build a more culturally and linguistically responsive workforce of clinicians, behavior therapists and respite service providers from the African American, Hispanic, and Asian communities.

- Partner with Los Angeles County to streamline behavioral health treatment for foster youth served by regional centers.

- Connect Chinese and Vietnamese self-advocates and their aging caregivers with community partnerships and supports for future planning and advocacy training.

Independent Evaluation of the Service Access and Equity Program. An evaluation by Georgetown University is in progress to provide recommendations and help prioritize areas of focus, populations, and interventions that will have an impact on disparities reduction. In April 2023 an interim report will be submitted to the Department with preliminary findings to restructure the Service Access and Equity grant program with recommendations focused on types of projects most likely to lead to disparities reduction and increased access over time that have impact on the individual, family, community, organization, and system levels.

Other Efforts to Promote Equity and Reduce Disparities. In addition to the Service Access and Equity grant program, DDS and Regional Centers are implementing many initiatives designed to promote equitable access to developmental services. Some of these initiatives include:

- **Community Navigator Program.** Statewide navigators with lived experience, shared culture, ethnicity and language to support individuals/families to utilize and access services. This program aims to build families' trust with regional centers and is being implemented through a contract with trusted community partners, the Family Resources Center Network of California. Over 1,200 people have been served in the last 9 months with over 44 Community-Based Navigators hired.

- **Language Access & Cultural Competency Program**. Statewide program with all regional centers creating comprehensive plans reflecting their data of language, ethnicity, and culture to better support language/cultural needs of individuals/families served.

- **Enhanced Service Coordination (Reduced Caseloads)**. Enhanced Service Coordination at a 1:40 service coordinator ratio for individuals in underserved communities with low or no POS. The reduced caseload is intended to improve service access and delivery for individuals in underserved and diverse communities, including non-white, non-English speaking, hearing impaired, and/or other populations preapproved by the Department. Regional centers have hired

service coordinators and added individuals to Enhanced Service Coordination caseloads. DDS will survey regional centers for caseload updates in mid-March, and questionnaires to measure changing knowledge and trust of the Regional Center system will launch in April 2023.

- **Restoration of Social Recreation and Camp Services.** The 2021 Budget Act restored a number of services that were suspended during the Great Recession, including: social recreation, camping, educational services for children 3-17, and nonmedical therapies such as specialized recreation, art, dance, and music. DDS is tracking expenditures by both language and ethnicity. Currently, statewide utilization by ethnicity is as follows:
  - White: 34 percent
  - Hispanic/Latino: 28 percent
  - Asian: 20 percent
  - Black/African American: 5 percent
  - Other: 13 percent

- **Implicit Bias Training.** This initiative is intended to raise awareness of unconscious biases to improve and develop the regional center workforce. The training provides strategies and tools used to disrupt these biases and helps to eliminate biases that contribute to decisions that favor or exclude others. In February 2023 the statewide contract was awarded to EquitiFy and is pending final approval.

- **Bilingual Differential**. This initiative funds a pay differential program for direct service professionals who can communicate with consumers in a language or medium other than English. The program is anticipated to begin in Spring of 2023.

- **Provisional Eligibility.** This policy provides children ages three and four with provisional Lanterman Act eligibility to start support of families early and at critical developmental ages.

- **Resources to Serve the Deaf Community**. This initiative focuses on developing trusted relationships within the deaf community. DDS established a Deaf Access Specialist at headquarters to provide statewide leadership and subject matter expertise, as well as 21 Deaf Access Specialists at the regional centers to increase local understanding, awareness and resources.

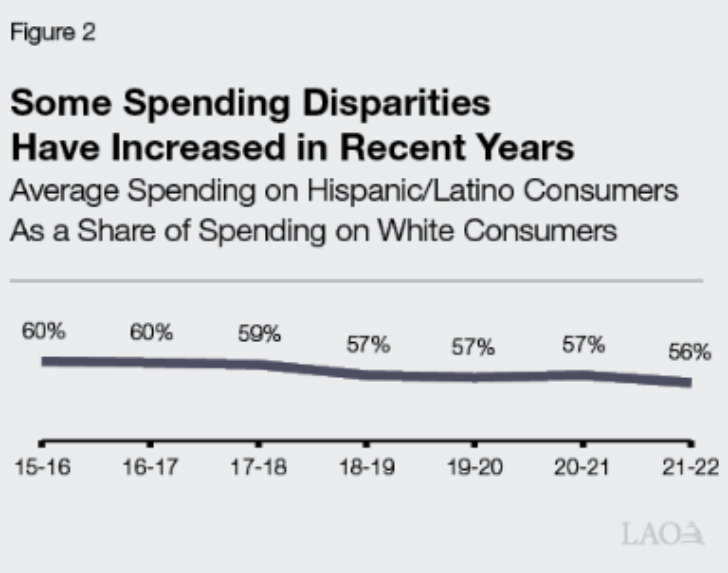
- **Coordinated Family Support Services.** This is a new service to support multigenerational homes with services beyond respite services. Many diverse communities care for loved ones in the family home and this initiative seeks equity in access to services. DDS issued guidance in January 2023 and regional centers are in the process of vendoring service providers.

- **Tribal Engagement**. DDS is collaborating with the California Tribal Families Coalition and three lead regional centers to increase awareness/education to support Native American families to access the Early Start program. It has also supported the first American Indian Disability Conference and engaged in listening sessions, training, and awareness meetings. DDS reports that this outreach has been overwhelmingly positive in fostering meaningful relationships with Tribal communities. Over 36 tribes have participated in outreach/learning/listening sessions.

DDS is also engaged in focus groups and workgroups that focus on engaging underserved communities to develop policies that are more responsive to the needs of families. This work includes monthly DDS African American focus groups centered on implicit bias and how communities of color experience intake and assessment, and monthly meetings with community-based organizations.

Fair Hearing Reform. The 2022 Budget Act created the Division of Community Assistance and Resolutions at DDS. This includes $4.4 million ($3.7 million General Fund) ongoing and 20 permanent positions to establish the new Division, including an interagency agreement with the Department of General Services, to partner on improvements to the state hearings process. This reform was in response to reports that individuals with IDD navigating the Regional Center appeals process found the appeal process (known as fair hearings) to be overly complex, opaque, and biased. This reform overhauled the fair hearing process to make it more friendly to individuals with IDD and their families and created an Office of the Ombudsperson within DDS to assist with accessing Regional Center services.

Spending Disparities by Race/Ethnicity Persist. According to the Legislative Analyst's Office, the available data suggest relatively little movement in terms of reducing spending disparities since equity grants were first introduced, and actually indicate a widening in the disparity in average spending per Hispanic/Latino individual served as a share of the average spending on white individuals:



Source: Legislative Analyst's Office

The Legislative Analyst's Office notes that the state lacks insight into the drivers of spending disparities. One potential reason the ongoing equity grants have not yet addressed spending disparities is that they are not guided by a clear understanding of why such disparities exist. Although the administration has pointed to some factors which explain a share of the overall disparities (most notably, that Latino/Hispanic individuals are more likely than white individuals to live with their parents and thus utilize fewer residential services, which are more costly), to date, no attempt has been made to document comprehensively the drivers of disparities and to quantify their likely effects. The Legislative Analyst's Office suggests the Legislature consider options for developing a study, which could be used as the basis for a more coordinated effort to address disparities.

Spending is one way to measure equity. Disparities in spending across race/ethnicity and other lines are one measure of whether individuals with IDD are receiving the services and supports that they are entitled to under the Lanterman Act. Significant disparities in spending, especially for Hispanic/Latino individuals and groups that are historically underserved, may indicate that these communities are not receiving the services and supports they are entitled to compared to white individuals.

Using spending as a metric reflects evaluating equity by using the data that is currently available. However, the core of the Lanterman Act is that individuals receive services and supports that are uniquely tailored to meet their individual needs and reflect their personal choices and preferences. The services and supports that an individual needs may vary widely depending on an individual's disability, stage of life, preferred living situation, and personal choices. As a result, the dollars spent on each individual's services, according to their IPP, may also vary widely. Thus, measuring equity solely in terms of dollars spent on groups does not provide comprehensive insight into whether individuals with IDD are receiving the full array of person-centered services and supports they are entitled to receive under the Lanterman Act. It also does not measure the quality of the services provided.

Spending disparities also largely indicate the symptoms of an inequitable structure, rather than the root causes of barriers that prevent individuals and families from accessing needed services from Regional Centers. As the Legislative Analyst's Office notes, the state still lacks insight into these root causes.

For example, one of the successful service access and equity programs highlighted by DDS is the "Genuine Animate Navigate Assist Succeed (GANAS)" project funded in 2020-21**.** DDS reports that **"**Padres con GANAS has decreased parents' anxiety levels when they advocate for their children. The program brought peace and clarity to many parents, as the target advocacy skills were developed."

Generic Resources. The Lanterman Act requires individuals and families to exhaust "generic resources" before Regional Centers will purchase a requested service. This means Regional Centers have to first find out if another state agency is already responsible for meeting a need before the Regional Center can pay, making the Regional Center the "payer of last resort." Some examples of generic resources include healthcare services provided by Medi-Cal, personal assistance through the In-Home Supportive Services (IHSS) program, which is also a Medi-Cal program, and special education services provided by the public school system. According to a recent report by Disability Rights California (DRC), "our current system places the onus almost entirely on the disabled person or their family to pursue and prove the unavailability of a requested service from a generic resource. DRC's clients of color consistently cite this bureaucratic process as one of their most significant barriers to accessing services."[7]

Further, existing law requires that before a Regional Center can pay for a service, the individual must not only show that they have been formally denied by a different agency, they must then appeal the denial. This was a cost-saving measure introduced during the Great Recession. According to the Association of Regional Center Agencies (ARCA), this appeal requirement "makes it harder to get services, so people – especially in underserved communities – give up, even though they need the service."[8]

[7] From Navigation to Transformation: Addressing Inequities in California's Regional Center System Through Community-Led Solutions, Disability Rights California, January 2023.
[8] Association of Regional Center Agencies

The current case management system does not have the ability to track generic resources, which makes it hard to know if individuals and families are receiving the services they need from other agencies. DDS is currently in the process of modernizing its case management IT system, which is discussed in Issue 10 of this agenda.

Differences across Regional Centers. A report recently published by Disability Voices United, "A Matter of Race and Place," outlines the ways in which geographic disparities, in addition to racial/ethnic disparities, can impact access to services for individuals with IDD.[9] This report notes that some Regional Centers spend more on services than other Regional Centers, regardless of race/ethnicity. Some findings from this report specific to geographical disparities include:

- Westside Regional Center borders Harbor Regional Center (Long Beach/South Bay) with similar demographics. Yet average spending on adults who are living at home is vastly different with a $16,710 gap between the two neighboring regional centers.

- The difference between the highest spending (Eastern Los Angeles Regional Center - $80,792) and the lowest spending (Inland Regional Center- $14,338) for adults in Supported Living Services is $66,454.

Stakeholders have also expressed concerns that the broad latitude Regional Centers have to make decisions about the services an individual receives affects equitable access to services. According to DRC, "At regional centers, service authorizations are determined through multiple layers of discretionary decision-making, creating many points where inconsistency and unintended bias can creep in. Identifying key decision-making factors or processes that should be standardized across regional centers could serve as a powerful counter. For example, people of color tell DRC that service coordinators often make assumptions about the availability of unpaid family caregiving for those living in multigenerational homes—assumptions that limit services for people who live with family members, who tend to be disproportionally of color and have lower incomes. Standardized rubrics that prompt a more comprehensive, nuanced review of family circumstances could help minimize such unintended consequences."[10]

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please summarize DDS's efforts to promote more equitable access to services and reduce disparities, including the Service Access and Equity grant program.

2. How are these efforts moving the needle on disparities and equitable access to services? What are the outcomes of these investments, and what have we learned is helping to improve access and services for underserved communities? What best practices has DDS identified for statewide use in increasing equitable access to services?

[9] A Matter of Race and Place: Racial and Geographic Disparities Within California's Regional Centers Serving Adults with Developmental Disabilities," Disability Voices United, October 2022.
[10] Disability Rights California.

3. Please describe the department's perspective on the root causes of inequity in the system, including the structural barriers that families may face when seeking the services they need from a Regional Center, such as issues with intake, assessment, and generic resources. Please also discuss how the department may address inconsistency in access to services across regional centers that may lead to inequity in the system.

Issue 6: Autism Services Branch

Budget Change Proposal – Governor's Budget. DDS requests $1 million ($826,000 General Fund) and six (6.0) permanent positions in 2023-24 and ongoing to establish an Autism Services Branch within the Office of Statewide Clinical Services to support the growing population of individuals with autism spectrum disorder eligible for regional center services.

Background. Under the Lanterman Act, DDS works to ensure that approximately 400,000 individuals with intellectual and developmental disabilities (IDD) receive the services and supports they need to lead more independent and productive lives in the community of their choice. DDS contracts with 21 non-profit organizations called regional centers (RCs) to identify and coordinate services to individuals with IDD in the community.

Autism Spectrum Disorder (ASD). Approximately 156,000 individuals eligible for Lanterman Act services have a diagnosis of ASD, and over the last ten years, RCs have experienced a 157 percent increase in caseloads of children and adults with ASD. While ASD represents 46 percent of the overall caseload, those with ASD make up the majority share (67 percent) of children and individuals ages 0-21. Since the establishment of the Regional Center system in 1969, intellectual disability has been the largest diagnosis among individuals served. Now, the DDS system is facing a remarkable and historic shift in the makeup of Californians with IDD, with ASD soon to be the majority share of individuals served. Some of the issues the Regional Center system faces in serving individuals with ASD include:

DDS notes that although ASD represents 46 percent of the DDS caseload, individuals with ASD represent approximately 60 percent of referrals made to the Stabilization Training Assistance Reintegration (STAR) homes and the Systemic, Therapeutic, Assessment, Resources and Treatment (START) preventative crisis programs statewide. DDS further notes that children with ASD are more likely to require mental health treatment, more likely to wander or leave unexpectedly, and face heightened risk of suicide.

Access to early intervention services improves developmental outcomes for children on the autism spectrum. Although clinical signs of ASD are evident within the first year of life and ASD can be reliably diagnosed at 14 months, DDS estimates that only around half of Lanterman-eligible children with ASD previously participated in Early Start services. Further, there is consistent evidence in the scientific literature for disparities in the age at diagnosis of ASD. For example, there are significant delays in diagnosis for African American children as well as girls on the autism spectrum. DDS has also identified disparities in RC spending on adults with ASD by race/ethnicity and language.

DDS Autism Services Specialist. DDS hired one Autism Services Specialist in 2018. The Autism Specialist is currently engaged in ASD research and data tracking, giving presentations and trainings, providing expertise on legislation and policy, responding to families and RCs on issues and inquiries related to ASD, and collaborating on DDS and CalHHS initiatives.

Staffing and Resource Request. This proposal includes $1 million ($826,000 General Fund) and six (6.0) permanent positions in 2023-24 and ongoing to establish an Autism Services Branch. The following positions would make up the proposed Autism Services Branch:

- Two (2.0) Staff Services Manager (SSM) II positions to provide leadership, supervision, and full management of branch projects and functions.

- One (1.0) Research Data Specialist (RDS) II position to support data analysis and tracking, ensure consistent and updated ASD reporting, and assist in the preparation of presentations and visuals.

- Two (2.0) Associate Governmental Program Analyst (AGPA) positions. One analyst will function as a family liaison, who will respond to incoming inquiries and requests for technical assistance, track trending concerns and issues, and assist with follow-up on individual cases requiring high levels of support. The second analyst will coordinate stakeholder meetings and materials related to ASD.

- One (1.0) Behavior Specialist (BS) II position. This position (a Board-Certified Behavior Analyst) will provide consultation related to behavioral supports and challenges for individuals with ASD and provide technical assistance to DDS staff, RCs, and providers. They will also help develop new and revised programs and policies, advise on activities related to DDS and California Health and Human Services Agency initiatives, support the development of resources and outreach materials, and develop and deliver trainings to internal staff and external partners.

Key Goals of the Autism Services Branch. DDS states that the creation of the Autism Services branch will enable DDS to improve outcomes and increase access to services for individuals with ASD. The requested staff will complete the following projects:

- Create a resource hub on the DDS website, which will house current and newly developed culturally and linguistically accessible ASD resources and updated DDS caseload reporting.

- Update the clinical guidelines for screening for and diagnosing ASD, which have not been updated since 2002. Develop current evidence-based direction for practitioners, including sections that address racial, ethnic, linguistic, and sex-based disparities. DDS will collaborate with clinicians and experts from the ARCA Psychology Collaborative (regional center clinicians) and the CA University Centers for Excellence in Developmental Disabilities (UCEDDs) on updating these guidelines.

- Recruit and convene an ASD stakeholder group.

- Develop and deliver outreach materials and trainings to DDS staff, RCs, community-based organizations, families, and system partners. This will create opportunities to increase early identification of children with ASD and increase the capacity of system partners to deliver evidence-based practices for supporting families and individuals.

- Respond to and track communications related to ASD. Improve capacity to respond to families and individuals regarding their rights and available supports.

- Track and report on current data and caseload characteristics.

- Engage in cross-department collaboration opportunities to raise awareness of issues related to autism. For example, collaborating with the California Department of Public Health Injury and Violence Prevention branch to reduce risk of suicidality in youth with ASD.

DDS states that these activities will improve insight into the needs of families impacted by ASD, enabling the proposed branch to make recommendations for improved supports.

Subcommittee Staff Comment and Recommendation – Hold Open.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal, including how the department will engage with individuals with Autism in the development of this branch.

2. How will DDS determine evidence-based practices for supporting families and individuals with Autism?

3. How will DDS know that the work of the Autism Services Branch is successful? How will the development of this branch affect the experience of individuals with Autism and their families in the Regional Center system?

Issue 7: Disparities within the Developmental Services System (AB 1957)

Budget Change Proposal – Governor's Budget. DDS requests $2.7 million ($1.8 million General Fund) annually through fiscal year 2025-26 and three permanent positions and $450,000 ($360,000 General Fund) ongoing to address the requirements of Chapter 314, Statutes of 2022 (AB 1957). The statutory changes require specified public reporting on Individual Program Plans and purchase of services (POS) for individuals with IDD.

Trailer Bill Language – Governor's Budget. DDS also requests trailer bill language to specify that certain POS data Regional Centers are required to report must be deidentified in accordance with the Health Insurance Portability Accountability Act (HIPAA).

Background. Chapter 25, Statutes of 2012 (AB 1472) required DDS and the Regional Center to annually collaborate to compile specified data relating to POS authorization, utilization, and expenditure by each Regional Center among other requirements. The purpose of this data reporting is to provide insight into disparities in Regional Center spending, referred to as the purchase of services (POS), across race/ethnicity and other categories. Data shows that individuals from communities of color receive fewer Regional Center services and receive lower than average POS, compared to their white counterparts. The data DDS and Regional Centers are required to annually compile and report include POS data broken down by:

- Age
- Race/ethnicity
- Language
- Disability
- Residence type
- Number of untimely translations of an Individual Program Plan (IPP) in a non-threshold language

AB 1957 (Wilson) Chapter 314, Statutes of 2022. In order to provide greater insight into spending disparities across the Regional Center system, AB 1957 added additional data points to the set of data that DDS and Regional Centers must report. This additional data mostly relates to services that were cut during the pandemic and recently restored, including social recreation, camping, educational services, and nonmedical therapies such as art, dance, and music. This bill also added untimely translations of an IPP in a threshold language to be included in the set of data.

Staffing and Resource Request. DDS requests additional data and administrative resources to support the development, validation, and updating of existing services classifications to compile and report the additional data included in AB 1957. The requested staff resources include:

- **DDS Staffing and Resources.** DDS requests $450,000 ($360,000 General Fund) and three permanent positions at DDS. These positions include: Research Data Specialist I, Research Data Analyst II, and Associate Governmental Program Analyst. These staff will create, validate, monitor, and maintain the new data sources required to meet reporting requirements.

- **Regional Center Staffing and Resources.** DDS requests $2.2 million ($1.4 million General Fund) annually through 2025-26, equivalent to half a position at each Regional Center, to support the data efforts.

Trailer Bill Language. DDS proposes trailer bill language to specify that data reported pursuant to the Welfare and Institutions Code (WIC) 4519.5, inclusive of the additional data added under AB 1957, must be deidentified in accordance with HIPPA.

Stakeholder Concerns. Stakeholders have expressed concerns that the proposed trailer bill language amounts to more than technical clean up and could negatively affect public insight into racial inequities in the developmental services system. If DDS takes a more aggressive approach to data masking than current practice (namely to suppress numerical counts of categories that contain fewer than 11 individuals), stakeholders worry that the resulting loss of detail could make distinct racial and ethnic groups less visible in reported data, particularly in more rural areas and for smaller ethnic communities that are already more isolated and marginalized.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that DDS must ensure publicly available data is properly deidentified in accordance with HIPPA in order to protect the privacy of individuals served by Regional Centers, while also implementing the intent of this legislation, which is to provide insight into spending disparities across Regional Centers, including among marginalized communities which may be small in number.

While the set of data Regional Centers must collect and report under WIC 4519.5 includes several data sets that are broken down by multiple factors, DDS does not currently aggregate this data with the same level of specificity. Compiling some or all of the data under WIC 4519.5 on a statewide level may be one way to provide greater insight into spending disparities while protecting privacy.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal.

2. The intent of WIC 4519.5 is to provide relevant data to inform local stakeholder meetings regarding the provision of developmental services to underserved communities. How will DDS work with stakeholders to strike an appropriate balance between protecting privacy and ensuring adequate data is available?

Issue 8: Enhancements to Risk Management Data Collection and Tracking

Budget Change Proposal – Governor's Budget. DDS requests $839,000 ($671,000 General Fund) in 2023-24 and ongoing and six (6.0) positions to enhance data collection, review, tracking, oversight, and response to special incident reports, high-risk incidents, and trends. The positions also will provide training and technical assistance to regional centers in their oversight and review of special incident data.

Background. Pursuant to the federal Home and Community-Based Services (HCBS) Waiver and Title 17 of California Code of Regulations, DDS' risk management system includes a special incident reporting system whereby regional center vendors and long-term health care facilities are required to report critical incidents (known as special incident reports or SIRs) involving individuals served. Reportable SIRs include alleged abuse, neglect, serious injury, unplanned hospitalization, missing persons, criminal victimization and death.

Qualified providers are required to report a SIR to an individuals's regional center within 24 hours after learning of the incident occurrence. Regional centers, in turn, submit reports to DDS within two working days following initial receipt of the incident report or within two working days of learning of the incident. DDS conducts daily reviews of the critical incident reports from regional centers to confirm proper notification and appropriate follow-up activities are occurring. DDS also tracks and trends SIR data for risk mitigation and system improvement opportunities.

A 2019 Office of the U.S. Inspector General (OIG) report recommended that DDS improve oversight and response to reported critical incidents, enhance the linkages of various data sources for more in-depth analysis, and provide understandable data visualizations for DDS, regional centers, and stakeholders to identify areas of risk and performance improvement and measure the impact of program enhancements on outcomes. Specifically, the OIG's recommendations include:

- Ensuring all incidents are reported, including training about which incidents to report.
- Ensuring timely reporting of incidents.
- Additional analytical procedures to ensure reporting and follow-up activities.
- Improve oversight of timeliness and follow-up requirements.
- Ensure review of deaths by a mortality review committee, as appropriate.

In order to address the OIG's recommendations, DDS has implemented a number of changes, including:

- DDS developed interactive dashboard displays of SIR timeliness reports and documentation of timely follow-up, including notification of appropriate protective/investigative agencies for incidents involving alleged abuse, neglect or exploitation. These dashboard displays facilitate review of 12 months of data and data trends, including by vendor entity and critical incident type. These dashboards are shared monthly with the regional centers to assist in their analysis of vendor and regional center performance.

- Regional center staff were trained in how to use the dashboards at the Department's Risk Management Symposium held in late October 2022. The dashboards allow regional centers to identify trends amongst vendors and service types (such as nursing facilities or group homes) to

direct follow up efforts and monitor remediation. DDS reviews aggregate data in the dashboards to monitor regional center performance and identify areas for additional technical assistance or support.

- In March 2021, DDS implemented a process of utilizing Medi-Cal claims to identify potential critical incidents that have not been reported and. In Fall 2022, DDS implemented a shared communication platform with each regional center to improve timely communication and follow-up on claims. DDS reviews aggregate data pertaining to the Medi-Cal claims process including number of claims pending review by each regional center and what percentage of the claims required the subsequent submission of a SIR. Since DDS initiated the Medi-Cal claims review process, only 8 percent of the claims reviewed warranted a SIR, down from 15 percent at the beginning of the review process.

- DDS is looking at revisions to regulations pertaining to special incident reporting to address ongoing reporting barriers.

Roughly 625 special incident reports are received each week, totaling just over 32,500 for calendar year 2021 (12,100 COVID-related and 20,500 non-COVID-related).

Staffing and Resource Request. This Special Incident Review (SIR) Unit within DDS' Office of Risk Management (ORM) will expand DDS' role in responding to special incident trends and high-risk incidents and in providing training and technical assistance to regional centers in their oversight and review of special incident report data. This unit will manage implementation of revisions to Title 17 requirements and coordinate training of RCs and vendor staff on new SIR requirements. This unit will also coordinate production of short videos on risk mitigation and wellness topics.

According to DDS, Additional resources for the ORM will facilitate implementation of necessary data collection and analysis enhancements to meet emerging risk mitigation priorities, including those required in response to findings by the 2019 OIG report. Priorities include rapidly identifying and responding to critical events, providing enhanced oversight and technical assistance to regional centers on their response, and ensuring swift application and monitoring of prevention measures or corrective actions.

DDS support will also include assistance to regional centers on critical thinking when reviewing high risk SIRs and then work with vendors to improve procedures and practices to reduce the incidences of similar events. For example, when a vendor has a pattern of medication errors, rather than defaulting to "retraining of staff," DDS will work with the regional center and vendor to investigate other contributing factors, such as short staffing or a chaotic medication dispensing environment, and then develop tailored corrective action to mitigate that contributing cause.

This SIR Review Unit will conduct further data analysis following critical incidents to identify possible trends, either with the service provider or the individual served, and then develop targeted risk mitigation activities. This unit will also provide linkages between critical incidents and corrective action plan or sanctions issued to service providers by regional centers and/or other oversight entities, such as the Department of Social Services' Division of Community Care Licensing. DDS states that these activities support a paradigm shift from considering SIRs as merely documenting errors to using SIRs to identify trends and areas for corrective action prompting risk mitigation and incident reduction.

The positions requested for the SIR Review Unit include:

- One Staff Services Manager I to coordinate risk management program and oversee risk mitigation of special incidents alongside other DDS divisions and outside entities, and oversee data analysis to identify risk trends, high-impact single incident reports, and data reporting tools and methodology.

- Four Associate Governmental Program Analysts to collect, review, analyze, and conduct follow-up of special incident reports and recommendations.

- One office technician to provide administrative support to the Unit.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes that current law requires DDS to provide an annual report regarding special incidents involving individuals with IDD served by Regional Centers. Despite DDS efforts to implement the OIG recommendations to improve reporting of special incidents, the latest annual report available is from 2018-19.

Questions. The Subcommittee has requested DDS respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the findings and recommendations of the 2019 OIG report and DDS's progress in implementing these recommendations. What patterns of noncompliance in reporting SIRs has DDS discovered? How has DDS provided vendor-specific technical assistance related to SIRs?

Issue 9: Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning

Budget Change Proposal – Governor's Budget. The Department of Developmental Services (DDS) requests $12.7 million ($12.2 million General Fund) including one-year limited-term resources equivalent to 17 departmental positions and two positions per regional center in 2023-24 to support continued planning efforts for the Uniform Fiscal System Modernization (UFSM) and Consumer Electronic Records Management System (CERMS) projects. The requested resources will allow DDS to move through the state's required California Department of Technology (CDT) Project Approval Lifecycle Stages 2 and 3 processes.

Background. Individuals who apply for services at Regional Centers (RCs) are evaluated for eligibility and supported during the development of their Individual Program Plan (IPP) to determine the necessary services for achieving their personal goals. The RCs are responsible for providing an array of services including outreach, intake, diagnosis/assessment, preventative services, placement, individual program planning, advocacy, monitoring/evaluation, case management, and other services as required to achieve objectives in the IPP. A primary function of RCs is the purchase of services for individuals served from approved service providers or other publicly funded agencies. These activities are currently supported by a variety of outdated information systems.

The 2021 Budget Act included initial planning funds to support information technology modernization projects from California's Home and Community-Based Services (HCBS) Spending Plan.

Uniform Fiscal System Modernization (UFSM). Current law requires RCs to use a uniform accounting system to ensure continuity and standardization of accounting processes. In 1984, UFS was implemented at each RC. UFS is a complex legacy accounting system that has been modified to meet RCs' business needs. UFS interfaces with each RC's case management system to coordinate service authorizations with invoices and payments. Data from each RC is transmitted monthly to DDS for program monitoring, legislative reporting, and federal reimbursement billing.

Problems with UFS. According to DDS, the legacy system is unable to accommodate the changing RC needs, including increasingly varied populations, multiple service delivery models, new program regulations, and additional program monitoring requirements. Without modernizing UFS, the state risks being out of compliance with program regulations and laws that could negatively impact federal reimbursements. Additionally, RCs will continue to struggle with technology that is difficult to modify; workflows that require time-consuming processes; and insufficient system security and accounting controls to adequately safeguard sensitive consumer information.

The Uniform Fiscal System Modernization (UFSM) project will replace the current regional center financial system with a modern, unified solution that is user-friendly and more easily configurable to meet program needs.

Current Electronic Case Management System (CERMS). San Diego Regional Center created a case management system called SANDIS in the late 1980s using the platform for UFS. Over time, this became the solution that all RCs use to collect and submit monthly data to DDS. As RCs identified additional case management needs, several RCs developed their own case management systems; however, all RCs are required to submit specified data through SANDIS. SANDIS is managed as independent system

environments that do not interface or allow for centralized core business rule management and integration of case management data across all RCs. Moreover, many RCs have now implemented replacement systems for SANDIS and only use SANDIS for their monthly reporting to the state. This results in disparate data sources, poor data integrity, and non-standard data, which is difficult to aggregate or utilize for program and monitoring activities.

Problems with CERMS. The existing case management systems are disparate, making it difficult to collect, aggregate, and utilize data for effective program and outcomes-based monitoring. The systems contain varied and limited data controls, which negatively impacts data quality and integrity. The RCs have difficulty transferring information when individuals move to a new RC, disrupting the continuity of services. Information is currently shared via mail or e-mail, which increases the possibility of data security breaches. Occasionally, communication does not happen at all, impacting continuity and access to services. According to DDS, issues with CERMS have led to:

- Inaccurate program participation data.
- Delayed updates of consumer residential status. This is critical information when there are emergency situations including rolling blackouts, fires, or collecting COVID-19 pandemic related data.
- Delayed reporting on equity of services such as by race and ethnicity.
- Limited insight into services that are authorized.
- Limited ability for trend analysis.
- Inability to tie progress notes to special incident reports.
- Delayed enrollment in the waiver program.
- Independent efforts outside the system to collect information for specific needs, without standardized data or security controls.

The Consumer Electronic Records Management System (CERMS) is a replacement for the existing regional center case management systems as well as a reimagining of what is needed to better support individuals and families, regional center employees, service vendors, and DDS.

Modernization of UFS and CERMS. The UFS project Stage 1 was approved on September 27, 2019, and the CERMS project Stage 1 was approved October 6, 2021. Both projects are currently proceeding through early Stage 2 Alternatives Analysis. Funding for project development currently comes from the state's HCBS Spending Plan.

The table below, provided by DDS, defines how the HCBS Spending Plan funding will be used through 2022-23. The staffing costs include two (2.0) full-time project managers, two (2.0) full-time business analysts, and one (1.0) full-time technical architect from the Information Technology Division. In addition, there is one (1.0) full-time Staff Services Manager I and one (1.0) Associate Governmental Program Analyst from the Federal Programs Division. Funding has also been included to assist the RCs with the additional workload support, consulting services to assist with the PAL process, Organizational Change Management (OCM), Data Management services to evaluate and support data cleanup and a requirements management tool to ensure traceability for project requirements.

Project Planning Funding - Home and Community-Based Services (HCBS) Spending Plan

(Dollars in thousands)

	FY 2021-22	FY 2022-23	ARPA Total
Staff & OE&E	$497	$1,104	$1,601
PAL Manager	$42	$168	$210
RC Support	$210	$1,791	$2,001
CDT STP	-	$60	$60
PM/BA Contract	$10	$854	$864
OCM	-	$500	$500
Data Management Services	-	$1,250	$1,250
Requirements Mgmt. Tool	-	$1,014	$1,014
		Total	**$ 7,500**

Staffing and Resource Request. The proposed resources will allow DDS to continue the PAL activities to assist in requirements gathering, market research, data analysis, data cleanup, and organizational change management. DDS determined the number of requested positions based on CDT's project management best practices and recommendations from Office of Systems Integration (OSI). In addition, DDS requests $200,000 per month for RC staff participation in the projects during planning.

UFS Modernization and CERMS Resource Request

UFS Modernization	Count	Classification	Division
Project Manager	1.0	ITS I	ITD
Business Analyst	1.0	ITS II	ITD
Enterprise Architect	0.5	ITS II	ITD
Contract Manager	0.5	ITS I	ITD
OCM Lead	0.5	ITA	ITD
Software Engineer	1.0	ITS I	ITD
Program Manager	1.0	SSM I	FPD
Program Staff	0.5	AGPA	FPD
Program Staff	0.5	CPS IV	CSD
Program Staff	1.0	CPS III	CSD
Program Manager	0.5	RDS II	DAS
Program Staff	1.0	RDS I	DAS
Total Positions	**9.0**		
CERMS			
Project Manager	1.0	ITS I	ITD
Business Analyst	1.0	ITS II	ITD
Enterprise Architect	0.5	ITS II	ITD
Contract Manager	0.5	ITS I	ITD
OCM Lead	0.5	ITA	ITD
Program Manager	1.0	SSM I	FPD
Program Staff	0.5	AGPA	FPD
Program Staff	0.5	CPS IV	CSD
Program Staff	1.0	CPS III	CSD
Program Manager	0.5	RDS II	DAS
Program Staff	1.0	RDS I	DAS
Total Positions	**8.0**		

In addition, DDS requests an average of two positions for each RC to support the project. These positions will focus on data analysis and clean up. This request also includes $300,000 for DDS Administrative Subject Matter Expert support:

Regional Center			
Data Analysis	21	RDS II	1 staff for each RC
Data Analysis	21	RDS I	1 staff for each RC
Total Positions	**42**		
Position Funding			
Subject Matter Expert (DDS SME)	$300,000	$150,000 per project.	Administrative Division
Subject Matter Expert (Regional Center SMEs)	$4,200,000	$200,000 per year per RC	Reimbursement for participation by staff

Scope and Vision of Projects. In developing a replacement to the current legacy systems for both UFSM and CERMS, DDS has identified the scope and vision of each project as follows:

UFSM Vision. Develop a user friendly, scalable, secure system that improves critical fiscal accounting processes and analytics for DDS, regional centers, service providers, and consumers.

UFSM Scope:

- Implement a new, centralized fiscal management system that can be fully integrated with CERMS and regional center mission-critical third party applications.

- Implement a new billing module that allows service providers and regional centers to streamline invoicing and payment, in a standard data format.

CERMS Vision. DDS will supplant the existing 21 disparate regional center case management systems with a single statewide system, increasing efficiencies and collaboration between regional centers, the state, service providers and individuals served. The system will increase capabilities through automation, enhanced reporting, and provide access to information by individuals and providers to improve equity, cultural sensitivity, and person-centered processes.

CERMS Scope:

- A system that aligns to CalHHS strategic goals for meaningful access to healthcare in a modernized platform capable to meet expanding needs. The system also aligns to accountability goals by standardizing many processes and data points, converging all regional center data into a centralized and unified format.

- The system will improve the lives of individuals served by providing direct access to their case records and allowing submission of electronic documentation. This includes providing maintenance options for personal data (such as address, phone number, and language preference); multiple access points (cell phone, tablet, computer, interactive voice response, in-person office visits); notifications for appointments; and streamlining provider recertification and individual re-enrollment. By standardizing how data is collected, it will also support trend analysis against established benchmarks and improvement targets.

- Support case management for services supported by regional centers and DDS. Reduce redundancies of collecting data in multiple applications and reducing errors.

Stakeholder Involvement. DDS Stakeholder involvement to date includes:

- Incorporating regional centers, the Association of Regional Center Agencies (ARCA), and DDS staff in development of current process flows and narratives, as well as creation of future requirements and potential process flows.

- The project teams have been working with both CalHHS Agency and the California Department of Technology in the procurement process.

According to DDS, The project will also reach out to provider agencies, individuals served, and advocacy groups to solicit feedback and ideas on access capabilities. Once the project moves to implementation, stakeholders will also assist the project during user acceptance testing.

Timeline for Implementing Modernization. According to project planning information provided by DDS, the updated systems may be ready by 2026; however, project development timelines are preliminary and subject to change depending on the PAL process.

Subcommittee Staff Comment and Recommendation – Hold Open.

Staff notes as DDS reimagines its case management system, input from the individuals and families who will be most affected by these changes will be critical. While DDS has indicated plans to reach out to individuals served, advocacy groups, and service providers, it may be important that stakeholder input is included in the early stages of project planning before it is too late to make significant changes.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the core features and improvements of the UFS and CERMS modernization.

3. Will CERMS include the ability to track referrals and utilizations of generic resources?

4. DDS has implemented several initiatives to move to an outcomes-based system. Will the new case management system be able to track individual outcomes?

Issue 10: Protective Proceedings (AB 1663)

Governor's Budget – Budget Change Proposal. DDS requests $1.5 million ($1.2 million General Fund) in 2023-24 and 2024-25 and six (6.0) permanent positions, and $1.2 million ($1.0 million General Fund) beginning in 2025-26 and ongoing, to address the requirements of Chapter 894, Statutes of 2022 (AB 1663), which revises various procedures in the conservatorship process.

Background. DDS oversees the coordination and delivery of services for approximately 400,000 individuals with intellectual and developmental disabilities (IDD). Services and supports are purchased on behalf of individuals through a statewide network of 21 community-based, non-profit regional centers responsible for the development, purchase, and coordination of services for individuals with IDD.

Approximately 57,000 individuals in the DDS system are conserved by a family member, friend, fiduciary, or other individual. The Director of DDS currently serves as the limited conservator for approximately 400 individuals.

Conservatorships are established when an adult lacks the capacity to make medical, financial, or life decisions for themselves. Under limited conservatorships, only seven powers can be sought, whereas general conservatorships grant a wide variety of powers. Limited conservatorships are meant to maintain as much independence and autonomy as possible for conservatees. Establishing a conservatorship usually requires an examination by a doctor, a petition filed with a court, an investigation by the court, and a ruling that all legal requirements have been met before a court would order someone's rights to be restricted.

Under current law, an interested party can nominate the DDS Director as the conservator of an individual who is receiving services from a regional center. The interested parties may vary, but nominations typically are made by regional centers, the courts, Adult Protective Services, County Counsel offices, court appointed attorneys, law enforcement, and public guardian's offices when a person's health, safety, or wellbeing is at risk. Frequently, DDS will be notified by the regional center or Adult Protective Services that a consumer is currently being subject to physical abuse or neglect. In those instances, DDS may petition for a temporary conservatorship to prevent such abuse and remove the consumer from imminent harm or abuse.

DDS established a full-time Conservatorship Liaison (Community Program Specialist III) position in January 2021 in the Community Services Division. This provided DDS with a dedicated resource to provide independent oversight and coordination of activities related to conservatorship responsibilities for the Director.

The Office of Legal Affairs (OLA) handles conservatorship cases and advises the Director and Executive staff on all legal issues. In recent years, the OLA has handled an average of 25 conservatorship nominations per year.

AB 1663 (Maienschein, 2022). AB 1663 establishes a supported decision-making process for adults with disabilities and authorizes an adult with a disability to have present one or more adults, including supporters, in any meeting or communication. AB 1663 sets forth the duties of supporters and specifies the elements of a written supported decision-making agreement, if one is used. Among other provisions, this legislation also prohibits a regional center from acting as a conservator but permits a regional center

to act as a designee of the Director of DDS. The Director is required to develop guidelines to mitigate conflicts that may arise when a regional center is acting as designee while at the same time providing service coordination activities to the conservatees.

Under AB 1663, regional centers are prohibited from seeking their own conservatorship petitions after January 1, 2023. With this change to statute, OLA anticipates receiving an increased number of nominations for temporary and permanent limited conservatorships. Currently, there are approximately 105 cases where a regional center is the conservator. Therefore, DDS anticipates a workload increase in new nominations and an increase in regional center collaboration with DDS, including DDS seeking regional center input to consider termination of conservatorship cases and collaborating on oversight of active conservatorship cases. Beginning in January 2023, OLA will temporarily handle these legal matters with existing resources. Each of these nominations will lead to an increase in the number of court appearances by attorneys.

Additionally, AB 1663 allows for at least one annual termination hearing to occur on every conservatorship case. These hearings will be done at the conservatee's request or by order of the court. If 10 percent of DDS' 400 conservatees request a termination hearing each year, that would be an additional 40 evidentiary hearings per year. Courts will also be required to conduct evaluations of each conservatorship six months after appointment, one year after appointment, and annually thereafter. Previously, courts reviewed conservatorship cases every two years. An increase in court reviews results in a corresponding increase in the number of court hearings.

Staffing and Resource Request. DDS requests the following resources to implement AB 1663:

- **Community Program Specialists.** Two (2.0) permanent Community Program Specialists IIIs (CPS III) and two-year limited-term resources equivalent to 2.0 additional CPS IIIs will provide oversight and coordination of activities related to conservatorship responsibilities of the Director for more than 400 individuals with IDD. The requested staff will support oversight activities including increased in-person visits with conservatees and the tracking and follow-up on information provided by regional centers during required monthly updates. These specialists will:

    - Function as DDS liaisons with regional centers, conservatees' families, court investigators, and advocates regarding conservatees.

    - Establish and implement improvements in monitoring, data collection, and reporting systems for continued health, safety, and well-being of conservatees.

    - Create and maintain a database for existing, new, and discharged conservatees.

    - Communicate and collaborate with the Office of Legal Affairs (OLA) and take actions on to properly assess and meet the needs of conservatees regarding residential placement, health, safety, and management of financial resources.

- **Office of Legal Affairs (OLA).** Increased positions in OLA include:

- 1.0 Attorney IV to act as subject matter expert in conservatorships; be available to educate judicial stakeholders, DDS executive staff, regional center staff and other stakeholders on the law and recent statutory changes; and handle high-profile conservatorship cases, including termination cases, or high-impact litigation in this area.

- 1.0 Attorney III to make court appearances, provide advice on conservatorship nominations, and perform other functions related to filing a petition and subsequent oversight, monitoring, and statutory compliance.

- 1.0 Legal Analyst to assist the attorneys in hearing preparation.

- **Office of Statewide Clinical Services.** DDS requests 1.0 Psychologist to provide a clinical review of nominations for conservatorship and termination requests.

Projected Outcomes. The following table, provided by DDS, summarizes the projected outcomes of these resources:

Projected Outcomes

2022-23	2023-24 and ongoing
• Starting October 2022, review and process monthly reporting on conservatees from RCs • Starting December 2022, provide trainings on person-centered comprehensive assessments. • Starting January 2023 collect, review and follow-up on comprehensive assessments. • Beginning July 1, 2023, increased nominations and petitions filed for limited conservatorship by DDS.	• Beginning July 1, 2023, increased appearances for conservatorship termination petitions throughout the state. • Increased communication with RCs on conservatee status. • Increased visits with conservatees • Increased nomination and petitions filed for limited conservatorship by DDS. • Increased court appearances related to conservatorship termination petitions. • Collection, review and follow-up on completed person-centered comprehensive assessments for each conservatee.

National Expert Panel Review of DDS Conservatorship Process. In August 2022, DDS convened a national panel in partnership with the National Association of State Directors of Developmental Disabilities Services. The panel included experts in health care, advocacy for individuals with disabilities, law, equity and inclusion, and conservatorships. The panel was charged with undertaking a comprehensive review of all aspects of DDS' role in conservatorships, and with identifying ways for DDS to improve its oversight and ensure all those in DDS conservatorships are protected and supported as fully as possible.

The panel recommends that DDS:

- Develop a uniform, state-wide approach to providing information and training about conservatorships and alternatives to conservatorship.

- Develop written guidelines for how it arrives at its initial determination that a conservatorship is appropriate and for an annual conservatorship review.

- Provide additional support to conservatees by arranging for an independent advocate to meet with each DDS conservatee.

- Develop written standard conservatorship guidelines for use by all 21 regional centers.

- Provide annual training to regional centers about conservatorships and alternatives to conservatorships. Continue and expand current monitoring of all conservatees including automatic notification of licensing violations.

- Enhance data systems to monitor and analyze conservatorship trends.

- Develop system improvements for individuals who are not conserved by DDS, with a focus on the significant increase in transition-aged youth who are conserved.[11]

When DDS convened the national expert panel in August 2022, DDS also initiated several immediate improvements including enhanced reviews of each conservatee, increasing reporting requirements for regional centers, and a person-centered, comprehensive assessment for each individual conserved by DDS.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

2. What are the department's plans to implement the recommendations of the expert panel on conservatorships, now that this panel has released its report? How will the findings of this expert panel inform the department's implementation of AB 1663 and shape DDS's role as a conservator moving forward?

[11] Expert Panel: Review of DDS Conservatorship Report, March 2023: https://www.dds.ca.gov/wp-content/uploads/2023/03/ExpertPanelFinalReportMarch2023.pdf

Issue 11: Adjusting Rate Models to Reflect Increases in the Minimum Wage

Governor's Budget – Trailer Bill Language. DDS requests trailer bill language to adjust DDS rate models to reflect increases to the minimum wage.

Background. Pursuant to Welfare and Institutions Code (WIC) Section 4519.10, DDS is phasing in implementation of rate models proposed in the 2019 Rate Study submitted to the Legislature. The rate models contain assumed costs, including employee wages, for a variety of components related to providing services. Currently, the rate models assume the minimum wage in California is $15.00 per hour. Existing statute allows for provider rate increases to the extent necessary to bring employee pay into compliance with any increase in the California minimum wage.

Proposed Trailer Bill Language. This proposed trailer bill would allow for updates to all applicable rate models, and therefore provider rates, when the California minimum wage increases.

Although current statute allows for rate adjustments if necessary to bring employee pay in compliance with the new minimum wage, not all providers have received rate adjustments because their employee wages were already above the new California minimum wage. Currently, these adjustments are processed by the Department and regional centers based on information submitted by each provider. This is an administratively intensive process for all involved.

As the rate study is implemented there will be more transparency and consistency in service rates. Unlike today, providers of the same service in the same location will have the same rate. This proposed trailer bill maintains that consistency by adjusting the rate models, and therefore uniformly adjusting provider rates, when the California minimum wage increases.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

Issue 12: Information Security Office Support

Governor's Budget – Budget Change Proposal. DDS requests $895,000 ($716,000 General Fund) and five (5.0) permanent positions to support federal and state information technology risk and compliance requirements and the maintenance and operation of the Department's security system infrastructure to support the increasingly complex technology and data needs of Department programs.

Background. In August 2015, the California State Auditor identified several high-risk areas impacting the state and the California Department Technology (CDT) launched several initiatives to begin documenting and formalizing the management of information security risks at the departmental level. As a result, the DDS ISO is responsible for the regular submission of a growing number of administrative tasks tied to mandated compliance standards. This is in addition to work already required to administer the constant flow of security events that require research, response, reporting, and remediation from DDS facilities and the events being reported out of DDS's regional center (RC) system to remain in compliance with federal regulations.

In 2021, the Governor's Office announced a roadmap for the state's mandated baseline of minimum cybersecurity capabilities called Cal-Secure. In response, the Budget Act of 2022 provided four additional positions for DDS to meet the risk and compliance and network security requirements and maintain DDS's information technology infrastructure.

Staffing and Resource Request. DDS requests five permanent positions to conduct the following activities:

- **Vulnerability/Configuration Management:** 1.0 Information Technology Supervisor II and 2.0 Information Technology Specialists I. Staff resources will remediate vulnerabilities which impact the ISO's capacity to effectively maintain low-risk configurations of on state equipment.

- **Identity and Access Management:** 1.0 Information Technology Specialist I. The requested position will perform the maintenance and operations tasks associated with asset management, and actively monitor Network Access Control to identify and ensure every connected device is compliant to prevent rogue or compromised endpoints from accessing the network.

- **Data Loss Prevention:** 1.0 Information Technology Specialist I. This position will develop and manage data loss prevention strategies and initiatives to minimize risk of data loss and to promote data visibility, assess and identify risk, and oversee the management and implementation of data loss prevention technologies and processes, among other responsibilities.

Subcommittee Staff Recommendation – Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal.

Issue 13: Home and Community-Based Services (HCBS) American Rescue Plan Act (ARPA)

Background. As a part of the 2021 Budget Act, the state was required to submit a package of home- and community-based services (HCBS) enhancements—known as the HCBS spending plan—to the federal government as a condition of drawing down additional federal funds resulting from a temporary 10 percentage point increase to the federal Medicaid match rate. California's plan included $3 billion in HCBS enhancements (which matched by an additional $1.6 billion in standard Medicaid funds, totaling $4.6 billion). The 2021 Budget Act included control section language that allows the administration to allocate and expend funds to implement the HCBS enhancements through the annual budget process or written midyear notifications to the Legislature. The Department of Health Care Services (DHCS) is the lead state agency on the plan, which spans 26 initiatives across six departments under the California Health and Human Services Agency. This issue is limited to the HCBS-funded programs administered by DDS.

DDS Programs under the HCBS Spending Plan. The HCBS Spending Plan includes six DDS programs. The table below shows the funding allocated pursuant to the HCBS Spending plan for each item, and the total funds spent per the latest update from the Department of Finance. This data reflects actual expenditures as of September 2022; therefore it is like an underestimate of actual expenditures to date.

DDS HCBS Program	Total HCBS Funding	Actual Expenditures (September 2022)
Social Recreation and camping	$121.1 million	$26.5 million
Language Access and Cultural Competency	$48.5 million	$29.1 million
Rate Study Implementation	$1.5 billion	$142.5 million
Modernize Regional Center IT Systems	$7.5 million	$987,880
Coordinated Family Supports	$41.7 million	$0
Enhanced Community Integrations for Children and Adults	$12.5 million	$0

- **Social recreation and camping ($121.1 million).** This program funds Regional Centers purchase of services for a number of services that were suspended during the Great Recession and restored in 2021: social recreation, camping, educational services for children 3-17, and nonmedical therapies such as specialized recreation, art, dance and music.

- **Language access and cultural competency ($48.5 million).** This program funds language access and cultural competency orientations and translations for individuals served by Regional Centers and their families, including: identification of vital documents for translation, regular and periodic language needs assessments to determine threshold languages, coordination and streamlining of interpretation and translation services, and implementation of quality control measures to ensure the quality of translations. Regional centers have started to submit claims for this initiative. All 21 regional centers have created comprehensive plans reflecting their data of languages, ethnicities and cultures to better support language/cultural needs of individuals/families served.

- **Rate study implementation ($1.5 billion).** This represents the vast majority of HCBS funding for DDS. The 2021 Budget Act began the phase-in of a major overhaul of DDS service provider rates, replacing an outdated rate structure with a new model based on a 2020 study. The 2022 Budget Act accelerated the implementation of the new rate model, moving the final phase of rate increases

to July 1, 2024. The expenditure data reflects the phase in of the rate models and all HCBS funds are expected to be exhausted by the end of the funding period.

- **Modernize Regional Center IT Systems ($7.5 million).** This investment supports the initial planning process to update the regional center Uniform Fiscal System (UFS) and implement a statewide Consumer Electronic Records Management System (CERMS). Currently the projects are in the alternatives analysis phase of the state's technology planning process, which includes market research, recommended solutions, and a procurement strategy. The remaining stages (which include procurement and vendor selection) will be funded through the traditional budget process. This project is described in detail in Issue 9 of this agenda.

- **Coordinated Family Supports ($41.7 million).** Coordinated Family Supports is a new service option being piloted that is designed for adults who are 18 years and older who choose to live in their family homes. Currently, adults living outside the family home have more coordinated supports than individuals living with their families. DDS data shows a higher percentage of adults who identify as non-white (75 percent) live with their family as compared to adults who are white (52 percent). To improve service equity for adults who live with their family, the pilot will improve individual supports at home and assist families in coordinating the receipt of multiple services.

  DDS issued guidance to regional centers on January 27, 2023, and regional centers are in the early stage of vendorizing providers. To date there are no purchase of service expenditures under this program. Based on a comprehensive outreach plan and feedback from the community, DDS anticipates a high level of interest in receiving this service.

- **Enhanced Community Integrations for Children and Adults ($12.5 million).** This is a grant program to fund projects that will enhance and develop integrated and inclusive social and recreational programs for children and adolescents with IDD in diverse communities. On March 1, 2023, DDS advised regional centers that 47 Social Recreation Grant projects were approved. This is the first of two rounds of approvals. The second round will be issued in mid-March. All awarded projects must begin on or before April 1, 2023, with funds projected to be expended by December 31, 2023. DDS is encouraging grantees to work with regional centers and become vendorized, which will sustain the social and recreational activities funded by the grant.

HCBS Spending Plan Timeline. The Governor's proposed 2023-24 budget assumes that all HCBS spending plan funding will be expended by March 2024, and California will not use the additional optional year allowed by the federal government to spend the enhanced federal funding. For all DDS programs, this means ending program expenditures by December 31, 2023.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Staff notes that the Department of Finance has indicated that all HCBS funding will be expended by December 31, 2023, and has opted not to extend the deadline for program expenditures, as the federal government allows. However, the aggressive timeline to complete HCBS expenditures, coupled with the expenditure trends included above, raises questions as to the Department's ability to spend down HCBS funding by December 31, 2023.

Service Provider rate reform, the largest single component of the HCBS Spending Plan, is being phased in and has a clear path for spending down available HCBS funding. On the other hand, Coordinated Family Supports was established in late January 2023; service providers are currently in the early stages of becoming vendors to receive this service, and no individual is currently receiving this service. It is unclear how DDS will spend $41.7 million on this service between now and December 2023.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a status update on DDS initiatives included in the HCBS Spending Plan.

2. How does DDS project that funding for Coordinated Family Supports will be spent by the December 31, 2023 deadline?

Issue 14: 2021 and 2022 Budget Investments

Background. The 2021 and 2022 Budget Acts included substantial investments in the developmental services system. A brief description of major investments in the 2021 Budget Act and the 2022 Budget Act is included below.

Investments in the 2021 Budget Act include:

- **Service Provider Rate Reform:** $146 million ($89.9 million General Fund) in 2021-22, growing to $2.1 billion ($1.2 billion General Fund) ongoing in 2025-26, for a phase-in of rate reform to achieve the rates in the 2019 DDS Rate Study, beginning April 1, 2022. Annual funding includes resources for the development and implementation of a quality incentive payment program focused on improving outcomes and service quality, which is described in Issue 1 of this agenda. The 2022 Budget Act accelerated the implementation of rate reform. This funding is part of the state's HCBS Spending Plan.

- **Elimination of Funding Suspensions:** $527.6 million ($309.6 million General Fund) ongoing to eliminate the suspension of supplemental provider rate increases and repeal the Uniform Holiday Schedule.

- **COVID-19 Response:** $15 million General Fund to develop surge sites to serve individuals with IDD diagnosed with, exposed to, or at high risk of COVID-19. This funding supported an average of 20 beds at the Fairview Developmental Center and 10 beds at the Porterville Developmental Center through December 31, 2021.

- **Regional Center Performance Improvement Indicators and Benchmarks**: $5.6 million ($4 million General Fund) in 2021-22 for one-time planning resources to create an outcome-focused regional center operations funding program.

- **Enhanced Service Coordinator Ratios:** $61 million General Fund to reduce caseload ratios at all 21 regional centers and $12.8 million ($10 million General Fund) ongoing to establish an enhanced caseload ratio (1:40) to improve service delivery in underserved communities.

- **Direct Service Professional Workforce Training and Development:** $4.3 million ($2.9 million General Fund) in 2021-22 to establish a training and certification program for direct service professionals tied to wage differentials. Beginning in 2023-24, ongoing costs increase to $75 million ($51 million General Fund). The differentials aim to stabilize service access and professionalize and diversify the workforce.

- **Assistance with Health and Safety Waivers:** $5 million ($3 million General Fund) ongoing for regional centers to assist individuals with identifying and applying for health and safety waivers.

- **Bilingual Staff Wage Differentials:** $3.6 million ($2.2 million General Fund) in 2021-22 to create a wage differential for bilingual service provider staff. Beginning in 2023-24, ongoing costs increase to $10.8 million ($6.5 million General Fund).

- **Restoration of Social Recreation and Camp Services**: $29.4 million ($19 million General Fund) in 2021-22 to restore access to regional center services including camping services, social recreation activities, educational services, and nonmedical therapies, which were cut during the Great Recession. Beginning in 2023-24, ongoing costs increase to $57 million ($36.8 million General Fund). This funding is part of the state's HCBS Spending Plan.

- **Self-Determination Program:** $11.6 million ($7.8 million General Fund) to improve onboarding into the Self-Determination Program. This funding will support participant choice specialists, intensive transition support services, regional center training, and the establishment of the Office of the Self-Determination Program Ombudsperson. Beginning in 2024-25, ongoing costs decrease to $4.4 million ($3.2 million General Fund).

- **Language Access and Cultural Competency:** $16.7 million ($10 million General Fund) ongoing for improved language access and cultural competency orientations and translations for regional center individuals and their families. This funding is part of the state's HCBS Spending Plan.

- **Lanterman Act Provisional Eligibility:** $23.8 million General Fund ongoing to provide children ages three and four with provisional Lanterman Act service eligibility.

- **Systemic, Therapeutic, Assessment, Resources, and Treatment (START) Teams**: $12.1 million ($8 million General Fund) in 2021-22, increasing to $17.5 million ($11 million General Fund) ongoing in 2022-23, for START teams to provide crisis prevention and response services to individuals with IDD.

- **Disability Employment Grants**: $14.7 million ($10 million General Fund) for two limited-term positions and one-time grants to increase competitive integrated employment opportunities for individuals with IDD.

- **Outcomes and Quality Improvement Pilot:** $12.5 million ($10 million General Fund) one-time for the department to contract out for the development and implementation of a pilot project focused on metrics and data collection methods to evaluate service outcomes.

Investments in the 2022 Budget Act include:

- **Service Provider Rate Acceleration:** $159.1 million General Fund in 2022-23, $34.1 million General Fund in 2023-24, $534 million General Fund in 2024-25, and $13.6 million General Fund ongoing to accelerate service provider rate increases approved in the 2021 Budget Act. The 2022 Budget additionally directs a portion of rate increases to wages for direct support professionals and requires service providers to be in compliance with federal regulations, or implementing a corrective action plan, to be eligible for a quality incentive program. This funding is part of the state's HCBS Spending Plan.

- **Early Start Transitions:** $65.5 million ($45.1 million General Fund) in 2022-23 and $82.5 million ($55.8 million General Fund) ongoing to strengthen the transition process for three-year-

old children with IDD moving from the Early Start program (Part C of the federal Individuals with Disabilities Education Act (IDEA) to special education (Part B of IDEA). The budget includes trailer bill language codifying specific service coordinator-to-child caseload ratios, establishing IDEA specialists at each regional center, and requiring parent and family engagement in the transition process.

- **Employment Opportunity Service Model Pilot**: $8.4 million ($5.1 million General Fund) one-time, available over three years, to establish a service model pilot program focused on expanding employment opportunities for individuals with IDD who are currently served through work activity programs or are recent high school graduates.

- **Workforce Stability:** $185.3 million General Fund one-time and $1.1 million ($881,000 General Fund) and seven positions ongoing to address challenges in recruiting and retaining regional center service coordinators and direct support professionals (DSPs). Specifically, the initiative includes 1) $127.8 million to provide up to two $500 training stipends (with an additional $150 for taxes and administration) for DSPs; (2) $22.5 million to implement a three-month training and internship program intended to establish an entry point into DSP career paths; (3) $30 million to establish a tuition reimbursement program for regional center service coordinators pursuing advanced degrees in health and human services-related fields; and (4) $5 million to pilot a program aimed at developing remote supports using technology systems to increase independence and, when chosen and safe, reduce in-person and around-the-clock services.

- **Service Access and Equity Grant Program**: $11 million General Fund one-time to increase the resources currently available for the department to award to regional centers and community-based organizations through its Service Access and Equity Grant Program, which focuses on supporting strategies to reduce disparities and increase equity in regional center services. The budget also includes supplemental report language requiring the department to report on implementation updates and outcomes of the additional $11 million in funding for Service Access and Equity Grant Program, with the inclusion of Regional Center representatives.

- **Regional Center Family Fees:** $4.7 million General Fund in 2022-23 to suspend the Regional Center Family Fees for one additional year.

- **Canyon Springs Admissions**: trailer bill language extending the deadline for the prohibition of admissions to Canyon Springs Community Facility from June 30, 2022, to June 30, 2023. The language also requires staff to conduct an initial transition plan to be completed within 60 days of admission and a transition review meeting 45 days before transitioning individuals from the facility.

- **Compliance with Home and Community-Based Services (HCBS) Requirements:** includes $1.2 million ($993,000 General Fund) in 2022-23 and $811,000 ($669,000 General Fund) ongoing for five permanent positions and one-year limited-term resources equivalent to three positions to comply with federal requirements necessary for continued federal funding for HCBS programs.

- **Stabilization, Training, Assistance and Reintegration (STAR) and Crisis Assessment and Stabilization Teams (CAST):** $968,000 ($774,000 General Fund) for seven permanent positions

in 2022-23 to provide administrative support for STAR and CAST facilities, protective services, and related workload increases as the STAR homes move to community settings.

- **Coordinated Family Support Services Pilot Program**: trailer bill includes language requiring the department to establish a Coordinated Family Support Services pilot program for adults with IDD who reside in the family home. This funding is part of the state's HCBS Spending Plan.

- **Division of Community Assistance and Resolutions and Fair Hearing Procedures:** includes $4.4 million ($3.7 million General Fund) ongoing and 20 permanent positions to establish a new Division of Community Assistance and Resolutions. Included in this funding is $915,000 for an interagency agreement with the Department of General Services to partner on improvements to the state hearings process.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a status update on investments to improve the workforce such as the bilingual pay differential, workforce stability, and DSP University. How many employees are projected to benefit from these investments?

2. Please provide an update on the restoration of social recreation and camping services. Stakeholders have expressed that this implementation has not been smooth, and families have had to pay upfront in order to receive services. How many individuals served are receiving these restored services? How has DDS addressed issues with payment and vendorization?

Issue 15: Stakeholder Proposals for Investment (Non-Presentation Item)

This is a non-presentation item.

The Subcommittee has received the following stakeholder proposals for investment:

1. **Independent Living Services Rate Reform.** The California Community Living Network (CCLN) proposes DDS funding of $20 million in 2023-24 and $40 million ongoing to immediately amend rates for Independent Living Services.

   According to CCLN, "The 2019 DDS Services Rate Study provided a solid roadmap to evaluate service provider rates, but the study also included an error when it assigned rates to Independent Living Services, known as ILS. ILS service providers are skilled life coaches and instructors, teaching people with I/DD how to live independently in a safe, supported, and person-centered environment. As the person with I/DD learns more skills, they can lead more independent lives and reduce their reliance on other support services. But the Rate Study misclassified these ILS Direct Support Professionals, essentially reducing their compensation rates to that of lower skilled workers like personal care aides. This mistake directly contradicts the Health and Welfare Code 17 CCR § 56742, which clearly outlines the skill level required for ILS workers. ILS providers will be receiving a rate cut at full implementation of the rate study.

   While most DDS service provider rates are being raised to reflect the Rate Study, and to reflect current provider costs more accurately, the ILS misclassification means higher skilled instructors are being left behind, receiving a fraction of the pay their skill level warrants. ILS programs across the state are already beginning to close in anticipation of this rate decrease. Implementing this rate will lead to further closures of Home and Community Based Services compliant ILS providers and force consumers into more expensive levels of care or put them on waiting lists to access ILS services."

   This proposal seeks to require DDS to revise the ILS rates to reflect more accurate occupational assumptions.

2. **DDS Rate Study Addendum and Implementation Updates.** The Lanterman Coalition proposes various changes to DDS rates, including trailer bill language.

   According to the Lanterman Coalition, "The 2019 Rate Study was published prior to the decision to transition the I/DD system from a compliance-based structure to an outcome-based system. Furthermore, the 2019 Rate Study did not include some of the innovations and new models that DDS, Regional Centers, service providers and individuals/families have implemented to comply with the HCBS Settings Rule and ensure the continuation of federal matching funds. Additionally, there are clean-ups and fixes to various aspects of the rate models that will fine tune and position the models to best support a modern, person-centered, outcome based I/DD system." The Lanterman Coalition proposes the following changes:

   - Compel DDS to complete an addendum to the 2019 Rate Study that preserves individual choice and access to necessary services, ensures services are HCBS compliant,

contemplates future adjustments to rate model components to protect services access, and requires stakeholder input.

- Ensure that unexpended funding for quality incentive program remain in the DDS budget to fund services meeting quality metrics to further the transition to an outcomes-based system focused on individual experience.

- Sustain quality services and individual choice by ensuring that the rates for providers will not fall below their January 1, 2023 rates.

- Clarify new and existing vendored services will have the flexibility to utilize daily and monthly billing units upon full implementation of the 2019 rate study to support individual needs and choice.

The Lanterman Coalition states that this proposal includes a provision that would allow the department of developmental services to utilize a contractor to support the rate study addendum, which would be funded by unexpended funds for the quality incentive program for the 2022-23 fiscal year. The proposal does not contain any additional costs for the 2023-24 fiscal year, and any costs in future years would be determined after completion of the addendum and subject to the budget process. The remaining components of the proposal are budget neutral.

3. **Modernization of Regional Center Operations Budgeting Methodology.** The Association of Regional Center Agencies (ARCA) and SEIU-California proposes DDS funding of $96.2 million ($64.6 million General Fund) to revise the Core Staffing Formula for Regional Centers.

   According to ARCA and SEIU, the Core Staffing Formula was developed by DDS in 1979 to provide an equitable methodology for allocation of operations funding to regional centers based on service population. "The Core Staffing Formula inputs and assumptions were based on what was believed to be a reasonable regional center staffing pattern at the time, as well as other industry standards. Salaries were based on equivalent state classifications, with the agreement that as state salaries increased, the CSF would increase in tandem. Fringe benefits and operating expense rates were also expected to adjust over time. The principal assumption of the Core Staffing Formula – annual salary adjustments aligned with equivalent state positions – was paused during an economic downturn in 1991 and never resumed. Since then, much of the CSF has been frozen for over 30 years. This has led to:

   - Out-of-date assumptions resulting in staffing shortages that negatively impact services and put federal funding at risk;

   - $42 million in annual budget cuts made over time and never restored;

   - Reductions in 2023-24 of $22.9M (a number that grows annually), done using salary savings assumptions that no longer apply to state agencies;

   - Failure to adjust for organizational size, population, regional costs, and diversity; and,

   - Lack of needed investment in technology."

ARCA states that the solution is to once again index the Core Staffing Formula to current costs acknowledged by DDS in the separate but related new funding proposed to reduce caseloads for children ages 0-5.

4. **Community-Led Root Cause Study for Addressing Racial Disparities in California's Regional Center System.** Disability Rights California proposes DDS funding of $1 million for a community-led root cause study for addressing racial disparities in California's Regional Center system.

   According to DRC, "For several years, efforts to address persistent racial disparities in California's developmental services system have focused largely on helping communities of color to better understand the existing regional center system through language access and cultural navigator programs, primarily via grants to community-based organizations. Despite these efforts, systemic disparities have remained deeply entrenched. DDS has stated that it prioritized these strategies based on feedback from listening sessions and similar activities to engage communities affected by disparities. However, thousands of callers to DRC over the years have identified significant additional barriers to access that DDS's previous efforts have not addressed—specifically, the way DDS and regional centers' own policies and practices disproportionally burden and limit access for people of color.

   To meaningfully move the needle on disparities, California must first understand how DDS and regional center policies may inadvertently impact communities of color. To do so, our system must look to the experts—namely, the disabled people of color who experience the impacts of regional center policies firsthand. To ensure that their lived experience not only informs but drives future equity initiatives, California should invest in community-based participatory research (CBPR), a research model designed specifically to center historically marginalized communities whose voices have typically been underrepresented in policymaking. CBPR has been used successfully in California and other states to analyze and address racial disparities in behavioral health, public health, and other related systems, and has proven to be an effective method for amplifying the voices of people with intellectual and developmental disabilities, whose perspectives are rarely reflected in policy design."

Subcommittee Staff Comment. This is an informational item. No action is needed.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

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

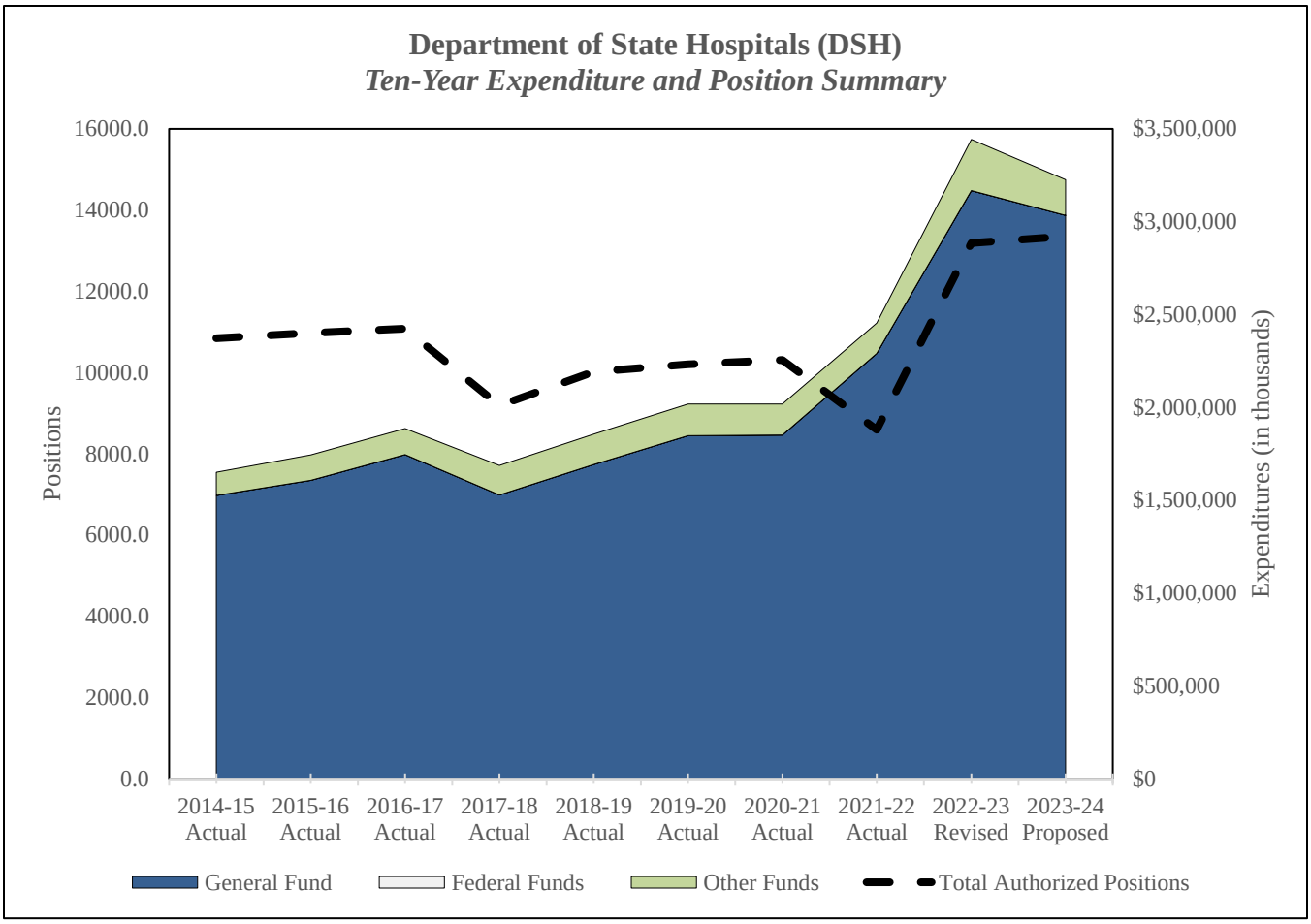
Consultant: Scott Ogus

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.

4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Overview



Department of State Hospitals - *Department Funding Summary* *(dollars in thousands)*				
Fund Source	**2021-22 Actual**	***2022-23 Budget Act***	***2022-23 Revised***	***2023-24 Proposed***
General Fund	$2,290,791	$2,860,483	$3,167,196	$3,033,294
Federal Funds	$0	$0	$0	$0
Other Funds	$162,680	$275,987	$275,987	$192,863
Total Department Funding:	**$2,453,471**	**$3,136,470**	**$3,443,183**	**$3,226,157**
Total Authorized Positions:	**8592.3**	**13186.2**	**13186.2**	**13352.2**
Other Funds Detail:				
CA State Lottery Education Fund (0814)	*$17*	*$19*	*$19*	*$19*
Reimbursements (0995)	*$162,663*	*$192,844*	*$192,844*	*$192,844*

CA Emergency Relief Fund (3398)	*$0*	*$83,124*	*$83,124*	*$0*

Background. DSH oversees five state hospitals which comprise the largest inpatient forensic mental health hospital system in the nation. In addition to forensic admissions, which comprise 87.2 percent of its population, the five state hospitals admit individuals civilly committed under the Lanterman-Petris-Short (LPS) Act because they require physically secure 24-hour care and meet legal criteria that they represent a danger to themselves or others. The categories of individuals admitted to state hospitals for treatment are:

- **Incompetent to Stand Trial (IST) –** IST patients are referred to DSH under Section 1370 of the Penal Code if a court has determined they are unable to understand the nature of criminal proceedings or assist counsel in their defense. IST patients receive competency-based treatment and are returned to court once able to participate in court proceedings. Most IST patients are charged with felonies, with some misdemeanors.

- **Not Guilty by Reason of Insanity (NGI) –** NGI patients are individuals found guilty of an offense, but are admitted to DSH if a court determines the individual was "insane" at the time the crime was committed. NGI patients are committed for a term equal to the maximum sentence which could have been imposed, though may be recommitted for an additional two years if the individual represents a substantial danger of physical harm.

- **Offenders with a Mental Health Disorder (OMD) –** OMD patients are parolees who meet the following six criteria for OMD classification: (1) presence of a severe mental disorder, (2) the mental disorder is not in remission or requires treatment to be kept in remission, (3) the mental disorder was a factor in the commitment offense, (4) the prisoner has been in treatment at least 90 days in the year prior to release, (5) the commitment offense involved force or violence or serious bodily injury, (6) the prisoner continues to be dangerous due to the severe mental disorder. OMD commitments under Section 2962 of the Penal Code span the length of the parole term, but may be extended for up to one year if the patient represents a danger of physical harm to others.

- **Sexually Violent Predators (SVP)** – SVP commitments are civil commitments of prisoners released from prison who meet certain criteria under the Sexually Violent Predator Act, including being convicted of certain sex offenses and diagnosed with a mental disorder that increases the likelihood of engaging in sexually violent criminal behavior. SVP patients undergo an annual review process to evaluate the patient's suitability for release into the community, either conditionally or without supervision.

- **Lanterman-Petris-Short (LPS) –** LPS patients are individuals that require physically secure 24-hour care and are committed through civil court proceedings that determine the individual is a danger to themselves or others or suffers from a grave disability. LPS patients are discharged when their county of residence places them in a different facility, in independent living, or with family, or if a court removes the conservatorship.

- ***Coleman* Class Patients (Mentally Ill Prisoners)** – *Coleman* patients are referred by the California Department of Corrections and Rehabilitation (CDCR) when they are found to be mentally ill while in prison. *Coleman* patients return to CDCR custody when they have received the maximum benefit from treatment. If these individuals are still mentally ill at the end of their prison term, they may be committed to DSH as an OMD.

- **Conditional Release Program (CONREP)** – CONREP provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. After one year, a court hearing determines if the patient will continue in the program, be sent back to DSH, or be released.

	2022-23	2023-24
Population by Hospital		
Atascadero	1,001	1,001
Coalinga	1,327	1,327
Metropolitan	805	805
Napa	1,014	1,014
Patton	1,311	1,321
State Hospitals Population Total	**5,458**	**5,468**
Population by Commitment Type		
Incomptent to Stand Trial (IST)	1,366	1,370
Not Guilty by Reason of Insanity (NGI)	1,246	1,246
Offender with a Mental Health Disorder (OMD)	1,077	1,083
Sexually Violent Predator (SVP)	956	956
Lanterman-Petris-Short Civil Commitments (LPS)	698	698
Coleman Referrals	115	115
Contracted Programs		
Jail-Based Competency Treatment (JBCT) Programs	451	615
Community-Based Restoration	935	2,000
Community Inpatient Facilities	78	157
Contracted Programs Population Total	**1,464**	**2,772**
CONREP Programs		
CONREP SVP	27	27
CONREP Non-SVP	655	655
CONREP FACT Program	180	180
CONREP Step Down Facilities	187	187
Total CONREP Programs	**1,049**	**1,049**
Total State Hospitals, Contracted, and CONREP Programs	**7,971**	**9,289**

Figure 1: State Hospital Projected Census by Hospital, Commitment Type and Contracted Programs
Source: *2023-24 Governor's Budget Estimate, Department of State Hospitals, January 2023*

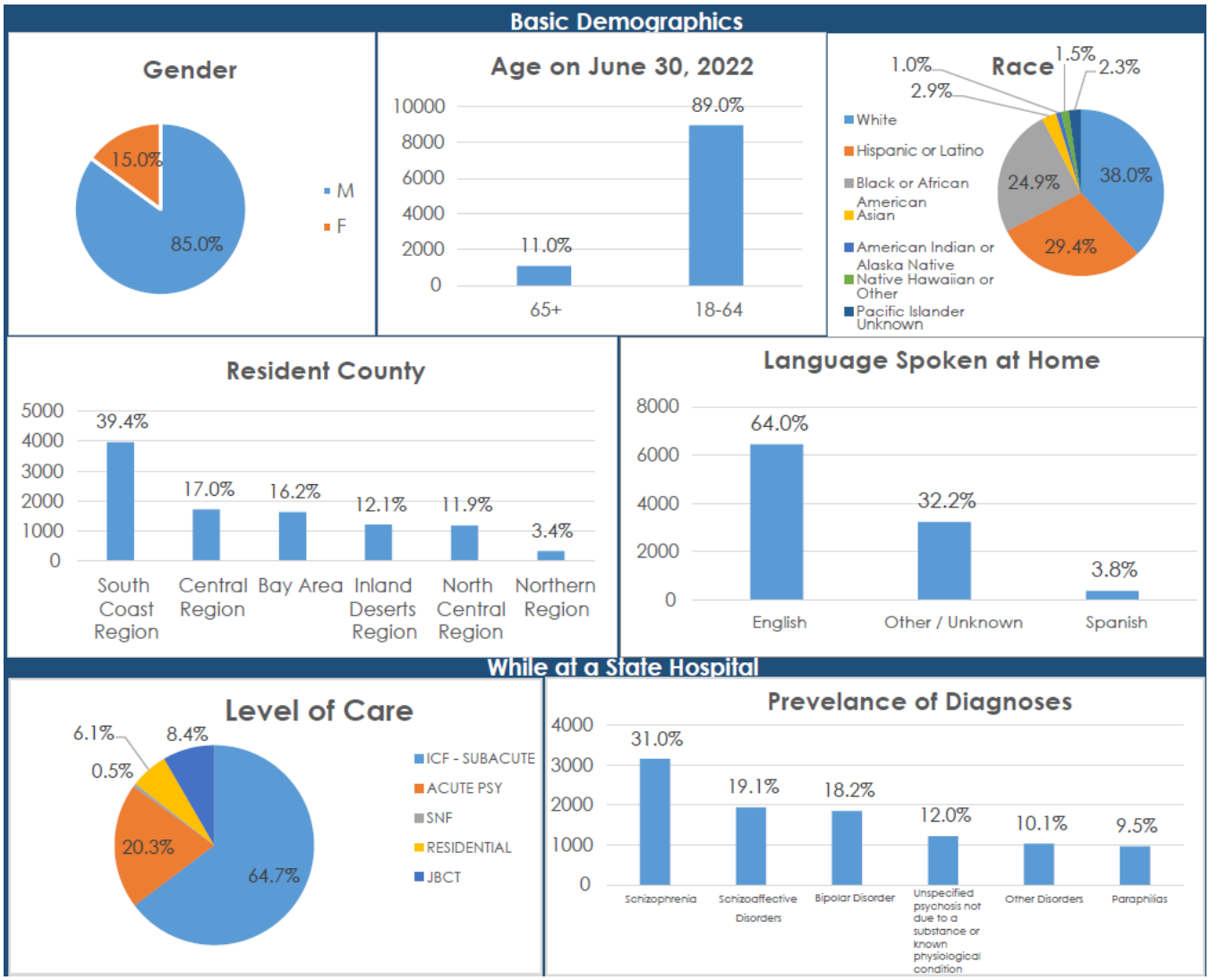


Figure 2: State Hospital Demographic Snapshot: All Commitment Types
Source: *2023-24 Governor's Budget Estimate, Department of State Hospitals, January 2023*

The five state hospitals operated by DSH are:

- **Atascadero State Hospital –** Located on the Central Coast in San Luis Obispo County, Atascadero is a self-contained psychiatric hospital with an all-male population primarily composed of OMD, *Coleman*, IST, LPS, and NGI patients. Atascadero has a licensed bed capacity of 1,275 beds, employs approximately 2,240 staff, and served 1,802 patients in 2021-22.

- **Coalinga State Hospital** – Located in the Central Valley in Fresno County, Coalinga is a self-contained psychiatric hospital with an all-male population primarily composed of LPS, OMD, *Coleman*, NGI, and SVP patients. Coalinga has a licensed bed capacity of 1,500 beds, employs approximately 2,475 staff, and served 1,327 patients in 2021-22.

- **Metropolitan State Hospital** – Located in Norwalk in Los Angeles County, Metropolitan is an "open" style campus within a security perimeter. Due to community concerns, a formal agreement with the City of Norwalk and the county sheriff prohibits Metropolitan from accepting patients charged with murder or a sex crime, or at high risk for escape. Metropolitan primarily serves LPS, IST, OMD, and NGI patients and has a licensed bed capacity of 1,106 beds, employs approximately 2,267 staff, and served 665 patients in 2021-22.

- **Napa State Hospital** – Located in Napa County, Napa has an "open" style campus within a security perimeter. Napa primarily treats IST, LPS, OMD, and NGI patients and has a licensed bed capacity of 1,418 beds, but is currently able to operate only 1,374 beds. Napa employs approximately 2,635 staff, and served 1,014 patients in 2021-22.

- **Patton State Hospital** – Located in the town of Highland in San Bernardino County, Patton is an "open" style campus within a security perimeter operated by correctional officers from CDCR due to concerns from the surrounding community. Patton primarily serves LPS, IST, OMD, *Coleman* and NGI patients and has a licensed bed capacity of 1,287 beds, employs approximately 2,534 staff, and served 1,311 patients in 2021-22.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of the State Hospital system, including major inpatient categories, treatment programs, and significant organizational changes.

Issue 2: Program and Caseload Updates

Program and Caseload Updates – Governor's Budget. DSH requests resources to support the following program and caseload updates in its 2023-24 Governor's Budget Estimate.

Program Update – Metropolitan: Increased Secure Bed Capacity. DSH estimates General Fund savings of $11.2 million in 2022-23 due to delays in the activation of newly secured units at Metropolitan State Hospital to provide increased capacity for the treatment of IST patients. The 2016 Budget Act included capital outlay construction funding to securely enclose existing patient buildings that previously housed civilly committed patients under the Lanterman-Petris-Short (LPS) Act. Once secured, the LPS patients currently housed in these units will be transferred to non-secured buildings elsewhere on the Metropolitan campus and allow for additional secured capacity for the treatment of IST patients currently in county jails awaiting state hospital treatment.

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

Program Update – Enhanced Treatment Program (ETP) Staffing. DSH estimates General Fund savings of $4.8 million in 2022-23 due to delayed completion of Enhanced Treatment Program (ETP) units at Patton State Hospital. AB 1340 (Achadjian), Chapter 718, Statutes of 2014, authorized DSH to establish an ETP pilot project to expand the range of clinical treatment options for patients determined to be at the highest risk of dangerous behavior or violence against other patients or hospital staff and cannot be safely treated in a standard treatment environment. According to DSH, the risk of violence against other patients or hospital staff imposes both a threat to health and safety, as well as a barrier to the effective treatment of other patients who may fear for their physical safety in a standard treatment environment with a potentially violent patient. The pilot project period extends approximately five years from the first patient admitted to the ETP and imposes certain requirements on admission and treatment within an ETP.

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

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

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

DSH expected to resume fire sprinkler installation on Patton Unit U-06, which was in progress when construction was suspended, in July 2021. However, unforeseen fire sprinkler installation design changes, the need to survey for potential asbestos containing materials, discovery of gaps in the existing smoke barrier, and delays in State Fire Marshal approval have extended the length of the project. DSH expects construction of the unit to be completed in December 2023, followed by unit activation in March 2024.

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

Units/Hospital	Construction Initiated (Actual or Scheduled)	Construction Completion (Actual or Scheduled)
DSH-Atascadero Unit 29	September 24, 2018	July 2021
DSH-Atascadero Unit 33	Suspended	Suspended
DSH-Atascadero Unit 34	Suspended	Suspended
DSH-Patton Unit U-06	June 2023	December 2023

Program Update – Mission Based Review: Direct Care Nursing. DSH estimates General Fund savings of $17.1 million in 2022-23 and $4.8 million in 2023-24 due to delays in staffing changes to implement methodologies to provide appropriate 24-hour nursing care, administration of medication, and an afterhours nursing supervisory structure. DSH is also requesting 29 positions in 2023-24, previously administratively established, that support administrative workload previously supported by redirected level of care staff. The 2019 Budget Act included a total of 379.5 positions and General Fund expenditure authority of $46 million, phased in over three years, to implement the direct care nursing staffing methodology changes. Due to the pandemic-induced recession, and resulting General Fund deficit, the 2020 Budget Act shifted these resources to be phased in across a longer time frame. DSH reports the following updates to the phase in of positions:

- Medication Pass Psychiatric Technicians – The 2019 Budget Act included 335 positions for medication pass staffing. The 2020 Budget Act adjusted the positions to be phased-in over five years. As of August 31, 2022, 254.5 positions had been established and 163 positions had been filled, resulting in a General Fund savings of $13.1 million in 2022-23 and $3.1 million in 2023-24. According to DSH, recruiting for these positions has proven challenging and the department is evaluating other nursing classifications, such as licensed vocational nurses (LVNs), that may be a viable alternative to filling these positions.
- Afterhours Supervising Registered Nurses – The 2019 Budget Act included 44.5 positions for afterhours nursing supervision. The 2020 Budget Act adjusted these positions to be phased-in over

two years. As of August 31, 2022, all 44.5 positions had been established and 25 positions had been filled, resulting in a General Fund savings of $4 million in 2022-23 and $1.7 million in 2023-24.

- Redirected Off-Unit Positions – The 2019 Budget Act included resources to allow level of care positions to be redirected from administrative functions off-unit back to providing services in the units. As part of this redirection, DSH administratively established positions, including Staff Services Analysts (SSAs) and Associate Governmental Program Analysts (AGPAs) to manage the workload previously supported by the redirected staff. DSH requests position authority, funded within existing resources, of 29 positions, including 11 AGPAs, 3 Behavioral Specialists, 14 Medical Assistants, and one Staff Services Manager I position.

Program Update – Mission Based Review: Protective Services. DSH estimates General Fund savings of $6.8 million in 2022-23 due to delays in hiring hospital police officers to provide protective services in the State Hospitals. In 2020-21, DSH proposed a new staffing standard to support protective services functions including 46.3 positions and General Fund expenditure authority of $7.9 million in 2020-21, and 47.8 positions and General Fund expenditure authority of $13.4 million annually thereafter. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act included no positions or expenditure authority for this purpose. The 2021 Budget Act included 94.1 positions and $11.4 million, phased in over two years to support full implementation of the staffing standard. DSH reports the following updates to the phase in of positions:

- Support and Operations Division – The 2021 Budget Act included 98.1 positions to support the Support and Operations Division to be phased in over two years. As of August 31, 2022, 74.8 positions had been established and nine of the positions had been filled, resulting in a General Fund savings of $6.2 million in 2022-23. To assist in filling the remaining positions, DSH reports it has converted position examinations to be online, with Hospital Police Officer exams offered monthly and sergeant and lieutenant exams offered every six months. DSH reports it has also contracted with a human resources consultant to market current vacancies and has centralized postings for all five hospitals into a single posting.
- Executive Leadership Structure – The 2021 Budget Act included six positions to support the Executive Leadership Structure. As of August 31, 2022, all six positions had been established, and two of the positions had been filled, resulting in a General Fund savings of $605,000 in 2022-23.

Program Update – Mission Based Review: Treatment Team and Primary Care. DSH estimates General Fund savings of $21.1 million in 2022-23 and $8.4 million in 2023-24, as well as a reduction in position authority of 46.5 positions in 2023-24, 2024-25, and 2025-26, due to delays in hiring for treatment and primary care teams. In 2020-21, DSH proposed changes to its staffing methodologies for its treatment and primary care teams, including a total of 250.2 positions and General Fund expenditure authority of $64.2 million over a five year period. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act only included 12.5 positions and General Fund expenditure authority of $5 million in 2020-21 and 30 positions and General Fund expenditure authority of $10 million annually thereafter to support implementation of these staffing changes. The 2021 Budget Act included 213.3 positions and $54.1 million, phased in over five years, to support full implementation of the new staffing methodology. DSH reports the following updates to the phase-in of positions:

- Interdisciplinary Treatment Team – Over the last three budgets, a total of 180.4 positions were allocated to support the Interdisciplinary Treatment Team, which is responsible for the planning and

delivery of treatment, discipline-specific other workload, administrative and professional responsibilities, crisis prevention, unit milieu work, and crisis and incident management. As of August 31, 2022, 52.8 of the 180.4 positions had been established and nine of the positions had been filled, resulting in a General Fund savings of $11.1 million in 2022-23 and $8.4 million in 2023-24. As a result of these hiring delays, DSH is proposing to shift 46.5 positions, scheduled to be implemented in 2023-24, until 2026-27.

- Primary Medical Care – Over the last three budgets, a total of 31.9 positions were allocated to support primary medical care including routine preventative care and the treatment of non-life-threatening medical illness. As of August 31, 2022, all 31.9 positions had been established and five positions had been filled, resulting in a General Fund savings of $7.7 million in 2022-23.
- Trauma-Informed Care – Over the last three budgets, a total of six positions were allocated to support trauma-informed care, a comprehensive approach that includes workforce training, trauma-informed policies and standards, and the provision of evidence-based, trauma-specific screening, assessment, referral, and treatment. As of August 31, 2022, all six of the positions had been established and all six positions had been filled (one Senior Psychologist Specialist).
- Clinical Executive Structure: Administrative Support – Over the last three budgets, a total of six positions were allocated for administrative support positions for personnel management. As of August 31, 2022, all six of the positions had been established and all six of the positions had been filled.
- Clinical Executive Structure: Executive Leadership – Over the last three budgets, a total of 12 positions were allocated for clinical executive leadership including six Medical Directors, one Assistant Medical Director, and five Chiefs of Primary Care Services for the five state hospitals. As of August 31, 2022, all 12 positions had been established, and four of the positions had been filled, resulting in a General Fund savings of $2.2 million in 2022-23.
- Discharge Strike Team – Over the last three budgets, a total of six positions were allocated to support the Discharge Strike Team, which focuses on establishing and strengthening relationships with placement communities to improve knowledge of community resources, address barriers to placement and improve communication in efforts to expedite placement. As of August 31, 2022, all six positions had been established, and all six positions had been filled.

Program Update – Patient-Driven Operating Expenses and Equipment. DSH requests redirection of General Fund savings of $20.3 million in 2022-23 and General Fund expenditure authority of $20.5 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients. These expenses include funding for outside medical care, pharmaceuticals, patient clothing, food, and costs for patient advocacy. DSH estimates OE&E costs of $25,889 per patient based on data between 2018-19 and 2021-22. The request for additional ongoing General Fund resources is based on this estimated cost per patient and projections for growth in patient census.

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

According to DSH, when a patient is discharged to CONREP, the goal is to provide an independent living environment in the least restrictive setting. However, if the patient has not demonstrated the ability to live in the community without direct staff supervision, the patient is referred to a Statewide Transitional Residential Program (STRP), a resource used by CONREP to provide patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision.

DSH requests two positions and General Fund expenditure authority of $2.6 million in 2023-24 and annually thereafter to fund its contracted CONREP caseload of 1,020 clients in 2022-23 and 2023-24. According to DSH, this caseload includes 655 regular CONREP clients currently placed in settings which do not offer dedicated beds to the program. In addition, CONREP's contracted caseload includes the following current and planned specialized beds:

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

- Step-Down Transitional Programs – DSH requests General Fund expenditure authority of $296,000 in 2023-24 and annually thereafter to support personnel and operating expenses needed for step-down transitional programs, including the following:
  - Southern CA IMD Facility – DSH reports delayed activation of a 78 bed Institute for Mental Disease (IMD) facility in southern California due to delayed external approvals from the federal Centers for Medicare and Medicaid Services (CMS) and the state Department of Public Health, as well as supply chain and labor shortages related to the COVID-19 pandemic. DSH estimates the full 78-bed program to activate in February 2023. DSH reports savings from delayed program activation would be used to support ongoing construction costs.
  - Northern CA IMD Facility – DSH established a ten bed IMD facility in northern California, which was activated in July 2020. In July 2021, DSH extended the contract term and expanded the program by an additional ten beds. DSH reports as of November 2022, all 20 beds are filled or reserved for patients ready for placement.
  - Northern CA STRP Facility – According to DSH, as of November 2022, 15 of the 30 beds in this facility are filled, with six additional beds expected to be filled in January 2023.

- Forensic Assertive Community Treatment (FACT) – DSH reports its contracted provider has secured program housing in Sacramento and San Diego counties, both of which support regional FACT programs for CONREP clients. As of November 2022, 45 of 60 beds had been filled in Sacramento and 22 of 60 beds had been filled in San Diego. DSH reports activation for Alameda County has shifted to January 2023 to provide additional time to train staff.

- California Forensic Assessment Project (CFAP) Expansion – DSH requests three positions and General Fund expenditure authority of $177,000 in 2023-24, and $228,000 annually thereafter to support expansion of CFAP, including assessment rate increases, additional contractors, and additional supply needs. CFAP is a panel of evaluators who provide specialized psychological testing and consultations for individuals clinically referred by CONREP providers who feel additional assessment and clinical care may be necessary. DSH is requesting to add three additional CFAP evaluators, for a total of 12 statewide, to address an increase in caseload.

- CONREP Operations Staffing Resources – DSH requests two positions and General Fund expenditure authority of $277,000 in 2023-24 and annually thereafter to support increased workload in the CONREP Operations Unit and provide administrative and programmatic support to contracted CONREP partners.

- Provider Personnel Funding Adjustments – DSH requests General Fund expenditure authority of $1.9 million in 2023-24 and annually thereafter to bridge personnel gaps for CONREP contracted providers, including more competitive salary packages and telework options.

Caseload Update – Forensic CONREP: Sexually Violent Predator (SVP) Program. Beginning in 1996, Sexually Violent Predators (SVP) were added to the CONREP population and are conditionally released to their county of domicile by court order with sufficient funding to provide treatment and supervision services. According to DSH, the CONREP-SVP program offers patients direct access to an array of mental health services with a forensic focus, as well as regularly scheduled sex offender risk assessments, polygraph testing, and review of Global Position System (GPS) data and surveillance. Currently, there are 20 current participants in the CONREP-SVP program and 13 individuals with court-approved petitions for release into the program who are awaiting placement. In addition, 14 more individuals have filed petitions for conditional release and are proceeding through the court process.

Program Update – Contracted Patient Services Incompetent to Stand Trial (IST) Solutions. DSH requests one position and estimates General Fund savings of $27.4 million in 2022-23 and $3.1 million in 2023-24 and annually thereafter, due to changes in jail-based competency treatment program (JBCT) implementation. DSH also requests reappropriation of General Fund resources, previously authorized in the 2021 Budget Act, to support contracts for Community Inpatient Facilities. These resources would be available for an additional 12 months.

- Early Access and Stabilization Services (EASS) – The Early Access and Stabilization Services program was established as part of the IST Solutions package approved in the 2022 Budget Act. According to DSH, the program provides treatment at the earliest point possible upon an individual's commitment and promotes stabilization to increase community-based treatment placements. To rapidly establish the EASS programs in county jails, DSH reports it is leveraging existing JBCT programs and starting new programs in counties without JBCT programs. DSH reports the first EASS program was activated in July 2022, and as of December 19, 2022, a total of 27 counties have activated EASS programs, with additional counties expected to activate through the end of the year. The counties that have activated EASS programs include: Kings, Monterey, Ventura, Fresno, Calaveras, Stanislaus, Yuba, Nevada, Sierra, Shasta, Santa Barbara, Merced, San Bernardino, Madera, Lassen, Sonoma, Del Norte, Humboldt, Imperial, Santa Cruz, Napa, Sutter, Riverside, Lake, San Benito, Tuolumne, and Amador.

- Jail-Based Competency Treatment (JBCT) Programs – DSH requests one position and estimates General Fund savings of $27.4 million in 2022-23 and $3.1 million in 2023-24 and annually thereafter, primarily driven by a reduction in the San Bernardino JBCT program's capacity from 146 beds to 64 beds, effective September 1, 2022. According to DSH, the level of savings is offset by the following adjustments:
  - Eleven currently funded county programs are pending activation
  - Two program activations in July 2022 yielded 22 additional beds
  - Calaveras County JBCT has been experiencing an increasing rate of IST referrals and can support an expansion of eight beds for a total of 18 beds as of October 2022
  - Bed rate increases are anticipated for 20 of the participating counties.

- Expansion of Felony IST Community Programming via Community-Based Restoration (CBR) and Diversion – DSH requests extension of encumbrance and expenditure authority until June 30, 2028, of $150 million authorized in the 2022 Budget Act to develop residential housing settings to support felony IST individuals participating in either the Community-Based Restoration or Diversion program.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding these items open to allow continued discussions in advance of the May Revision.

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

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

Issue 3: COVID-19 Update

Program Update – Governor's Budget. DSH requests General Fund expenditure authority of $51.3 million in 2023-24 to support COVID-19 driven workload and expenditures to protect the health and safety of staff and patients. These expenditures include personal services costs for staff dedicated to implementing infection control measures, surge staffing contracts, personal protective equipment, sanitation and testing supplies.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$51,278,000	$-
Total Funding Request:	**$51,278,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The state's response to the COVID-19 pandemic has required rapid deployment of state and federal resources to support a wide variety of activities designed to mitigate the spread of the virus, while maintaining vital services and protecting the most vulnerable Californians. The 2021 Budget Act included General Fund expenditure authority of $52 million in 2021-22 to support staff costs for cleaning, staffing coverage, environmental projects, custody tasks, screening and isolation, commodity purchases, sanitation supplies, changes in food service, as well as equipment for heating and air, filtration, and information technology solutions. The 2022 Budget Act included General Fund expenditure authority of $64.6 million in 2022-23 to support response activities to the COVID-19 pandemic, primarily for staffing and testing.

For 2023-24, DSH reports the following updates on COVID-19 response in the state hospitals:

- *Vaccinations*. As of December 14, 2022, DSH reports it has achieved a staff vaccination rate of 83 percent and a staff booster rate of 66 percent of those eligible, and a patient vaccination rate of 74 percent and a patient booster rate of 63 percent of those eligible. DSH reports it is currently administering and promoting the bivalent booster to patients and staff.
- *COVID-19 Cases and Hospital Updates.* As of December 11, 2022, DSH performed 232,378 polymerase chain reaction (PCR) tests in its five state hospitals. 4,317 patients tested positive. In addition, DSH performed 365,709 PCR tests and 2,535,418 antigen tests on state hospital staff statewide with a total of 9,500 staff testing positive.

Resource Request. DSH requests General Fund expenditure authority of $51.3 million in 2023-24 to support COVID-19 driven workload and expenditures to protect the health and safety of staff and patients, including personal services costs for staff dedicated to implementing infection control measures, surge staffing contracts, personal protective equipment, sanitation and testing supplies.. Specifically, DSH requests resources in the following categories:

- Testing – DSH requests General Fund expenditure authority of $29 million in 2023-24 for the costs of testing patients and employees of the state hospitals. DSH reports that, although the State of Emergency is ending, the state hospital system will continue to perform diagnostic screening testing for both patients and staff. Currently, testing resources are available from the Department of Public

Health, but after the State of Emergency, these resources will no longer be available. This request would allow DSH to support direct procurement of testing resources.

- Surge Capacity Resources – DSH requests General Fund expenditure authority of $11.6 million in 2023-24 to support surge capacity for its hospitals, including:
  - *Hospital Staffing* - $7.6 million in 2023-24 would support contracted short-term staffing support during COVID-19 surges.
  - *Norwalk Alternate Care Site* - $4 million in 2023-24 would support an alternate care site in Norwalk, which is administered by the California Department of Corrections and Rehabilitation under an interagency agreement with DSH. The site is part of the Southern Youth Correctional Reception Center and Clinic and is being operated as a satellite facility to Metropolitan State Hospital for use as an isolation or quarantine space. These resources would continue to support the interagency agreement for this facility.

- Public Health Teams – DSH requests General Fund expenditure authority of $5.1 million for various public health teams, including:
  - *Public Health Nurses* - $1.9 million in 2023-24 would support ten existing Public Health Nurses that support the department's vaccination and monitoring programs.
  - *Cleaning* - $2.2 million in 2023-24 would support additional cleaning and infection control activities to prevent spread of COVID-19 through aerosols.
  - *Environmental Hygienists* - $1 million in 2023-24 would support safety hygienist staffing to protect the department's environment of care from aerosols or other airborne infection risks.

- Commodity Goods – DSH requests General Fund expenditure authority of $5.6 million in 2023-24 to support personal protective equipment (e.g. gloves, gowns, masks, protective clothing, and face shields), sanitation supplies (e.g. germicidal bleach, hand sanitizer, and hydrogen peroxide wipes), and additional food and food supplies for quarantined and isolated patients unable to eat in the common dining rooms.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Department of General Services Statewide Surcharge Adjustments

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1.9 million annually. If approved, these resources would address ongoing increased costs due to support services provided by the Department of General Services.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,900,000	$1,900,000
Total Funding Request:	**$1,900,000**	**$1,900,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

Background. The Department of General Services (DGS) functions as the business manager for the State of California, providing services such as facilitation of procurement, management of state-owned and leased real estate, management of the state's vehicle fleet, and development of building standards. DGS supports these services by charging fees to client departments. According to DSH, its appropriation for the DGS Statewide Surcharge has not changed since it was implemented in 2005-06, while fees have increased annually.

Resource Request. DSH requests General Fund expenditure authority of $1.9 million annually to address ongoing increased costs due to support services provided by the Department of General Services. According to DSH, its surcharge amount in 2013-14 was approximately $1.7 million, while in 2021-22 it had grown to $3.1 million. DSH estimates an additional $1.9 million is necessary to support projected costs in 2023-24 and annually thereafter.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Teleservices – Visitation and Court Hearings

Budget Change Proposal – Governor's Budget. DSH requests 15 positions and General Fund expenditure authority of $2.1 million annually. If approved, these positions and resources would allow DSH to permanently continue management of teleservices for patient visitation and court hearings implemented during the COVID-19 pandemic.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$2,050,000	$2,050,000
Total Funding Request:	**$2,050,000**	**$2,050,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

Background. According to DSH, prior to the COVID-19 pandemic, tele-visitation and tele-court appearances were not available for State Hospitals' patients. During the pandemic, due to the need to avoid unnecessary transmission between jails, State Hospitals, and the courts, DSH patients increasingly relied on videoconferencing for virtual court appearances and for visitation with family, friends, and attorneys. DSH reports it redirected personnel and available space to support teleservices for patients.

DSH reports its State Hospital system has experienced a significant increase in the use of tele-court across all of its locations. As it is effective for the court system, prevents disruption of treatment, and reduces travel time and expenses, DSH expects tele-court to remain a significant model for court appearances in the future. In addition, providing virtual visits for DSH patients allows DSH to continue to provide mandatory access to visitors during periods of isolation and quarantine, as well as to make it easier for visitation from family members for whom geographic, medical, or financial challenges make in-person visitation unfeasible.

Staffing and Resource Request. DSH requests 15 positions and General Fund expenditure authority of $2.1 million annually to permanently continue management of teleservices for patient visitation and court hearings implemented during the COVID-19 pandemic. Specifically, DSH requests the following positions and resources:

- **Five Staff Services Analysts (SSAs)** or **Associate Governmental Program Analysts (AGPAs)**, one for each of the five State Hospitals, would support coordination of patient scheduling and movement for both in-person and teleservices, including working with the court system for tele-court appearances, working with treatment programs and clinical and custody staff to coordinate patient and staff schedules, escorts, hearing and visitation rooms, and necessary notifications across each hospital.
- **Five Psychiatric Technicians**, one for each of the five State Hospitals, would support medical or psychiatric interventions during a teleservice appointment, monitoring of the patient during the tele-court process, assisting with escorting patients between teleservices areas and housing units, documenting as needed in the patient's record, redirecting patient behaviors as needed, and assisting with teleconferencing technology and equipment.

- **Five Hospital Police Officers**, one for each of the five State Hospitals, would escort patients to court hearing rooms, ensure safety of participants and observers, and support the increased workload related to additional teleservices appointments.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: Psychiatry Workforce Pipeline, Recruitment, Hiring, and Retention

Budget Change Proposal – Governor's Budget. DSH requests seven positions and General Fund expenditure authority of $6.5 million in 2023-24, $7.1 million in 2024-25, $7.3 million in 2025-26, $7.7 million in 2026-27, and $8.3 million annually thereafter. If approved, these positions and resources would support development and implementation of pipeline, recruitment, and retention initiatives to sustain and grow DSH's psychiatric workforce.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$6,505,000	$7,105,000
Total Funding Request:	**$6,505,000**	**$7,105,000**
Total Requested Positions:	**7.0**	**7.0**

* Additional fiscal year resources requested – 2025-26: $7,305,000; 2026-27: $7,705,000; 2027-28 and ongoing: $8,305,000.

Background. Both in California and nationally, the field of psychiatry has suffered from significant workforce shortages that have worsened over time. According to the California Future Health Workforce Commission, providers of behavioral health services suffer from geographic maldistribution. For example, the San Joaquin Valley and Inland Empire regions have the lowest provider-to-population ratios in the state for almost every category of behavioral health provider, compared to the Bay Area which has more than three times as many psychiatrists by population as those two regions. In addition, most behavioral health occupations do not reflect the racial, ethnic, or gender diversity of the state. African Americans and Latinos are underrepresented among psychiatrists and psychologists, while Latinos are also underrepresented among counselors and clinical social workers. Men constitute the majority of psychiatrists, while women constitute the majority of psychologists, counselors, and social workers.

Training opportunities are similarly maldistributed. For example, there are no residency programs for psychiatrists and no educational programs for mental health nurse practitioners or psychologists north of Sacramento. There are also no doctoral programs in psychology in the Central Coast or San Joaquin Valley regions. While Latino representation among graduates of social work and psychiatric technician programs has improved, Latinos remain underrepresented among graduates of psychiatric residency programs and clinical or counseling psychology programs.

According to Healthforce researchers, based on current supply of providers and demand for service utilization, by 2028 California will have 50 percent fewer psychiatrists than needed to meet the state's mental health needs, and 28 percent fewer psychologists, licensed marriage and family therapists (LMFTs), licensed professional clinical counselors (LPCCs), and licensed clinical social workers (LCSWs) than needed. In addition, the California Future Health Workforce Commission estimates California would need to train 527 additional first-year psychiatry residents every year to alleviate the projected psychiatrist shortage.

Psychiatrists Critical to Operation of State Hospitals. According to DSH, psychiatrists function as the lead of the interdisciplinary treatment team in the State Hospital system, and are responsible for ensuring the team is developing an integrated treatment plan, reviewing serious incident reports, obtaining information related to treatment noncompliance, and writing detailed discharge summaries. DSH reports recruitment and retention pose a significant challenge for DSH, which has been further exacerbated during

the COVID-19 pandemic. The DSH 2023-24 Governor's Budget Estimate indicates that, on average during 2021-22, only 128.0 of the department's 277.4 authorized Staff Psychiatrist positions were filled, a vacancy rate for civil service classified positions of 53.9 percent. An additional 58.7 Staff Psychiatrist positions are filled using temporary help or contract staff, resulting in a functional vacancy rate of 32.7 percent. Although DSH conducts a significant amount of outreach and marketing to attract a talented workforce, DSH indicates additional efforts and resources are needed to sustain and grow its workforce to meet the demand for behavioral health services in the State Hospital system.

Previous Workforce Development Initiatives. To address the psychiatrist vacancy rate in the State Hospital system, the state has made various investments in psychiatrist workforce development initiatives. The 2019 Budget Act included positions and resources to establish a new Psychiatric Residency Program at Napa State Hospital. The initial program funding was meant to support up to four residents in its first cohort in 2020-21, growing to 16 residents each year beginning in 2024-25. In addition, the 2022 Budget Act included General Fund expenditure authority of $7 million annually for two years to support a loan repayment program for psychiatrists that agree to a five-year service commitment at DSH.

Staffing and Resource Request. DSH requests seven positions and General Fund expenditure authority of $6.5 million in 2023-24, $7.1 million in 2024-25, $7.3 million in 2025-26, $7.7 million in 2026-27, and $8.3 million annually thereafter to support development and implementation of pipeline, recruitment, and retention initiatives to sustain and grow DSH's psychiatric workforce. Specifically, DSH requests the following positions and resources in the following new or expanded programs:

Psychiatry Residency Program – Three positions and $1.4 million annually

Leveraging the successful residency program at Napa State Hospital, DSH requests three positions and General Fund expenditure authority of $1.4 million annually to collaborate with Eisenhower Medical Center to develop an on-site psychiatry training program at Patton State Hospital for residents who will perform duties and responsibilities associated with that of an inpatient psychiatry resident. DSH estimates the program could support a total of 20 resident positions with four residents per year starting in 2024.

- **One Senior Psychiatrist Supervisor, one Hospital Administrative Resident II** position, and **one Associate Governmental Program Analyst** would provide support for the new psychiatric residency program at Patton State Hospital.

Psychiatric Fellowships - $3.6 million annually

DSH requests General Fund expenditure authority of $3.6 million annually to expand or develop fellowship programs, which are post-doctoral training programs for psychiatrists after completion of a residency program. The new fellowship program would provide new psychiatrists with specialized training that focuses on the unique needs of the State Hospital population. DSH expects establishment or expansion of the following partnerships, which would sponsor and train two fellows per program per year:

- *Forensic Psychiatry* – Stanford University (at Coalinga), UC Riverside (at Patton), UCLA and USC (at Metropolitan), and Santa Clara/San Mateo (at Atascadero and Coalinga)
- *Geriatric Psychiatry* – Saint Joseph's Medical Center-Dignity Health (at Napa)
- *Addiction Psychiatry* – Saint Joseph's Medical Center-Dignity Health (at Napa)

Resident Rotations - $900,000 annually

DSH requests General Fund expenditure authority of $900,000 annually to support an increase in the amount of rotation sites for residents. According to DSH, expanding clinical rotation opportunities for residents would increase the possibility of attracting future psychiatrists with specific training and exposure to the State Hospital system. DSH proposes to implement 15 permanent and ongoing sponsorships of clinical resident rotations on State Hospital campuses.

Retention – Continuing Education and Medical Advancement – Four positions and $590,000 annually

DSH requests four positions and General Fund expenditure authority of $590,000 annually to support and promote continuing medical education (CME) for the psychiatrists working in the State Hospitals. According to DSH, CME activities provide an opportunity for collegial cohesion, where psychiatrists working independently may come together to learn from one another, provide peer review and mentorship, and discuss matters of the field with like-minded colleagues.

- **One Staff Services Manager II** position and **three Associate Governmental Program Analysts** would support the program by processing and issuing credits for all CME for DSH psychiatrists.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. How will these programs interact with the DSH psychiatrist loan repayment program adopted in the 2022 Budget Act?

Issue 7: Electronic Health Records Implementation and Operation

Budget Change Proposal – Governor's Budget. DSH requests 40.2 positions and General Fund expenditure authority of $21.5 million in 2023-24 and 58 positions and General Fund expenditure authority of $22.3 million annually thereafter. If approved, these positions and resources would support the completion of remaining planning activities, System Integrator procurement, and transition into implementation of the Continuum Electronic Health Record (EHR) System.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$21,501,000	$22,311,000
Total Funding Request:	**$21,501,000**	**$22,311,000**
Total Requested Positions:	**40.2**	**58.0**

* Positions and resources ongoing after 2024-25.

Background. In 2017, DSH began a project to implement an integrated electronic health record (EHR) for state hospital patients, submitting a Stage 1 Business Analysis and Stage 2 Alternatives Analysis to the California Department of Technology (CDT) as part of its Project Approval Lifecycle (PAL) process. The 2018 Budget Act included four positions and General Fund expenditure authority of $1.3 million in 2018-19 and $713,000 in 2019-20 for DSH to complete Stages 3 and 4 of the PAL process for implementation of the EHR system. Due to the COVID-19 pandemic, DSH received approval in the 2020 Budget Act to extend the timeline of the project for two years, with a go-live date of 2026.

DSH reports that when the EHR system is implemented, it will employ its current wireless network to support wireless medical devices, such as tablets, blood pressure cuffs, and glucometers. According to reports from other healthcare providers, EHR implementation has the potential to increase wireless traffic by as much as three-fold. DSH is planning to enhance its networks and implement a technology that would allow its wireless access points to automatically re-calibrate to maintain network accuracy and integrity. The EHR solution would support patient triage, care management functions, administrative functions, document management, email, web browsing, real-time image transfer, bi-directional data exchange, telemedicine, remote system monitoring, and administration.

The 2022 Budget Act included six positions and General Fund expenditure authority of $2.4 million in 2022-23, two additional positions and General Fund expenditure authority of $19.8 million in 2023-24, two additional positions and General Fund expenditure authority of $20.8 million in 2024-25, and $8.2 million annually thereafter to prepare for and support operation of the EHR project, primarily to upgrade the Wireless Local Area Networks (WLAN) at all five hospitals.

Staffing and Resource Request. DSH requests 40.2 positions and General Fund expenditure authority of $21.5 million in 2023-24 and 58 positions and General Fund expenditure authority of $22.3 million annually thereafter. If approved, these positions and resources would support the completion of remaining planning activities, System Integrator procurement, and transition into implementation of the Continuum Electronic Health Record (EHR) System. Specifically, DSH requests the following positions and resources for the following teams:

EHR End User Training Team – Four positions and $420,000 in 2023-24, $940,000 annually thereafter

The EHR End User Training Team, composed of **one Assistant Coordinator of Nursing Services, two Registered Nurses,** and **one Program Director**, would support training the State Hospital system workforce on the use of the new EHR system, including new employee system training, update/change training, and remedial training.

Clinical Business Leadership Team – 16.5 positions and $2.8 million in 2023-24, 29 positions and $5 million annually thereafter

The Clinical Business Leadership Team would provide clinical leadership to promote end user adoption of the EHR. The team would help ensure the EHR solution is configured appropriately to meet the clinical business needs, and project and strategic goals of DSH. These positions would coordinate change management, communication, quality improvement, and clinical safety assessment efforts. The team would be composed as follows:

- **Five Associate Governmental Program Analysts (AGPAs)** in 2023-24 and **ten AGPAs** annually thereafter would support Health Informatics initiatives, assist in planning and preparation of enterprise data standardization and cleansing efforts for existing legacy applications, and serve as clinical informatics specialists to bridge the gap between clinicians and data.
- **One Office Technician** would support the Clinical Business Leadership Team and the Clinical Technology Analyst Team to provide office based support such as timesheets, travel support and arrangements, and minutes recording during essential business meetings.
- **One Nurse Practitioner, 0.5 Physician Surgeon,** and **three Research Data Specialist (RDS) II** positions in 2023-24 and **two Nurse Practitioners, one Physician Surgeon,** and **six RDS II** positions annually thereafter would serve as health informaticists in their respective fields, bridging the gap between clinicians and data.
- **0.5 Research Scientist Manager** in 2023-24 and **one Research Scientist Manager** annually thereafter would serve as lead data steward of the health informaticists and be responsible for enabling better collaboration and coordination among DSH clinical and nursing providers, streamlining medical quality assurance processes, improving cost-efficiency in care delivery, and increasing accuracy and efficiency in utilizing the EHR solution.
- **1.5 Staff Services Manager (SSM) I** positions in 2023-24 and **three SSM I** positions annually thereafter would serve as clinical informatics specialists, planning and preparing of enterprise data standardization and cleansing efforts for legacy applications and supporting the Clinical Business Leadership Team.
- **One Program Director** would serve as the primary liaison between the project team and hospital executive leadership, provide oversight of the EHR project clinical change management at the hospital level, lead implementation and training efforts of the EHR at their facility, provide assistance and serve as a resource to the Sacramento project team, and participate in organizational strategic planning.
- **One Program Assistant** in 2023-24 and **two Program Assistants** annually thereafter would assist the Program Director managing logistics for system updates, communications, job aids, training, working with clinical supervisors and program management for scheduling training, supervise super-users and trainers, and lead change management initiatives at their facility.
- **One Senior Clinical Lab Technologist** would evaluate processes, planning implementation, and lead laboratory maintenance and operation activities.

- **One Senior Radiology Technologist** would evaluate processes, planning implementation, and lead radiology maintenance and operation activities.

Technology Services – 18.66 positions and $3.7 million in 2023-24, 22 positions and $4.4 million annually thereafter

These additions to the department's Technology Services Division would provide a wide range of technical services to the department in relation to implementation of the EHR.

- **0.7 Career Executive Appointment (CEA) B – Assistant Deputy** position in 2023-24 and **one CEA B – Assistant Deputy** position annually thereafter would provide a higher-level structure of senior leadership under the Chief Information Officer.
- **0.8 Information Technology (IT) Specialist III** position and **one IT Specialist III** position annually thereafter would provide oversight and knowledge, skills, and abilities of a high-level WLAN architect to ensure proper operation of the expanded WLAN for the EHR project.
- **0.8 Information Technology (IT) Specialist III** position and **one IT Specialist III** position annually thereafter would provide oversight and knowledge, skills, and abilities of a high-level network architect to ensure proper operation of the expanded network/WLAN for the EHR project.
- **One IT Manager I, 1.6 IT Specialist III** and **1.6 IT Specialist II** in 2023-24 and **two IT Specialist III and two IT Specialist II** annually thereafter would support higher-level engineering workload required to support the application engineering and support aspects of the EHR project.
- **0.8 IT Manager I, 0.5 IT Specialist III** and **one IT Specialist I** in 2023-24 and **one IT Manager I, one IT Specialist III** and **one IT Specialist I** annually thereafter would support the higher level engineering workload required to support the data analytics aspects of the EHR project.

Service Management and Governance – Ten positions

- **One IT Manager I** would serve as Organizational Change Management (OCM) Manager, guiding OCM activities related to IT project management including communications management, planning, portfolio management, process engineering, scope management, stakeholder management and time and schedule management.
- **One IT Supervisor II** position would manage day-to-day operations and workload of the procurement, contract, and budget staff.
- **Three IT Specialist II** positions would ensure IT contract management best practices, processes and procedures are consistently applied, and handle subsequent procurements that are in conjunction with the implementation of the new EHR system.
- **Five IT Specialist I** positions would serve as OCM catalysts responsible for communicating changes to business processes using new technology systems associated with the EHR project.

Server Storage (Cloud and Automation) – 0.8 position in 2023-24 and 1 position annually thereafter

- **0.8 IT Specialist III** position in 2023-24 and **one IT Specialist III** position annually thereafter would serve as lead technical expert during the EHR procurement, conduct cloud-based infrastructure work, lay the foundation and systems EHR will need to lay on top of before System Integrator onboarding,

create and implement standards, strategy, and practices for cloud and automation that promote scalable, supportable cloud based EHR and ancillary EHR systems.

Human Resources and Facilities – Three positions and $336,000 annually

- **Two AGPAs** would provide administrative support including human resources, budget management and procurement and contract management.
- **One Associate Construction Analyst** would ensure the department meets the requirements of installation of WLAN upgrades.

Contract Resources - $14 million in 2023-24 and $11.4 million annually thereafter

- *End User Devices and Medical Devices* – DSH requests General Fund expenditure authority of $3.1 million in 2023-24 and $554,000 annually thereafter to support end user devices (e.g. tablets, laptops, mobile devices, scanners, workstations, label printers, dictation devices, and second monitors) and medical devices (e.g. vital signs devices and glucometers).
- *EHR Contracted Staff Support* – DSH requests General Fund expenditure authority of $6.7 million to support expert contracted staff to support the knowledge and experience required to address a wide range of technical services including security, network, application development, data analytics, service desk, service management and governance, and server storage.
- *Limited Term Implementation Consulting* – DSH request General Fund expenditure authority of $3.7 million to support an OCM contractor, project management, independent verification and validation, IT technical team training, an independent fire inspector, and interagency consulting.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Sexually Violent Predators (SB 1034)

Budget Change Proposal – Governor's Budget. DSH requests two positions and General Fund expenditure authority of $598,000 annually. If approved, these positions and resources would allow DSH to convene county representatives regarding suitable housing for sexually violent predators, as well as other requirements imposed pursuant to SB 1034 (Atkins), Chapter 880, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$598,000	$598,000
Total Funding Request:	**$598,000**	**$598,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. SB 1034 establishes a process for finding housing for a sexually violent predator (SVP) who has been found to no longer be a danger and set forth what a court must do in order to determine extraordinary circumstances exist so that a sexually violent predator cannot be placed in the county of domicile. Prior to SB 1034, when a suitable placement was not located in the county of domicile, a court could order extraordinary circumstances allowing DSH or its designee to search for housing in a county outside the committed person's county of domicile. SB 1034 only permits a petition to the court for consideration of extraordinary circumstances after the following criteria have been met:

- The county of domicile has demonstrated engagement in an exhaustive housing search within its county, with robust participation from a committee composed of: 1) counsel for the committed individual, 2) the sheriff or chief of police of the locality of placement, and 3) the county counsel and the district attorney of the county of domicile, or their designees.
- The county of domicile has provided a minimum of one alternative placement for consideration and has noticed the district attorney of the alternative placement county and DSH regarding their intention to file a petition for extraordinary circumstances, which is to include the committed person's connection to the proposed alternative county.
- The county of domicile has provided the required information to DSH and the district attorney of the alternative placement county regarding these criteria.
- DSH and the district attorney of the proposed placement of the alternative county had the opportunity to be heard at a hearing, receiving no less than a 30 day notice before the hearing.

Staffing and Resource Request. DSH requests two positions and General Fund expenditure authority of $598,000 annually to convene county representatives regarding suitable housing for sexually violent predators, as well as other requirements imposed pursuant to SB 1034 (Atkins), Chapter 880, Statutes of 2022. Specifically, DSH requests the following positions and resources:

- **One Consulting Psychologist** would attend, participate in, and consult in convened local housing committee meetings for potential placements; provide education, history, and information to external stakeholder and committee members; provide opinion to committee members on behalf of DSH on extraordinary circumstance criteria and options; attend court hearings including status conference and housing hearings; assist in preparing court status conference reports; develop, amend, and consult on

policies regarding new housing placement requirements and process; review, assist, and provide feedback on court reports and other correspondence with legal stakeholder; review housing site assessments and provide feedback to the SVP program and the committee; and attend internal housing vetting meetings with DSH stakeholders.

- **One Office Technician** would coordinate committee meeting logistics; gather maintain, and track key participants contact information; track member participation, action items from meetings and any barriers to progress; provide regular reports to DSH management; support administrative tasks; distribute committee meeting notices; file court correspondence; distribute documents and information to participants; coordinate staff travel and process travel claims for visits and court appearances; and prepare documents for court status conference reports.
- DSH requests General Fund expenditure authority of $280,000 annually to support a contracted housing specialist for the CONREP-SVP provider.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 9: Increased Court Appearances and Public Records Act Requests – Continuation of Funding

Budget Change Proposal – Governor's Budget. DSH requests 5.5 positions and General Fund expenditure authority of $847,000 annually. If approved, these positions and resources would allow DSH to permanently extend limited-term resources approved in the 2021 Budget Act to address a sustained increase in workload for court hearings and responding to Public Records Act requests.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$847,000	$847,000
Total Funding Request:	**$847,000**	**$847,000**
Total Requested Positions:	**5.5**	**5.5**

* Positions and resources ongoing after 2023-24.

Background. According to DSH, the ongoing and growing IST waitlist has resulted in a significant amount of related litigation, including:

- County public defenders filing motions seeking Orders to Show Cause (OSCs) why DSH should not be held in contempt for not timely admitting IST patients, and seeking sanctions.
- County public defenders filing motions under Code of Civil Procedure section 177.5 seeking sanctions against DSH for not complying with superior court orders to admit IST patients by a date specified.
- Superior courts issuing OSCs seeking to sanction DSH for not timely admitting IST patients or violating court orders to admit patients.
- Courts setting status conferences, with mandatory appearances by DSH, to explain why the patients have not been transported, or admitted to its hospitals, or considering whether to hold DSH in contempt.
- County public defenders filing motions seeking standing orders requiring that DSH admit IST patients by a specified time-frame.
- County public defenders filing writs of habeas corpus, writs seeking release of IST patients held in jail awaiting admission to DSH, and writs of mandate requiring DSH to comply with various specified time-frames for admission.
- The ACLU and private law-firms filing state and federal civil-rights cases seeking injunctive relief and damages for alleged violations of IST patients' constitutional rights.

DSH attorneys must respond, object, appear, or serve as staff counsel to represent DSH in each of these types of motions, status conferences, OSCs, standing-order requests, writs, and civil rights litigation.

In addition to legal workload, DSH reports continued high volume of Public Records Act (PRA) requests. DSH reports it received over 733 PRA requests and subpoenas in 2020 and 834 PRA requests and subpoenas in 2021. The 2019 Budget Act included General Fund expenditure authority of $767,000 in 2019-20 and 2020-21 to support the equivalent of 5.5 positions to address these increases in court hearings at which DSH attorneys are required to appear, as well as increases in requests pursuant to the Public Records Act. The 2021 Budget Act included General Fund expenditure authority of $777,000 in 2021-22 and 2022-23 to extend these positions for an additional two years. According to DSH, the workload to support court appearances and PRA requests is permanent and ongoing.

Staffing and Resource Request. DSH requests 5.5 positions and General Fund expenditure authority of $847,000 annually to permanently extend limited-term resources approved in the 2021 Budget Act to address a sustained increase in workload for court hearings and responding to Public Records Act requests. Like the previous requests, these resources would support the equivalent of 5.5 positions, including **three Attorney I** positions supported by **one Legal Secretary** to address the legal and court hearings workload, and **one Legal Analyst** and **0.5 Staff Services Analyst** to support the PRA workload. Approval of these resources would be a permanent extension of the resources approved in the 2019 Budget Act and extended in the 2021 Budget Act.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 10: Criminal Record Information (CORI) Data – Trailer Bill Language

Trailer Bill Language – Governor's Budget. DSH requests trailer bill language to provide access to Criminal Offender Record Information (CORI) to DSH for the purposes of Incompetent to Stand Trial (IST) Solutions and other mental health policy research and program evaluations.

Background. Recent budget actions to address the backlog of IST patients awaiting placement or treatment in the State Hospital system include the following:

- *IST Solutions.* The 2022 Budget Act included General Fund expenditure authority of $535.5 million to implement solutions to address the backlog of IST patients referred to the State Hospitals system for restoration to competency.
- *IST Diversion Pilot Program.* The 2018 Budget Act authorized DSH to establish an IST Diversion Pilot Program, in which DSH partners with counties to implement new or expand existing diversion programs to serve individuals who are likely to be or have been found IST on felony charges.
- *Forensic Assertive Community Treatment.* The 2021 Budget Act authorized DSH to establish a new Forensic Assertive Community Treatment model (FACT) within the CONREP program to increase opportunities for individuals treated within the State Hospital system to step down into community treatment, as well as to provide additional community-based treatment opportunities for individuals found IST on felony charges.

DSH is authorized by statute to conduct, or contract for, research and evaluation studies that have application to mental health policy and management issues. Effective evaluation of the policy impacts of these programs requires understanding recidivism rates and gaining understanding of the criminal charges associated with the commitments of this population. However, DSH is not one of the entities currently permitted to access Criminal Offender Record Information (CORI) for research and evaluation purposes under Penal Code Section 11105.

Trailer Bill Language Proposal. DSH requests trailer bill language to provide access to Criminal Offender Record Information (CORI) to DSH for the purposes of Incompetent to Stand Trial (IST) Solutions and other mental health policy research and program evaluations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 11: Metropolitan – Central Utility Plant Replacement

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1.9 million in 2023-24. If approved, these resources would support the working drawings phase of the project at Metropolitan State Hospital to replace the Central Utility Plant.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$1,863,000	$-
Total Funding Request:	**$1,863,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The Central Utility Plant at Metropolitan State Hospital was completed in 1988 and provided a net electrical output of 27,800 kilowatts. Originally built and operated by Wheelabrator Norwalk Energy Corporation, Metropolitan assumed control of plant operations after termination of the contract with Wheelabrator. According to DSH, the plant operates the central steam boiler system and chiller plants, underground mechanical, electrical, and steam distribution infrastructure, energy management systems, and provides connection to the site's natural gas, water, and sanitary sewer lines. DSH reports that the old, inefficient design of the plant and the age of the equipment, along with the lack of modern environmental controls, makes future repair and maintenance difficult and extremely costly. In addition, DSH reports the original steam and underground piping distribution system was installed in 1915 and up to 20 percent of steam is lost through leaks. Major repairs to the infrastructure and full replacement of the older heating and cooling systems are necessary to achieve current operating standards for reliability, efficiency, and cost-effectiveness.

Capital Outlay Request – Working Drawings. DSH requests General Fund expenditure authority of $1.9 million in 2023-24 to support the working drawings phase for Metropolitan State Hospital to replace its existing Central Utility Plant, which supplies steam for hot water and central heating and chilled water for air conditioning to 32 patient housing and administrative buildings. DSH expects the project to: 1) replace the chillers, boilers, and pumps and replace all steam and condensate piping with hot water piping; 2) remove the steam and condensate piping campus-wide; 3) install hot water lines in the tunnels, crawl spaces, and open trenches with removable steel open grating locations; 4) install temporary steam boilers at several locations; and 5) install new boiler plant in the existing gas compressor room, consisting of three hot water boilers and pumps with room for a fourth boiler and pump if needed in the future. According to DSH, the new boilers would be comprised of commercial duty, low emissions equipment certified by the Southern California Air Quality Management District. The hot water pumps would also utilize variable speed operation to maximize plant efficiency.

According to DSH, total project costs are estimated to be $43.9 million, including the following:

- Preliminary plans - $1,835,000
- Working drawings - $1,863,000
- Construction - $40,233,000

The construction phase costs would include $32.8 million for the construction contract, $2.3 million for contingency, $2.9 million for architectural and engineering services, and $2.2 million for other project costs.

According to DSH, preliminary plans will be completed by December 2023, working drawings would begin in January 2024 and be completed in June 2025, and construction would begin in June 2025 and be completed in December 2026.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 12: Metropolitan – Fire Water Line Connection to Water Supply

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $536,000 in 2023-24. If approved, these resources would support the working drawings phase of the project at Metropolitan State Hospital to provide the capacity of water required for its fire sprinkler system to comply with current fire code requirements.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$536,000	$-
Total Funding Request:	**$536,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to DSH, marginal pressure and fire flows serving the new fire sprinkler system in the Central Kitchen at Metropolitan State Hospital resulted in a new fire water line project in 2011. The project included laying approximately 2,760 feet of dedicated fire main pipe from the existing storage tank site to the Central Kitchen. In addition, a 16-inch water line was designed to connect from the outlets of both existing 750,000 gallon steel water tanks. However, before completion of the project the State Fire Marshall inspector discovered the outlets on both water tanks did not possess an anti-vortex plate. As a result the project was not completed and there is no dedicated fire suppression line throughout the hospital as required by the National Fire Protection Association (NFPA).

Capital Outlay Request – Working Drawings. DSH requests General Fund expenditure authority of $536,000 in 2023-24 to support the working drawings phase for Metropolitan State Hospital to provide the capacity of water required for its fire sprinkler system to comply with current fire code requirements. DSH proposes to demolish one of the existing 750,000 gallon steel tanks and replace it with a new 1 million gallon dedicated fire water storage tank that would be able to meet current and future NFPA fire water flow requirements. The project would provide adequate fire flows and pressures to the fire suppression sprinkler systems for the hospital's Central Kitchen, skilled nursing facility, and Administration building. In addition, the project would allow for future expansion of the system to cover the entire hospital campus, including sizing the pump house for a future additional set of fire water pumps.

According to DSH, total project costs are estimated to be $10 million, including:

- Preliminary Plans - $548,000
- Working Drawings - $536,000
- Construction - $8.9 million

The construction phase costs would include $7.5 million for the construction contract, $523,000 for contingency, $694,000 for architectural and engineering services, and $245,000 for other project costs.

According to DSH, the preliminary plans phase would be completed in August 2023, the working drawings phase would begin in September 2023 and be completed in October 2024, and construction would begin November 2024 and be completed in June 2026.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 13: Atascadero – Sewer and Wastewater Treatment Plant

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1 million in 2023-24. If approved, these resources would support the working drawings phase for the project at Atascadero State Hospital to provide upgrades to the sewer collection system, installation of a screening system, and connection to the City of Atascadero's wastewater treatment system.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$1,038,000	$-
Total Funding Request:	**$1,038,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to DSH, Atascadero State Hospital has not made significant improvements to its sewer collection and wastewater treatment plant since it was commissioned in the early 1950s. An assessment by the Central Coast Regional Water Quality Control Board determined the plant's treatment processes will not comply with requirements of a new general order for Waste Discharge Requirements (WDR). The assessment also identified a variety of other deficiencies including improper flow rates complicated by inadequate treatment capabilities and various corroded components. To avoid potential shut down of the plant by the State Water Resources Control Board, DSH proposes to upgrade the sewer collection system and connect to the wastewater treatment plant operated by the City of Atascadero, rather than upgrade the existing plant, due to the significant number of deficiencies identified in the assessment.

Capital Outlay Request – Working Drawings. DSH requests General Fund expenditure authority of $1 million in 2023-24 to support the working drawings phase for the project at Atascadero State Hospital to provide upgrades to the sewer collection system, installation of a screening system, and connection to the City of Atascadero's wastewater treatment system. The upgrades to the sewer collection system would include spot repairs, replacement of sections of pipes, and installation of new manholes to provide maintenance access. The screening system would be used to remove certain solids from the sanitary sewer collection system prior to conveying to the city wastewater treatment plant. Connection to the city's plant results in DSH becoming a new city sewer customer, with screened wastewater flowing by gravity to the plant. This connection would result in a one-time Sewer Connection Fee and monthly Sewer Service Charges that would be subject to negotiation and agreement between DSH and the City of Atascadero. These charges would be a function of the average daily wastewater discharge volume and wastewater strength composition.

According to DSH, total project costs are estimated to be $15.3 million, including:

- Preliminary Plans - $4.1 million
- Working Drawings - $1 million
- Construction - $10.2 million

The construction phase costs would include $8.1 million for the construction contract, $570,000 for contingency, $783,000 for architectural and engineering services, and $729,000 for other project costs.

According to DSH, the preliminary plans phase will be completed in March 2024, working drawings would begin in April 2024 and be completed in December 2025, and construction would begin in January 2026 and be completed in June 2027.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: Budget Solution – Public Health Regional Climate Planning Reversion

Budget Solution – Governor's Budget. CDPH requests reversion of $25 million General Fund expenditure authority, originally approved in the 2022 Budget Act, for the Climate Change and Health Resilience Planning Grant Program. Of these amounts, $1.3 million was allocated for state operations and $23.7 million was allocated for local assistance. CDPH also indicates that if the Department of Finance determines there is sufficient General Fund to support this program, it would be restored in January 2024.

Program Funding Request Summary		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	($25,000,000)	$-
Total Funding Request:	**($25,000,000)**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The 2022 Budget Act included General Fund expenditure authority of $25 million in 2022-23, available for encumbrance or expenditure until June 30, 2025 to provide grants to local health departments, community-based organizations, and tribes to develop regional Climate and Health Resilience Plans to bolster the actions of resource-limited local health departments and communities to more effectively prevent and reduce inequitable health impacts of climate change, including behavioral health risks. Each of the five Public Health Officer Regions would have been required to write at least one Climate Change and Health Resilience Plan, coordinated by one to two local health departments in the region. The Southern California region would have been funded to develop up to three Plans, the Bay Area region would have been funded to develop one or two Plans, and the other regions would each have written one Plan. One or two local health departments would have been selected to lead each regional Plan development process, based on a competitive process that prioritizes those facing greatest climate and health inequities as measured by the California Healthy Places Index.

CDPH's Office of Health Equity (OHE) would have been tasked to support LHJs, community-based organizations, and tribes or tribal health programs (tribes) to establish regional climate change and health resilience plans with a planning process that would have:

- Engaged community-based organizations, tribes, faith-based organizations, local government, and other stakeholders; conducted robust community engagement at every step of plan development and implementation; and established a collaborative stakeholder structure that detailed who will be engaged, roles, and decision-making methods.
- Assessed local vulnerability to health and equity impacts of climate change using available data and tools such as the CDPH Climate Change and Health Vulnerability Indicators for California, the State Cal-Adapt climate exposure tool, the California Healthy Places Index, and local health data and tools including Traditional Ecological Knowledge from tribes that wished to provide it.
- Completed an environmental scan of local climate change planning, including:
  - Resilience and adaptation planning and activities

  - Climate change mitigation planning and activities that reduce greenhouse gases and improve determinants of health such as physical activity, healthy food access, housing, and transportation
  - Other groups or entities addressing climate change with whom to collaborate.
- With technical assistance from CDPH, wrote a Climate Change and Health Resilience Plan that addressed priority climate change and health equity impacts identified in the vulnerability assessment, and that improved social determinants of health through climate change actions. Regional coalitions would have chosen interventions from a list of best practices provided by CDPH, including policy objectives to create long-term change that improves the health of entire populations. Regional Plans would have included metrics to evaluate the effectiveness of process and outcomes, including engagement of the community in plan development and implementation.

Due to the General Fund shortfall, CDPH requests reversion of $25 million General Fund expenditure authority, originally approved in the 2022 Budget Act, for the Climate Change and Health Resilience Planning Grant Program. Of these amounts, $1.3 million was allocated for state operations and $23.7 million was allocated for local assistance. CDPH also indicates that if the Department of Finance determines there is sufficient General Fund to support this program, it would be restored in January 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this budget solution.

Issue 2: Lead Renovation, Repair, and Painting Program (SB 1076)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $615,000 in 2023-24 and 2024-25, an additional 32 positions and expenditure authority from the Lead-Related Construction Fund of $5.5 million in 2025-26 and $5.2 million annually thereafter. If approved, these positions and resources would allow CDPH to implement the lead-based paint Renovation, Repair, and Painting program, pursuant to the requirements of SB 1076 (Archuleta), Chapter 507, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$615,000	$615,000
Total Funding Request:	**$615,000**	**$615,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested (Lead-Related Construction Fund) – 2025-26: 32 positions and $5,511,000; 2026-27 and ongoing: $5,188,000.

Background. Lead is a highly neurotoxic heavy metal which does not degrade or break down in the environment. Lead exposure can cause a wide range of health problems and can result in lifelong damaging effects. At very high levels of exposure, lead can cause seizures, coma, and death. Lower levels of lead exposure affect the nervous system, decrease intelligence, and create learning deficits. The federal Centers for Disease Control and Prevention (CDC) has determined there is no safe level of lead exposure.

The federal Environmental Protection Agency (EPA) established the lead Renovation, Repair, and Painting (RRP) Rule to regulate the renovation of homes and child-occupied buildings constructed before the ban on the use of lead-based paint in 1978. EPA currently administers the RRP Rule in California. According to CDPH, EPA has less than ten staff assigned to administer the rule in EPA Region 9, which comprises Arizona, California, Hawaii, Nevada, the Pacific Islands, and 148 Tribal Nations. According to the EPA's Office of the Inspector General, this level of staff has led to a reduced ability of the EPA to adequately implement, enforce, and evaluate the success of the RRP rule. Less than one tenth of one percent of the 40,000 to 60,000 residential renovation contractors in California are inspected by EPA each year and between five and ten enforcement cases a year are taken by EPA in the state.

SB 1076 (Archuleta), Chapter 507, Statutes of 2022, requires CDPH to review and amend its regulations to comply with the RRP Rule. To comply with the requirements of SB 1076, CDPH would seek authorization from EPA to take over administration of the RRP Rule in California. Fourteen states are currently authorized to implement the RRP Rule and successfully perform a higher rate of RRP certification, inspections, and enforcement than the federal program. CDPH would need to establish a new system of fees to replace those of the EPA to support the new state-administered program. CDPH's Childhood Lead Poisoning Prevention Branch (CLPPB) and Occupational Health Branch (OHB) would administer the program, requiring an increase in staffing needs for both branches supported by the new fees.

Once CDPH becomes an RRP authorized state, CLPPB would expand training opportunities to residential renovation contractors to learn about lead-safe work practices, create a lead-safe residential renovation

workforce, increase awareness of the threat of lead poisoning and associated screening, and support compliance with and enforcement of RRP requirements. The program would also require RRP training providers to become accredited in California, be subject to more frequent audits and inspections, and submit course completion forms to track students and minimize the potential for fraudulent certification.

CDPH would also require individual renovators and renovation firms that perform RRP work to become certified in California by receiving regular training in lead-safe work practices to minimize lead exposure to themselves and their customers, and by employing at least one RRP-certified individual renovator.

According to CDPH, the new fees implemented by the program would be as follows:

1) A fee of $400 for five year accreditation of a training provider for each RRP-related class type. This fee would replace fees currently charged by EPA
2) A fee of $36 for accredited RRP training providers for each Course Completion Form submitted to verify that a student took the class and passed the exam. This would be a new fee.
3) A fee of $375 for five year certification of an RRP firm. This fee would replace fees currently charged by EPA.
4) A fee of $270 for a two year RRP certification of an individual. This would be a new fee.

Staffing and Resource Request. CDPH requests one position and General Fund expenditure authority of $615,000 in 2023-24 and 2024-25, an additional 32 positions and expenditure authority from the Lead-Related Construction Fund of $5.5 million in 2025-26 and $5.2 million annually thereafter to implement the lead-based paint Renovation, Repair, and Painting program, pursuant to the requirements of SB 1076 (Archuleta), Chapter 507, Statutes of 2022. Specifically, CDPH is requesting the following positions in the following units:

Childhood Lead Poisoning Prevention Branch – One position in 2023-24 and 2024-25 and 32 positions annually thereafter

- **One Environmental Program Manager I** position would serve as Chief in the Renovation Program Section and would coordinate management of the accreditation, certification, and enforcement and compliance assurance activities.
- Two administratively established **Health Program Specialist I** positions for three years and **one permanent Associate Governmental Program Analyst (AGPA)** in the Regulatory Harmonization Unit would promulgate regulations to adopt RRP, coordinate EPA authorization and funding for development of the state RRP program, conduct outreach to the regulatory community, and coordinate activity with the California Contractors State Licensing Board (CSLB).
- **One Senior Environmental Scientist, one Environmental Scientist,** and **four AGPAs** in the Training Provider Unit would oversee schools accredited for renovation training, accredit and audit renovation training schools, audit training renovation courses, and manage on-line programming and fees for accreditation of courses and submission of course completion forms.
- **One Senior Environmental Scientist, one Environmental Scientist, and five AGPAs, two Staff Services Analysts (SSAs),** and **one Associate Accounting Analyst** in the Certification Unit would supervise certification of renovation firms and individuals, certify individuals and firms, and manage online programming and fees for certification of individuals and firms.

- **One Senior Environmental Scientist, seven Environmental Scientists,** and **four AGPAs** in the Enforcement and Monitoring Unit would supervise renovation-related enforcement, conduct enforcement inspections and develop enforcement cases, and perform compliance assurance through warning letters and response to tips on compliance.

Occupational Health Branch – Two positions in 2025-26 and annually thereafter.

- **One Research Scientist** and **one Associate Health Program Advisor** in the Occupational Lead Poisoning Prevention Program would respond to greater workload associated with increased occupational lead testing, coordination, and outreach.

Trailer Bill Language Proposal. The Department of Finance indicates on its tracking spreadsheet for pending trailer bill language that this staffing and resource request would be accompanied by proposed trailer bill language. As of publication of this subcommittee agenda, the trailer bill language proposal has not been released.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Please provide an update on the pending trailer bill language proposal associated with this request.

Issue 3: Extreme Heat – Statewide Extreme Heat Ranking System (AB 2238)

Budget Change Proposal – Governor's Budget. CDPH requests two positions and General Fund expenditure authority of $369,000 annually. If approved, these positions and resources would support creation of a statewide extreme heat ranking system, including a public communication plan, statewide guidance for preparing and planning for extreme heat events, and recommendations on local heat adaptation, preparedness and resilience measures, pursuant to the requirements of AB 2238 (Luz Rivas), Chapter 264, Statues of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$369,000	$369,000
Total Funding Request:	**$369,000**	**$369,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. According to CDPH, extreme heat poses a significant public health threat to Californians. Activities that help local governments and residents prepare for extreme heat events could prevent illness and death. Developing and utilizing a statewide extreme heat ranking system may help raise public awareness and serve as a warning system to inform local preparedness, planning, and response efforts to mitigate the health harms of extreme heat events, particularly for communities facing greater vulnerability and disadvantage to climate-related health harms.

AB 2238 (Luz Rivas), Chapter 264, Statutes of 2022, requires CDPH to collaborate with the California Environmental Protection Agency (CalEPA) and other state agencies on developing a statewide extreme heat ranking system, outreach and communications about the ranking system, and recommendations to local governments relevant to extreme heat adaptation, preparedness, and resilience measures. CDPH will be required to provide technical assistance and subject matter expertise on data resources, analytic plans, public health literature, public health communications, statewide guidance for local health departments and tribes regarding extreme heat preparation and planning, community partnership and participation strategies, and the inclusion of vulnerable communities. CDPH will also be required to review and provide guidance on communications strategies so that they are focused on populations that are most at risk of public health and emergency impacts from extreme heat events, culturally appropriate and translated into languages commonly spoken in the target communities, and are based on public health evidence and recommendations. Additionally, CDPH will be required to leverage partnerships with local health departments and tribal entities.

Staffing and Resource Request. CDPH requests two positions and General Fund expenditure authority of $369,000 annually to support creation of a statewide extreme heat ranking system, including a public communication plan, statewide guidance for preparing and planning for extreme heat events, and recommendations on local heat adaptation, preparedness and resilience measures, pursuant to the requirements of AB 2238 (Luz Rivas), Chapter 264, Statues of 2022. Specifically, CDPH requests the following positions in the Office of Health Equity:

Climate Change and Health Equity Section – Two positions

- **One Research Scientist II** position would lead all activities for reviewing and assessing relevant public health data, literature, and other resources for informing CalEPA's development of the extreme heat ranking system; provide health evidence base to implementing and consulting agencies to guide development and implementation of communications and outreach efforts; develop recommendations for local governments on heat adaptation, preparedness, and resilience; lead CDPH efforts to provide consultation to implementing agencies.
- **One Health Program Specialist II** position would provide subject matter expertise regarding public health and extreme heat communications campaigns; coordinate the public health and health aspects of developing guidance and recommendations for protecting communities from extreme heat events; review and provide technical assistance on communications and outreach efforts; provide consultation for the development of a public communication plan for the statewide extreme heat ranking system; provide consultation to implementing agencies.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Childhood Drowning Data Collection Pilot Program (SB 855)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $260,000 in 2023-24, $632,000 in 2024-25 and 2025-26, and $316,000 in 2026-27. If approved, these resources would allow CDPH to establish and administer a three-year Childhood Drowning Data Collection Pilot Program pursuant to SB 855 (Newman), Chapter 817, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$260,000	$632,000
Total Funding Request:	**$260,000**	**$632,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $632,000, 2026-27: $316,000.

Background. SB 855 (Newman), Chapter 817, Statutes of 2022, requires CDPH to establish a comprehensive, coordinated, and data-driven approach to childhood drowning prevention through a Childhood Drowning Data Collection Pilot Program. The program would leverage existing Fatal Child Abuse and Neglect Surveillance (FCANS) data, but CDPH indicates this effort would be a completely novel approach to childhood drowning surveillance and prevention. Existing data systems on childhood drownings either do not contain critical information on the drowning circumstances or are not consistently and completely used for data reporting across the state. Additionally, there are no statewide coordinated efforts to prevent childhood drowning.

SB 855 would address these issues by requiring CDPH to develop standard childhood drowning data reporting protocols and facilitate the creation of a California Water Safety Action Plan for Children. The bill requires CDPH to establish a pilot program, on or before January 1, 2024, to collect detailed data on childhood drownings in five to ten counties, report progress and findings to the Legislature, and publish a California Water Safety Action Plan for Children.

Staffing and Resource Request. CDPH requests General Fund expenditure authority of $260,000 in 2023-24, $632,000 in 2024-25 and 2025-26, and $316,000 in 2026-27 to establish and administer a three-year Childhood Drowning Data Collection Pilot Program pursuant to SB 855 (Newman), Chapter 817, Statutes of 2022. Specifically, these resources would support the following administrative established positions:

- **One Research Scientist III** position would oversee the data collection pilot program, recruit and provide technical assistance to the counties, and analyze drowning data and disseminate results through reports and the California Water Safety Action Plan for Children.
- **One Health Education Consultant III** position would develop and oversee the two legislative reports and the California Water Safety Action Plan for Children, engage with water safety and childhood injury prevention stakeholders and other state agencies, establish and facilitate the advisory group, solicit and incorporate feedback into the reports, and develop recommendations for policies and other interventions to prevent childhood drownings.

- **One Associate Governmental Program Analyst (AGPA)** would provide administrative support for the program, including serving as a liaison to counties and the training entities, general contracts and program management, and supporting data collection analysis, and reporting efforts.

In addition, $112,500 in 2024-25 and 2025-26, and $56,250 in 2026-27 would be allocated for local assistance.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Restroom Access – Medical Conditions (AB 1632)

Budget Change Proposal – Governor's Budget. CDPH requests nine positions and General Fund expenditure authority of $1.4 million annually. If approved, these positions and resources would support creation of a new program to implement and oversee appropriate access to restrooms in places of business for certain medical conditions, pursuant to the requirements of AB 1632 (Weber), Chapter 893, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,426,000	$1,426,000
Total Funding Request:	**$1,426,000**	**$1,426,000**
Total Requested Positions:	**9.0**	**9.0**

* Positions and resources ongoing after 2024-25.

Background. AB 1632 (Weber), Chapter 893, Statutes of 2022, requires CDPH to do the following:

1) Develop a standard electronic form to be shared on its website, in a printable format, that a health care provider may sign to serve as reasonable evidence of the existence of an eligible medical condition or use of an ostomy device.
2) Oversee and enforce new requirements on places of business to allow restroom access for individuals with eligible medical conditions when presented with the signed form developed by CDPH.

People with certain medical conditions, such as Crohn's disease or ulcerative colitis, may experience symptoms that require immediate access to a restroom. Several organizations, including the Crohn's and Colitis Foundation, offer cards that individuals with gastrointestinal disorders can carry to explain their symptoms to facility managers in case of an emergency. Prior to AB 1632, businesses were not required to grant access to restrooms to an individual with one of these medical conditions. AB 1632 requires a place of business open to the public for the sale of goods that has a restroom for its employees to allow any individual with an eligible medical condition to use the employee restroom if immediate access to a toilet facility is required. CDPH may impose a civil penalty of up to $100 for each violation on a business owner where the violation was due to willful or grossly negligent conduct.

CDPH indicates it would implement AB 1632 in two phases. In the first phase, CDPH would promulgate regulations to implement the requirements of AB 1632 and begin development of the standard form. In the second phase, staff would transition to investigation and compliance activities.

Staffing and Resource Request. CDPH requests nine positions and General Fund expenditure authority of $1.4 million annually to support creation of a new program to implement and oversee appropriate access to restrooms in places of business for certain medical conditions, pursuant to the requirements of AB 1632 (Weber), Chapter 893, Statutes of 2022. Specifically, CDPH requests the following positions and resources:

- **One Staff Services Manager I** position would recruit, train, and manage staff while overseeing the program and developing policies and procedures for operations.

- **Five Associate Governmental Program Analysts (AGPAs)** would provide technical assistance and development for the implementation and oversight of program compliance, including conducting investigations, issuing citations, and collecting fines; conduct program evaluations and develop program progress reports.
- **One AGPA** would provide legislative support for the program while working with the Office of Legal Services' attorneys to prepare for administrative hearings.
- **One Management Services Technician** would provide administrative support services.
- **One Attorney III** position would represent CDPH during due process hearings or appeals by businesses related to fine violations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 6: Genetic Disease Screening Program (GDSP) Estimate

Genetic Disease Screening Program Estimate – Governor's Budget. The November 2022 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of $173.9 million ($36.9 million state operations and $137.1 million local assistance) in 2022-23, and $184.4 million ($38.1 million state operations and $146.3 million local assistance) in 2023-24.

Genetic Disease Screening Program (GDSP) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0203 – Genetic Disease Testing Fund			
State Operations:	$36,851,000	$38,066,000	$1,215,000
Local Assistance:	$137,089,000	$146,322,000	$9,233,000
Total GDSP Expenditures	**$173,940,000**	**$184,388,000**	**$10,448,000**

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

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

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

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

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

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

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

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

NBS Caseload Estimate: The budget estimates NBS program caseload of 432,294 in 2022-23, an increase of 9,003 or 2.1 percent, compared to 2021-22 actual total caseload of 423291. The budget estimates NBS program caseload of 432,563 in 2023-24, an increase of 269 or 0.06 percent, compared to the revised 2022-23 estimate. These estimates are based on state projections of the number of live births in California. CDPH assumes 100 percent of children born in California will participate in the NBS program annually.

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

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

fewer false positives and better accuracy resulting in fewer pregnant individuals being referred for diagnostic follow-up services.

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

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

PNS Caseload Estimate: The budget estimates PNS program caseload of 598,735 specimens in 2022-23, an increase of 175,475 or 41.5 percent, compared to 2021-22 actual total caseload of 423,260 specimens. The budget estimates PNS program caseload of 603,950 specimens in 2023-24, an increase of 5,215 or 0.9 percent, compared to the revised 2022-23 estimate. These estimates are based on state projections of the number of live births in California. CDPH estimates approximately 72 percent of projected births in California will participate in the PNS program in 2022-23 and 73 percent will participate in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

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

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

Issue 7: California Newborn Screening Program Expansion

Budget Change Proposal – Governor's Budget. CDPH requests four positions and expenditure authority from the Genetic Disease Testing Fund of $3.5 million in 2023-24, $3.3 million in 2024-25 and 2025-26, and $2.7 million annually thereafter. If approved, these positions and resources would support expansion of newborn screening to include mucopolysaccharidosis type II (MPS II) and guanidinoacetate methyltransferase (GAMT) deficiency, pursuant to the requirements of SB 1095 (Pan), Chapter 393, Statutes of 2016.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0203 – Genetic Disease Testing Fund	$3,454,000	$3,254,000
Total Funding Request:	**$3,454,000**	**$3,254,000**
Total Requested Positions:	**4.0**	**4.0**

* Additional fiscal year resources requested – 2025-26: $3,254,000, 2026-27 and ongoing: $2,699,000.

Background. GDSP administers a statewide genetic disorder screening program for pregnant individuals and newborns that is fully supported by fees. When the Newborn Screening (NBS) program within GDSP began in 1980, each newborn was screened for only three disorders. Today, more than 400,000 newborns are screened for 80 disorders annually, resulting in more than 1,000 diagnoses. According to CDPH, California leads the nation in the number of disorders screened and provides the most comprehensive program in terms of quality control, follow-up services, genetic counseling, confirmatory testing, and diagnostic services.

SB 1095 (Pan), Chapter 393, Statutes of 2016, requires the NBS program to expand statewide screening of newborns to include screening for any disease that is detectable in blood samples within two years of the disease being adopted by the federal Recommended Uniform Screening Panel (RUSP). Mucopolysaccharidosis type I (MPS-I) and Pompe disease were added to the RUSP in 2016 and 2015, respectively, and were added to the panel for newborn screening in 2018.

On August 2, 2022, newborn screening for mucopolysaccharidosis type II (MPS II) was added to the federal RUSP. In addition, guanidinoacetate methyltransferase (GAMT) deficiency was added as of January 2023. MPS II is a genetic condition that can lead to intellectual disabilities and life-threatening cardiac and pulmonary complications due to a metabolic disorder that impairs the processing of complex sugars, causing the molecules to build up in various parts of the body. The condition can be treated by enzyme replacement through periodic intravenous infusions to help prevent storage complications and improve health outcomes. GAMT deficiency is a genetic condition that can lead to seizures, intellectual disabilities, behavioral manifestations such as autism, and movement disorders. It is possible to improve health outcomes for this condition by treating with supplements and dietary restrictions to help prevent neurological complications. Pursuant to SB 1095, MPS II and GAMT deficiency must be added to the NBS statewide screening program within two years of adoption by the RUSP.

Staffing and Resource Request. CDPH requests four positions and expenditure authority from the Genetic Disease Testing Fund of $3.5 million in 2023-24, $3.3 million in 2024-25 and 2025-26, and $2.7 million annually thereafter to support expansion of newborn screening to include mucopolysaccharidosis type II (MPS II) and guanidinoacetate methyltransferase (GAMT) deficiency, pursuant to the requirements

of SB 1095 (Pan), Chapter 393, Statutes of 2016. Specifically, CDPH requests the following positions and resources:

- **One Research Scientist III** position and **one Research Scientist I** position would perform laboratory implementation procedures that lead to routine testing of the two new disorders, including local development, validation, and maintenance of a testing methodology and testing kits to be provided to regional Newborn and Prenatal Screening laboratories.
- **One Health Program Specialist II** position, **one Health Program Specialist I** position, and **four temporary help positions** would provide program support functions to the testing, screening, and implementation, including monitoring of implementation and follow-up activities at Special Care Centers throughout California, developing patient and provider educational materials, budget building, human resources, contracting, and procurement.

CDPH also requests expenditure authority from the Genetic Disease Testing Fund of $2.2 million in 2023-24 and $2 million annually thereafter, to support upgrades to the Screening Information System (SIS), which houses all newborn screening records, and the Specimen Gate software, which will accommodate all new transmitted screening results. Beginning in 2024-25, these resources would support ongoing costs for implementation, consumables, screening supplies and reagents, DNA sequencing, confirmatory and molecular testing, follow-up service center costs, and increased SIS database and software maintenance.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Women, Infants, and Children (WIC) Program Estimate

WIC Program Estimate – Governor's Budget. The November 2022 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of $1.3 billion ($1.1 billion federal funds and $213.8 million WIC manufacturer rebate funds) in 2022-23 and $1.3 billion ($1.1 billion federal funds and $221.9 million WIC manufacturer rebate funds) in 2023-24. The federal fund amounts include state operations costs of $64.5 million in 2022-23 and 2023-24.

Women, Infants, and Children (WIC) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0890 – Federal Trust Fund			
State Operations:	$64,502,000	$64,475,000	($22,000)
Local Assistance:	$1,029,551,000	$1,044,309,000	$14,758,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	$213,809,000	$221,918,000	$8,109,000
Total WIC Expenditures	**$1,307,862,000**	**$1,330,702,000**	**$22,840,000**

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

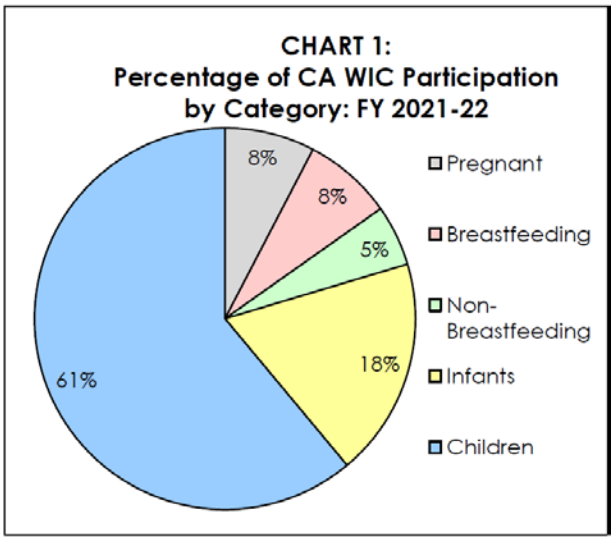
The WIC program's food expenditures are funded by a combination of federal grants and rebates from manufacturers of infant formula. Federal WIC regulations require that state WIC programs have sole supplier rebate contracts in place with infant formula manufacturers for milk-based and soy-based infant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

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

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

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

According to the WIC program Estimate, WIC participation by category, as of 2021-22, was as follows:



Caseload Estimates. The budget assumes 943,237 average monthly WIC participants in 2022-23, an increase of 9,581 or one percent compared to the average monthly actual WIC participants in 2021-22, and an increase of 56,938 or 6.4 percent, compared to estimates in the 2022 Budget Act. The budget assumes 946,352 average monthly WIC participants in 2023-24, an increase of 3,115 or 0.3 percent from the revised 2022-23 caseload estimate.

Food Expenditures Estimate. The budget includes $921.4 million ($707.6 million federal funds and $213.8 million rebate fund) in 2022-23 for WIC program food expenditures, an increase of $218.8 million or 31.2 percent, compared to the 2022 Budget Act. According to CDPH, the increase in costs is due to an increase in estimated participation, an increase in food inflation, a reduction in projected rebates, and extension of the federal fruits and vegetables benefit increase for a full year, with an inflationary adjustment to benefit levels.

The budget includes $944.2 million ($722.3 million federal funds and $221.9 million rebate funds) in 2023-24 for WIC program food expenditures, an increase of $22.8 million or 2.5 percent from the revised 2022-23 food expenditures estimate. According to CDPH, this increase in costs is driven by extension of the federal fruits and vegetables benefit with an inflationary increase to benefit levels, an increase in estimated participation, and food inflation.

Nutrition Services and Administration (NSA) Estimate. The budget includes $322 million for other local assistance expenditures for the NSA budget in 2022-23 and 2023-24, unchanged from the 2022 Budget Act. The budget also includes $64.5 million for state operations expenditures in 2022-23, an increase of $1.4 million or 2.2 percent from the level assumed in the 2022 Budget Act, and $64.5 million in 2023-24, an increase of $22,000 or 0.03 percent from the revised 2022-23 estimate.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

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

2. Please provide an update on participation in the program as a percentage of eligible individuals in the state.

Issue 9: Reduction of Human Remains and the Disposition of Reduced Human Remains (AB 351)

Budget Change Proposal – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $357,000 in 2023-24, $403,000 in 2024-25, $335,000 in 2025-26, and $193,000 annually thereafter. If approved, these position and resources would support adoption of rules and regulations prescribing standards for human reduction chambers, pursuant to the provisions of AB 351 (Cristina Garcia), Chapter 399, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$357,000	$403,000
Total Funding Request:	**$357,000**	**$403,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested – 2025-26: $335,000, 2026-27 and ongoing: $193,000.

Background. The reduction of human remains, also known as natural organic reduction, occurs in a reduction chamber in which human remains are processed into soil amendments. AB 351 (Cristina Garcia), Chapter 399, Statutes of 2022, among other provisions, requires CDPH to adopt rules and regulations prescribing the standards for reduction chambers to preserve the public health and safety and to ensure the destruction of pathogenic microorganisms. Beginning January 1, 2027, reduction chamber manufacturers would be required to apply to CDPH for approval for use in the state and CDPH would be authorized to charge a regulatory fee for the evaluation of a reduction chamber.

According to CDPH, AB 351 would require development of efficacy testing and drafting of regulations regarding the standards for human remains reduction chambers, and review and approval of applications of reduction chambers submitted by manufacturers. Applications would not be able to reviewed until implementation of regulations, a process expected to take approximately three years. As the science of human remains reduction is new, CDPH anticipates ongoing changes to regulations over time as new data on human reduction science is collected regarding impacts on public health and destruction of pathogens.

Staffing and Resource Request. CDPH requests one position and General Fund expenditure authority of $357,000 in 2023-24, $403,000 in 2024-25, $335,000 in 2025-26, and $193,000 annually thereafter to support adoption of rules and regulations prescribing standards for human reduction chambers, pursuant to the provisions of AB 351 (Cristina Garcia), Chapter 399, Statutes of 2022. Specifically, CDPH requests the following position and resources:

- **One Senior Environmental Scientist** would conduct research, develop efficacy testing, and develop and implement regulation packages.
- CDPH requests General Fund expenditure authority of $67,000 in 2023-24, $113,000 in 2024-25, and $45,000 in 2025-26 to support an external contract for subject matter experts.
- CDPH requests General Fund expenditure authority of $97,000 annually for three years for administrative costs for its Office of Regulations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 10: Recreational Water Use – Regulation of Wave Basins (AB 2298)

Budget Change Proposal – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $193,000 in 2023-24, $290,000 in 2024-25 and 2025-26, $380,000 in 2026-27, and $193,000 annually thereafter. If approved, these position and resources would support adoption of regulations on the sanitation and safety of wave basins, pursuant to the provisions of AB 2298 (Mayes), Chapter 461, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$193,000	$290,000
Total Funding Request:	**$193,000**	**$290,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested – 2025-26: $290,000, 2026-27: $380,000, 2027-28 and ongoing: $193,000.

Background. A wave basin is an artificially constructed body of water within an impervious water containment structure incorporating the use of a mechanical device principally designed to generate waves for surfing on a surfboard or analogous surfing device commonly used in the ocean and intended for sport. AB 2298 (Mayes), Chapter 461, Statutes of 2022, requires wave basins to be subject to regulation as a permanent amusement ride under the Permanent Amusement Ride Safety Inspection Program, administered by the Division of Occupational Safety and Health (CalOSHA), and requires CDPH to adopt regulations for the sanitation and safety of wave basins. CDPH may base its regulations on existing public swimming pool regulatory requirements but must consider the unique characteristics of a wave basin, including size, volume of water, and the chemical dispersion caused by wave action.

Staffing and Resource Request. CDPH requests one position and General Fund expenditure authority of $193,000 in 2023-24, $290,000 in 2024-25 and 2025-26, $380,000 in 2026-27, and $193,000 annually thereafter to support adoption of regulations on the sanitation and safety of wave basins, pursuant to the provisions of AB 2298 (Mayes), Chapter 461, Statutes of 2022. Specifically, CDPH requests the following position and resources:

- **One Senior Environmental Scientist** would research wave basin design and human health related components, attend Center for Disease Control (CDC) and Model Aquatic Health Code (MAHC) adoption meetings, compare and review MAHC and consult with CDC, investigate reported water borne illness events at beaches and water venues, meet and cover with local environmental health committees, write and revise regulations text, prepare other rulemaking documents, meet with rulemaking project team, obtain and evaluate public comments, and complete other required documents.
- CDPH also requests General Fund expenditure authority of $97,000 annually for three years to develop regulations and an additional $90,000 in 2026-27 to support adoption of new standards by the Building Standards Commission.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 11: Limited Podiatric Radiography Permit (AB 1704)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $425,000 in 2023-24. If approved, these resources would support implementation of a new limited podiatric radiography permit, pursuant to the requirements of AB 1704 (Chen), Chapter 580, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$425,000	$-
Total Funding Request:	**$425,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The Radiologic Technology Act, enacted in 1969, makes it unlawful for a person to administer or use diagnostic or therapeutic X-rays unless certified or permitted, is acting within the scope of that certification or permit, and is under the supervision of a person who holds a Supervisor and Operator certificate or permit issued by CDPH. Pursuant to the act, a certified individual is called a Certified Radiologic Technologist (CRT) and can take X-rays of all body parts. A permitted individual is called a Limited Permit X-ray Technician (XT) and can take X-rays of most body parts including the lower extremities.

CDPH has established radiation safety courses to include theory and clinical application in radiographic technique, determined the qualifications for instructors, and approved the examinations that must be passed to become a CRT or an XT. There is an exemption provision that provides for the training of non-certified, or non-permitted individuals to become a CRT or an XT. This training must occur in CDPH-approved X-ray schools so individuals can, through education, training, and experience, become competent taking X-rays.

According to CDPH, the process that currently allows individuals to obtain a limited permit specific to podiatry has become unsustainable because there are no schools in California offering courses specific to podiatry. This has resulted in a shortage of podiatric medical assistants certified to take X-rays.

AB 1704 (Chen), Chapter 580, Statutes of 2022, creates an alternate pathway for trained podiatric medical assistants to take a comprehensive, CDPH-approved course and exam which will allow them to perform X-rays on the foot, ankle, tibia, and fibula only in a podiatric office. The bill establishes the criteria for who supervises the individual's training, addresses how a licensed podiatrist applies for approval and determines the standards for an approved program. AB 1704 limits the training course completion time to a maximum of one year for each student, and one student per licensed doctor of podiatric medicine.

Staffing and Resource Request. CDPH requests General Fund expenditure authority of $425,000 in 2023-24 to support implementation of a new limited podiatric radiography permit, pursuant to the requirements of AB 1704 (Chen), Chapter 580, Statutes of 2022. Specifically, these resources would support creation of a new permit in CDPH's existing licensing database, which is used to maintain applicant information, issue initial authorizations, renew billing documents, and renew authorization documents. The database also supplies data for the online Permit Search Tool, which is used by applicants,

authorization holders, hospitals, clinics, doctor's offices, and staffing and government agencies within California and internationally, to determine whether a person holds an authorization under the Radiologic Technology Act.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 12: Center for Health Care Quality Estimate

Center for Health Care Quality Program Estimate – Governor's Budget. The budget includes expenditure authority for the Center for Health Care Quality of $448.5 million ($14.8 million General Fund, $107.2 million federal funds, and $326.5 million special funds and reimbursements) in 2022-23, an increase of $7.3 million or 1.7 percent compared to the 2022 Budget Act, and $436.1 million ($8.3 million General Fund, $107.2 million federal funds, and $320.6 million special funds and reimbursements) in 2023-24, a decrease of $5.1 million or 1.2 percent compared to the revised 2022-23 budget. According to CDPH, the increase in 2022-23 is attributed to implementation of a budget change proposal adopted in the 2022 Budget Act to protect vulnerable populations from extreme heat, while the increase in 2023-24 is attributed primarily to a reduction in authority from the General Fund, the Internal Departmental Quality Improvement Account, the Federal Health Facilities Citation Penalties Account, and various other baseline adjustments, offset by budget change proposals for implementing hospice facility licensure, skilled nursing facility change of ownership and management requirements, and requirements for gender affirming care.

CHCQ Funding Summary, November 2022 Estimate		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$14,801,000	$8,301,000
0890 – Federal Trust Fund	$107,165,000	$107,165,000
0942 – Special Deposit Fund		
Internal Departmental Quality Improvement Account	$3,686,000	$686,000
State Health Facilities Citation Penalty Account	$2,144,000	$2,144,000
Federal Health Facilities Citation Penalty Account	$7,141,000	$6,140,000
0995 – Reimbursements	$13,416,000	$13,850,000
3098 – Licensing and Certification Program Fund	$300,164,000	$297,820,000
Total CHCQ Funding	**$448,517,000**	**$436,106,000**
Total CHCQ Positions	**1536.4**	**1539.4**

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of the Center for Health Care Quality, including regulatory responsibilities, organizational structure, funding, and performance.

2. Please provide an update on the L&C Program's vacancy rate, particularly for the HFEN classification, and efforts to improve vacancy rates.

3. Please provide an update on the most current timeliness metrics for investigation of complaints and entity-reported incidents.

Issue 13: Facilitating Projects to Benefit Nursing Home Residents – Federal Penalties Account

Budget Change Proposal and Trailer Bill Language – Governor's Budget. CDPH requests expenditure authority from the Federal Health Facilities Citation Penalties Account of $5 million in 2023-24, $5 million in 2024-25, and $3 million in 2025-26. If approved, these resources would support projects benefitting nursing home residents. CDPH also requests provisional budget bill language allowing for encumbrance and expenditure through June 30, 2027, and trailer bill language to eliminate the cap on funding for projects from the Federal Health Facilities Citation Penalties Account.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0942 – Federal Health Facilities Citation Penalties Acct.	$5,000,000	$5,000,000
Total Funding Request:	**$5,000,000**	**$5,000,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resource requested – 2025-26: $3,000,000.

Background. Federal regulations allow the federal Centers for Medicare and Medicaid Services (CMS) to impose monetary penalties against skilled nursing facilities (SNFs), nursing facilities (NFs), and dually certified facilities that are not in substantial compliance with one or more Medicare or Medicaid participation requirements. A portion of these penalties are returned to the states in which the penalties are imposed and states may reinvest these funds to support CMS-approved activities that improve the quality of life of nursing home residents. In California, federal penalties are deposited in the Federal Health Facilities Citation Penalties Account, which CDPH uses to support various CMS-approved projects.

CDPH's Center for Health Care Quality (CHCQ) has approved and implemented the following projects using funding from the Federal Health Facilities Citation Penalties Account:

2013-14
- A three-year contract with the California Culture Change Coalition to reduce antipsychotic medication in SNFs in California

2015-16
- A three-year contract with the California Association of Health Facilities for the Music and Memory program for improving dementia care.

2017-18
- A four-year contract with the California Association of Health Facilities for a project to improve dietary services in California nursing homes.

2018-19
- A three-year contract with the California Association of Health Facilities for a Volunteer Engagement project.
- A two-year contract with the Quality Care Health Foundation for the Certified Nursing Assistant (CNA) Training Kickstarter Project.

2019-20

- *Using AI-Enabled Cameras to Reduce Falls for Residents with Dementia*. A pilot project using the SafelyYou service which applies breakthroughs in artificial intelligence to automatically detect falls from off-the-shelf, wall-mounted cameras for residents with dementia.
- *Nurse Leadership*. Leadership training for registered nurses currently in leadership positions in California Long Term Care (LTC) Nursing Facilities as well as follow-up with personal mentoring for successful graduates.
- *California Wound Care Excellence Program for SNFs.* Provides scholarships for eligible nurses to complete an online wound care certification curriculum.
- *iNSPIRE*. Implementation of the It's Never Too Late (iN2L) program to participating skilled nursing communities to engage residents with cognitive decline (dementia), social isolation, and/or depression through technology-delivered activities.
- *A Person-Centered Approach to Reducing Transfer, Discharge, and Eviction.* Development and delivery of training focused on a person-centered approach and engaging residents and families in collaborative strategies to reduce discharge and eviction complaints.

2020-21

- *University of California Irvine Infection Prevention.* Provides participating nursing homes with onsite trainings and assistance to adopt evidence-based guidelines on infection control.
- *SNF Clinic*. Provides participating skilled nursing facilities an electronic learning management system of comprehensive, accurate, and cost-effective tools to ensure that facilities are providing high quality care to their residents.
- *LifeBio*. Interviews nursing home residents and compile each resident's details into life Story Books, Snapshots, and Action Plans to introduce nursing homes to person-centered care values to build stronger personal connections between residents and direct care staff.
- *Pilgrim Place-Make it Home.* Trains facility staff on creating and implementing a person-centered care model to build relationships with residents and promote quality end-of-life care.
- *Memory Care Buddies.* Development and pilot of a visitor's program in which volunteers receive ongoing support and training and visit regularly with nursing home residents diagnosed with dementia and impaired memory loss.
- *In-Person Visitation Grants*
- *Communicative Technology Grants*

2021-22

- *LeadingAge CA's The Java Project.* Implements a suite of social and emotional support programs aiming to decrease social isolation and loneliness in nursing and skilled nursing homes caused by COVID-19.
- *LITA Memory Care Buddies.* Development and pilot of a visitor's program in which volunteers receive ongoing support and training and visit regularly with nursing home residents diagnosed with dementia and impaired memory loss.

- *LifeBridge*. A full interdisciplinary program utilizing concepts of person-centered care based on individualized care and centered around coping mechanisms to better approach residents with behavioral outbursts and other challenging behaviors.

2022-23

- *Enlightenment/ Obie.* Work with EyeClick to work with SNF communities to install and implement an Obie mobile cart and software. Mobile carts will be located in an activity room, rehabilitation room, or common space within each SNF.
- *Creativity Never Gets Old*. Develop processes and communication plan to implement Creative Spark's 6-week training in five (5) SNFs. Promote Creative Spark's 6-week training and deliver training to activity and wellness staff at all participating SNFs.
- *Improving Resident Engagement through use of Linked Senior Install Linked Senior software onto Barton facility iPads*. Develop, document, and provide Barton activity staff training on how to use the software. Meet with each current Barton resident and their care partners to best structure their Life Story pages. Barton activity staff will develop Life Story pages for each resident.
- *GARDEN Project (Garden Access Responds to Diagnosis & Environmental Needs).* Provide and install gardens to SNFs and provide program training to SNFs.
- *SPARKing Creativity, Joy, and Arts Engagement*. Build and ship 15,609 SPARK Boxes to residents in 151 Civil Money Penalty grant participant communities. Provide 96 online arts workshops to 151 Civil Money Penalty grant program participating communities. Workshops will occur twice per week throughout the objective's timeline.

Resource Request. CDPH requests expenditure authority from the Federal Health Facilities Citation Penalties Account of $5 million in 2023-24, $5 million in 2024-25, and $3 million in 2025-26 to support projects benefitting nursing home residents. CDPH anticipates a continuing significant number of applications for these projects, with previously approved funding expiring in 2023-24. CDPH also requests provisional budget bill language allowing for encumbrance and expenditure of these funds through June 30, 2027.

Trailer Bill Language Proposal. CDPH also requests trailer bill language to eliminate the cap on funding for projects from the Federal Health Facilities Citation Penalties Account. Currently, CDPH may award projects up to $130,000 from the account. This trailer bill language proposal would eliminate that cap on award amounts.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

2. Please provide the rationale for removing the cap on award amounts in the Federal Health Facilities Citation Penalties Account.

Issue 14: SNFs Change of Ownership and Change of Management Application (AB 1502)

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Licensing and Certification Fund of $286,000 annually for three years. If approved, these resources would support implementation of new licensing requirements following changes in ownership or management of skilled nursing facilities, pursuant to AB 1502 (Muratsuchi), Chapter 578, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$286,000	$286,000
Total Funding Request:	**$286,000**	**$286,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $286,000.

Background. AB 1502 (Muratsuchi), Chapter 578, Statutes of 2022, revises the licensing requirements for skilled nursing facilities when a facility's ownership or management changes. Prior to AB 1502, when an existing licensed skilled nursing facility was sold to another individual or entity, that individual or entity was able to continue to operate the facility while applying for a licensing with CDPH. Additionally, while CDPH approval was required when five percent or more of an ownership interest in a skilled nursing facility changes, certain corporate arrangements allowed facility ownership or management to change hands without triggering the need for CDPH approval.

AB 1502 requires CDPH approval before any change of ownership, operations, or management including, but not limited to, the following:

- A transaction by a person, firm, association, organization, partnership, business trust, corporation, limited liability company, or company that enables them to operate, establish, manage, conduct, or maintain a SNF in California, for which a license is required by Health and Safety Code (HSC) §1253 or other state laws and regulations.
- The transfer, purchase, or sale of an ownership interest of 5 percent or more in the either the SNF or its licensee.
- The sale or transfer of the entity licensed by CDPH.
- The lease of all or part of a SNF.
- A transfer of any type of ownership interest, including an indirect one such as one a parent company acquires.
- A transaction described in HSC Section 1267.5 (e.g., contracting for the SNF to be operated, in whole or part under a management contract).
- Establishment of an interim or longer-term management agreement transferring operational control or management responsibilities from the SNF owner or licensee to a new entity.
- Establishment of any type of agreement with a management company hired, retained, or authorized to act on behalf of a licensee to make financial decisions for the SNF, direct or control aspects of patient care and quality within the SNF, or be involved in the hiring, firing, supervision, and direction of direct care staff.

- Any transaction, if a SNF licensee is part of a chain that changes ownership interests or management responsibilities throughout all SNFs in the chain, while not limiting those transactions to chain facilities located only within California.

According to CDPH, AB 1502 would require CDPH to do the following:

- Requires CDPH approval before a Change of Ownership (CHOW) or Change of Manager (CHOM) occurs and that the applicant submit a complete application to CDPH at least 120 days before the transaction will occur.
- Expands the application contents to include all persons or entities acquiring a direct or indirect ownership interest in the SNF, including the applicant's parent corporation or corporate chain.
- Directs CDPH to determine whether the applicant is reputable and responsible, as evidenced by, among other things, the applicant's long-term care experience and compliance history for the prior five years and its financial resources.
- Requires CDPH to approve or deny the application within 120 days of receipt of the complete application, with expedited review allowed under limited circumstances.
- Provides grounds for application denial, applicant disqualification, and new civil penalties. The bill requires the current and prospective licensees to provide certain notices to CDPH.
- Applies to applications submitted to CDPH on or after July 1, 2023.

Resource Request. CDPH requests expenditure authority from the Licensing and Certification Fund of $286,000 annually for three years to support implementation of new licensing requirements following changes in ownership or management of skilled nursing facilities, pursuant to AB 1502 (Muratsuchi), Chapter 578, Statutes of 2022. Specifically, these resources would allow CDPH to conduct additional review for both CHOW and CHOM applications, beginning July 1, 2023.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 15: Hospice Facility Licensure and Oversight (AB 2673)

Budget Change Proposal – Governor's Budget. CDPH requests three positions and expenditure authority from the Licensing and Certification Fund of $926,000 in 2023-24, $759,000 in 2024-25, $698,000 in 2025-26, and $615,000 annually thereafter. If approved, these positions and resources would support implementation of hospice facilities licensing requirements, pursuant to AB 2673 (Irwin), Chapter 797, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$926,000	$759,000
Total Funding Request:	**$926,000**	**$759,000**
Total Requested Positions:	**3.0**	**3.0**

* Additional fiscal year resources requested – 2025-26: $698,000, 2026-27 and ongoing: $615,000.

Background. SB 664 (Allen), Chapter 494, Statutes of 2021, imposed a moratorium on new hospice licenses until one year from the date the California State Auditor published a report on hospice licensure. On March 29, 2022, the California State Auditor released Report 2021-123, which found multiple indicators of fraud and abuse, particularly in Los Angeles County. The audit contains numerous findings and recommendations, including that growth in the number of hospice agencies in Los Angeles County has vastly outpaced the need for hospice services, and recent growth is almost exclusively in for-profit companies. The audit found numerous indicators suggesting that many of these hospice agencies may have been created to fraudulently bill Medicare and Medi-Cal for services rendered to ineligible patients or services not provided at all. There are areas within Los Angeles County with extremely high concentrations of hospice agencies, including individual buildings supposedly housing dozens of hospice agencies. CDPH reported a single building in the community of Van Nuys as having more than 150 licensed hospice and home health agencies, a number that exceeds the structure's apparent physical capacity. In 2019, Los Angeles County had more than six times the national average number of hospice agencies relative to its aged population. Los Angeles County hospice agencies have unusually long durations of patient care and high rates of patients being discharged alive. Given that hospice patients are by definition in the last stages of their life, these trends indicate that at least some hospice agencies are enrolling patients who are not eligible for hospice services because they are not actually suffering from terminal illnesses; at the same time, those patients may experience being deprived of the curative care that they need. Auditors also found cases where hospice agencies appear to be using the names of medical professionals without their knowledge or consent, thereby obtaining hospice licenses under false pretenses.

AB 2673 (Irwin), Chapter 797, Statutes of 2022, extends the moratorium on hospice licensure and increases CDPH's regulatory oversight over hospices, as follows:

- Prohibits CDPH from approving Change of Ownership Applications (CHOW) of a licensed hospice agency within five years of license issuance, unless CDPH makes an exception for extenuating circumstances upon finding a transfer necessary to ensure continuity of care or that there is both a financial hardship and an unmet geographic need of hospice services.
- Requires a hospice agency to have specified management personnel and to submit information for them to CDPH for use in mandated and optional verification activities.

- Requires a hospice agency license applicant to demonstrate unmet need of hospice services in the proposed service area, and it permits exceptions for CHOW applicants if the license has been continually held by the previous licensee for five years and the hospice agency has either previously demonstrated unmet need or can demonstrate it is currently meeting a need for hospice services.
- Requires CDPH to annually survey a selective sample of five percent of hospice agencies whose initial licensure via accreditation occurred in the previous year.
- Requires CDPH to adopt emergency regulations with specified components to implement recommendations in the California State Auditor's Report 2021-123, on hospice licensure and oversight by January 1, 2024, and to maintain the new hospice agency licensure moratorium until adoption, but no later than March 29, 2024. Hospice facilities are exempt from the moratorium.
- Establishes a complaint process for hospice agencies and requirements for CDPH's investigations.
- Expands the reasons why CDPH may deny, suspend, or revoke a hospice agency.
- Requires CDPH to verify the professional licensure status for management personnel, and permits CDPH to verify their work history and association with the hospice agency by contacting the personnel or previous employers by telephone.
- Establishes moratorium exception criteria requiring the applicant to prove unmet need in their geographic area as a permanent requirement for hospice agency licensure and permits CDPH to make exceptions for CHOWs that will allow for continuing service provision by hospice agencies that have historically met a geographic need.

Staffing and Resource Request. CDPH requests three positions and expenditure authority from the Licensing and Certification Fund of $926,000 in 2023-24, $759,000 in 2024-25, $698,000 in 2025-26, and $615,000 annually thereafter to support implementation of hospice facilities licensing requirements, pursuant to AB 2673 (Irwin), Chapter 797, Statutes of 2022. Specifically, CDPH requests the following positions and resources:

- **Two Associate Governmental Program Analysts (AGPAs)**, established administratively, would support reviewing the qualifications of management staff for new hospice agencies seeking initial licensure. CDPH estimates an average of 0.5 hours per individual, for 3,061 currently licensed hospice agencies would generate an additional 7,653 hours of workload, which is equivalent to 4.25 AGPAs. However, CDPH estimates the workload of 2.25 of these AGPAs is absorbable within existing resources.
- **Three Health Facilities Evaluator Nurses** would support investigation of complaints against hospice agencies alleging violations of state law or regulations. CDPH reports between 2016 and 2020, it received an average of 229 complaints annually for hospice agencies. In 2021, 313 complaints were filed, reflecting a 37 percent increase over the preceding five year average.
- **One AGPA**, established administratively, would support adoption of emergency regulations to implement the recommendations of the audit no later than March 29, 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 16: Gender Affirming Health Care (SB 107)

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Licensing and Certification Fund of $321,000 annually for three years. If approved, these resources would expand protections for a child receiving gender-affirming health care under the Confidentiality of Medical Information Act (CMIA), pursuant to SB 107 (Wiener), Chapter 810, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$321,000	$321,000
Total Funding Request:	**$321,000**	**$321,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $321,000.

Background. SB 107 (Wiener), Chapter 810, Statutes of 2022, expands the Confidentiality of Medical Information Act (CMIA) by adding additional protections for medical information related to a child receiving gender-affirming health care. SB 107 modifies an exception to existing law permitting the release of medical information in response to a subpoena and prohibits providers of health care, health care service plans, or contractors from releasing medical information related to minors receiving gender-affirming health care even in response to a subpoena or other legal request, if that request is based on another state's law authorizing civil or criminal actions for allowing a child to receive gender-affirming health care.

Under CMIA, providers of health care, health care service plans, or contractors are prohibited from sharing medical information without the patient's written authorization, subject to certain exceptions. Health care facilities licensed by CDPH, including hospitals, are required to prevent unlawful or unauthorized access to, and use or disclosure of, patients' medical information. CDPH is responsible for enforcement of unlawful disclosure requirements in health facilities and entities licensed by CDPH, in addition to any violations of the CMIA. CDPH investigates incidents both reported by facilities in compliance with current reporting requirements and received via complaint. If a breach is found to have occurred, these investigations may result in either a deficiency or administrative penalty being issued to a facility. Prior to SB 107, disclosure of medical information pursuant to a valid subpoena or with authorization from the patient or patient representative regarding a minor's gender-affirming health care would not be considered a breach. However, releasing medical records in violation of SB 107's requirements, would constitute an unlawful disclosure of medical information. Therefore, such a release would be enforceable as a breach of medical information. CDPH notes that, because its jurisdiction is limited to only health care facilities it licenses, a violation outside of the scope of those licensing statutes will be beyond CDPH's enforcement jurisdiction.

Resource Request. CDPH requests expenditure authority from the Licensing and Certification Fund of $321,000 annually for three years to expand protections for a child receiving gender-affirming health care under the Confidentiality of Medical Information Act (CMIA), pursuant to SB 107 (Wiener), Chapter 810, Statutes of 2022. Specifically, these resources would support limited term staff to manage an increase in complaint workload for breaches related to information protected under SB 107. CDPH expects complaints to increase by up to five percent, resulting in 75 new complaints annually, and would require limited term resources equivalent to **two Special Investigators.**

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 17: Proposals for Investment

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

- *Overdose Prevention and Treatment Navigation.* The End the Epidemics Coalition, National Harm Reduction Coalition, Drug Policy Alliance, and AIDS Project Los Angeles request expenditure authority from the Opioid Settlement Fund of $61 million, available over four years, to support harm reduction programs for staff and costs related to delivery of naloxone, fentanyl test strips, overdose prevention and response training, and drug treatment provision and navigation. This proposal builds on a successful pilot and is urgently needed for implementation of the Governor's January budget proposal and to support programs and services prioritized by the Legislature.

- *California Firefighter Cancer Prevention and Research Program.* The California Professional Firefighters request General Fund expenditure authority of $20 million in 2023-24 to support research on exposures and biological mechanisms that cause elevated incidence of cancer among firefighters. In order to reduce the incidence of cancer in the fire service, research is needed to elucidate the biological mechanisms associated with exposure to carcinogenic agents in the fire service. This includes studying biomarkers of exposure which quantify chemical carcinogens absorbed and metabolized by firefighters, and studying bio-markers of effect which quantify cancer promoting cellular changes that ultimately lead to a cancer diagnosis. Quantifying biomarkers of exposure is key to developing data driven interventions designed to reduce toxic exposures and examining the associated bio-markers of effect is essential to developing cancer risk factor assessments designed to reduce the incidence of cancer and improve treatment out-comes. Without such research, California's fire fighters will continue to face an elevated incidence of cancer associated with the performance of their duties.

- *California Cancer Registry.* The American Cancer Society Cancer Action Network, the Public Health Institute, and the University of Southern California request General Fund expenditure authority of $6.2 million in 2023-24, $6.3 million in 2024-25 and $6.5 million annually thereafter, to restore funding for the California Cancer Registry (CCR) threatened by Proposition 99 revenue reductions. State support for CCR consists of two sources of funds: 1) the state's tobacco tax (Proposition 99), and 2) the CDC's National Program of Cancer Registries (NPCR) funds given to each state. The state has the discretion to decide how much to allocate to each regional registry. In 2022, CDPH issued new 3-year state grants to the three regional registries that are scheduled to run through to 2025. The grants were flat funded at the same level as prior years with no adjustments to account of increased costs of data collection. CDPH has confirmed that the allocation of Proposition 99 revenues to the Breast Cancer Fund that funds the CCR is forecasted to have a shortfall of $750,000 in 2023-24, of which nearly all will be directed towards the CCR. This $750,000 cut proposed represents 10 percent of the CCR's total state funding. There are currently no plans by the state to offset the funding reduction for CCR from other sources. The funding cuts in 2023-24 come on top of prior funding reductions that have resulted in flat funding for the state grants to the three designated regional registries for 10 years. In 2023-24 flat funding for the regional registry grants represents a cut in real terms equal to $1,556,844.50 with further impacts each year thereafter. In addition, the CCR has faced increased workload resulting from the implementation of AB 2325 (Bonilla, Statutes of 2016) which required all pathology labs in the state to electronically submit pathology reports of cancer cases to CCR. The legislation required new data items to be collected and increased salary pressures to keep up with the

labor market for the specialized registry workforce. Current funding for CCR does not provide sufficient resources for administrative, technical, and IT areas to onboard pathology labs and providing training for reporting protocol required by AB 2325. This results in incomplete reporting and compromised registry processes threatening the overall registry data timeliness and completeness.

- *Health Equity and Racial Justice Fund.* A coalition of 13 public health organizations requests General Fund expenditure authority of $25 million in 2023-24 and $25 million in 2024-25 to support the Health Equity and Racial Justice Fund, which would support projects proposed by nonprofit organizations, clinics, and tribal organizations that serve disproportionately impacted communities of color and the low income, to address the social determinants of physical health and behavioral health and reduce the unequal burden of the leading causes of death and illness, in children and in adults, would be eligible. This request would establish the fund, which can receive future appropriations. It requests funding for an initial pilot. Pilot projects of the Health Equity Fund will focus on addressing food security and healthy food systems; health education (including vaccine hesitancy); community violence, including gender-based violence, intimate partner violence, and hate crimes; youth criminal justice; and environmental justice. Projects that receive investments in the Racial Justice Innovation Program must have a direct intended impact on racial equity or racial justice. Projects should seek to transform the behaviors, institutions, and systems that disproportionately harm historically marginalized communities and create barriers to opportunity, in order to empower communities of color to thrive and reach their full potential. Projects may:

    - Advance racial equity through research
    - Build community infrastructure for community engagement within governmental institutions, including engagement on allocation of community resources
    - Evaluate community needs as it relates to racial equity and racial justice
    - Provide community based organization led equity, inclusion, and cultural competency trainings for health and other service providers, provider groups, heath plans, clinics, local health departments, municipal, and county governments

- *Sickle Cell Disease Network Transitional Funding.* The Center for Inherited Blood Disorders and the Sickle Cell Disease Foundation request General Fund expenditure authority of $11 million in 2023-24, available until June 30, 2026, to support bridge funding for the following:

    - Ensure ongoing access to medical care and provide improved outcomes for adults with Sickle Cell Disease who otherwise would have no ongoing access to medical care.
    - Reduce cost impacts to Medi-Cal in the short and long-term by an estimated $50 million annually.
    - Reverse decades of neglect toward adults with Sickle Cell Disease and improve mortality and morbidity rates.
    - Sustain the expanded the healthcare workforce that enables strong collaboration with community healthcare workers and patient advocates, and ongoing surveillance to document the burden of Sickle Cell Disease.
    - Demonstrate the effectiveness of the Enhanced Care Management model envisioned by CalAIM through the work that Networking California for Sickle Cell Care has implemented over the last three years, especially for children transitioning out of pediatric care.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, April 13, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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5180 DEPARTMENT OF SOCIAL SERVICES – CHILD CARE AND DEVELOPMENT

Issue 1: Child Care Rate Reform Update

The Subcommittee has requested the following individuals to take part in a panel discussion on progress towards child care rate reform:

- Kim Johnson, Director, Director, Department of Social Services
- Kimberly Rosenberger, Child Care Provider's Union
- Christina Garcia, Parent Voices
- LaWanda Wesley, Director of Government Relations, Child Care Resource Center, Early Care and Education Coalition
- Jackie Barocio, Legislative Analyst's Office

Background. California provides child care subsidies to some low-income families, including families participating in CalWORKs. For low-income families who do not participate in CalWORKs, the state prioritizes based on income, with lowest-income families served first. To qualify for subsidized child care: (1) parents demonstrate need for care (parents working, or participating in an education or training program); (2) family income must be below 85 percent of the most recent state median income (SMI) calculation ($82,102 annual income for a family of three and $95,289 for a family of four); and (3) children must be under the age of 13. The following chart, provided by the Legislative Analyst's Office (LAO), summarizes the state's major child care programs:

State's Major Child Care Programs

Program	Payment Type	Key Eligibility Requirements
CalWORKs Child Care	Voucher	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are available for all eligible children.
Alternative Payment	Voucher	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are limited based on annual budget appropriation.
General Child Care	Direct contract	• Family is low income. • Parent(s) work or are in school. • Child is under age 13. • Slots are limited based on annual budget appropriation.

Source: Legislative Analyst's Office

Funding. The Department of Social Services (CDSS) provides child care and development programs through vouchers and contracts.

- **Vouchers.** The three stages of CalWORKs child care and the Alternative Payment Program are reimbursed through vouchers. Parents are offered vouchers to purchase care from licensed or license-exempt caregivers, such as friends or relatives who provide in-home care. Families can also use these vouchers at any licensed child care provider in the state, and the value of child care vouchers is capped. The state will only pay up to the regional market rate (RMR) — a different amount in each county and based on regional surveys of the cost of child care. Beginning in 2022, the RMR was set to the 75th percentile of the 2018 RMR survey. Alternative Payment agencies (APs), which issue vouchers to eligible families, are paid through the "administrative rate," which provides them with 17.5 percent of total contract amounts.

- **Contracts.** Providers of General Child Care, Migrant Child Care, and State Preschool – known as Title 5 programs for their compliance with Title 5 of the California Code of Regulations — must meet additional requirements, such as development assessments for children, rating scales, and staff development. Title 5 programs contract with, and receive payments directly from, CDSS or the Department of Education (CDE), depending on the type of program. Prior to 2022, these programs received the same reimbursement rate (depending on the age of the child), regardless of where in the state the program was located, known as the Standard Reimbursement Rate (SRR). The rate was increased by a statutory adjustment factor for infants, toddlers, children with exceptional needs, severe disabilities, cases of neglect, and English learners. Beginning in 2022, these programs receive the higher of the current RMR or the SRR as part of an effort to transition providers to one rate system. All Title 5 programs also operate through family child care home education networks, which serve children in those programs through family child care homes that are members of the network.

Child care and early childhood education programs are generally capped programs, meaning that funding is provided for a fixed amount of vouchers and fixed funding amount for slots, not for every qualifying family or child. The exception is the CalWORKs child care program (Stages One and Two), which are entitlement programs in statute.

Collective Bargaining. In 2019, Governor Newsom signed legislation granting collective-bargaining rights to child care providers in California, allowing them to negotiate with the state over matters related to the recruitment, retention, and training of family childcare providers. In 2021, Child Care Providers United - California (CCPU) and the state negotiated their first Master Contract Agreement. The CCPU represents both voucher and direct contract providers that are family child care homes, or license-exempt home providers. The 2021 Budget Act included ratification of the CCPU - California bargaining contracts, which included rate increases, provider stipends, hold harmless policies, and a variety of other supports. In addition, the contracts included a process for continuing conversations through Joint Labor Management Committees on a single reimbursement rate system, and other provider needs such as retirement, and healthcare, among other topics. The CCPU is currently in negotiations with the Administration for a contract beginning in Fiscal Year 2023-24.

Recent Investments in Child Care Rates. The 2021 Budget Act provided $604 million in 2021-22 ($1.1 billion ongoing) across several fund sources to increase rates for child care and preschool providers.

Starting July 1, 2021, direct contract providers received a 4.05 percent cost-of-living adjustment. Effective January 1, 2022, all child care and preschool provider rates were adjusted to the higher of their current rate or the equivalent of the 75th percentile of the 2018 regional market rate survey rate as determined by CDSS (or by CDE for California State Preschool Programs.)

The 2021 Budget Act included one-time funding available to allocate temporary supplemental rates to providers from January 1, 2022 through December 31, 2023, including:

- $289 million in one-time funds for CCPU providers.
- $188 million in one-time funding for center-based providers.
- $27.5 million in one-time funding for administrative costs for providing supplemental payments. (Added in SB 116, (Committee on Budget and Fiscal Review), Chapter 5, Statutes of 2022).
- $47.7 million in one-time funding (including administrative costs) for non-CCPU voucher providers. (Added in SB 115 (Skinner), Chapter 2, Statutes of 2022).

The 2022 Budget Act included $413 million to annualize increases in child care funding rates from the 2021-22 Budget Act and cost-of-living adjustments to the Standard Reimbursement Rate of $136 million General Fund for child care programs. The 2022 Budget Act also included the following investments related to child care rates:

- $100.2 million General Fund for CCPU agreements for providing health care and other benefits.
- $136 million one-time federal funds to extend family fee waivers through 2022-23 and extend hold harmless policies.
- $354 million in remaining federal funds for child care stipends.
- $20 million in one-time General Fund for Alternative Payment Program administrative needs.

These investments in child care rate increases and stipends are in addition to other historic investments in the state's child care system, including investments to serve 200,000 more children by 2025-26 by increasing child care slots, which is discussed in Issue 2 of this agenda.

Family Fees. Prior to 2021, families enrolled in subsidized child care in California were required to pay fees, which vary by family size and income. For example, a family of four with annual income of $48,000 would pay $104 a month for full-time child care (or $52 a month for part-time child care), while a similarly sized family with annual income of $60,000 would pay $356 a month for full-time child care (or $178 for part-time child care).

As part of the ongoing pandemic response, the state waived family fees through 2021-22 and again through 2022-23 and backfilled the cost to providers. This policy provided additional support to low-income families as pandemic-related health and economic costs impacted families. Stakeholders have been

requesting changes to the family fee structure for some time to limit the impact to low-income families. Families enrolled in child care will face an increase in costs when family fees return in 2023-24.

Child Care Rate Reform. Pursuant to the 2021-22 budget, CDSS, in consultation with CDE, convened a Rate Reform and Quality Workgroup to assess the methodology for establishing reimbursement rates and the existing quality standards for child care and development and preschool programs, informed by evidence-based elements that best support child development and positive child outcomes. This workgroup included CCPU, teacher and administrator representatives of state-funded center-based contractors for both preschool and infant-toddler settings, child development experts, parent representatives, a Head Start representative, an alternative payment program agency representative, and representatives of the Administration.

CDSS convened a series of meetings of the Rate and Quality Workgroup between January and August of 2022. The workgroup produced their final report on August 15, 2022. The vision of the workgroup is "a Single Reimbursement Rate structure that addresses quality standards for equity and accessibility while supporting positive learning and developmental outcomes for children." The workgroup identified four core recommendations, which are detailed in the full report:

1. Ensure equity is foundational to all change. Work toward equity as an outcome and implement equity as a process.

2. Replace the current methodology of using a market price survey to set rates with an alternative methodology, which uses cost estimates/models to set base rates to compensate early learning and care programs. The costs of care for meeting current state requirements will become the basis of the reimbursement rate, including wage scales that set a living wage floor.

3. Create a single rate structure that specifies base rates and that is designed to address historical inequities. This structure should specify separate base rates for Family, Friend, and Neighbor care and Home-Based and Center-Based early learning and care and should differentiate base rates for meeting different sets of state standards.

4. Continuously evaluate the rate-setting methodology to address equity and adjust for changing conditions and rising costs.

Additionally, the Rate and Quality Workgroup recommended a three-stage implementation process:

Stage 1. Increase reimbursement rates immediately, even before an alternative methodology can be implemented. Simultaneously, obtain federal approval for an alternative methodology and state change to delink subsidy rates from those charged to private pay families.

Stage 2. Implement a federally approved alternative methodology to set base rates that are informed by the cost of providing early learning and care services. Do not increase requirements on early learning and care programs and educators until the new base rate using the alternative methodology is fully funded.

Stage 3. Continuously evaluate the new alternative methodology and base rate and make appropriate changes and broader system investments.

In addition, the Rate and Quality Workgroup delivered a study recommending a cost estimation model to calculate the cost of child care in California, which could form the foundation of the alternative methodology. The cost estimation model included a series of default scenarios, informed by a series of variables and cost drivers aligned with the Workgroup's recommendations, for each provider type: child care center, small family child care home, large family child care home, and family, friend, and neighbor care.

In November 2022, the Joint Labor Management Committee (JLMC) presented their recommendations for a single rate reimbursement structure to the Administration. The JLMC recommends moving away from the current structure that relies on the RMR and towards a single rate structure that reflects the actual cost of care. This single rate will be based on (1) an alternative methodology that considers a cost estimation model; (2) base rates; (3) incentives/enhancement rate-setting metrics; and (4) evaluation of the rate structure. The alternative methodology will include a base rate that providers receive for meeting current statutory and regulatory program standards, depending on program type.

Governor's Budget. The Governor's proposed 2023-24 budget expresses intent to develop a single rate reimbursement structure for child care programs. This rate structure will be informed by recommendations of the Joint Labor Management Committee (JLMC), consisting of the state and Child Care Providers United (CCPU), and the Rate and Quality Workgroup convened by CDSS. The budget also expresses intent to continue to work with CCPU to negotiate a successor agreement to the current agreement expiring June 30, 2023.

The Governor's proposed 2023-24 also includes $303 million General Fund to apply an 8.13 percent cost-of-living (COLA) increase to certain child care programs. As noted by the LAO, the effect of the COLA varies on the type of child care program. For direct contract providers receiving the SRR, the COLA will function as a rate increase, but will function differently for other types of child care programs.

Recent progress towards rate reform. On March 28, 2023, CDSS submitted a letter seeking federal approval from the Administration for Children and Families (ACF) for California to use a cost-based alternative to the Regional Market Rate methodology. According to CDSS, the alternative methodology process will be a rigorous process that includes (1) significant constituent engagement, (2) multi-method data collection with the child care and early learning workforce and programs, (3) the development of a cost estimation model, (4) creation of scenarios to illustrate the variations in the true cost of care, and (5) policy development with an equity focus and a rate setting process, using the cost model results to inform rates. CDSS has contracted with national experts, Prenatal to Five Fiscal Strategies, to design and implement the proposed alternative methodology approach. This is the same organization that worked with the Rate and Quality Workgroup in 2022 to build a statewide cost model.

Stakeholder proposal. The Early Care and Education Coalition (ECE Coalition) proposes several changes to the child care rate structure and family fees, totaling $2.5 billion ongoing (rates) and $159.8 million ongoing (family fee schedule.) This proposal includes:

- Rate increase: a 25 percent rate increase for all programs as a down payment toward rate reform.

- Rate reform: moving to a singular rate structure that reimburses providers based on the average cost of providing care to children versus a rate structure based on what families in the region pay for care.

- Adopt a new family fee schedule but waive family fees until the Legislature adopts the new fee schedule.

According to the ECE Coalition, "Beyond the current rates, both the Regional Market Rate (RMR) and the Standard Reimbursement Rate (SRR) methodologies have serious flaws. The SRR is based on a rate adopted 40 years ago and has not kept pace with our changing program requirements or business costs. While the RMR is based upon local information, the survey's design perpetuates inequalities, with our lowest-income communities receiving artificially low reimbursement rates that do not cover the cost of care. The shift to a new rates system, including enrollment based rates, ensures providers set costs are covered… developing a new family fee structure is an anti-poverty solution to promote family stability and support whole-family wellness."

Subcommittee Staff Comment. Informational Item. No action is needed.

Staff notes that while the Governor's proposed 2023-24 budget expresses intent to adopt an alternative methodology for child care rates, the budget does not include rate reform. Instead, the Governor's budget includes a COLA which will function as a rate increase but only for direct contract providers receiving the SRR. The department's recent request to the federal government for approval to shift to an alternative methodology for setting child care rates demonstrates that the state is moving to implement the approach recommended by the department's Rate and Quality Workgroup, the JLMC, and many stakeholders. However, it is not clear exactly what the time frame is for the many elements involved in adopting an alternative methodology, including the federal approval process, and how this process fits into the 2023-24 budget cycle.

The top issue for child care providers continues to be reimbursement rates. Stakeholders note that while many providers saw increases in rates as of January 1, 2022, as a result of the 2021 Budget Act, the actual costs of providing care and the rising impacts of inflation continue to outstrip reimbursement rate funding across much of the state. Higher rates allow providers to retain and pay their workforce, cover administrative and other fixed costs, increase quality of care, and support expansion to meet family and state needs. In order to continue stabilizing providers in the face of rising costs, one-time stipends were provided using federal American Rescue Plan Act funds. Rates are an issue currently subject to CCPU collective bargaining; however, for the stability of the system, rates need to support non-CCPU providers as well. With pandemic-era stipends coming to an end, rate increases are necessary to maintain progress in funding providers.

In addition to investments in rate increases, the Legislature and Governor have made historic investments in increasing subsidized child care slots, with the goal of creating 200,000 new child care slots by 2025-26. The LAO notes that there have been delays in allocating slot funding to serve additional children. Child care providers, similar to various other low-wage industries, report continued issues with staffing. Providers note difficulties hiring and retaining qualified staff, making it more difficult for the industry to recover from the pandemic. The child care industry faces additional pressures due to significant expansions in the K-12 education space – the expansion of transitional kindergarten to all four-year-olds

and the creation of the Education Learning Opportunity Program (ELOP), a statewide afterschool program. Both of these expansions require significant increases in staff that require similar or related experience as the child care workforce. Child care rates and slot expansions are interconnected issues. Filling all of the new slots provided in the 2021 Budget Act is dependent on the ability of providers to recruit and retain teachers to serve additional children as part of this expansion; low rates continue to be a barrier to the sustainability of this workforce.

The LAO notes that as a result of delays in allocating slot funding, overestimation of COLA costs, and unspent federal relief funds, there are likely significant current-year savings in the Governor's proposed 2023-24 child care budget. One-time savings could be directed towards a variety of purposes, such as an across-the-board rate increase to all child care providers, reducing the gap between the RMR and SRR, or redirecting funds to other child care purposes; however ongoing funding is needed to maintain stabilizing increases into the future. Staff also notes that California is expected to receive increased federal funding from the federal Child Care and Development Block Grant (CCDBG).

Lastly, staff notes that the CCPU is currently in negotiations with the Administration for a contract beginning in Fiscal Year 2023-24.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please describe the department's approach and progress towards shifting from the current Regional Market Rate methodology to a single rate structure for child care, including the recent approval request submitted to ACF.

2. What is the department's timeframe to implement an alternative methodology? Will the department propose any changes to the 2023-24 budget as part of the alternative methodology process the department is pursuing with the federal government?

3. Please provide a description of increased federal funding available through the federal Child Care and Development Block Grant, and how that funding may be allocated.

4. How does the department expect the return of family fees on July 1, 2023 will impact low-income families in need of child care? What options are available for modifying family fees, consistent with federal requirements?

Issue 2: Child Care Overview

Governor's Budget. The Governor's proposed 2023-24 budget includes $5.9 billion ($2.7 billion General Fund) for child care and development programs. Major changes to the child care budget include:

- **Cost-of-Living Adjustment (COLA).** The proposed budget includes $301.7 million General Fund for Child Care and Development Programs and $1.5 million for the Child and Adult Care Food Program to support an 8.13 percent COLA.

- **Delay of 20,000 new child care slots.** The Governor proposes to delay the implementation of 20,000 child care slots, slowing California's progress towards the goal of 200,000 new subsidized child care slots by 2025-26.

- **Child Care Rates.** The January proposal expresses intent to develop a single rate reimbursement structure for child care programs. This rate structure will be informed by recommendations of the Joint Labor Management Committee (JLMC), consisting of the state and Child Care Providers United (CCPU), and the Rate and Quality Workgroup convened by CDSS. The budget also expresses intent to continue to work with CCPU to negotiate a successor agreement to the current agreement expiring June 30, 2023.

The Governor's Budget for 2023-24 represents a net decrease of $528.1 million. This decrease reflects the expiration of federal COVID-19 relief funding for policies including family fees, hold harmless, and supplemental rates, offset by a COLA increase of 8.13 percent. The chart below, provided by the LAO, captures key COVID-19 relief activities set to expire on June 30, 2023:

Key COVID-19 Relief Activities Set to Expire on June 30, 2023

(In Millions)

Policy	2022-23 Costs
Child care relief stipends	$320
Supplemental rates	184
Family fee waivers	136
Reimbursement flexibility for voucher-based providers	108[a]
Resource and Referral Capacity Support	5[b]
Licensing incentive	2
Total	**$755**

[a]Reflects costs to pay voucher-based program providers based on the maximum certified hours of care for the child and costs for the COVID-19 non-operational days policy.

[b]Reflects net amount of COVID-19 federal relief funds that will not be backfilled with General Fund in 2023-24 and ongoing.

Source: Legislative Analyst's Office

The chart below, provided by the Legislative Analyst's Office, summarizes the Governor's 2023-24 child care budget:

Child Care Budget

As Reflected in 2023-24 Governor's Budget (In Millions)

	2021-22 Revised[a]	2022-23 Revised[b]	2023-24 Proposed[b]	Change From 2022-23 Amount	Change From 2022-23 Percent
Expenditures					
CalWORKs Child Care					
Stage 1	$381	$518	$524	$6	1.2%
Stage 2[c]	290	314	364	50	16.1
Stage 3	643	636	606	-30	-4.7
Subtotals	**($1,314)**	**($1,467)**	**($1,494)**	**($27)**	**(1.8%)**
Non-CalWORKs Child Care					
Alternative Payment Program	$1,252	$1,866	$2,101	$234	12.5%
General Child Care[d]	750	1,750	1,960	210	12.0
Bridge program for foster children	54	97	115	18	18.7
Migrant Child Care	65	69	75	6	8.1
Care for Children With Severe Disabilities	2	2	3	—	8.1
Subtotals	**($2,123)**	**($3,784)**	**($4,252)**	**($468)**	**(59.4%)**
Support Programs	**$1,443**	**$2,139[e]**	**$842**	**-$1,297**	**-60.6%**
Totals	**$4,881**	**$7,390**	**$6,588**	**-$802**	**-10.9%**
Funding					
Proposition 98 General Fund[f]	$2	$2	$2	—[g]	8.1%
Non-Proposition 98 General Fund	1,671	2,835	2,729	-$106	-3.7
Proposition 64 Special Fund	295	292	292	—	—
Federal	2,914	4,261	3,564	-697	-16.3

[a]Reflects administration's revised estimates for CalWORKs Child Care and budget appropriation for all other programs.

[b]Reflects *2023-24 Governor's Budget* estimates.

[c]Does not include $11.1 million provided to community colleges for certain child care services.

[d]Includes family child care home education networks.

[e]Includes cost estimates for child care infrastructure; Child and Adult Care Food Program; and AB 131, AB 185, SB 116 supplemental rates.

[f]Reflects Proposition 98 funds for Child and Adult Care Food Program.

[g]Less than $500,000.

Background. Generally, programs in the early care and education system have two objectives: to support parental work participation and to support child development. Children, from birth to age five, are cared for and instructed in child care programs, State Preschool, transitional kindergarten, and the federal Head Start program.

Commencing July 1, 2021, the administration of state child care programs, with the exception of the California State Preschool Program, has transitioned from the Department of Education (CDE) to the Department of Social Services (CDSS).

Most of the state's subsidized child care is administered by CDSS through three programs: (1) California Work Opportunity and Responsibility to Kids (CalWORKs) child care, (2) the Alternative Payment (AP) program, and (3) General Child Care (GCC). These programs have different eligibility requirements and payment models. CalWORKs child care programs focus on families enrolled in or transitioning out of CalWORKs. The remaining programs are primarily designed for low-income, working families that have not participated in CalWORKs. Families are eligible for subsidized child care if they have a family income of less than 85 percent of the state median income ($82,102 annual income for a family of three and $95,289 annual income for a family of four).

Funding. As described in Issue 1 of this agenda, California subsidizes child care for low-income families through voucher programs and direct contracts. In the voucher program, the state funds administering agencies (known as Alternative Payment programs) or county welfare departments, who pay providers on behalf of eligible families. For general child care providers, the state contracts directly with child care providers to serve a specified number of eligible children. Child care costs are split between the federal and state government; federal funds primarily consist of Temporary Assistance for Needy Families (TANF) funds and Child Care and Development Fund (CCDF) funds. The state's share of cost are primarily funded with General Fund, and some Proposition 64 revenue.

Child Care Licenses and Closures. The chart below, provided by CDSS, shows child care licenses and closures since the start of the pandemic. According to this data, 8,692 child care providers closed since March 1, 2020. While many new licenses have been granted since 2020, the state has still experienced a net loss of child care facilities and slots.

CCL Child Care Licenses and Closures

As of June 30, 2022

	Small Family Homes	Large Family Homes	Child Care Centers	Total
Open and Operating[a]				
Facilities	13,224	12,354	14,462	40,040
Slots	105,324	172,042	781,662	1,059,028
Temporarily Closed[b]				
Facilities	N/A	N/A	N/A	N/A
Slots	N/A	N/A	N/A	N/A
Permanently Closed Since March 1, 2020[c]				
Facilities	4,968	2,156	1,568	8,692
Slots	39,504	29,950	72,814	142,268
New Licenses Since June 1, 2020				
Facilities	4,822	1,381	1,382	7,585
Slots	38,474	19,332	61,372	119,178

a) Represents a snapshot of open and operating facilities as of 6/31/2022 and excludes licensed facilities that are inactive or temporarily closed.
b) There are no longer any temporarily closed facilities. Facilities that chose to remain temporarily closed were transitioned to formal inactive status.
c) Permanent closures include closures due to a change of ownership or location.
Data Source: Community Care Licensing

Previous Budget Actions. The 2021 Budget Act included significant investments in child care, including:

- **Additional Slots.** The 2021 Budget Act included approximately $783 million in 2021-22 ($1.6 billion ongoing) across state and federal fund sources to provide additional 120,000 slots for child care, and a multi-year agreement to add 80,000 child care slots by 2025-26 for a total of 200,000 additional child care slots.

- **Increased Rates for Child Care and Preschool Programs:** $604 million in 2021-22 ($1.1 billion ongoing) across several fund sources to increase rates for child care and preschool providers.

- **Supplemental Rate Funding for Providers:** one-time funding available to allocate temporary supplemental rates to providers from January 1, 2022 through December 31, 2023. More detail on supplemental rate funding is included in Issue 1 of this agenda.

- **Infrastructure Grants:** $250 million one-time funding for the Child Care and Development Infrastructure Grants Program, providing resources to build new facilities or retrofit, renovate, repair, or expand existing facilities, with a focus on child care deserts.

The 2022 Budget Act included significant investments in child care, including:

- **Child Care Rates and Slots**. The 2022 Budget Act implemented the 2021-22 budget agreement and included an increase of $1.09 billion to annualize the 2021-22 Budget Act's 120,000 new slots and further increase child care program access to 145,000 slots, with the continued goal from the 2021-22 Budget Act to serve 200,000 more children by 2025-26. In addition, the budget included $413 million to annualize current year increases in child care funding rates, from the 2021-22 Budget Act. The budget included cost-of-living adjustments to the SRR of $136 million General Fund for child care programs.

- $100.2 million General Fund for CCPU agreements for providing health care and other benefits.

- $100.5 million federal funds for child care facility renovation and repair.

- $136 million one-time federal funds to extend family fee waivers through 2022-23 and extend hold harmless policies.

- $354 million in remaining federal funds for child care stipends.

- $20 million in one-time General Fund for Alternative Payment Program administrative needs.

- $2 million General Fund for alternative care and 16 additional non-operative days for state subsidized child care programs.

Child Care Slots. The 2021 Budget Act included an historic agreement to add 200,000 new subsidized child care slots by 2025-26. The budget package included approximately $783 million in 2021-22 ($1.6 billion ongoing) across state and federal fund sources to provide additional 120,000 slots for child care (inclusive of essential worker slots). Slots are spread across the Alternative Payment Program, General Child Care, and Migrant Child Care. The budget package included a multi-year agreement to add 80,000 child care slots by 2025-26 for a total of 200,000 additional child care slots. Since 2021-22, the state has added approximately 146,000 new slots (from about 108,000 to about 254,000), more than doubling the number of subsidized slots in California.

Governor's Budget Delays 20,000 new slots in 2023-24. The Governor's budget proposes to delay the planned child care slot increases by one year, resulting in $134 million in General Fund savings in 2023-24. The administration intends to resume adding new slots in 2024-25, reaching the overall 200,000 new slots goal by 2026-27 instead of 2025-26.

Given the magnitude of the slot expansion, the allocation of funding for the expansion of child care slots has been slow, especially in general child care, wherein CDSS must allocate funding through an RFA process. As of February 2023, based on data collected between October 2021 and December 2022,

enrollment in voucher programs increased by around 37,238 slots (a 66 percent increase). For general child care (contract-based programs), the 2021-22 awards included 25 percent of the available funding in contracts for 2022-23 to all 114 applicants with substantiated applications, resulting in $257 million in newly awarded funding to serve an estimated 8,800 children in new slots.

Given the slow uptake of expanded slots, the LAO projects significant one-time savings in 2022-23 and possibly 2023-24 due to the delay in finalizing general child care contracts. This could equate to as much as $800 million in one-time savings in the current year with some additional savings in 2023-24 likely. LAO continues to work with CDSS to refine estimates of these savings.

Cost of Living Adjustment (COLA). The Governor's Budget includes $301.7 million General Fund for Child Care and Development Programs and $1.5 million for the Child and Adult Care Food Program to support an 8.13 percent COLA.

According to the LAO, the Governor's budget calculates COLA costs by applying the 8.13 percent to the total costs of each child care program. In theory, this amount of funding reflects the costs associated with providing an across-the-board funding increase to all child care providers by 8.13 percent. Under current law, however, only general child care providers receiving the SRR receive an increase to their rates based on COLA. The LAO estimates the COLA-related costs for SRR providers are $118 million lower than budgeted by the administration. The LAO notes that for Alternative Payment (voucher-based) programs, the COLA would result in additional slots. Additionally, general child care providers receiving the RMR would not receive a COLA under this approach. The LAO notes the Legislature has various options for distributing COLA-related funding. Some options include: provide an across-the-board rate increase to all child care providers, regardless of program and reimbursement type; reduce the gap between the RMR and the SRR; and redirect COLA-related funds for another child care program purpose.

Status of Federal Relief Funds. During COVID-19, the federal government enacted three relief packages. Across these relief packages, the state received over $5 billion in one-time federal funds to support child care programs. The state must expend $3.7 billion by September 2023 and most of the remaining $1.4 billion by September 2024. The state has used these federal funds on various child care program activities, most notably to temporarily support provider rate increases and additional child care slots. The state also used the funds for a variety of other one-time or temporary purposes, including temporary stipends and supplemental rate increases. The LAO raises several questions regarding the status of over $5 billion in federal relief funds allocated to child care programs in the 2021 Budget Act and 2022 Budget Act, noting that there are likely significant savings due to actual costs associated with slot increases coming in lower than the Governor's budget estimates. Additionally, the LAO notes that when federal relief funds designated for rate and slot increases expire in September 2023, General Fund costs will increase in future budget years in order to backfill federal relief funds.

Family Fees and Hold Harmless. In addition to waiving family fees during the pandemic, the Legislature also enacted reimbursement flexibility that allowed child care providers to receive more predictable payments instead of being paid based on a child's attendance, given absences and instability caused by COVID-19. Like the wavier of family fees, the "hold harmless" policy will end on June 30, 2023, and providers will return to the previous reimbursement policy. The LAO notes that for voucher-based programs, maintaining the temporary reimbursement flexibility could improve the chances of providers

enrolling subsidized families; however, for direct contract providers, the policy does not incentivize providers to fill slots and disconnects program funding from the number of children served.

Proposition 64 considerations. The LAO also notes that there is a high risk that Proposition 64 revenues come in lower than expected in the Governor's Budget. As a result, there may be a need for additional General Funds to backfill child care funding.

Subcommittee Staff Comment and Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide a brief overview of the Governor's proposed child care budget for 2023-24.

2. Please provide an overview of the release of slot funding allocated in 2021-22 and 2022-23. Of the funded slots, how many slots have been filled, and what is the department's schedule to award additional funded slots? What barriers has the department faced in releasing an unprecedented number of new slots, and ensuring that providers are ready and available to fill newly available slots?

3. Please provide an overview of supplemental rate funding, including stipends, issued to child care providers through the 2021 and 2022 Budget Acts. What has been the impact of these supplemental payments on child care providers? When will the last round of stipends be issued to child care providers?

4. Please provide a brief update on the Child Care and Development Infrastructure Grant Program.

5. How will the end of the "hold harmless" policy impact child care providers? What other challenges are facing the child care field and families seeking child care in need of immediate attention in the 2023-24 fiscal year?

The Subcommittee requests Department of Finance (DOF) respond to the following questions:

1. Please describe the Administration's rationale for delaying an additional 20,000 child care slots which were planned for release in 2023-24.

2. Please provide an update on the expenditure of federal ARPA funds provided for child care. How much ARPA has been spent and is projected to be spent over the current year? Will federal ARPA or other federal funds provided for child care need to be re-appropriated in order to avoid reversion by federal deadlines?

3. Please explain the Administration's methodology for estimating the cost of the 8.13 percent COLA. Is the COLA intended to support all child care providers, regardless of program type, or only general child care providers receiving the SRR? Is the intention to provide the COLA to Alternative Payment programs as a slot increase?

The Subcommittee requests LAO respond to the following questions:

1. Please provide a brief overview of 2022 Budget Act investments in child care.

2. Please share the LAO's comments on the Governor's 2023-24 proposed child care budget.

Issue 3: AB 2806 - Childcare and developmental services: preschool: expulsion and suspension

Budget Change Proposal – Governor's Budget. AB 2806 (McCarty, 2022) made statutory changes to requirements related to child care expulsion, suspension, and mental health consultation. CDSS requests $1.1 million ongoing for two (2.0) Associate Governmental Program Analysts, three (3.0) Staff Services Manager I (Specialists), and one (1.0) Research Data Specialist III, to support workload associated with this legislation.

Background. The rate of expulsion in child care programs has been estimated to be as high as one in every 36 children enrolled, with 39 percent of all child care classes per year expelling at least one child. A 2005 study led by Yale Child Study Center researcher Walter S. Gilliam found that "expulsion of young children from early care and education settings as a response to behavior issues or social and emotional challenges occurs at three times the rate of K-12 students, thus limiting the child and family's access to services and needed supports." In 2014, the U.S. Department of Health and Human Services found that young boys of color are disproportionately affected by early childhood programs' suspension and expulsion policies. African American boys account for almost half of the preschoolers suspended more than once, despite only making up 18 percent of preschool enrollment. Hispanic and African-American boys combined represent 46 percent of all boys in preschool but make up 66 percent of their same-age peers who are suspended.

AB 2806 (McCarty, 2022). AB 2806, which was signed by the Governor in 2022, makes a number of changes aimed at ending expulsions and suspensions for children in subsidized early learning settings, including:

- Prohibiting general child care programs (programs that contract directly with the state) from expelling or un-enrolling a child because of the child's behavior, and establishing policies for providers around suspension and expulsion.

- Requiring facilities to report data annually, beginning in 2030, on use of expulsion and suspension procedures. This data will be published by the California Department of Education (CDE) and CDSS beginning in 2031.

- Permitting facilities to appeal an citation or penalty related to the behavior of a child, including the actions of staff, if the facility is in the process of complying with expulsion and suspension requirements.

- Revising requirements around Mental Health Consultation Services (MHCS), including defining which professionals are authorized to provide these services, and expanding the scope of MHCS to include support for providers, parents, guardians, and caregivers.

The suspension and expulsion requirements of AB 2806 do not apply to licensed family childcare providers who are represented by the Child Care Providers United Union – California (CCPU), as there is a Joint Labor Management Committee (JLMC) comprised of the State and CCPU representatives which is required to make recommendations on this topic impacting the represented providers.

Staffing and Resource Request. CDSS Child Care and Development Division (CCDD) requests six (6) permanent positions to develop and implement the policy changes required by AB 2806, including providing program, research, and data support. The requested staff include mental health consultation staff and expulsion and suspension staff:

CCDD Mental Health Consultation Staff:

- 2.0 Staff Services Manager I (Specialist): These positions are needed for workload associated with the development and implementation activities associated with federal and state requirements, development of training requirements for child care providers and mental health providers, collaboration with the CDE, and monitoring of contracts associated with professional development requirements.

- 1.0 Associate Governmental Program Analyst: This position is needed to support the workload of the staff services managers, including, but not limited to, drafting, preparing and reviewing documents pertaining to internal and external communications, Child Care Bulletins, and presentation materials, as well as analyzing state and federal requirements and monitoring protocols and coordinating work between CDSS and CDE.

CCDD Expulsion and Suspension Staff:

- 1.0 Staff Services Manager I (Specialist): This position is needed for workload associated with development and implementation of new policy, guidance, regulation promulgation, and alignment with state and federal requirements; development of guidelines for additional support and required trainings for programs with exceptionally high numbers of suspensions and expulsion in collaboration with the CDE; consultation for state and federal compliance requirements associated with the data requirements, and creation of new and ongoing monitoring and record keeping procedures.

- 1.0 Associate Governmental Program Analyst: This position is needed for workload associated with assisting the staff services manager, including, but not limited to, drafting, preparing and reviewing documents pertaining to internal and external communications, Child Care Bulletins, presentation materials, and analyzing current state and federal requirements.

- 1.0 Research Data Specialist III: This position is needed to identify all existing suspension and expulsion data to support modification of existing data sources. This position will conduct research and surveys to develop and present a comprehensive representation of existing data sources with recommendations for improvement, all to be shared and disseminated in appropriate forums. This position will also provide management with informed recommendations regarding policy, guidance, and alignment with state and federal requirements. Finally, this position will provide data to inform development of support and training guidelines for programs with exceptionally high numbers of suspensions and expulsions in collaboration with CDE.

According to CDSS, these resources will decrease the number of children in child care programs who are expelled or suspending due to behaviors, improve access to mental health services, and help eliminate the

disproportionate expulsions of African American, Black, American Indian, and Latinx children and children with disabilities. This requires CDSS to provide technical assistance to ensure successful local implementation.

Subcommittee Staff Comment and Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 4: AB 2832 - Whole Child Community Equity

Budget Change Proposal – Governor's Budget. CDSS requests $549,000 General Fund in 2022-23 and $535,000 General Fund ongoing for one (1.0) Associate Governmental Program Analyst, one (1.0) Staff Services Manager I (Specialist), and one (1.0) Research Data Specialist II to support the development of the Whole Child Equity Framework and Whole Child Community Equity Screening Tool, mandated by Chapter 699, Statutes of 2022 (AB 2832). The framework and screening tool will utilize community-level data to target efforts toward the communities with the highest needs..

Background. AB 2832 (Rivas, Chapter 699, Statutes of 2022) requires the development of an Equity Screening Tool to map out the state's communities with the largest racial and economic equity gaps and develop a "whole child approach" that prioritizes the full scope of a child's developmental needs.

Pursuant to AB 2832, CDSS, in consultation with CDE, must convene a workgroup made up of parents and families from historically underserved communities and other stakeholders to provide recommendations to CDSS for purposes of developing the Framework, the Equity Screening Tool, and recommended uses of the Equity Screening Tool for early childhood investments, and whole child resources.

AB 2832 requires CDSS, in consultation with CDE, to develop and utilize the Equity Tool to identify highest-need communities across the state with significant disparities across indicators that are essential to supporting the whole child. The Equity Screening Tool will build upon existing indices, including the Child Opportunity Index, Healthy Places Index, Human Development Index, California Strong Start Index, COVID-19 Statewide Vulnerability & Recovery Index, and Social Vulnerability Index. In order to create the Equity Screening Tool, the CDSS, in consultation with the CDE, is required to engage with counties, resource and referral programs, First 5 California, and other early care and education stakeholders through quarterly council meetings to seek their input for the establishment of the Equity Screening Tool. Lastly, on or before January 1, 2025, with input from the workgroup, CDSS is required to finalize and present the Framework, the Equity Screening Tool, and recommended uses of the Equity Tool to the Legislature.

Staffing and Resource Request. CDSS requests the following staff to implement AB 2832:

- 1.0 Associate Governmental Program Analyst: This position is needed to plan, assist, coordinate, communicate and be the liaison between state government and local agencies and local data systems, local communities' especially the historically underserved communities, to identify and collect community-level equity data for the Equity Screening Tool.

- 1.0 Staff Services Manager (Specialist): This position would supervise, lead, manage, and implement data and research tasks, requests, and projects required by the division. The SSM I would initiate and maintain data sharing agreements and processes relevant to equity data collection, support the Child Care and Development Division regarding information related to equity questions and requests, collaborate with the CDSS Research, Automation, and Data Division (RADD), and other state and local agency data collectors, and guide and review the work by the analyst.

- 1.0 Research Data Specialist II: This position would lead, plan, coordinate, and conduct proactive equity data collection initiatives research projects and activities. The RDS II would identify and define data elements for the Equity Screening Tool that tracks whole child data, including, but not limited to: access to childcare, health and mental health services, education, childhood adversity and community safety, economic well-being, and built environments. Furthermore, the RDS II would create new data models and visualizations, develop and utilize data cleaning techniques, produce data quality reports to ensure data integrity, and utilize childcare equity data to the Equity Screening Tool.

According to CDSS, the Whole Child Equity Tool will impact how the state allocates early care and education resources based on equity.

Staff Comment and Recommendation. Hold open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of this proposal.

Issue 5: Child Care and Development: Inter-agency contract adjustments and California State Preschool alignment

Trailer Bill Language – Governor's Budget. This trailer bill language would provide technical clean-up to align California State Preschool Programs (CSPP) requirements with child care and development program requirements by amending Welfare and Institutions Code (WIC) § 10300.5 to include authority parallel to what already exists in the Education Code (EDC) for "inter-agency adjustments between different contractors with the same type of contract." This authority promotes utilization of child care and development funding and allows for matching of available unused funds with identified service needs.

Background. AB 131 (Committee on Budget, Chapter 116, Statutes of 2021) transferred applicable EDC sections to the WIC in accordance with the Early Childhood Development Act of 2020, which transferred several child care and development programs from the California Department of Education (CDE) to the California Department of Social Services (CDSS). AB 131 transferred authority for current direct service contractors to arrange intra-agency adjustments between contract types for the same agency and funding allocation, from EDC § 8216 to WIC § 10300.5 almost verbatim. While the language transfer was intended to be a "lift and shift" of all applicable EDC sections to facilitate the child care transition, the authority for "inter-agency adjustments between different contractors with the same type of contract," found in EDC § 8256, was mistakenly not transferred to WIC.

Trailer Bill Language. This proposal would update the language in WIC § 10300.5 to mirror the language in EDC § 8216 and 8256 to further integrate services, improve administrative functions, and reduce redundancies. In addition, program alignment across child care and development programs and CSPP would also remove unnecessary administrative burden for contractors administering both programs.

Subcommittee Staff Comment and Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of this proposal.

Issue 6: Child Care and Development: Alternative Payment Programs: Reimbursement Rate Categories and Documentation

Trailer Bill Language – Governor's Budget. This trailer bill language would amend Welfare and Institutions Code (WIC) § 10228 to provide clarification regarding Alternative Payment Program (APP) provider rate sheets and reimbursement rate categories. The language would specify that a license-exempt provider is not required to submit a copy of their rate sheet along with a statement confirming that the rates charged for the care of a child receiving a subsidy are equal to or less than the rates charged for a child who is not receiving a subsidy.

In addition, this language would clarify how to calculate a licensed provider's reimbursement when the reimbursement category could be considered either full-time weekly or full-time monthly in accordance with regulations. This language would make clear that reimbursement for licensed providers would be based on the category that matches what the provider charges private-pay families as indicated on their rate sheet, and that reimbursement for license-exempt providers shall be based on the category that results in higher reimbursement. This language also provides other technical amendments, including to clarify a cross-reference in statute.

Background. WIC § 10228(c) requires licensed child care providers to submit to the APP a copy of their rate sheet listing the rates charged, as well as a statement confirming that the rates charged for a child receiving a subsidy are equal to or less than the rates charged for a child who is not receiving a subsidy.

California Code of Regulations (CCR) Title 5 § 18231(a) indicates that "a contractor shall maintain in its files the following records concerning each service provider: A statement of the service provider's current fees with information regarding the provider's usual and customary services provided for those fees." There are several types of service providers, such as a licensed child care center, licensed family child care home, and license-exempt providers. Based on current regulations, license-exempt providers are not mandated to have rate sheets; however, some APP contractors require license-exempt providers to submit written documentation of what they would want to be reimbursed for the child care services they provide.

WIC § 10374.5(c)(2), which was amended by AB 131 (Committee on Budget, Chapter 116, Statutes of 2021), establishes that effective January 1, 2022, license-exempt child care providers *shall be reimbursed at 70 percent* of the family child care home (FCCH) rate established pursuant to WIC § 10374.5(b). Because license-exempt providers shall be reimbursed at 70 percent of the FCCH rate, even if a license-exempt provider had an established rate, it would not be needed to determine the reimbursement calculation. It is therefore no longer appropriate to require license-exempt providers to submit a statement of current fees with the information on usual and customary services provided for those fees when the reimbursable rate has been established by law.

CCR Title 5 § 18075 indicates the following rate categories: hourly, daily, part-time weekly, full-time weekly, part-time monthly and full-time monthly. Based on the definitions in the regulations, the full-time weekly and full-time monthly reimbursement rate categories could be used interchangeably to calculate reimbursement for a child who is certified for full-time child care services.

Clarifying Language. In accordance with WIC § 10374.5(c)(2), commencing January 1, 2022, license-exempt child care providers shall be reimbursed at 70 percent of the family child care home rate established pursuant to WIC § 10374.5(b). Previously, license-exempt providers were reimbursed at up to

the 70th percentile of the family child care home rate. Because this change specifies the rate that license-exempt providers must be paid, there is no longer any valid reason for agencies to collect rate sheets from license-exempt providers. This proposal would clarify that agencies do not need to collect rate sheets from license-exempt providers.

Providing this clarification in statute will eliminate confusion within the child care field regarding the records required to be on file based on provider type. It will also reduce the administrative burden for contractors and license-exempt providers.

Finally, the addition of WIC § 10228(j) regarding the utilization of rate categories would eliminate confusion on the part of the contractor when deciding which rate category to apply in cases where both the full-time weekly and full-time monthly category would be acceptable and in line with existing regulatory requirements.

Subcommittee Staff Comment and Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

Issue 7: Child Care Stakeholder Proposals for Investment

The Subcommittee has received the following stakeholder proposals for investment related to the CDSS Child Care and Development Division:

1. **Family and Child Care Enrollment: Community-based alternative program funding.** The California Alternative Payment Program Association (CAPPA) requests $81 million ongoing to increase the reimbursement rate for alternative payment programs for administration and support services from 17.5 percent to 22 percent of the total contract amount.

   According to CAPPA, "This request is intended to provide funding for all of the work required of community agencies to enroll families. For every 10 families that begin the enrollment eligibility process for child care, 60-70 percent of those families will not complete the process. Therefore, agencies receive no funding for the families that ultimately fail to complete the eligibility process or are deemed ineligible. Agencies too are required to implement agreements between CalHR & the Child Care Provider Union such as data collection and monthly dues calculations and collections. Agencies are not funded for these activities. To date, the funding required to comply come directly from the funding allocated to support enrollment of families. Finally, since the onset of the pandemic until now, these community agencies have had to implement over 80 different changes resulting from emergency mandates and budget and funding outcomes. These mandates are unfunded and have also come out of the funds earmarked to support families."

   Subcommittee staff notes that the 2022 Budget Act provided $20 million in one-time General Fund for Alternative Payment Program administrative needs.

2. **Child Care Rates and Fees.** The Early Care and Education Coalition (ECE Coalition) proposes several changes to the child care rate structure and family fees, totaling $2.5 billion ongoing (rates) and $159.8 million ongoing (family fee schedule.) This proposal is included in Issue 1 of this agenda (page 7 of this document.)

5180 DEPARTMENT OF SOCIAL SERVICES – CHILDREN AND FAMILY SERVICES

Issue 8: Children and Family Services Overview

Governor's Proposal. The Governor's budget includes $9.3 billion ($1.2 billion General Fund) in 2022-23 and $9.1 billion ($832.9 million General Fund) in 2023-24 for the Children and Family Services division. This represents a net decrease of $254.6 million ($302.1 million General Fund) from the Budget Act of 2022. The decrease reflects the sunset of $150.0 million General Fund in one-time funding to support increased Emergency Response Social Workers, and the initial year of the Los Angeles County Child Welfare Stabilization funding ($100.0 million General Fund decrease from 2022-23). The decrease also reflects the one-time funding of $342.2 million ($175.0 million General Fund) for items with multi-year expenditure authority that include Minor Victims of Commercial Sexual Exploitation and the Excellence in Family Finding and Engagement block grant, and a federal funds decrease from the projected end of the Temporary FMAP increase for Foster Care (FC) and Adoption Assistance Program (AAP).

Changes in Local Assistance Funding for Child Welfare

Includes Child Welfare Services, Foster Care, AAP, KinGAP, and ARC (In Millions)

	Total	Federal	State	County	Reimbursement
2023-24 Governor's Budget proposal	$9,296	$3,168	$918	$4,995	$215
2022-23 revised budget	9,566	3,307	1,338	4,709	213
Change From 2022-23 to 2023-24	**-$271**	**-$139**	**-$420**	**$286**	**$2**

Note: Does not include Child Welfare Services automation.

AAP = Adoption Assistance Program; KinGAP = Kinship Guardianship Assistance Payment; and ARC = Approved Relative Caregiver.

Source: Legislative Analyst's Office

California Behavioral Health Community-Based Continuum (CalBH-CBC) Demonstration Waiver. The 2023-24 Governor's Budget includes $14.5 million ($10.6 million General Fund) in 2023-24 and annual funding through the waiver duration, to support additional workload for county child welfare agencies associated with implementation of the CalBH-CBC Demonstration Waiver. This proposal includes funding for Child and Family Teams for family maintenance cases, joint home visits with mental health providers, and caseworker administrative time to implement and coordinate extracurricular activities paid for with the new activity stipends. The CalBH-CBC is a joint effort led by the Department of Health Care Services and CDSS to create a long-term plan for how children and youth involved in the child welfare system and Foster Care systems receive health care services to improve the coordination, access to care, and overall outcomes and well-being for these youth. The activity stipends and the joint home visits portions of the CalBH-CBC Demonstration Waiver will implement in 2024-25.

Background. When children experience abuse or neglect, the state provides services to protect children and strengthen families. The Child Welfare Services (CWS) program in California is an intervention program designed to protect abused, neglected, and exploited children. Counties provide prevention services, such as substance use disorder treatment and in-home parenting support, to families at risk of child removal. When children cannot remain safely in their homes, the state provides temporary out-of-home placements through the foster care (FC) system.

FC provides a state supervised living arrangement for youth who require temporary care due to abuse or neglect. CDSS oversees the county-administered foster care system. Youth are typically placed in foster care because a county child welfare agency has removed them from their home and a juvenile court has found that their parents cannot care for them. The court may place a youth who has broken the law and has been declared a ward of the court in foster care if it finds that returning the youth to their home would be unfavorable to their welfare. Counties make arrangements for temporary placement and the delivery of family reunification services if the court determines that out-of-home placement is the only safe option. The initial goal of these placements is family reunification.

When a court determines that a child must be removed from their home they can be placed in various foster care placement types that include resource families, therapeutic residential treatment programs (STRTPs), and independent and transitional placements. The preferred placement is in a home with a resource family. A resource family may be either a noncustodial parent or relative, nonrelative family member, a foster family approved by the county, or a foster family approved by a private foster family agency (FFA). FFA-approved foster families receive additional supports through the FFA and may care for youth with higher-level physical, mental, or behavioral health needs.

Continuum of Care Reform. Significant research documents the poor outcomes of children and youth in congregate care, such as higher re-entry rates into foster care, low high school graduation rates, and increased risk of arrest. The placement of children in group care settings has been increasingly viewed as a temporary solution in instances where emergency or crisis treatment is warranted. To address this, the Legislature passed a series of legislation implementing the "Continuum of Care Reform" (CCR) framework for state and local governments, beginning in 2012. CCR implemented child-and-family centered reforms and developed a continuum of integrated child welfare and behavioral health supports designed to meet the needs of children and families in the child welfare system. Within the past five years, the number of youth placements in congregate care facilities has decreased by 66 percent, in alignment with the goals of CCR, and a higher proportion of children are being cared for in home-based settings.[1] Federally, the Families First Prevention Services Act (FFPSA) is intended to achieve similar goals of CCR by enhancing support services for families to help children remain at home and reduce the use of unnecessary congregate care placements. More detail on FFPSA is included in Issue 14 of this agenda.

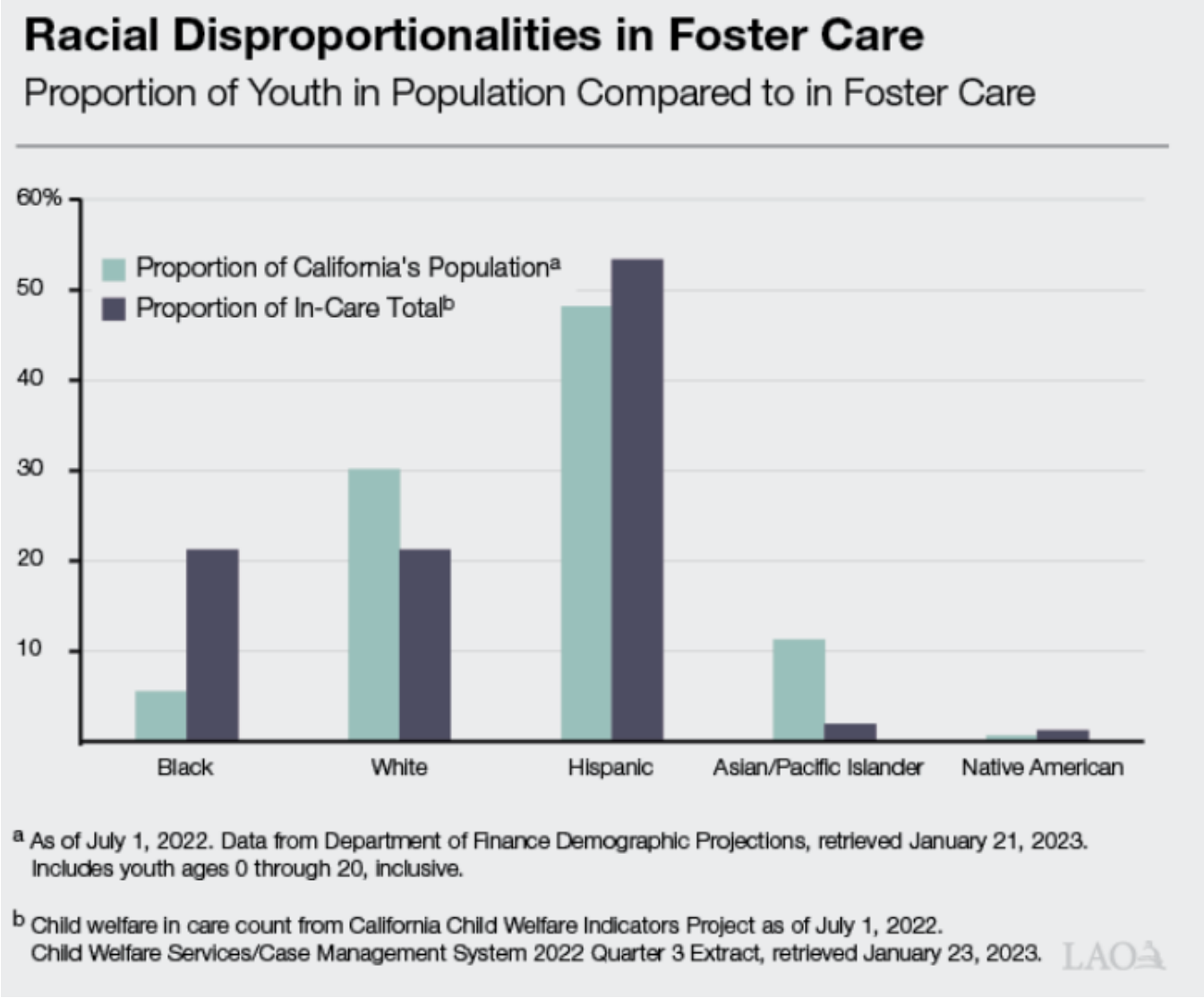
As of the latest estimates in the Governor's January budget, there are approximately 55,125 children in foster care in California.

[1] CDSS, Continuum of Care Reform Oversight Report, March 2023.

Source: Center for Social Services Research, School of Social Welfare, UC Berkeley

Racial Disproportionalities in Foster Care. According to the LAO, youth in foster care are disproportionately low-income, Black, and Native American. A broad body of research has found that families impacted by child protective services are disproportionately poor and overrepresented by certain racial groups, and are often single-parent households living in low-income communities. In California, Black and Native American youth in particular are overrepresented in the foster care system relative to their respective shares of the state's youth population. The proportion of Black and Native American youth in foster care is around four times larger than their proportion of the population in California overall. The following figure, provided by the LAO, demonstrates the proportion of youth in the general population

compared to the population of youth in Foster Care. Significant disproportionalities have persisted for many years. The figure displays aggregated state-level data; disproportionalities differ across counties.



Source: Legislative Analyst's Office

The chart below, provided by the LAO, displays the key drivers of the net decrease in overall child welfare spending in the 2023-24 Governor's budget.

Drivers of Overall Child Welfare Net Spending Decrease

(In Millions)

Item	Total Funds Change From 2022-23 (Revised) to 2023-24	General Fund Change from 2022-23 (Revised) to 2023-24	Description
CalBH-CBC Demonstration	$14.0	$11.0	This amount reflects child welfare-specific costs included in the proposed demonstration project. This initial funding amount is for child welfare social worker workload to participate in CFT meetings for Family Maintenance cases. Other costs are budgeted under DHCS.
Net changes in CCR costs	14.0	8.0	The net increase in CCR costs reflects increases in the HBFC rate and PPA, partially offset by decreases in CFTs, RFA backlog, and other program areas. See CCR table for more detail regarding these changes.
SMHS documentation and notification to support continuity of care (AB 1051)	3.2	2.6	Costs for additional social worker time to fulfill documentation and notification requirements when foster youth receiving SMHS are placed out-of-county, as required by Chapter 402 of 2022 (AB 1051, Bennett). Costs also include automation for data collection on foster youth receiving SMHS. Other costs are budgeted under DHCS.
Case management activities for psychiatric residential treatment facilities (AB 2317)	1.3	1.3	Costs for additional social worker time to conduct case management activities for youth placed in psychiatric residential treatment facilities, as required by Chapter 589 of 2022 (AB 2317, Ramos).
Juvenile records access (SB 1071)	1.1	0.8	Costs for additional social worker time to prepare juvenile case files for certain administrative hearings, as required by Chapter 613 of 2022 (SB 1071, Umberg).
Family finding and investigations (SB 384)	1.1	0.8	Costs for additional social worker time to investigate the names and locations of any alleged parents of children entering foster care, as required by Chapter 811 of 2022 (SB 384, Wiener). Costs also include one-time county child welfare and probation department reporting costs.
Documentation of family reunification services (AB 2866)	0.2	0.1	Costs for additional social worker time to provide sufficient documentation during applicable status review hearings that FR services were provided or offered, as required by Chapter 165 of 2022 (AB 2866, Cunningham).
Excellence in Family Finding and Engagement block grants	-308.0	-150.0	One-time grants in 2022-23, expendable over five years, to local child welfare agencies for family finding, engagement, and support activities. Participating counties are required to provide matching funds equal to one-half of the state funds.

COVID-19 temporary eFMAP	-111.0	—	During the public health emergency, the federal government has been providing a 6.2 percent increase in the federal match rate (referred to as eFMAP). The eFMAP will begin to phase out April 1, 2023, and will drop to 0 as of January 1, 2024.
Child welfare stabilization funding for Los Angeles County	-100.0	-100.0	*2022-23 Budget Act* included $200 million in 2022-23 and $100 million in 2023-24 ($300 million total over two years).
Bringing Families Home program augmentation	-93.0	-93.0	Limited-term augmentation of $92.5 million provided in 2021-22 and 2022-23 ($185 million total over two years).
Increase in emergency response social worker funding	-68.0	-50.0	Limited-term augmentation of $50 million General Fund provided in 2021-22 and 2022-23 ($100 million total over two years), to help local child welfare agencies respond to the public health emergency.
Child abuse prevention federal grants augmentation	-43.0	—	One-time augmentation provided in 2022-23 for various federal child welfare grant programs.
Minor victims of commercial sexual exploitation	-25.0	-25.0	One-time augmentation in 2022-23, expendable over three years, to support placement and services for youth who have been impacted by human trafficking, and to develop a specialized training curriculum for child welfare staff and other stakeholders who interact with these youth.
STRTP provider IMD transition support	-10.0	-10.0	Limited-term support in 2021-22 and 2022-23 for STRTPs that would be classified as IMDs, to assist them with transitioning program models in order to retain federal funding eligibility for SMHS. Additional funding is budgeted under DHCS.
Reporting costs for removing barriers to placements with relatives (SB 354)	-7.0	-5.0	One-time funding in 2022-23 for county manual data collection as required by Chapter 687 of 2021 (SB 354, Skinner) to compile and submit data on criminal records exemptions and denials for relative caregivers.
Child welfare training additional support	-7.0	-7.0	Limited-term funding in 2021-22 and 2022-23 for child welfare training additional support.
RFA backlog resources	-6.0	-4.0	One-time funding in 2022-23 to help counties address the RFA backlog by allowing counties to pay overtime for existing staff to expedite RFA application review.
California Parent and Youth Helpline	-5.0	-5.0	One-time funding in 2022-23, expendable over three years, to continue providing a support helpline for children and families who may be at risk of involvement with child welfare or entry to foster care. The helpline was initially funded as a pandemic emergency response initiative.

Foster Youth Independence pilot program	-1.0	-1.0	One-time funding in 2022-23 for case management and services to increase utilization of federal housing choice vouchers for former foster youth up to age 25, who are or are at risk of experiencing homelessness.
Tribal technical assistance (AB 2083)	-0.1	-0.1	One-time funding in 2022-23 to support tribal engagement with counties to develop tribal consultation protocols, as required by Chapter 815 of 2018 (AB 2083, Cooley).
Other Net Changes	479.0	6.0	This amount reflects the net effect of other changes across programs, including caseload changes, CNI COLAs, and estimated increases in county expenditures under 2011 realignment.
Totals	**-$271.0**	**-$420.0**	

CalBH-CBC = California Behavioral Health Community-Based Continuum; CFT = Child and Family Team; DHCS = Department of Health Care Services; CCR = Continuum of Care Reform; HBFC = Home-Based Family Care; PPA = Placement Prior to Approval; RFA = Resource Family Approval; SMHS = specialty mental health services; FR = family reunification; eFMAP = Enhanced Federal Medical Assistance Percentages; STRTP = Short-Term Residential Therapeutic Program; IMDs = Institutions for Mental Disease; CNI = California Necessities Index; and COLA = cost-of-living adjustment.

Source: Legislative Analyst's Office

2022 Budget Act. The 2022 Budget Act included the following new investments in child welfare:

- **Los Angeles County Child Welfare Stabilization:** $200 million General Fund in 2022-23 and $100 million General Fund in 2023- 24 (for a combined one-time investment of $300 million over two years) for the stabilization of child welfare services in Los Angeles County.

  Implementation Update. In January 2023, CDSS issued the specific allocations for child welfare and probation along with templates that social workers and probation officers will use to invoice funds.

- **Flexible Family Supports for Home-Based Foster Care:** $50 million General Fund in both 2022-23 and 2023-24 to increase the use of home-based family care and the provision of services and supports to children in foster care and their caregivers. The funds can be used for a variety of purposes, including respite care, costs to facilitate a child's participation in enrichment activities, and costs associated with facilitating a placement with a relative or nonrelative extended family member.

  Implementation Update. In January 2023, CDSS published guidance for counties (with additional guidance for tribes forthcoming) specifying requirements to access these funds, along with specific claiming instructions. The department also released individual county allocations via a separate fiscal letter. According to the guidance, counties intending to use their allocations will be required to submit a letter of intent to CDSS; letters will be accepted on a rolling based through July 1, 2024.

- **Emergency Child Care Bridge:** $35 million General Fund ongoing for expansion of the Emergency Child Care Bridge, with full funding for increasing the number of navigators ($5

million) and to increase trauma-informed training ($4 million), with the remaining amount to provide additional vouchers to children in care.

Implementation Update: CDSS published the required guidance on September 26, 2022. While the funding augmentation for 2022-23 has been disbursed to counties, data on impacts of the expanded funds—for example, how many families have received vouchers beyond 12 months—are not yet known.

- **Transitional Housing Program and Housing Navigators Program:** $34 million General Fund in ongoing, to expand the Transitional Housing Program and Housing Navigators Program for current and former foster youth. This program is administered by the Department of Housing and Community Development.

- **Tribally Approved Homes Compensation Program and Legal Counsel for Tribes.** $8.2 million General Fund ongoing for the Tribally Approved Homes Compensation Program and the Tribal Dependency Representation Program to provide grants and legal assistance for the foster or adoptive placement of an Indian child and for representation of Indian tribes in a California Indian child custody proceeding. $2.1 million General Fund ongoing to provide legal counsel to tribes in Indian child welfare cases.

  Implementation Update: For legal counsel for tribes, CDSS has held consultations with tribes, and intends to enter into memorandums of understanding with participating tribes by May 1, 2023. All 109 of California's federally recognized tribes are potentially eligible; tribes wishing to receive assistance will be required to submit a letter of interest by April 7, 2023. CDSS anticipates around 70 to 80 tribes will opt in. CDSS plans to issue allocations to individual tribes in June 2023. CDSS also anticipates providing allocations for the Tribally Approved Homes program by June 2023.

- **Foster Youth with Substance Use Disorders Grant Program:** $5 million General Fund one-time, with budget bill language, for the Foster Youth with Substance Use Disorders Grant Program, administered by the Department of Health Care Services.

- **Supplemental Security Income (SSI) for Foster Youth**: $1.1 million ($1 million General Fund) in 2022-23 and $600,000 General Fund ongoing to help facilitate access to SSI for foster youth.

- **Foster Care Interim Rates Extension:** trailer bill language that extends the date by which the department must develop a permanent rate structure for payments to foster care providers from December 31, 2022, to December 31, 2024.

- **Emergency Caregiver Funding: Good Cause Exemption:** $6.6 million General Fund ongoing provide for emergency payments to caregivers for up to 365 days under certain circumstances.

- **Resource Family Approval (RFA):** $50 million General Fund ongoing to assist counties in reducing approval timelines for foster caregiver applications, also known as the Resource Family Approval (RFA) process. The resources will allow counties to hire additional staff to reduce pending and probationary resource family applications.

- **Foster Youth Independence Pilot Program**: $1 million General Fund one time, available over two years, for county child welfare agencies to provide case management and support services for former foster youth utilizing federal housing choice vouchers.

- **Parent and Youth Helpline:** $4.7 million General Fund one-time, available over three years, to continue operation of a helpline for parents and youth. The helpline is a statewide triage and support system, established during the COVID-19 Pandemic, that helps deliver services to children, families, and caregivers by phone and online.

  Implementation Update. From May 2020 through August 2022, the helpline received over 40,000 texts, e-mails, and other communications from youth and parents in total. In addition, nearly 300 parents participated in online support groups.

- **Family Finding and Engagement Services:** $150 million General Fund one-time for intensive family finding and engagement services for children in foster care. Trailer bill language establishes, the Excellence in Family Finding, Engagement, and Support Program, administered by CDSS to conduct specialized permanency work with a focus on establishing and maintaining permanent connections for foster children.

  Implementation Update. CDSS released initial guidance and county allocations for block grants to counties and tribes to supplement family finding, engagement, and support activities in February 2023. According to the guidance, counties opting in to the program will need to submit a written plan to DSS for approval and will be able to access their allocations as of the date their plan is approved. Plans will be reviewed on a rolling basis; counties may submit plans up until June 30, 2025.

  According to the initial information released by the department in February 2023, the state Center for Excellence (CFE) in Family Finding is operational March 1, 2023 and will conduct training and technical assistance for counties and tribes that opt into the family engagement block grant program, described above. In preparing to launch CFE, CDSS and UC Davis held initial peer learning sessions in October and November 2022, and conducted a number of stakeholder meetings in January and February 2023 to determine what specific services and supports are most needed from CFE. As a result, CFE's trainings and technical assistance will include:

  - Conducting evidence-based, organization-specific assessments of quantitative and qualitative data related to permanency outcomes and operations.

  - Strengthening trauma-informed permanency practices and programs.

  - Developing workforce capacity around supporting permanency and family finding and engagement.

  - Providing guidance and research on the latest high-fidelity, evidence-based permanency and family finding and engagement models and practices.

- Providing peer-to-peer learning opportunities for counties, tribes, and providers to share and leverage best practices and program sustainability.

- Fostering a culture of diversity and inclusion that actively invites the contribution and participation of those who are most impacted and is representative of diverse identities and communities.

- **Commercially and Sexually Exploited Youth: $**25 million General Fund one-time for prevention, intervention, and services for youth who have been the victims of sex trafficking. Budget bill language is included to require the department to perform a service gap analysis for youth who have been exploited and specify services to be funded with this appropriation.

  Implementation Update. As of November 2022, CDSS had determined the specific project areas and selected some of the organizations who will conduct the pilots:

  - $7 million for a Bay Area pilot by the Department on the Status of Women.

  - $7 million for a rural regional pilot by the Children's Legacy Center.

  - $10 million for a Southern California pilot, which CDSS intends to release for competitive bid in March 2023 (for a contract start date toward the end of the calendar year).

  - $1 million to fund training contracts.

- **Short-Term Residential Therapeutic Program (STRTP) Transitions**: $10.4 million General Fund one-time to support a portion of STRTP providers to transition to a reduced capacity of 16 beds or fewer, or other programs models, through December 2022. This funding will help prevent a loss of federal Medicaid funding resulting from STRTPs being classified as Institutions for Mental Disease, as clarified in federal guidance.

- **STRTP Non-Accreditation Supplement**. $906,000 General Fund ongoing to assist new STRTP providers with meeting federal accreditation requirements.

- **Child Welfare Services-California Automated Response and Engagement System (CWS-CARES):** $108 million one-time funding ($57.6 million General Fund) to continue the design, development, and implementation activities for the CWS-CARES project. The project is replacing a legacy system with a modern technology application that aids child welfare stakeholders in assuring the safety and well-being of children at risk of abuse and neglect. This project is discussed in Issue 15 of this agenda.

- **Foster Care Placement Services**: $729,000 in 2022-23 and $687,000 ongoing for five permanent positions to implement statutory changes related to the criminal exemption process for resource family applicants, relative placement applicants, and non-relative extended family applicants, as mandated by Senate Bill 354 (Skinner), Chapter 687, Statutes of 2021.

- **Child and Family Services Acute Review and Response**: $351,000 ($257,000 General Fund) for two permanent positions to review and respond to statewide trends in emergent safety and well-being concerns raised for children in the Child Welfare System. The budget also included budget bill language requiring an on-going outcomes assessment reported periodically, pursuant to discussions with the department, starting in 2022- 23, tracking progress on the key metrics of shelter stays for children under six and overstays for youth at STRTPs.

Implementation of recently funded programs. According to the LAO, implementation is underway for most major new child welfare funding provided in the current and prior year, but in general, it remains too early to fully assess the impact of these investments, particularly outcomes for youth and families. The following table, provided by the LAO, displays the implementation status of new child welfare programs:

Summary of Implementation Status of New Programs

New Augmentations Provided in 2021-22 and 2022-23
(State General Fund)

Program	Funding	Implementation Status
Child-Specific Funding Allowances[a]	$18.1 million ongoing beginning in 2021-22	
County Capacity Building[a]	$43.2 million one-time in 2021-22, expendable for 5 years	
Children's Crisis Continuum Pilot[a]	$60 million one-time in 2021-22, expendable for 5 years	
Family Finding and Engagement Block Grants[b]	$150 million one-time in 2022-23, expendable for 5 years	
Center for Excellence[b]	$750,000 ongoing beginning in 2022-23	
Flexible Funds[b]	$50 million one-time in 2022-23 and again in 2023-24, expendable for 3 years	
Emergency Response Augmentation	$50 million one-time in 2021-22 and again in 2022-23, expendable for 4 years	
Minor Victims of Commercial Sexual Exploitation Pilot Projects	$25 million one-time in 2022-23, expendable for 4 years	
Bringing Families Home Augmentation	$92.5 million one-time in 2021-22 and again in 2022-23, expendable for 3 years	
Los Angeles County Child Welfare Stabilization	$200 million one-time in 2022-23 and $100 million one-time in 2023-24	
Emergency Child Care Bridge Program Augmentation	$35 million ongoing beginning in 2022-23	
Legal Counsel for Tribes in Child Welfare Cases	$4.1 million ongoing beginning in 2022-23	
Support for Tribally Approved Homes	$4.8 million ongoing beginning in 2022-23	
Expanded Access to Social Security Income for Older Youth	$1 million ongoing beginning in 2022-23	
Parent and Youth Helpline Augmentation	$4.7 million one-time in 2022-23, expendable for 3 years	
Foster Youth to Independence Housing Voucher Pilot	$1 million one-time in 2022-23	

Initial Planning and Preparation Phase[c]
Partial Implementation: Guidance Has Gone Out
Partial Implementation: Allocations Have Been Determined
Full Implementation Underway[d]

[a] These program elements are part of the complex care needs funding package.
[b] These program elements are part of the support for home-based placements funding package.
[c] "Initial planning and preparation phase" may include substantial progress toward implementation, such as stakeholder meetings and other significant work toward program launch.
[d] "Full implementation underway" indicates all guidance and systems are in place for implementation. However, the program still may be underutilized, may not yet be achieving its intended impact, and/or may not necessarily be progressing in line with legislative expectations.

Note: This information is point in time and reflects our best understanding at the time of publication.

Subcommittee Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of the Governor's proposed 2023-24 budget for children and family services.

2. Please describe the child welfare components of CalBH-CBC waiver. How will these components implement and when will implementation begin? How will CDSS engage with stakeholders, including foster youth and families, in implementing new components such as the activity stipends? What are the goals and desired outcomes of this funding?

3. Please provide an update on the implementation of the Center for Excellence in Family Finding and the Family Finding block grants.

4. Please provide an update on the implementation of pilot projects to support minor victims of commercial sexual exploitation.

5. Please provide an update on the implementation of expanded funding for the Emergency Child Care Bridge program. What data is available on the impacts of this expansion and how it has benefited young children in foster care placements?

6. Please provide an update on the implementation of legal counsel for tribes in child welfare cares and support for tribally approved homes.

7. What is the department's timeframe for proposing a final foster care rate structure?

The Subcommittee requests the LAO respond to the following questions:

1. Please share the LAO's comments on the Governor's proposed 2022-23 budget for child welfare and the implementation of recently funded programs.

Issue 9: AB 2083: Children and Youth System of Care

The Subcommittee has requested the following individuals to participate in a panel discussion on the AB 2083 Children and Youth System of Care:

- Kim Johnson, Director, California Department of Social Services
- Twylla Abrahamson, Ph.D., Licensed Psychologist, Director, Health and Human Services, Children's System of Care, Placer County
- Michael Lombardo, Executive Director, Prevention Supports and Services, Placer County Office of Education
- Jennifer Bloom, MA, Director of Client Services, Alta California Regional Center
- Susan Abrams, Deputy Director, Children's Law Center of California

Background. California's children and youth System of Care is responsible for ensuring the safety and permanent connections to family, as well as supporting the development, health, education and well-being of children and youth in foster care. Each system partner has longstanding state and local responsibilities to provide a range of services and supports for youth in foster care that are unique to each system. Each partner is also individually responsible for evaluating and responding to gaps in the array of services and supports required to be provided by their systems.

AB 2083: Children and Youth System of Care (Cooley, Chapter 815, Statutes of 2018) established a joint interagency resolution team comprised of the Department of Social Services (CDSS), Department of Health Care Services (DHCS), Department of Developmental Services (DDS), and Department of Education (CDE).

AB 2083 directed this team, in consultation with county agencies, service providers, and advocates for children and resource families, to develop and submit recommendations to the Legislature addressing any identified gaps in placement types or availability, needed services for children and resource families, or other identified issues for children and youth in foster care who have experienced severe trauma. AB 2083 also required the development of a multiyear plan for increasing the capacity and delivery of trauma-informed care to children and youth in foster care served by Short Term Residential Therapeutic Programs (STRTPs) and other foster care and behavioral health providers.

AB 2083 builds upon the implementation of Continuum of Care Reform (CCR), which, at its core, believes that all children served by the foster care system need, deserve, and have an ability to be part of a loving family, and not to grow up in a congregate setting. This work also stems from a shared belief that agencies serving children and youth must collaborate effectively to surround children and families with needed supports, services, and resources. Beginning in 2015, CCR provided significant investments in the practice of Child and Family Teaming, new funding for emergency caregivers, and increased funding and therapeutic standards for residential care in STRTPs.

In 2020, the joint interagency resolution team submitted an initial report to the Legislature titled Recommendations to the Legislature on Identified Placement and Service Gaps for Children and Youth in Foster Care Who Have Experienced Severe Trauma that provides a detailed outline of the existing responsibilities of each system of care partner agency and a series of recommendations for determining

placement and service gaps. This report identified gaps through an evaluation of a variety of quantitative and qualitative data sources, including stakeholder survey data and feedback, technical assistance data, and multi-departmental matched data, including recommendations for addressing those gaps, and includes a multiyear plan for increasing capacity and delivery of trauma-informed care.

2023 Multiyear Plan for Increasing Capacity. In January 2023, the joint interagency team, under the direction of the California Health and Human Services Agency, released a Multiyear Plan for Increasing Capacity. The plan finds:

- Siloed practices in planning and delivering services are a major cause of the gaps and inefficiencies in how systems assess and respond to the needs of children and families holistically.

- Implementation of trauma-focused program models within the system of care is incomplete across the state in terms of the availability of trained professionals, evidence informed assessments and evidence informed intervention models.

- A statewide gap exists in programming with specialized competencies capable of serving the needs of children, youth, and families who have multiple co-morbidities or cross-system needs.

- Children and families need more proactive and holistic services across systems to stabilize children in their own families and communities and to reduce the incidence of foster care.

Children in out-of-home care. According to the AB 2083 report, of children in out-of-home care, a monthly caseload of approximately 33,000 are in a family-based foster care setting receiving an Aid to Families with Dependent Children-Foster Care (AFDC-FC) (such as a Resource Family Home) and a monthly caseload of approximately 3,500 are cared for in a congregate care setting (such as an STRTP). An approximate monthly average of 17,000 children are cared for under Kinship Guardianship placements. Finally, approximately 86,000 children a month are cared for by adoptive families receiving Adoption Assistance Payments.

Children on probation and in foster care. A child who has been declared a "ward" of the court for committing a violation of law may be placed in foster care based on a determination of the court. Probation agencies are responsible for the provision of child welfare services for these youth who are under the supervision of the juvenile court. As of July 1, 2022, the children ages 11 through 21 years of age, in which probation was responsible for the provision of child welfare, totaled 1,423. Of those children, 64 percent were between the ages of 18 through 21, 74 percent were males and 46 percent were on Supervised Independent Living Programs/Transitional Housing. The ethnic makeup of these children is 50 percent Latino, 27 percent Black, and 19 percent white.

Children in foster care returning from out of state facilities. In 2020, CDSS decertified all out of state facilities that formerly were used as residential placement options for California youth with complex needs after the death of a Michigan child during a restraint in one of the facilities that was certified and being used by California counties. 133 youth were returned to California and these youth are now residing in state in a variety of placement types such as STRTPs, relative placements, extended foster care, and other placements.

Children dually served by child welfare and the Regional Center system. According to the AB 2083 report, in 2019-20, approximately 10,370 individuals eligible for regional center services had child welfare involvement, which is five percent of all youth served by regional centers that year. The dually served youth population is disproportionately concentrated in the infant and toddler ages compared to the regional center youth population as a whole.

AB 2083 Capacity Gaps and Recommendations. The Multiyear Plan (Plan) includes an analysis of capacity gaps and recommendations for addressing those gaps. In general, many of the gaps identified relate to the challenges meeting the unique needs of children in the system and overcoming complex bureaucratic processes. Recommendations center on the need for further streamlining and coordinating care across the multiple systems and agencies serving youth, improving timely access to care, building out capacity for specialized services, and improving wraparound services that support children and youth in family-based settings. The information below summarizes findings and recommendations from the January 2023 report:

Gap 1: Unique Needs of Children and Families Involved with Child Welfare and Probation

The Plan finds that children and families involved with child welfare and probation have needs that would benefit from evidence-informed clinical interventions that target trauma, caregiver attachment, and the state of the child's social environment. Recommendations include:

- Utilize local MOU framework, with state collaboration, to evaluate Child and Adolescent Needs and Strengths data, utilization data, least restrictive placement settings, and other outcome measures to inform system of care capacity development and planning.

- Support providers' implementation of trauma-informed treatment models across the continuum of care.

- Prioritize capacity-building efforts that enable children with complex needs to have those needs coordinated within the child's home community and avoid out of county placements that result in disrupted clinical and non-clinical relationships.

Gap 2: Essential Competencies within Services, Supports, and Specialized Models of Care

The Plan finds that local regions struggle to put immediate supports in place upon a child's arrival in a new placement, even when needs are identified in advance. There are challenges to accessing services and supports across multiple systems for children and families with complex needs at risk of entering foster care. These challenges include a lack of mental health provider competencies necessary to serve children with co-occurring IDD and mental health conditions and issues accessing Substance Use Disorder (SUD) treatment. Recommendations include:

- Provide integrated early intervention and intensive trauma-focused treatment to infants, ages birth to five-years-old, and youth in foster care and their caregivers care by providing trauma-focused and integrated behavioral health assessments to all children in foster care.

- Provide upstream preventative and early intervention services to decrease the number of children in foster care with complex unmet needs such as SUD, Commercially Sexually Exploited Children (CSEC), and Posttraumatic Stress Disorder (PTSD).

- Establish highly specialized multi-agency assessment models for children and youth with exceptionally complex needs (such as SUD, CSEC, PTSD, Intellectual/Developmental Disability (I/DD)) to collaboratively assess and determine the appropriate level of care, needed array and intensity of services, and to ensure timely approval and implementation of services.

Gap 3: Care Coordination

The Plan finds that planning occurs in silos, which fragments care coordination for children and families. Wraparound, a care coordination and planning process, reflects a patchwork of quality and consistency across the state's counties and is frequently limited to a specific subpopulation of children. Recommendations include:

- Develop Wraparound as a cross-system care coordination model.

- Align the various notification, information sharing and confidentiality requirements.

- Provide guidance and/or technical assistance on expediting Court processes regarding assignment of an educational/developmental rights holder for children who are referred to a regional center for Early Start intake.

- Develop technical assistance resources for all system partners to support cross-system teaming, planning, cross-system notification and education coordination.

Gap 4: Family Finding and Engagement

The plan finds that across the state, family-finding practices, ICWA compliance and outcomes are highly varied. Further, children with the case plan designation of "permanent placement," meaning the child is unlikely to be reunified with the parent from whom the child was removed, reside in congregate care settings, and/or with resource family caregivers. Some of these children are not moving toward permanency. Recommendations include:

- Establish multiagency recruitment strategies that target recruitment of families with unique experience and competencies important for children with complex needs and for Indian children.

- Strengthen reunification efforts through implementation of trial home visitation coupled with parent coaching and the use of permanency specialists and peer partners.

Gap 5: Education and School Stability

The Plan finds that county offices of education and school districts sometimes experience difficulties coordinating and aligning services for students in foster care, including providing transportation to a

child's school of origin and issues with schools not receiving notification regarding a child's change in residential placement. Recommendations include:

- Develop individual academic intervention plans at the school level for each foster youth, that includes academic interventions, mentoring, parent engagement, and a team approach to supervising children and youth in care.

- Ensure that placing agencies have policies in place to address school stability when making placement decisions, document notification of placement moves, and have plans to support transportation to the school of origin.

Gap 6: Case Worker Ratios

The Plan finds that county caseload ratios reflect a much higher ratio than what is recommended for children in all program areas. Gaps exist in case coordination, preventative and upstream planning, transition planning, and cross-system competencies, which impact timely access to coordinated supports and services. Recommendations include:

- Implement reduced and/or specialized caseloads and training regarding care coordination and specialized competencies like medical, trauma, mental health, and intellectual disabilities to increase caseworkers' ability to help families achieve safety and permanency, regardless of their level of needs.

Gap 7: Administrative Processes

The Plan finds that placement changes across county lines often lead to barriers to timely care due to confusion regarding administrative and referral processes, confidentiality and fiscal responsibilities, and overall procedural gaps in communication between all represented local agencies of each county. The Resource Family Approval (RFA) process is a barrier for relatives who wish to take youth into their homes due to a lengthy process and other obstacles. Recommendations include:

- Further evaluate regional center intake and service access timelines for children in foster care to ensure there is not only timely intake processes, but also timely access to services.

- Explore variation in the authorization and medical necessity determinations for specific services.

- Establish a state-local plan to improve consistency in the STRTP approval, certification, and contracting process.

- Establish partnership strategies within the interagency leadership team for resource family recruitment, and processes to facilitate ongoing and continuous support before and during placement.

Gap 8: Data Gaps – Local and State

The Plan finds that local and state data systems are siloed. Aligning varying definitions for data elements, including definitions of children in foster care across departments, remains a challenge, resulting in a reduced ability to compare data. Medical and behavioral health information is often not provided to resource parents at the time of placement. Recommendations include:

- Align Local Control Funding Formula, educational rights, and child welfare definitions to ensure one consistent definition of a child in foster care.

- Develop and align state and local metrics for shared system of care outcomes, both child-specific and system improvement.

- Create a Statewide Children and Youth System of Care data dashboard to indicate outcome measurements and transparency.

- Develop state technical assistance tools for local data-sharing pathways and models for local system partners.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Staff notes that while the Multiyear Plan for Increasing Capacity report was released in January 2023, the Governor's budget for 2023-24 does not directly address the findings and recommendations from the AB 2083 report. Many new programs and initiatives funded in the 2021 and 2022 Budget Acts relate to the System of Care work, such as investments in building county capacity to support children with complex needs, child-specific funding, and the establishment of the Center for Excellence in Family Finding and Engagement, among many other investments. As noted earlier in this agenda, many of these programs are in the early stages of implementation and it is too early to be able to assess outcomes. The Legislature may wish to understand which gaps and recommendations identified in the AB 2083 report are being addressed by current programs and efforts that are underway, and which gaps and recommendations require further investment and resources that are not accounted for in the Governor's budget.

Staff also notes that the Governor's 2023-24 budget includes funding for 15 additional foster care specialists at Regional Centers as part of the Department of Developmental Services (DDS) budget.

Questions. The Subcommittee requests Kim Johnson, Director, CDSS respond to the following questions:

1. Please provide a brief overview of the AB 2083 Multiyear Plan for Increasing Capacity. What are the key characteristics of youth who are served by the System of Care? How many children and youth does CalHHS estimate have complex needs, and how does CalHHS define complex needs?

2. What are the key findings regarding gaps in the state's System of Care? What are the joint interagency team's recommendations for filling these gaps?

3. Since the release of the first AB 2083 report in 2020, what progress has the state made in addressing the needs of children and youth in care who have experienced severe trauma? What are the key barriers that remain in meeting the needs of these children and youth?

4. Please describe the Administration's plans to implement the recommendations of the AB 2083 report.

The Subcommittee requests Twylla Abrahamson, Ph.D., Licensed Psychologist, Director, Health and Human Services, Children's System of Care, Placer County, Michael Lombardo, Executive Director, Prevention Supports and Services, Placer County Office of Education, and Jennifer Bloom, MA, Director of Client Services, Alta California Regional Center respond to the following questions:

1. Please describe your agency's role in Placer County's System of Care. What are the unique needs of the children and youth in this system? How does your agency support these children? How does your agency work with partners in the System of Care to ensure children and youth have access to the services they need?

2. How does Placer County approach the System of Care work? What policies and practices have changed as a result of this interagency partnership, and what outcomes have you observed?

3. What elements of the System of Care have been successful in Placer County? What elements need additional development, resources, and attention?

4. How does Placer County's interagency leadership team interact with state agencies, in addition to local county partners, as part of the System of Care work?

5. Based on the experience in your county, what additional supports and improvements from the state are needed to support county Systems of Care?

The Subcommittee requests Susan Abrams, Deputy Director, Children's Law Center of California, respond to the following questions:

1. What services, supports, and structures are integral to supporting children and youth who have experienced severe trauma or who have complex support needs? What investments are needed to build out these services?

2. What approaches and models have been successful in implementing the System of Care? What approaches need improvement in order to improve outcomes for children and youth? Please discuss how local gaps may differ from statewide gaps.

3. How can the state center and prioritize positive outcomes for children and youth in implementing the recommendations of the AB 2083 report?

Issue 10: Implementation of Funding to Support Youth with Complex Care Needs

Background. Recent child welfare budget investments have included significant augmentations to increase county capacity, placement and program options, and funding flexibilities for youth with complex behavioral health and other care needs. The 2021 Budget Act included three new programs designed to assist counties serving children and youth in care who present with complex needs. This funding includes:

- **Child Specific Funding Allowances.** The 2021 Budget Act provided $18.1 million General Fund in 2021 22 and ongoing for individual foster youth with complex needs on a case-by-case basis. All counties are provided with an annual allocation, as determined by an allocation methodology developed by CDSS in partnership with the County Welfare Directors Association (CWDA) and Chief Probation Officers of California (CPOC). To access their allocations, counties are required to complete and submit a child specific funding template for each youth who benefits from the funds. The template details the youth's assessed needs related to behavioral health, permanency and family finding, and placement challenges, as well as any extraordinary developmental or medical needs. As of April 2023, CDSS approved $7.7 million in requests from 30 child welfare and four probation departments for 246 requests in 2021-22. In 2022-23, CDSS has approved $7.4 million requests from 28 child welfare and two probation departments for 119 requests. CDSS recently conducted a workgroup with CWDA and CPOC, and streamlined the request form as a result of this workgroup, which has led to an uptick in utilization of these funds.

- **County Capacity Building**. The 2021 Budget Act provided $43.2 million General Fund one-time to assist counties in the up-front costs of establishing a high quality continuum of care designed to support foster youth in the least restrictive setting possible. All counties are provided with a total allocation and the funding is available for five years (through June 30, 2026). To access their allocations, counties are required to submit proposals to CDSS (proposals can be submitted yearly or on a one time basis). Guidance from CDSS indicates that potential uses for the capacity building funding include:

    - Establishing specialized foster care models such as Intensive Services Foster Care (ISFC).
    - Funding therapeutic foster care, which is a specialty mental health service.
    - Providing intensive child specific recruitment, family finding, and engagement.
    - Developing specialized models of home based care, such as high fidelity wraparound and community based treatment programs, to act as alternatives to congregate care placements.
    - Contracting with highly specialized STRTPs for youth who otherwise might have been placed in an out of state congregate setting.

    As of March 2023, CDSS has received five county plans; four county plans (Riverside, San Bernardino, Stanislaus, and Los Angeles) have been approved, and one county plan (Orange County) is pending approval. CDSS continues to provide technical assistance and support to counties to assist in the development of plans. Requests received by CDSS total $12.6 million out of the $43.5 million available one-time funds.

- **Children's Crisis Continuum Pilot Project.** The 2021 Budget Act created the Children's Crisis Continuum Pilot Project, an initiative to be jointly administered by CDSS and DHCS, and provided $61.3 million General Fund to fund the pilot on a one-time basis, with funds available for five years (through June 30, 2026). The aim of the pilot is to allow counties to develop a robust, highly integrated continuum of services designed to serve foster youth who are in crisis—addressing currently perceived gaps in the existing array of crisis response services. According to guidance from the departments, the primary function of the pilot program will be to provide therapeutic interventions, specialized programming, and short-term crisis stabilization, and to ensure youth are able to transition seamlessly between placement settings and health care programs as needed. DSS and DHCS developed a Request for Proposal (RFP) process to solicit funding applications from counties; the departments released the RFP in July 2022 and proposals were due December 1, 2022. Eight county groups (several of these county groups are regional county collaboratives consisting of multiple counties in a region applying together) have applied for funding and been selected.

Subcommittee Staff Comment. Informational Item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of the complex care funding included in the 2021 Budget Act.

2. Please provide an implementation update on the child-specific funding and county capacity building. What types of services and activities are being supported by these funding streams?

3. What insights is the implementation of these programs providing about the needs of youth who present with complex care needs?

4. What barriers exist for counties to access and utilize complex care funds? What feedback has the department received from counties and providers about the use of these funds?

5. Recognizing that these programs are in the early stages of implementation, what promising practices or approaches is the department observing or encouraging? What is the timeline to fully implement these practices statewide? How many individuals do these new models have capacity to serve?

Issue 11: Children's Crisis Continuum Pilot Program

Trailer Bill Language – Governor's Budget. This proposed trailer bill language would extend the timeframe for the implementation of the Children's Crisis Continuum Pilot Program for five years from the date grant recipients are selected.

Background. AB 153 (Committee on Budget, Chapter 86, Statutes of 2021) mandated CDSS, in consultation with the DHCS, establish the Children's Crisis Continuum Pilot Program. The goal of the Children's Crisis Continuum Pilot Program is to provide highly integrated, trauma-focused continuums of care for foster youth with high acuity needs that respond to a youth's mental health crisis and allow for seamless transition between less and more restrictive levels of care without delays caused by the need to arrange for appropriate supportive services.

WIC section 16551(a) requires the pilot program to be implemented for 5 years from the date of the appropriation. The date of the appropriation was July 1, 2021. Eligible applicants include counties or a regional collaborative of counties.

Given the complexity of the process to develop and administer the Request for Proposal (RFP) for the Children's Crisis Continuum Pilot Program, the RFP was not released to the public until July 13, 2022, giving applicants a due date of September 23, 2022 to submit their proposals. In order to give applicants additional time to complete their proposals, the due date was subsequently extended from September 23, 2022 to December 1, 2022. The extended deadline has also allowed for DHCS and CDSS to offer technical assistance, including office hour sessions, to assist counties with questions throughout the application process. The combination of the extended time to complete the proposals and the limitation that the pilot program may only be implemented for five years from the date of appropriation unintentionally shortened the timeframe for when the pilot program will actually be implemented to less than five years. The pilot program must be implemented for a full five years in order to evaluate adequately the effectiveness of the systems and services established pursuant to the pilot, and to make recommendations to the Legislature.

Additional time to implement. CDSS requests trailer bill language to amend the deadline for proposals to be submitted to the CDSS to December 1, 2022, to more accurately reflect the extended date that the proposals were required to be submitted and to amend the deadline for the disbursal of funds to June 30, 2023. CDSS additionally requests to extend the due date for the interim report to the Legislature from April 1, 2025 to April 1, 2027. This will allow CDSS and the DHCS sufficient time to gather and analyze data, as well as draft, finalize, and submit the interim report that will be able to draw significant and meaningful conclusions about the pilot's effectiveness.

Subcommittee Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this trailer bill language proposal. How does this new model address the gaps identified in the AB 2083 plan? Please provide an update on the implementation of the crisis care continuum pilot program. What is the interaction between this pilot and the new model of psychiatric care adopted in AB 2317 (Ramos) which creates children's psychiatric residential treatment facilities (PRTFs)?

Issue 12: Adoption Facilitator Unit

In addition to the Department of Finance, CDSS, and the LAO, the Subcommittee requests Jill Jacobs, Executive Director of Family Builders, to comment on this issue.

Background. Chapter 1135, Statutes of 1996 (SB 2035) and Chapter 754, Statutes of 2006 (SB 1758) established Family Code (FC) sections that require CDSS to adopt regulations governing adoption facilitators, such as the establishment of a statewide registration process, authority to levy fees and civil penalties, and requirements for adoption facilitators to post surety bonds.

In an independent or private placement adoption, a person or organization may act as an intermediary, also known as an adoption facilitator. Adoption facilitators locate children available for adoption and act as intermediaries in the adoption process for a fee. An intermediary or adoption facilitator is any person or entity, except an approved or licensed agency, who acts on behalf of any birth parent or prospective adoptive parent in connection with the placement of a child for adoption.

According to the CDSS Registry of California Adoption Facilitators, there are 14 adoption facilitators registered in the state. CDSS does not currently have a mechanism for knowing how many adoptions these facilitators conduct.

Complaints and concerns about adoption facilitators. CDSS has received complaints against adoption facilitators whose activities have resulted in failed adoptions and have allegedly defrauded prospective adoptive families out of tens of thousands of dollars. Other facilitators have allegedly violated state law by soliciting children available for adoption. Existing law does not provide sufficient structure or mechanisms to guide the investigation, enforcement, and levying of penalties intended to address these violations by adoption facilitators.

Sacramento Bee Investigation. A recent Sacramento Bee investigation found that one local adoption facilitator received over $245,000 in payments from two dozen families looking to adopt and failed to secure an adoption for any of those families. The investigation concluded "California lawmakers have enabled private adoption facilitators to take advantage of prospective parents in an adoption system primed for abuse."[2] While licensed adoption agencies are heavily regulated, adoption facilitators are unregulated private businesses who charge clients fees to find children to adopt.

While facilitators are required to register with CDSS, they are not licensed, regulated, or overseen by the department. CDSS fields complaints about facilitators but is not empowered to address those complaints, leaving the state without an enforcement mechanism to address fraudulent practices by adoption facilitators. Despite a disclaimer on the CDSS website noting that the department does not provide oversight over adoption facilitators, several websites of registered adoption facilitators falsely claim that there are regulated or even licensed by the state of California.

The Sacramento Bee investigation also notes that many states have stricter regulations around private adoptions than California:

[2] Jason Pohl, "A Sacramento woman billed families thousands to find them a baby. Many say they were scammed," The Sacramento Bee, January 10, 2023.

> At least a dozen states have some form of prohibition on adoption facilitators... Delaware, Kansas and Maine "strictly prohibit" any use of such intermediaries. Similarly, nine other states — Connecticut, Georgia, Illinois, Massachusetts, Montana, New Mexico, North Dakota, Oregon and Wisconsin — allow only state-licensed agencies to place children into adoptive homes. West Virginia "prohibits any person from offering or receiving any compensation for locating a child for any purpose that entails a transfer of the legal or physical custody of the child." Other states have likewise taken aim at the money that keeps facilitators in business. Alabama, Colorado, Texas, Utah and Virginia cap the compensation facilitators can receive. Those states made it illegal for intermediaries to receive any payment for the placement of the child. All they are allowed to receive is reimbursement for actual medical or legal services.[3]

Budget Change Proposal – Governor's Budget. CDSS requests $1.2 million in 2023-24 and $1.1 million ongoing for five (5.0) permanent positions to fully implement the Adoption Facilitator Program activities pursuant to Chapter 754, Statutes of 2006 (SB 1758) and Chapter 1135, Statutes of 1996 (SB 2035). These activities include developing a process for complaints and investigation of complaints, consistent with requisite due process, for those individuals registered as an adoption facilitator. The requested positions include two (2.0) Staff Services Manager Is (SSM I), two (2.0) Associate Governmental Program Analysts (AGPA), and one (1.0) Research Data Specialist II (RDS II).

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to strengthen the department's authority to exercise necessary oversight of adoption facilitators to protect birth parents, children, and prospective adoptive parents from adoption facilitators who commit fraud or violate the law. This proposal would also establish a special fund to receive registration and annual renewal fees and civil penalty revenue from adoption facilitators.

The department's proposed trailer bill language:

- Updates the definition of adoption facilitator and the allowable means of advertising services, by broadening the definition of materials that are considered advertisements which must include a disclosure of the party placing the advertisement, including correspondence intended to attract clients.

- Clarifies that adoption facilitators cannot imply they are licensed adoption agencies or represent that they provide services for which they are not properly licensed, including legal services and therapeutic counseling.

- Clarifies registration and due process requirements.

- Requires, as part of the registration process, adoption facilitators to submit a "plan of operation."

- Establishes a special fund for the collection of civil penalties and registration and annual renewal fees from persons or entities operating as adoption facilitators.

[3]Jason Pohl.

Stakeholder Concerns. The California Alliance of Child and Family Services (California Alliance), which represents community-based non-profit organizations serving children, youth, and families, including licensed adoption agencies, recommends prohibiting the practice of adoption facilitators and requiring the use of adoption attorneys or adoption agencies.

The California Alliance notes that licensed adoption agencies "are bound by an extensive regulatory structure, have specific education and experience requirements, undergo regular audits and inspections by the state, are nationally accredited, and uphold strong ethical standards. This is the opposite of the practice of adoption facilitators who are unregulated and can prey upon vulnerable prospective adoptive families and birth families."

The California Alliance goes on to state that "At this time, individuals seeking to adopt can work with licensed adoption agencies, adoption attorneys accountable to the bar, or with adoption facilitators who are not accountable to anyone. Independent adoptions were originally structured for situations where the birth mother could choose someone, she knew to adopt her child. However, over time this has been exploited as a profitable business, much like a brokerage, where facilitators match prospective adopters with birth parents that have no prior connections to each other, for a fee."

The California Alliance suggests that should the Legislature choose to provide stronger oversight of the facilitators rather than outlawing the practice, the state should require:

- "Prior to an adoptive placement through a facilitator, and an attorney, the adoptive family be fingerprinted through the CDSS background check system and that an adoption assessment be completed by CDSS or a licensed adoption agency.

- Fees for facilitator services be approved and regulated by CDSS, just as licensed agency fees are.

- Facilitators should be required to inform both birth parents and prospective adoptive parents, of their rights, obligations, complaint process, fees charged, and other aspects of the matching and adoption process, through use of a signed Statement of Understanding. Independent adoptions should be considered a child welfare concern, rather than a probate matter, so that all children in California are afforded the protection of the State."

Subcommittee Staff Comment and Recommendation. Hold Open.

Staff notes that the recent Sacramento Bee investigation has exposed the severe lack of oversight and regulation of individuals who facilitate adoptions outside of licensed public and private adoption agencies.

By strengthening the department's authority to exercise oversight of adoption facilitators and providing staff resources to manage the Adoption Facilitator Unit, this proposal takes a step towards protecting birth parents, children, and prospective adoptive parents from adoption facilitators who commit fraud or violate the law.

However, this proposal works within the limitations of California's existing unusual legal structure for adoption facilitators, in which these entities remain unlicensed but have the appearance of being regulated due to their inclusion on the registry posted on the CDSS website. Even with the strengthened oversight

provided by this proposal, the main mechanism for addressing problems with facilitators is through a complaints process.

When the original statute was enacted in 1996, substantial concerns existed regarding the creation of the adoption facilitator registry. In a 1996 opposition letter to the original legislation, the California Association of Adoption Agencies wrote that "it is clear that there is a complete misunderstanding of what is involved in the adoption of children in this state. It is the strongly held view of this association that the fact that individuals, without an adoption agency license, are engaged in "facilitating" contact between prospective adoptive parents and pregnant, and often vulnerable, women (and for profit!) is not an activity to be condoned by public policy. Such activity has been illegal in California since 1945."

Questions. The Subcommittee requests CDSS respond to the following:

1. Please describe existing law pertaining to adoption facilitators and the adoption facilitator registry, including how adoption facilitators are distinct from licensed adoption agencies and attorneys. What changes are needed to allow CDSS to address complaints about the adoption facilitator industry?

2. Some states have banned the use of intermediaries in private adoptions or limit what they can be paid. Why did the Administration select this approach of strengthening the online registry for adoption facilitators?

3. The trailer bill language adds a requirement that adoption facilitators submit a "plan of operation." What would the "plan of operation" entail? How would CDSS ensure the plan is compliant with state law and regulations?

4. Does the department have plans to gather data on how many adoptions are arranged by adoption facilitators?

Issue 13: The Foster Youth Bill of Rights Translation (AB 1735)

Budget Change Proposal – Governor's Budget. The CDSS Office of the Foster Care Ombudsperson (OFCO) requests one-time $500,000 General Fund, with $300,000 made available in 2023-24, and the remaining $200,000 budgeted in 2024-25 to translate, design, publish, and disseminate the Foster Youth Bill of Rights to counties and licensed children's residential facilities statewide as mandated by existing statute and AB 1735. The requested funding schedule will allow the OFCO to meet its obligations to engage with counties, advocates, and foster youth in the design of the materials.

Background. The OFCO was created by statute in 1998 as an autonomous entity within CDSS to protect the interests and rights of the approximately 55,000 children in foster care by providing them a means to make complaints and resolve issues related to their care, placement, services, and rights. The OFCO conducts impartial investigations and provides a system of accountability mechanisms by recommending system-wide policy recommendations to benefit children and families and presenting those findings to the Legislature, Governor's Office, and Child Welfare Organizations across California.

Chapter 416, Statutes of 2019 (AB 175) expanded the rights afforded to foster youth for the first time in 20 years. It required the OFCO to develop standardized and age-appropriate informative materials for foster youth and foster youth facilities. To this end, working in conjunction with various stakeholders, OFCO developed a teen handbook, a wallet-sized accordion, and a coloring book explaining foster youth rights. These were finalized in November 2020.

California Health and Safety Code (HSC) section 1530.91 requires any facility licensed to provide foster care for six or more children to post a listing of the foster child's rights developed by the OFCO. Moreover, the statute requires OFCO to provide these posters to all licensed foster care facilities.

AB 1735 (Chapter 405, Statutes of 2022) modified the Foster Youth Bill of Rights, so that a child who speaks a primary language other than English will have the right to receive a copy of their rights in their primary language. This bill also requires that when a child is entitled to receive a copy of a court report, case plan, and transition to independent living plan, those items are to be provided in the child's primary language.

Subcommittee Staff Comment and Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 14: Family First Prevention Services Act

Federal Family First Prevention Services Act (FFPSA). The FFPSA is a federal law passed in 2018 designed to enhance support services for families to help children remain at home and reduce the use of unnecessary congregate care placements by increasing options for prevention services, increased oversight and requirements for placements, and enhancing the requirements for congregate care placement settings. The key components of FFPSA include:

- Support prevention services. The law gives states and tribes the ability to claim federal financial participation for providing eligible individuals with an array of approved foster care prevention services to strengthen families and keep children from entering foster care.

- Provide support for kinship (relative) caregivers through federal funds for evidence-based Kinship Navigator programs that link relative caregivers to a broad range of services and supports to help children remain safely with them.

- Establish new requirements for youth being placed in residential treatment programs and improve quality and oversight of intensive and trauma-based services.

- Require access to family-based aftercare services to children at least six months post-discharge from STRTPs.

- Improve services to older and transition-age youth. The law gives states the ability to provide services to former foster youth, up to age 23, who have aged out of foster care, as well as expanding eligibility requirements to the Education & Training Voucher (ETV) program.

Background. Federal Title IV-E funds have been one of the main funding sources for child welfare activities among states. The FFPSA of 2018 changed the way Title IV-E funds can be spent by states. Before FFPSA, Title IV-E funds could not be used to fund prevention services to prevent foster care placement. The FFPSA is divided into several parts; Part I (which is optional and related to prevention services) and Part IV (which is required and related to congregate care placements) have the most significant impacts for California. Part I of FFPSA expands the use of Title IV-E funds for prevention services. As required by the law, California began implementation of Part IV on October 1, 2021, to prevent the loss of federal funds for congregate care. FFPSA also makes changes to ensure the appropriateness of all congregate care placements, reduce long-term congregate care stays, and facilitate stable transitions to home-based placements.

State Prevention Plan. To opt in to Part I of FFPSA, states must submit a five-year Title IV-E prevention plan (state plan) to be approved by the federal Administration of Children and Families (ACF). A state plan must detail the state's selection of evidence-based prevention services; plans for identifying populations at imminent risk of entry or reentry into foster care (who may be assessed as candidates); and the approach that will be used to comply with federal evaluation, model fidelity, activity and outcome tracking and reporting, and safety and risk monitoring requirements. CDSS submitted the state plan to ACF in August 2021 and received significant feedback and questions from ACF. In response, CDSS submitted an updated state plan for federal approval in November 2022. This resubmission included several updates around California's selection of evidence-based practices (EBPs), eligibility and

candidacy, target population for EBPs, implementation and continuous monitoring of EBPs, oversight of monitoring child safety, child welfare workforce training and support, and more. Another updated state plan was submitted in March 2023 and was recently approved.

2021 Budget Act. The 2021 budget included $222.5 million General Fund in 2021-22, to be expended over three years, to assist counties with new prevention services implementation efforts allowable under the FFPSA. These one-time resources will assist counties to build locally driven prevention services and supports for children, youth, and families at risk of entering foster care. The 2021 Budget Act also included $32 million General Fund for the state's share of new costs required to meet the requirements of FFPSA Part IV. All 58 counties have expressed their intent to CDSS to opt in to receive block grant dollars and were required to submit their comprehensive prevention plans (CPPs) to CDSS by July 31, 2023. Prior to submitting their plans, counties also were required to complete capacity and readiness assessments and asset mapping and needs assessments to guide selection of Title IV-E-eligible EBPs and other prevention strategies. CDSS has been providing technical assistance to counties as they prepare their CPPs.

Title IV-E Claiming for EBPs. In order to begin claiming Title IV-E funds for services included in the state prevention plan, the state must be able to meet federal requirements around tracking per-child prevention spending. Such tracking is beyond California's child welfare data system's current capacity, but will be incorporated into the forthcoming CWS-CARES. According to the LAO, based on historical progress of CWS-CARES development, this solution could take significant time—potentially several years—to develop.

Transition Support for STRTPs With 16+ Beds. In defining criteria for Qualified Residential Treatment Programs (QRTPs), the federal Centers for Medicare and Medicaid Services (CMS) established that Institutions for Mental Disease (IMDs) cannot be QRTPs and therefore would be ineligible for federal Medicaid financial participation. In particular, larger behavioral health facilities (those with 16 or more beds) would be defined as IMDs. In July 2020, DHCS requested that CMS exempt California's STRTPs from being considered IMDs. CMS rejected this request and indicated that each STRTP must be reviewed individually to determine whether it should be deemed an IMD. DHCS was required to make these individual determinations by December 2022. To support facilities that would otherwise have been determined to be IMDs (those with 16+ beds) the 2021-22 and 2022-23 budgets provided around $10 million in each year to help those facilities transition their program model. Thirteen STRTPs in total received transition funds. Of those, 12 facilities (with total capacity of 238 beds) have successfully transitioned their program models, while one facility (25 beds) ultimately has chosen not to transition. Two additional facilities (157 beds) opted not to receive transition funds. CDSS and DHCS are in communication about the plan for the three non-transitioned providers.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide a brief overview of the FFPSA and California's efforts to come into compliance with FFPSA.

2. The 2021 budget included $222.5 million General Fund in 2021, to be expended over three years, to assist counties with new prevention services implementation efforts allowable under the FFPSA.

What is the status of this funding? What types of prevention services are counties proposing as part of their comprehensive prevention plans?

3. What is the department's projection for when the state's data system will be able to track prevention spending on a per-child basis? What amount of federal Title IV-E funds is the state forgoing as a result of not having this capacity?

Issue 15: Child Welfare Services – California Automated Response and Engagement System (CWS-CARES) Project Update

Background. The Child Welfare Services (CWS) program is the primary prevention and intervention resource for child abuse and neglect in California. The Child Welfare Digital Services (CWDS) organization is responsible for maintaining and operating the existing Child Welfare Services/Case Management System (CWS/CMS) and the development of the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES). The CWDS is a partnership of the California Department of Social Services (CDSS), the Office of Systems Integration (OSI), and the County Welfare Directors Association, in collaboration with 58 local child welfare agencies and tribal partners representing the Indian Child Welfare Act. The CWDS works closely with other State of California stakeholders including the California Health and Human Services Agency, the California Department of Technology (CDT), and the Department of Finance.

The CWS/CMS is the existing statewide system used by approximately 30,000 county, tribal, and state workers, that automates the case management, service planning, and information gathering functions of child welfare services. However, the CWS/CMS, which was initially implemented in 1997, is outdated with technical constraints that cannot keep pace with state and federal laws that change child welfare practices and system requirements. The CWS/CMS does not provide adequate support for innovation and new practices, and due to its aged technology, it is not an efficient and effective system capable of achieving federal Comprehensive Child Welfare Information System (CCWIS) compliance.

In January 2013, the California Department of Technology (CDT) approved the project's Feasibility Study Report to implement a fully automated, web-based solution. In November 2015, the project moved away from a "waterfall development approach" and adopted an "agile approach" with iterative custom development and incremental releases to production of distinct functional modules. However, this approach required reassessment due to the length of time it was taking to custom build the CWS-CARES.

In August 2018, the CWDS conducted extensive research to identify Platform-as-a-Service (PaaS) offerings that enable rapid configuration and/or development while providing a secure and scalable infrastructure. The research resulted in a decision to use Salesforce, which will allow the CWDS to focus on development to support core business needs while retaining key project objectives, such as involving county partners for user-centered design and configuring/developing in an agile, iterative way. In tandem, the CWDS will deliver the CWS-CARES data services on the CARES Data Infrastructure (CDI). Together, operational applications delivered on the Salesforce platform and data services delivered on the CDI make up California's CCWIS.

Budget. According to OSI, the total project cost from 2013 through 2025-26 is $911.4 million. The 2022-23 OSI budget includes $143.2 million ($75 million General Fund).

Project Status. The CDT approved the Special Project Report (SPR) 4 on April 1, 2021, to continue with the Design, Development, and Implementation of the CWS-CARES. The project completed the procurements and executed the primary vendor contracts by April 2021. In May 2021, the project selected a demonstration module for the initial CWS-CARES development, which allowed the project to test the new Salesforce Platform as a Service (PaaS) development and delivery approach, including the CDI, along with the newly established Service Delivery Lifecycle. The demonstration module selected was the

Resource Family Approval (RFA) Application Submission, Review and Approval process that provides the ability to create and submit an RFA Application to a given county. The RFA Application process was implemented in the pilot counties in February 2022. The RFA Application process is considered complete and is being supported through the release of minor enhancements and fixes.

RFA Application. This program allows an applicant or county staff member to initiate an emergency or standard application to become a resource family home; creates a facility profile that tracks required information to complete the process; includes background check results; completion of orientation and training hours, physical home evaluation and family evaluation; and aggregates information into a written report to recommend approval or disapproval of a resource family application.

Contractors. CWS-CARES is a highly complicated project spanning from 2013 to 2025-26. There are currently 14 separate vendors contracted with the state as part of this project. According to OSI, it has become clear that the CWS-CARES project needed more formality around the complex and critical systems integration work and began to review existing processes and vendor contracts for ways to implement lessons learned moving forward.

To ensure that the state gets the systems integration services needed to succeed, the project, in partnership with the California Health and Human Services Agency, and the CDT identified specific areas for contract negotiations with all impacted vendors. The project is in the process of amending the PaaS SI and Product Value Services contracts to align with strengthened system integration activities and accountability in the PaaS SI contract, including updated roles and responsibilities among the vendors.

On May 13, 2022, the project received approval of its SPR 5. The approved SPR 5 described known changes to the project's development approach and the activities that needed to occur prior to the start of the development activities of the CARES V1 in June 2022. On June 20, 2022, the CARES V1 development activities began and the first three sets of functionalities to be developed are Service Provider Profile, Services, and Screening.

Federal FFPSA Funding. Until CWS-CARES is implemented, counties will not be eligible to draw down federal Title IV-E dollars for child-specific prevention services costs. In the interim, counties will be able to claim administrative costs.

CWS-CARES overall project health is rated as "Red." The CDT, which provides independent project oversight, escalated this project's health rating to "red" in July 2022. This assessment is based on the lack of project components which had been completed, including contract amendment negotiations, the county engagement model, the CARES VI rollout strategy and schedule, among others.

Subcommittee Staff Comment. This is an informational item. No action is needed.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an update on the CWS-CARES project. What has been accomplished over the lifetime of the project, and what work remains?

2. What is the current timeframe for this project to be completed?

3. Please describe how the department is working to address problems with the project identified by CDT.

4. When will CARES have the functionality needed to allow counties to draw down federal Title IV-E dollars for child-specific prevention services?

Issue 16: Children and Family Services Stakeholder Proposals for Investment

The Subcommittee has received the following stakeholder proposals for investment related to CDSS Children and Family Services:

1. **Housing Affordability for Foster Youth in Supervised Independent Living Placements (SILPs).** John Burton Advocates for Youth (JBAY) proposes $16.5 million General Fund ongoing, to provide a monthly housing supplement for foster youth in SILPs.

   According to JBAY, "California increased the upper age of foster care from 18 to 21 with the passage of Assembly Bill 12 in 2010. As part of that legislation, California created the SILP, a new foster care placement exclusively for 18-to-21-year- olds that provides a greater selection of living options and a higher level of independence. To live in a SILP, a youth must be assessed as "ready" by their county social worker. If they are, the youth is responsible for identifying a living setting… As of July 1, 2022, the SILP was the single- most utilized placement in California for 18- to 21-year-olds, with a total of 3,361 (41 percent) nonminor dependents in this placement."

   According to JBAY, housing costs have outpaced the SILP rate increase. This proposal would augment the foster care rate paid monthly to youth in SILPs by providing supplemental funding to adequately cover housing costs.

2. **Raising the Age for Extended Foster Care.** The California Judges Association proposes $25 million General Fund ongoing to raise the age of extended foster care from age 21 to age 22, pursuant to SB 9 (Cortese).

   According to the California Judges Association, "Data overwhelmingly proves that foster youth benefit tremendously for every additional year they are able to voluntarily remain in extended foster care. With this extension, qualifying youth will be able to continue receiving their benefits and housing accommodations for an additional year (to age 22) so that they may have a wider safety net."

3. **Child Welfare Services: Serving Youth with Complex Needs.** The County Welfare Directors Association (CWDA) and the Chief Probation Officers of CA (CPOC) propose $43.7 million General Fund in 2023-24 and $52.8 million General Fund ongoing to create new models for serving foster youth with severe trauma and complex needs. According to CWDA and CPOC, "the current STRTP model, as designed, lacks other necessary staffing and direct services to meet the complex needs of many foster youth, such as medical/physical health care needs, intellectual and developmental disabilities, and special educational needs." This proposal consists of the following components:

   - *Short-Term Assessment, Treatment and Transition Program (STATT) with Care Team Component:* This new service (STATT) would be licensed by CDSS to provide intensive stabilization, assessment, therapy and other direct services for foster youth with complex needs to support youths' transition to a residential setting or family-based setting as appropriate. This model would build upon and enhance the existing STRTP licensing standards, to include additional on-site, 24/7 staffing requirements and would include a

Care Team consisting of health, behavioral health, and other direct service providers to perform assessment and either directly provide, or facilitate the provision of, services and supports to the foster youth on-site and for up to six months post-discharge.

- *Regional Health Teams:* This component leverages 90 percent federal funding for up to two years to establish up to ten Regional Health Teams (RHTs) to serve any foster youth or youth at risk of foster care placement, if that youth is in acute crisis and requires higher-level diagnostic screening, assessment, and service access, beyond what is typically immediately accessible through the child's primary care provider, mental health clinician, or regional center.

- *Continuously Appropriate Existing Complex Care Funding to Counties:* This component would make the one-time, $43.2 million appropriation to establish services for youth with complex needs an annual appropriation to sustain staffing and capacity for these critically needed services. It would also broaden the allowable uses child-specific funding.

4. **Stabilizing and Strengthening Family Resource Centers.** The Child Abuse Prevention Center, California Family Resource Association, and California Alliance propose $75 million one-time over three years to support a network of family resource centers.

   According to this stakeholder group, "Funding would help ensure family resource centers may continue delivering services and/or expand activities and opportunities within the communities where they are already trusted partners, to help meet the growing demand for services such as access and linkage to mental healthcare, public benefit system navigation, and other life-saving supports for children and families. Supports offered by family resource centers reduce child abuse and neglect in communities and ensure significant cost avoidance through the reduction of referrals to Child Protective Services and subsequent mandated programming and services, netting Child Welfare Systems a 365 percent return on investment for every dollar spent."

5. **Bridging towards tomorrow to support and retain critical social work staff for family focused agencies (FFAs).** The California Alliance and the National Association of Social Workers, CA Chapter propose $11.9 million in one-time funding to provide a temporary increase for FFA social worker salaries.

   According to the California Alliance, "Social workers employed by nonprofit FFAs experienced a 32 percent turnover rate over in the last year. Foster Family Agency Master's Level social workers serve 9,888 foster youth or 1/4 of all foster children living in foster and resource family homes and more than 90 percent of the youth living in Intensive Services Foster Care homes. The primary reason driving this high turnover rate is the FFAs' inability to pay competitive salaries due to the State setting the pay rate for FFA social workers at levels far below what is needed to recruit and retain them… Permanency was achieved in 74.5 percent of the cases where there was one social worker compared to less than 2.2 percent with more than three social workers."

6. **Community Treatment Facility (CTFs) Supplement.** The California Alliance proposes $918,408 General Fund ongoing to supplement CTFs.

According to the California Alliance, "CTFs were created in the mid-1990s as an alternative to out-of-state placements and the state's psychiatric hospitals. As a result of successful efforts statewide to reform and de-institutionalize mental health care services for children and youth, only two CTFs remain in CA to treat children with the most severe, complex trauma and serious emotional challenges that require intensive services in a secured environment, Star View Adolescent Center in Torrance, and Vista Del Mar Child and Family Services in Los Angeles. The supplement established 23 years ago does not meet the current cost of providing services. The California Alliance requests increasing the supplement to be $161 dollars per day per child ($4,830 per month total) with a split of 60 percent county and 40 percent state to match what the increases would have been if annual COLA were given."

7. **California Success, Opportunity, and Academic Resilience (SOAR) Guaranteed Income Program.** The Economic Security Project, Young Invincibles, and Generation Up propose $85 million one-time for a pilot program to provide five months of guaranteed income ($1,000) to homeless high school seniors, pursuant to SB 333 (Cortese).

   According to these stakeholders, "The CalSOAR Guaranteed Income Program is a first-in-the-nation proposal to establish a guaranteed income pilot program that serves California pupils experiencing homelessness. The program will provide a critical lifeline to these youth during their transition out of high school and into the workforce or higher education."

   This is a non-presentation item.

8. **Bridging towards tomorrow for foster youth with behavioral health needs in Short-Term Residential Therapeutic Programs (STRTPs).** The California Alliance proposes $42.6 million General Fund one-time to increase STRTP staff salaries until final foster care rates are adopted in 2025.

   According to the California Alliance, "To serve youth with more specialized needs that require more attention, staff who are qualified and experienced are imperative to the quality of care our youth deserve. However, the current STRTP rate structure does not support providing high quality care and paying livable salaries with the ability to attract trauma-informed knowledgeable and skilled staff. Increasing funding for STRTPs is necessary for the survival of these programs that provide vital resources for youth with higher needs. More funding and staff retention also yields better outcomes with youth in temporary residential settings as they build better connections and trust with the staff they see on a daily basis."

   This is a non-presentation item.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

Issue 1: Department of Child Support Services (DCSS) Overview

The DCSS provides services to locate parents, establish paternity, and establish and enforce orders for financial and medical support. The department is also responsible for oversight of county and regional local child support agencies (LCSAs) that work directly with families in the community.

Governor's Proposal.

Department of Child Support Services
Expenditures by Fund Source
* Dollars in thousands

Grand Total By Fund	Fiscal Year	
	2022-23	(Proposed Budget) 2023-24
General Fund	$366,193	$378,565
Federal Funds	$643,431	$763,333
Reimbursements	$123	$123
Child Support Collections Recovery Fund	$154,621	$57,720
Total All Funds	$1,056,947	$1,199,741

Funding Increase for local LCSAs. The Governor's budget includes $35.8 million ($12.2 million General Fund) to increase support for local child support agencies.

According to DCSS, this augmentation would allow LCSAs to maintain current service levels and avoid a de facto budget reduction because LCSAs would otherwise need to hold positions vacant to achieve salary savings and absorb the cost increases. Each fiscal year the funding calculator is updated to capture the most recent caseload, staffing data, and call volumes. This proposal includes the following components:

- **Caseload**: this proposal assumes a statewide net increase of 43.5 positions as a result of increased case opening and establishment workloads.

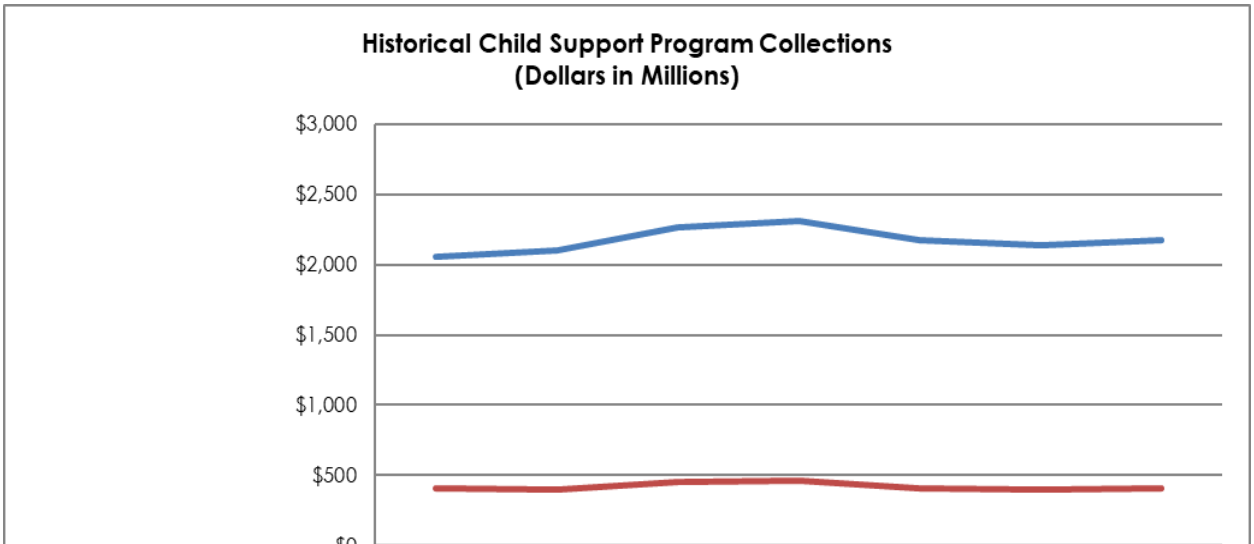
- **Call Volumes:** this proposal assumes an increase of 3.9 positions in call center staff to support additional call volumes.

- **Personnel Costs**: this proposal assumes an increased cost for LCSA casework and administrative staff by $3,773 per year and for call center staff by $7,673. According to DCSS, these cost increases are based on approved union agreements for cost-of-living increases ranging from one to nine percent; merit/step increases across all LCSAs; and other staff benefit costs such as health

care and retirement. This increase forms the bulk of the LCSA funding proposal, at $28.6 million ($9.7 million General Fund).

The 2021 Budget Act included $56.1 million for LCSA staffing. DCSS reports that as a result of this funding, LCSA staffing levels in underfunded counties increased by 2.2 percent, by over 88 positions. Specifically, Fresno, Kern, Sacramento, and San Bernardino contributed largely to this increase as their staffing levels increased by 12 positions or more by the end of the second quarter. Statewide, counties have been implementing aggressive recruitment practices such as creating continuous recruitments for high attrition positions, negotiating higher starting pay within the classification range, offering modified telework schedules and streamlining the recruitment process to complete the process in less time.

Child Support Collections. Prior to COVID-19, DCSS collected approximately $2.4 – 2.5 billion in total collections with around $400 million towards government recoupment. During the pandemic, collections increased dramatically ($2.8 billion), attributed to unprecedented fiscal stimulus received by California families in the form of direct stimulus and enhanced unemployment benefits. Collections have since decreased to approximately $2.5 billion. Given the tight labor market, low unemployment rate, and increases in average pay, DCSS estimates 2023-24 collections of $2.58 billion (0.21% increase compared to 2021-22), of which $408.8 million is assistance collections towards government recoupment and $2.17 billion is non-assistance collections to families.



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (est.)	2023-24 (est.)
Total	$2,463	$2,502	$2,718	$2,770	$2,580	$2,533	$2,585
Assistance Collections	$410	$398	$454	$462	$409	$401	$409
Non-Assistance Collections	$2,052	$2,104	$2,264	$2,308	$2,171	$2,133	$2,176

Source: Department of Child Support Services.

Arrears. As of December 2022, child support arrears totaled $18.1 billion. Of that, $6.5 billion is owed to government agencies and $11.6 billion was owed to families.

State and Federal Recoupment of Public Assistance Costs. Under federal law, a family receiving public assistance via TANF (which is the block grant that funds CalWORKs) must assign their rights to child support payments to the state. The state, through LCSAs, intercepts and collects the child support payments. The noncustodial parent must reimburse the state for any CalWORKs or foster care funds expended by the state, as well as an amount that is passed through to the custodial parent. A portion of a child support payment collected in a given month is passed through to the family; families with one child receive up to $100 per month and families with two or more children receive $200.

When a family leaves the CalWORKs program, the family regains its rights to the child support payment. However, if the non-custodial parent has payments in arrears, the state continues collecting and retaining payments as reimbursement for costs associated with benefits paid to the family. The cumulative amount of assistance paid to a family which has not been repaid through assigned support collections is known as the unreimbursed assistance pool (UAP). When the UAP is paid in full any continued child support is paid to the family.

The federal government allows states to waive their recoupment for public assistance costs. However, the state is required to reimburse the federal government for their recoupment share for currently assisted cases. This is not required for formerly assisted cases. If the state waives recoupment for formerly assisted cases and passes the entire collection to the family, the federal government will also waive its recoupment share.

Implementation of the Full CalWORKs Pass-Through. The Legislature has moved in recent years to end the practice of intercepting child support payments from low-income families on CalWORKs.

- **Formerly assisted families**: As part of the 2022 Budget Act agreement, the state ended the practice of intercepting child support payments from families who were formerly enrolled in CalWORKs. The 2022 Budget Act included $187 million ongoing to waive the state's share of recoupment of child support payments for formerly assisted families. Trailer bill language in the 2022 Budget Act allows the pass-through for formerly assisted families to begin on July 1, 2023.

- **Currently assisted families:** In addition to ending the interception of child support payments for formerly assisted CalWORKs families, the 2022 Budget Act includes trigger language for $75 million General Fund in 2024-25 and $150 million in 2025-26 to implement a full pass-through of child support payments to families currently receiving CalWORKs assistance.

Automation issues are delaying implementation of the full pass-through to former CalWORKs families. The requirement to end the interception of child support payments from formerly assisted CalWORKs families by July 1, 2023, is contingent on the Child Support Enforcement System completing the necessary automation to perform this function. Recently, the department informed the Legislature that the revised implementation date is April 2024. According to DCSS, the technical and programmatic experts working on implementation have determined the web of impacts to be greater than previously envisioned. Therefore, to implement an effective change that meets program expectations, additional time is necessary to develop and test the system thoroughly to prevent unintended errors and incorrect disbursements. The department plans to make the necessary budgetary adjustments in the May Revision, to account for the delayed implementation date.

Implementation of the full pass-through for current CalWORKs families is contingent on an appropriation in 2024-25. The 2022 Budget Act includes trailer bill language to enact this change subject to appropriation in 2024-25 and states legislative intent for the DCSS to implement a full pass-through of child support payments collected to families currently receiving CalWORKs benefits by January 1, 2025. DCSS notes they are awaiting the results of the trigger evaluation in Spring 2024 and would propose the necessary statutory and budgetary changes for implementation as part of the 2024-25 May Revision.

The 2022 Budget Act also requires CDSS, in conjunction with the DCSS, to convene a workgroup to evaluate unintended consequences of enacting a full pass through of child support payments to custodial families currently receiving CalWORKs benefits, and submit a report to the Legislature by April 1, 2024.

An additional report by CDSS and CDSS is due May 1, 2023. This report will evaluate how the pass-through of child support for formerly assisted families impacts an individual or family's eligibility determination for other need-based public assistance programs.

Debt Reduction. In May 2021, the department implemented a new debt reduction program to replace its standard Compromise of Arrears Program (COAP). COAP was established to address uncollectible government-owed arrears. COAP considered a participant's ability to pay based on actual income but required repayment of at least ten percent of the outstanding arrears balance. The minimum repayment for the new debt reduction program:

- Establishes income eligibility thresholds and a minimum repayment structure that assesses participants' ability to pay in consideration of Gross monthly income, family size, and cost-of-living for the participant's county, state or territory of residence.

- Calculates cost-of-living using basic living expense standards that are published annually by the Internal Revenue Service (IRS), including: housing and utilities (county-level standard), transportation (regional standard), food, clothing and personal care (national standard), and minimal out-of-pocket medical costs (national standard).

- Streamlines eligibility processes, increases accessibility to more case participants, and provides greater flexibility to structure agreements that support successful outcomes, giving more people an opportunity to be free from an insurmountable debt load.

Since the revamp of the COAP program in 2021, DCSS has experienced several positive program outcomes, including: a 116 percent increase in applications received, a 135 percent increase in applications approved, a 186 percent increase in compromises approved, a 104 percent increase in repayments approved, and an 81 percent increase in total collections received.

Uncollectible Debt. The 2021 Budget Act included trailer bill language to cease enforcement of state-owed child support arrearages determined to be uncollectible. DCSS reports that they have already implemented some sections of the statute regarding case participants that are solely on CAPI/SSI/SSP/SSDI/Veteran Disability Compensation. DCSS has contracted with UC San Diego to conduct a collectability study comprised of child support data of current case participants. DCSS is currently working with UCSD and LCSA directors to review initial collectability results. The department

plans to draft policy changes and regulations in line with the final study results and will brief the Legislature and other stakeholders as progress moves closer towards full implementation.

- **Stakeholder Proposal for Investment.** The Truth and Justice in Child Support Coalition proposes California provide immediate relief from uncollectible child support arrears. According to the Coalition, "for over 40 years, California has required non-custodial parents to repay the state for public assistance received by the custodial family. When parents cannot afford to pay, a child support debt to the state grows rapidly, because California adds 10 percent interest each year. As a result, today low-income parents owe over $6.5 billion in unpaid child support debt to the state. Research shows that 95 percent of this debt is uncollectible. Some of this debt is decades old and some is owed by very low-income parents. California can forgive the uncollectible debt at no cost to the federal government and provide immediate relief to thousands of parents. This is not debt owed to the other parent; this proposal is only to eliminate the uncollectible government-owed child support debt." The Coalition further notes that "lifting the burden of child support debt from parents has shown to reduce employment barriers, improve housing status and credit scores, and most importantly, improve parent-child and co-parenting relationships. All of these outcomes occurred when San Francisco piloted a program to forgive government-owed child support debt."

Federal Flexibility, Efficiency, and Modernization in Child Support Final Rule (Final Rule). The federal Final Rule was published in December 2016 by the federal Office of Child Support Enforcement. The Final Rule focuses on setting child support orders that are accurate, and based on the parent paying support's (PPS) ability to pay. The 2017 Guideline Review Report, issued by the Center for Families, Children, and the Courts from the Judicial Council of California reviewed California statutes for compliance with the Final Rule and issued a series of recommendations for statutory change. The department and Judicial Council convened a workgroup in summer 2019 to review those recommendations and invite stakeholder input regarding proposed changes. Subsequently, AB 3314 (2020) was introduced. That bill included proposals developed by the 2019 workgroup and aimed to bring California into compliance with the Final Rule by September 2022. However, due to the COVID pandemic, the bill did not move forward. In light of the pandemic, the department obtained an extension until September 2024 for compliance with the Final Rule.

The 2022 Budget Act included trailer bill language making several changes to help bring the state into compliance with federal requirements relating to child support collections, including suspending a money judgment or order for child support for a paying parent who is incarcerated or involuntarily institutionalized, requiring the Judicial Counsel to include additional data in its review of the statewide uniform guidelines for child support, and requires the court, when determining earning capacity of a parent to consider specified circumstances.

In addition, the department has been working with the Legislature to draft proposed statutory changes to bring California into full compliance with the Final Rule. There are currently two policy bills, SB 343 (Skinner) and AB 1755 (Committee on Judiciary), which are moving through the legislative policy process.

Subcommittee Staff Comment and Recommendation. Hold Open.

Subcommittee staff notes that the delay in implementing the pass-through for formerly assisted CalWORKs families will lengthen the amount of time that the government continues to intercept child support payments from low-income families. Continued monitoring and oversight of the department's implementation is necessary to understand the reasons for the delay and ensure that no further delays occur.

Questions. The Subcommittee requests DCSS respond to the following:

1. Please provide an overview of the department's proposed 2023-24 budget.

2. Please provide an overview of how the $35.8 million ($12.1 million General Fund) LCSA augmentation will be used. How have LCSAs used the $56.1 million in additional funding provided in the 2021 Budget Act?

3. Please describe the department's progress conducting the debt collectability study and implementing recent legislative changes regarding uncollectible debt. What are the outcomes of the state ceasing collection of certain arrears? What is the timeline for the UC San Diego collectability study to be completed, and what are the department's next steps?

4. Please explain the rationale for the delay in implementing the child support pass-through for formerly assisted families.

Issue 2: Cyber Security: Department of Child Support Services

Budget Change Proposal – Governor's Budget. The California Department of Child Support Services (DCSS) requests a budget augmentation of $1,059,000 ($360,000 General Fund) and 6.0 positions, for fiscal year 2023-24 and ongoing to comply with recent requirements in IRS Publication 1075. This funding enables DCSS to respond to the increasing sophistication in cybersecurity attacks by creating various programs, as required. This request also allows DCSS to comply with the goals of the Governor's Cal-Secure Multi-Year Information Security Maturity Roadmap to achieve compliance with state information security policies, as well as address information security and privacy risks.

Background. The DCSS Information Security Office (ISO) provides statewide support for the child support program, including monitoring and security program management for a significant number of systems, multiple applications, thousands of caseworker identities, and millions of child support case participant identities. These systems and identities provide and maintain the integrity of state and federally mandated child support casework to millions of California constituents.

The IRS recently updated its Tax Information Security Guidelines for federal, state and local agencies (IRS Publication 1075). Effective June 10, 2022, departments who handle federal tax information (FTI) must implement the following changes:

- Creation of an Insider Threat Program: The IRS mandates the creation of an Insider Threat Program, a Senior Official to manage the Insider Threat Program, and the implementation of policies and procedures to manage a multi-disciplinary team to investigate insider threats.

- Creation of a Privacy Program: The IRS mandates the addition of a Chief Privacy Officer, the creation of a Privacy Program, and the responsibility to conduct initial and annual Privacy Impact Assessments.

- Creation of a Supply Chain Risk Management Program: The IRS mandates the creation of a Supply Chain Risk Management (SCRM) Program that will include a Supply Chain Risk Management team consisting of agency defined personnel to lead and support the following SCRM activities: provide expertise in acquisition processes, legal practices, vulnerabilities, threats, and attack vectors, as well as an understanding of the technical aspects and dependencies of systems.

Additionally, Governor Newsom recently adopted the Cal-Secure Multi-Year Information Security Maturity Roadmap, which includes several milestones for state entities to implement in phases. DCSS states that the department requires additional resources to comply with these guidelines and come into compliance with existing state information security policies.

Staffing and Resource Request. The DCSS Insider Threat Program team will include: 1.0 Insider Threat Program Senior Official (Information Technology Manager I) to oversee this program along with the Privacy Program and the Supply Chain Risk Program and 2.0 Insider Threat Security Engineers (Information Technology Specialist II).

The DCSS Privacy Program team will consist of 1.0 Chief Privacy Officer (Information Technology Manager I) to oversee this program along with the Insider Threat Program and the Supply Chain Risk Management Program (same IT manager position identified above in section 1); 1.0 Privacy Coordinator (Information Technology Specialist II); and 1.0 Data Protection Specialist (Information Technology Specialist II).

The DCSS Supply Chain Risk Management team will consist of 1.0 Chief Privacy Officer (Information Technology Manager I) to oversee this program along with the Insider Threat Program and Privacy Program (same IT manager position identified above in sections 1 and 2) and 1.0 Supply Chain Risk Management Specialist (Information Technology Specialist I).

According to DCSS, with the resources requested, DCSS will be able to adhere to both federal and state information security requirements. The IRS Publication 1075 mandated establishment of the following program areas: Insider Threat Program, Privacy Program, and Supply Chain Risk Management. Each of these individually carry a large workload that is beyond the current scope of the DCSS' security and privacy programs.

Subcommittee Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DCSS respond to the following:

1. Please provide a brief overview of this proposal.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Issue 1: Department of Community Services and Development (CSD) Overview

The mission of the Department of Community Services and Development is to reduce poverty for Californians by partnering with private nonprofit and local government organizations dedicated to helping low-income families achieve and maintain economic security, meet their home energy needs, and reduce their utility costs through energy efficiency upgrades and access to clean renewable energy.

Department of Community Services and Development
Expenditures by Fund Source
* Dollars in thousands

Grand Total By Fund	Fiscal Year	
	2022-23	(Proposed Budget) 2023-24
General Fund	$52,692	$25,000
Federal Funds	$414,096	$288,072
Reimbursements	$5,600	$5,600
Greenhouse Gas Reduction Fund	$30,000	--
California Emergency Relief Fund	$1,200,000	--
Coronavirus Fiscal Recovery Fund of 2021	$201,596	--
Total All Funds	$1,903,984	$318,902

Reversion of Unspent California Arrearage Payment Program (CAPP) Funding. The Governor's 2023-24 Budget proposes to revert $400 million in unspent CAPP funds appropriated to CSD for the CAPP.

California Arrearage Payment Program (CAPP). CAPP provided financial assistance to energy utility customers to reduce past due energy bill balances accrued during the COVID-19 pandemic. Utility customers did not need to apply to receive assistance under the CAPP program. If a customer account was eligible, a credit was automatically applied to the customer's bill.

Under the 2022 California Arrearage Payment Program (CAPP), the Department of Community Services and Development (CSD) distributed $647 million in state funding to eliminate past due Pandemic Emergency energy utility debt of over 1.4 million residential customers. 2022 CAPP funding was disbursed in November 2022 to energy utilities. The program addressed 100 percent of the eligible arrearages reported by the energy utilities that applied for 2022 CAPP funds. Eligible arrearages under 2022 CAPP were defined as past due residential customer energy bill balances accrued during the COVID-19 Pandemic Bill Relief Period of March 4, 2020 through December 31, 2021.

CAPP Funding Distribution. Nine Investor-Owned Utilities (IOUs) and 24 Publicly-Owned Utilities (POUs) and Electric Cooperatives (ECs) applied for 2022 CAPP funding. The chart below displays the distribution of 2022 CAPP funding:

2022 CAPP Funding & Residential Customers Served					
	Local Assistance Budget Appropriation	**Funding Applications**	**Funding Awarded**	**Funding Remaining**	**Residential Customers Served**
IOUs	$957,600,000	$549,940,345.27	$549,940,345.27	$407,659,654.73	1,239,465
POUs & ECs	$239,400,000	$97,701,505.49	$97,701,505.49	$141,698,494.51	192,217
Total	$1,197,000,000	$647,641,850.76	$647,641,850.76	$549,358,149.24	1,431,682

Source: Department of Community Services and Development.

The budget appropriation for 2022 CAPP was based on a Spring 2022 survey of energy utility arrearages. At that point in time, energy utilities reported holding a little over $1.2 billion in residential customer energy arrearages that accrued between March 4, 2020 and December 31, 2021. Energy utilities also reported in the survey that over 2.3 million inactive and active residential customer accounts held arrearages from June 2021 (the end of the Pandemic Relief Period for the first iteration of CAPP) to December 2021. The $1.2 billion appropriated for 2022 CAPP was to address active residential customer arrearages.

From the point in time the Spring survey was conducted, to their Fall applications for 2022 CAPP funding, utilities reported a significant reduction in the total amount of eligible customer arrearages. CSD does not have specific data on why there was a decrease in the total arrearages for the Pandemic Bill Relief Period covered by 2022 CAPP. However, some of the factors that may have contributed to the lower arrearage levels include when utility disconnection moratoriums were lifted, customer payments between the point in time the Spring survey was conducted and Fall applications were submitted, availability of arrearage payment plans, changing economic conditions, or availability of other assistance (including LIHEAP). These factors also likely vary depending on the utility type – public vs. investor-owned – and from utility to utility, making it difficult to point to one particular cause for the reduction in eligible arrearages.

Reversion. According to CSD, the $400 million in 2022 CAPP funding identified for reversion in the Governor's Proposed Budget was a conservative point in time estimate prior to funds being disbursed to utilities and provided flexibility in the event there were adjustments. The Administration will provide an update at May Revise on the approximately $150 million remaining, taking into consideration updated revenue projections, among other things.

CSD Programs. Programs administered by the department include:

- Community Services Block Grant (CSBG). CSBG is an annual federal grant that provides or supports a variety of local services to alleviate the causes and conditions of poverty to help people

achieve self-sufficiency. Examples of CSBG supported services and activities include local programs to address employment, education, asset building, housing and shelter, tax preparation, and nutrition and emergency services.

- Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP is an annual federal grant that provides financial assistance to low-income households to manage and meet their energy costs and immediate home heating and/or cooling needs.

- U.S. Department of Energy Weatherization Assistance Program (WAP). WAP is an annual federal grant that provides weatherization services to eligible low-income individuals to improve the energy efficiency of low-income households.

- Low-Income Weatherization Program (LIWP). LIWP is funded by state cap-and-trade auction proceeds to provide energy efficiency and renewable energy services such as solar photovoltaic systems. These services are provided to low-income single-family and multi-family dwellings within disadvantaged communities to help reduce greenhouse gas emissions and save energy.

- California Arrearage Payment Program (CAPP). The CAPP offered financial assistance for California energy utility customers to help reduce past due energy bill balances accrued during the COVID-19 pandemic. The CAPP was established in the 2021 Budget Act, which allocated $1 billion in federal ARPA funding to address energy debts. The 2022 CAPP was the successor program to the 2021 CAPP but used General Fund instead of federal ARPA funding.

- Low-Income Household Water Assistance Program (LIHWAP). The federal Low Income Household Water Assistance Program (LIHWAP) provides financial assistance to low-income Californians to help manage their residential water utility costs. The program was created as part of the Consolidated Appropriations Act of 2021, with additional funding received through the American Rescue Plan Act (ARPA).

Subcommittee Staff Recommendation. Hold open.

Questions. The Subcommittee requests CSD respond to the following:

1. Please provide an overview of the proposed 2022-23 CSD budget.

2. Please describe the implementation of the 2022 CAPP and the $400 million General Fund reversion of unspent CAPP funds.

3. Please provide an update on the department's implementation of the LIHWAP program.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, April 20, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

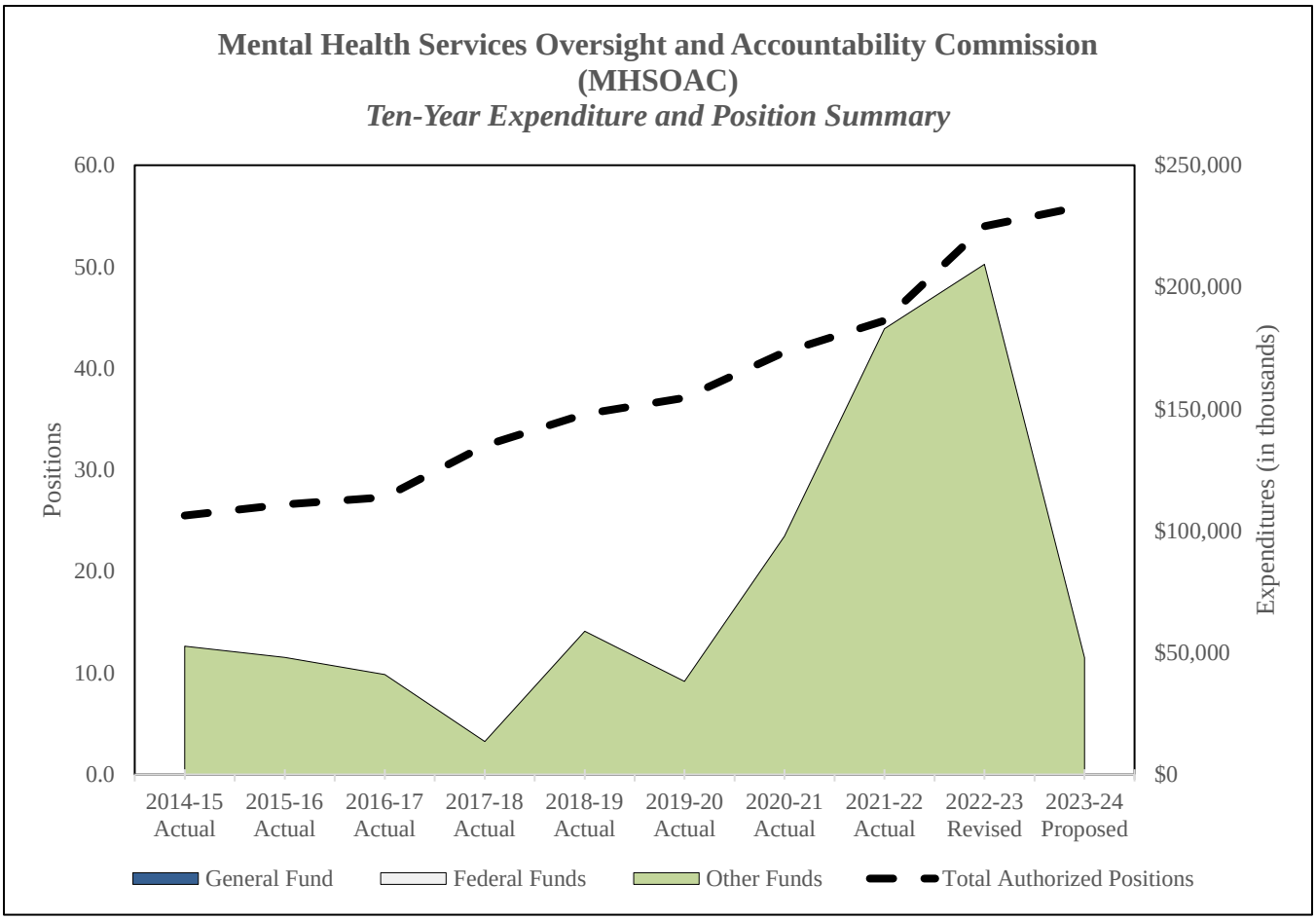
Consultant: Scott Ogus

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.

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION

Issue 1: Overview



Mental Health Services Oversight and Accountability Commission - *Department Funding Summary*
(dollars in thousands)

Fund Source	2021-22 Actual	*2022-23 Budget Act*	*2022-23 Revised*	*2023-24 Proposed*
General Fund	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0
Other Funds	$182,924	$111,744	$209,328	$47,969
Total Department Funding:	**$182,924**	**$111,744**	**$209,328**	**$47,969**
Total Authorized Positions:	**44.7**	**54.0**	**54**	**56**
Other Funds Detail:				
Reimbursements (0995)	*$0*	*$42,900*	*$42,900*	*$0*
Mental Health Services Fund (3085)	*$182,924*	*$68,844*	*$166,428*	*$47,969*

Mental Health Services Act (Proposition 63; 2004). Proposition 63, the Mental Health Services Act (MHSA), an initiative approved by voters in 2004, imposes a one percent income tax on personal income in excess of $1 million to expand mental health services to children, youth, adults, and older adults who have severe mental illnesses or severe mental health disorders and whose service needs are not being met through other funding sources (i.e., funds are to supplement and not supplant existing resources). The MHSA authorized the creation of the Mental Health Services Oversight and Accountability Commission to drive transformational change across the state's health system.

Mental Health Services Oversight and Accountability Commission. The Mental Health Services Oversight and Accountability Commission (MHSOAC) was established in 2005 and is composed of 16 voting members. These members include:

Elected Officials:

- Attorney General
- Superintendent of Public Instruction
- Senator selected by the President pro Tempore of the Senate
- Assemblymember selected by the Speaker of the Assembly

12 members appointed by the Governor:

- Two persons with a severe mental illness
- A family member of an adult or senior with a severe mental illness
- A family member of a child who has or has had a severe mental illness
- A physician specializing in alcohol and drug treatment
- A mental health professional
- A county sheriff
- A superintendent of a school district
- A representative of a labor organization
- A representative of an employer with less than 500 employees
- A representative of an employer with more than 500 employees
- A representative of a health care services plan or insurer

In making appointments, the Governor shall seek individuals who have had personal or family experience with mental illness.

MHSOAC's responsibilities are as follows:

- **Review of MHSA Programs -** The MHSOAC oversees the MHSA funded programs and services through the counties' annual updates. Counties submit updates every year to reflect the status of programs and services in their counties.

- **Evaluations -** The MHSOAC has a statutory mandate to evaluate how MHSA funding has been used, what outcomes have resulted, and how to improve services and programs.

- **Research -** The MHSOAC supports collaborative research efforts to develop and implement improved tools and methods for program improvement and evaluation statewide.

- **Triage -** County triage personnel provide linkages and services to what may be the first mental health contact for someone in crisis. Crisis services are provided at shelters, jails, clinics and hospital emergency rooms to help link a person to appropriate services.

- **Stakeholder Contracts -** Statewide stakeholder advocacy contracts are focused on supporting the mental health needs of consumers, children and transition aged youth, veterans, racial and ethnic minority communities and their families through education, advocacy, and outreach efforts.

- **Commission Projects -** The MHSOAC selects special project topics and under the direction of a subcommittee of commissioners, conducts research through discussion, review of academic literature, and interviews with those closely affected by the topic to formulate recommendations for administrative or legislative changes.

- **Technical Assistance & Training -** The MHSOAC offers technical assistance and training to counties, providers, clients and family members, and other stakeholders to support the goals of the MHSA and specific responsibilities of the commission, such as review of counties' MHSA-funded Innovative Program plans.

Mental Health Student Services Act (MHSSA). The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of $50 million in 2019-20 and $10 million annually thereafter for the Mental Health Student Services Act (MHSSA), a competitive grant program to establish mental health partnerships between county mental health or behavioral health departments and school districts, charter schools, and county offices of education. These partnerships support: (1) services provided on school campuses; (2) suicide prevention; (3) drop-out prevention; (4) outreach to high-risk youth and young adults, including, but not limited to, foster youth, youth who identify as lesbian, gay, bisexual, transgender, or queer (LGBTQ), and youth who have been expelled or suspended from school; (5) placement assistance and development of a service plan that can be sustained over time for students in need of ongoing services; and (6) other prevention, early intervention, and direct services, including, but not limited to, hiring qualified mental health personnel, professional development for school staff on trauma-informed and evidence-based mental health practices, and other strategies that respond to the mental health needs of children and youth.

Prior to the MHSSA, SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, known as the Investment in Mental Health Wellness Act, included expenditure authority from the Mental Health Services Fund of $32 million annually for MHSOAC to support counties to increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams. In 2018-19 the expenditure authority was reduced to $20 million annually. According to MHSOAC, since 2017-18, 50 percent of the funding has been allocated to programs dedicated to children and youth aged 21 and under, and approximately $20 million was allocated for four School-County Collaboration Triage grants to: 1) provide school-based crisis intervention services for children experiencing or at risk of experiencing a mental health crisis and their families or caregivers; and 2) supporting the development of partnerships between behavioral health departments and educational entities. Humboldt County, Placer County, Tulare

County Office of Education, and a joint powers authority in San Bernardino County were awarded $5.3 million annually over four years in this program. MHSOAC also awarded grants for school-based triage programs in Berkeley, Humboldt, Riverside, Sacramento, and San Luis Obispo.

Building on the partnership model in the triage grant program, MHSSA supports partnerships between county behavioral health programs and educational entities. Combining the $50 million allocation in 2019-20 with the annual $10 million allocations for the subsequent three fiscal years, MHSOAC allocated a total of $75 million over four years for funding of the MHSSA Partnership Grant Program. The funding was made available in two categories: 1) $45 million for counties with existing school mental health partnerships, and 2) $30 million for counties developing new or emerging partnerships. Within each category, funding was made available based on the population size of a county with a total of six grants at $2.5 million each made available to small counties (less than or equal to 200,000 population), six grants at $4 million each made available to medium counties (between 200,000 and 750,000 population), and six grants at $6 million each made available to large counties (greater than 750,000 population).

According to MHSOAC, 38 counties submitted applications for funding. 20 counties with existing partnerships submitted applications and 10 received awards. 18 counties developing new or emerging partnerships submitted applications and eight received awards. However, 20 counties that submitted applications did not receive funding.

Children and Youth Behavioral Health Initiative – Expansion of MHSSA. The 2021 Budget Act included $205 million ($100 million CFRF and $105 million Mental Health Services Fund) in 2021-22 for MHSOAC for the Mental Health Student Services Act program, as part of the Administration's Children and Youth Behavioral Health Initiative. The 2021 Budget Act augmentation of the MHSSA was intended to rapidly provide funding to the 20 counties that applied, but did not receive partnership grant awards during the initial round of MHSSA funding. The potential impacts of the COVID-19 pandemic on the behavioral health needs of students made rapid deployment of resources to school campuses a high priority for the Legislature. According to MHSOAC, the initial 2019 Budget Act funding, as well as the 2021 Budget Act augmentation of MHSSA funding supported $207 million for 58 partnership grant awards.

Subcommittee Staff Comment. This is an informational item.

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

1. Please provide a brief overview of the Commission's mission and programs.

Issue 2: Information Technology and Security Unit

Budget Change Proposal – Governor's Budget. MHSOAC requests two positions and expenditure authority from the Mental Health Services Fund of $435,000 annually. If approved, these positions and resources would support creation of an Information Technology (IT) and Security unit to address increased IT and security workload.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3085 – Mental Health Services Fund	$435,000	$435,000
Total Funding Request:	**$435,000**	**$435,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. AB 670 (Irwin), Chapter 518, Statutes of 2015, authorizes the California Department of Technology (CDT) to conduct independent security assessments of state departments and agencies, requiring no fewer than 35 assessments be conducted annually. AB 670 requires CDT to prioritize for assessment state departments or agencies that are at higher risk due to handling of personally identifiable information or health information protected by law, handling of confidential financial data, or levels of compliance with certain information security and management practices. Independent security assessments are conducted by the Cyber Network Defense (CND) Team at the California Military Department. In addition to requirements under AB 670, State Administrative Manual Section 5300 requires each state entity to be responsible for establishing an information security program to effectively manage risk, provide protection of information assets and prevent illegal activity, fraud, waste, and abuse.

Information Technology (IT) Support for MHSOAC. Prior to 2011, IT support for MHSOAC was provided under an interagency agreement with the former Department of Mental Health (DMH). After the elimination of DMH, and transfer of its functions to DHCS and DSH, MHSOAC initially absorbed IT functions through an external contract and one position added in 2014. The 2020 Budget Act included additional permanent IT staff to support mitigation of IT security risks, increased help desk workload, and web-based technologies workload. The current IT staff for MHSOAC includes one IT Specialist II position, one IT Associate, and one Retired Annuitant.

According to MHSOAC, its IT service workload has increased due to findings from cybersecurity audits, the transition to remote work due to the COVID-19 pandemic, new IT services related to the Commission's relocation, and assumption of management responsibilities of three IT systems currently managed by CDT. The CND security audit conducted pursuant to AB 670 resulted in several security remediation items requiring new security processes, monitoring, and ongoing operational security upgrades. The transition to remote work transferred approximately 60 users, which required additional technology procurement, help desk support, and implementation of secure platforms and applications. The Commission's relocation has led to assumption of responsibility of providing internet and WiFi, and developing a system for Commission meetings that now meet concurrently in person, over Zoom, and livestreamed. Finally, CDT is transferring responsibility for management of Office365, cloud services, and Shared File services to MHSOAC, resulting in additional IT workload.

Staffing and Resource Request. MHSOAC requests two positions and expenditure authority from the Mental Health Services Fund of $435,000 annually to support creation of an Information Technology (IT) and Security unit to address increased IT and security workload. Specifically, MHSOAC requests the following positions and resources:

- **One IT Manager I** position would serve as the Chief Information Officer (CIO) for the Commission, formulating and administering organizational IT policies; planning, organizing, and directing the work of the IT and Security Department; represent MHSOAC at statewide IT and CIO conferences and meetings; and provide general supervision and tactical guidance to the IT unit.
- **One IT Specialist I** position would oversee and maintain the newly established network and infrastructure and support the Information Security Officer in consistent cybersecurity monitoring.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Reappropriations – Allcove, Early Psychosis Intervention, and Mental Health Wellness

Reappropriation – Governor's Budget and April Finance Letter. MHSOAC requests reappropriation of the following previously authorized expenditures:

Allcove Youth Drop-In Centers Program – MHSOAC requests reappropriation of up to $2 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Allcove Youth Drop-In Centers Program.

The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of $15 million, available for four years, for a grant program to establish youth drop-in centers that provide integrated mental health services for individuals between 12 and 25 years of age and their families, with a focus on vulnerable and marginalized youth and disparity populations including, but not limited to, LGBTQ, homeless, and indigenous youth. According to MHSOAC, the program experienced delays related to transfer of the trademark for "Allcove" from the Center for Youth and Mental Health and Wellbeing at Stanford University, which developed the Allcove model as an integrated mental health youth drop-in center designed by youth and for youth. Due to these delays, MHSOAC requests reappropriation of up to $2 million of the original 2019 Budget Act appropriation.

Early Psychosis Intervention Plus Program – MHSOAC requests reappropriation of $1.7 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Early Psychosis Intervention Plus Program.

The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of $20 million in 2019-20 to support the Early Psychosis Intervention (EPI) Plus program, established by AB 1315 (Mullin), Chapter 414, Statutes of 2017, but never previously funded. The EPI Plus program administers competitive grants for counties to expand access to evidence-based early psychosis and mood disorder detection and intervention services for transition-aged youth and young adults at high risk for, or experiencing, psychotic symptoms. According to MHSOAC, program grantee implementation was delayed due to the impact of the COVID-19 public health emergency. As a result, MHSOAC requests reappropriation of up to $1.7 million from the original 2019 Budget Act appropriation.

Mental Health Wellness Program – MHSOAC requests reappropriation of a total of $16.5 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2017 Budget Act, 2019 Budget Act, and 2020 Budget Act, to support the Mental Health Wellness Program.

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

progress; 4) providing placement service assistance and service plan development. The 2018 Budget Act reduced the annual triage program allocation to $20 million annually.

According to MHSOAC, the triage program, know referred to as the Mental Health Wellness Program, received additional program flexibility in SB 184 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2022, due to delays related to the COVID-19 pandemic. MHSOAC requests reappropriation of ongoing funding authorized in the 2017, 2019, and 2020 Budget Acts to expand hospital emergency psychiatric assessment, treatment, and healing units which reduce unnecessary emergency department utilization and hospitalizations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of these proposed reappropriations.

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
4260 DEPARTMENT OF HEALTH CARE SERVICES
4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 1: Oversight – The Continuum of Behavioral Health Care Services in California

Oversight and Panel Discussion – The Continuum of Behavioral Health Care Services in California. The subcommittee has requested the following panelists to participate in a discussion of the continuum of behavioral health care services in California.

For presentation of Administration Behavioral Health Continuum Proposals

- **California Health and Human Services Agency**
- **Department of Health Care Services**
- **Department of Managed Health Care**

County Behavioral Health Directors Panel

- **Lisa Wong,** Director, Los Angeles County Department of Mental Health
- **Stacy Kuwahara,** Behavioral Health Director, Kern Behavioral Health and Recovery Services
- **Phebe Bell**, Behavioral Health Director, Nevada County

Behavioral Health Provider Panel

- **Lyn Morris,** Chief Executive Officer, Didi Hirsch Mental Health Services
- **Joe Zamora**, Chief Finance Officer, Riverside University Health System

Community Mental Health – *Three Year Funding Summary*			
Fund Source	**2021-22**	**2022-23**	**2023-24**
1991 Realignment (base and growth):			
Mental Health Subaccount	$163,344,000	$376,171,000	$376,171,000
2011 Realignment (base and growth):			
Mental Health Subaccount	$1,157,726,000	$1,123,039,000	$1,126,680,000
Behavioral Health Subaccount	$2,136,042,000	$2,160,920,000	$2,222,205,000
Realignment Total	**$3,293,768,000**	**$3,283,959,000**	**$3,348,885,000**
Medi-Cal SMHS Federal Funds	**$3,193,648,000**	**$3,094,102,000**	**$3,081,542,000**
Medi-Cal SMHS General Fund	**$423,020,000**	**$477,773,000**	**$770,116,000**
MHSA Local Expenditures	**$6,338,918,000**	**$3,349,584,000**	**$3,282,537,000**
Total Funds	**$13,249,354,000**	**$10,205,418,000**	**$10,483080,000**

Community Mental Health - Overview. California's system of community mental health treatment was first established in 1957 after passage of the Short-Doyle Act. Prior to Short-Doyle, the state was primarily responsible for the care and treatment of Californians with mental illness or developmental disabilities in fourteen regional psychiatric hospitals throughout the state. Short-Doyle was enacted to allow individuals with mental illness to be treated in a community-based setting nearer to friends and family to support more successful treatment outcomes, and resulted in a significant shift of the locus of treatment out of the state's psychiatric hospitals and into the community. Covered Short-Doyle benefits included treatment and rehabilitation services in primarily outpatient settings, as well as community education and training for professionals and staff in public entities to address mental health problems early.

Mental Health Services in Medi-Cal. Medi-Cal, California's state Medicaid program, was established in 1966 and covered specific mental health-related benefits including psychiatric inpatient hospital services, nursing facility care, and professional services provided by psychiatrists and psychologists. In 1971, many of the benefits provided by local Short-Doyle community mental health programs were also included in the scope of benefits provided to Medi-Cal beneficiaries. During this period, beneficiaries could access mental health services through Short-Doyle Medi-Cal (SD/MC) or through direct fee-for-service Medi-Cal providers (FFS/MC).

State-Local Realignment Funding for Community Mental Health. In 1991, in response to a state General Fund deficit, many state programs and funding streams were realigned to local governments including community mental health programs. The Bronzan-McCorquodale Act (1991 Realignment) provided that county mental health departments would be responsible for community mental health services for Medi-Cal beneficiaries, for payments to state hospitals for treatment of individuals civilly committed under the Lanterman-Petris-Short Act (LPS), and for Institutions for Mental Disease (IMDs) that provide short-term nursing level care to individuals with serious mental illness. Funding for these programs is provided by redirection of sales tax and vehicle license fee revenues to counties.

In 2011, additional mental health responsibilities were realigned to counties in a package primarily focused on major public safety programs (2011 Realignment). Additional sales tax and vehicle license fee revenue was allocated to counties to fund these programs, which included responsibility for Early Periodic Screening, Diagnosis, and Treatment (EPSDT) services for children in Medi-Cal. Funding for the 1991 Mental Health Subaccount, up to $1.12 billion, was redirected to fund maintenance of effort requirements for the California Work Opportunities and Responsibility for Kids (CalWORKs) program. This redirection of funding was replaced by $1.12 billion of 2011 Realignment revenue deposited in the 2011 Realignment Mental Health Subaccount for community mental health programs. Consequently, realignment funding for community mental health services is derived primarily from 2011 Realignment funding allocations.

Affordable Care Act Expansion of Mental Health Benefits. The federal Affordable Care Act expanded certain mental health benefits available to Medi-Cal beneficiaries. SB 1 X1 (Hernandez), Chapter 4, Statutes of 2013, First Extraordinary Session, implemented these new benefit requirements. These benefits are provided to individuals with mild to moderate levels of impairment by Medi-Cal managed care plans, rather than community mental health plans.

Medi-Cal Mental Health. There are three systems that currently provide mental health services to Medi-Cal beneficiaries:

1. **County Mental Health Plans (MHPs) -** California provides Medi-Cal specialty mental health services (SMHS) under a federal 1915(b) waiver that includes outpatient SMHS, such as clinic outpatient providers, psychiatrists, psychologists and some nursing services, as well as psychiatric inpatient hospital services. Children's SMHS is provided under the federal requirements of the EPSDT benefit for persons under age 21. County mental health plans are responsible for the provision of SMHS and Medi-Cal enrollees must obtain SMHS through the county. SMHS is a Medi-Cal entitlement for adults and children that meet medical necessity criteria, which consist of having a specific covered diagnosis, functional impairment, and meeting intervention criteria.

2. **Managed care plans –** SB 1 X1 expanded the scope of Medi-Cal mental health benefits, pursuant to the federal Affordable Care Act, and required these services to be provided by Medi-Cal managed care plans excluding those benefits provided by county mental health plans under the SMHS waiver. Generally these are mental health services for those with mild to moderate levels of impairment. The mental health services provided by managed care plans include:

    - Individual and group mental health evaluation and treatment (psychotherapy)
    - Psychological testing when clinically indicated and medically necessary to evaluate a mental health condition
    - Outpatient services for the purposes of monitoring drug therapy
    - Outpatient laboratory, drugs, supplies and supplements
    - Psychiatric consultation

3. **Fee-For-Service Provider System -** Effective January 1, 2014 the mental health services listed below are also available through the fee-for-service provider system:

    - Individual and group mental health evaluation and treatment (psychotherapy)
    - Psychological testing when clinically indicated and medically necessary to evaluate a mental health condition
    - Outpatient services for the purposes of monitoring drug therapy
    - Outpatient laboratory, drugs, supplies and supplements
    - Psychiatric consultation

Mental Health Services Act (Proposition 63, Statutes of 2004). The Mental Health Services Act (MHSA) imposes a one percent income tax on personal income in excess of $1 million. These tax receipts are reconciled and deposited into the MHSA Fund on a "cash basis" (cash transfers) to reflect funds actually received in the fiscal year. The MHSA provides for a continuous appropriation of funds for local assistance.

The purpose of the MHSA is to expand mental health services to children, youth, adults, and older adults who have severe mental illnesses or severe mental health disorders and whose service needs are not being met through other funding sources (i.e., funds are to supplement and not supplant existing resources).

Most MHSA funding is to be expended by county mental health departments for mental health services consistent with local Three-Year Plans with Annual Updates approved by DHCS and the required five components, as required by MHSA. The following is a brief description of the five components:

1. **Community Services and Supports for Adult and Children's Systems of Care.** This component funds the existing adult and children's systems of care established by the Bronzan-McCorquodale Act (1991). County mental health departments establish, through a stakeholder process, a listing of programs for which these funds will be used. Of total annual revenues, 80 percent is allocated to this component.

2. **Prevention and Early Intervention.** This component supports the design of programs to prevent mental illnesses from becoming severe and disabling, with an emphasis on improving timely access to services for unserved and underserved populations. Of total annual revenues, 20 percent is allocated to this component.

3. **Innovation.** The goal of this component is to develop and implement promising practices designed to increase access to services by underserved groups, increase the quality of services, improve outcomes, and promote interagency collaboration. This is funded from five percent of the Community Services and Supports funds and five percent of the Prevention and Early Intervention funds.

4. **Workforce Education and Training.** This component targets workforce development programs to remedy the shortage of qualified individuals to provide services to address severe mental illness. In 2005-06, 2006-07, and 2007-08, 10 percent of total revenues were allocated to this component, for a total of $460.8 million provided to counties and the Department of Health Care Access and Information (HCAI, formerly OSHPD).

5. **Capital Facilities and Technological Needs.** This component addresses the capital infrastructure needed to support implementation of the Community Services and Supports, and Prevention and Early Intervention programs. It includes funding to improve or replace existing technology systems and for capital projects to meet program infrastructure needs.

Counties are required to submit annual revenue and expenditure reports to DHCS and the Mental Health Services Oversight and Accountability Commission (MHSOAC). DHCS monitors county's use of MHSA funds to ensure the county meets the MHSA and Mental Health Services Fund requirements.

Drug Medi-Cal - Overview. The Drug Medi-Cal program covers substance use disorder services by certified providers under contract with the counties or with DHCS. Drug Medi-Cal services are offered by counties either through the State Plan or through the Drug Medi-Cal Organized Delivery System (DMC-ODS), an expanded service delivery model offered under an 1115 Waiver authorized by the federal Centers for Medicare and Medicaid Services (CMS). Drug Medi-Cal provides State Plan services under four primary modalities:

- Narcotic Treatment Program – The Narcotic Treatment Program (NTP) provides outpatient methadone maintenance services directed at stabilization and rehabilitation of persons with opioid dependency and substance use disorder diagnoses. The program includes daily medication dosing, a medical evaluation, treatment planning, and a minimum of fifty minutes per month of face-to-face counseling sessions.
- Outpatient Drug Free – Outpatient Drug Free (ODF) counseling treatment services are designed to stabilize and rehabilitate Medi-Cal beneficiaries with substance use disorder diagnosis in an outpatient

setting. This includes services under Early and Periodic Screening, Diagnosis, and Treatment (EPSDT). Each ODF participant receives at least two group counseling sessions per month. Counseling and rehabilitation services include: 1) admission physical examinations, 2) intake, 3) medical necessity establishment, 4) medication services, 5) treatment and discharge planning, 6) crisis intervention, 7) collateral services, and 8) individual and group counseling.

- Intensive Outpatient Treatment – Intensive Outpatient Treatment (IOT) services are provided to beneficiaries with substance use disorder diagnoses. These outpatient counseling and rehabilitation services are provided at least three hours per day, three days per week. Services include: 1) admission physical examinations, 2) intake, 3) medication services, 4) treatment planning, 5) crisis intervention, 6) collateral services, 7) individual and group counseling, and 8) parenting education.
- Residential Treatment Services – Residential Treatment Services (RTS) provides rehabilitation services to perinatal beneficiaries with substance use disorder diagnosis in a non-institutional, non-medical, residential setting. Each beneficiary lives on the premises and is supported in an effort to restore, maintain, and apply interpersonal and independent living skills and access community support systems.

DMC-ODS counties, in addition to the four primary modalities, are required to offer the following services: 1) non-perinatal RTS, 2) withdrawal management (levels 1.0, 2.0, and 3.2), 3) recovery services, 4) case management, 5) physician consultation, and 6) expanded medication assisted treatment (buprenorphine, naloxone, and disulfiram). DMC-ODS counties may also offer: 1) additional medication assisted treatment (through non-NTP providers), 2) partial hospitalization, and 3) withdrawal management (levels 3.7 and 4.0).

Behavioral Health Continuum Infrastructure Program. The 2021 Budget Act included expenditure authority of $755.7 million ($445.7 million General Fund and $310 million Coronavirus Fiscal Recovery Fund or CFRF) in 2021-22, $1.4 billion ($1.2 billion General Fund and $220 million CFRF) in 2022-23 and $2.1 million General Fund in 2023-24 for competitive grants to qualified entities to construct, acquire, and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. Of this amount, $150 million was made available to support mobile crisis infrastructure, along with $55 million in federal grant funds from the Substance Abuse and Mental Health Services Administration (SAMHSA), for a total investment of $205 million. DHCS announced the BHCIP funding would be released in six rounds, as follows:

- Round 1: Mobile Crisis - $205 million
- Round 2: County and Tribal Planning Grants - $16 million
- Round 3: Launch Ready - $518.5 million
- Round 4: Children and Youth - $480.5 million
- Round 5: Behavioral Health Needs Assessment Phase One - $480 million
- Round 6: Behavioral Health Needs Assessment Phase Two - $480 million

The following facility types may be considered for project funding through BHCIP:

- Community wellness centers
- Hospital-based outpatient treatment (e.g. outpatient detox or withdrawal management)
- Intensive outpatient treatment

- Narcotic Treatment Programs (NTPs)
- NTP medication units
- Office-based outpatient treatment
- Sobering centers
- Acute inpatient hospitals – medical detox or withdrawal management
- Acute psychiatric inpatient facilities
- Adolescent residential treatment facilities for substance use disorders (SUD)
- Adult residential treatment facilities for SUD
- Chemical dependency recovery hospitals
- Children's crisis residential programs (CCRPs)
- Community treatment facilities (CTFs)
- Crisis stabilization units (CSUs)
- General acute care hospitals (GACHs) and acute care hospitals (ACHs)
- Mental health rehabilitation centers (MHRCs)
- Psychiatric health facilities (PHFs)
- Short-term residential therapeutic programs (STRTPs)
- Skilled nursing facilities with special treatment programs (SNFs/STPs)
- Social rehabilitation facilities (SRF)
- Peer respite
- Recovery residence/sober living homes

Funding may also be used for mobile crisis infrastructure.

Due to the General Fund shortfall, the Governor's January budget proposes to delay Round 6 of BHCIP funding, previously scheduled to be awarded in 2022-23, until 2024-25 and 2025-26.

Qualifying Community-Based Mobile Crisis Services. Section 9813 of the federal American Rescue Plan Act of 2021 authorizes state Medicaid programs to provide qualifying community-based mobile crisis intervention services for a period of up to five years, beginning April 1, 2022, and ending March 31, 2027. States that implement the mobile crisis intervention benefit receive an 85 percent federal match for reimbursement of these services for the first three years of the five year period.

Mobile crisis intervention services are intended to provide rapid response, individual assessment, and crisis resolution by trained mental health and substance use treatment professionals and paraprofessionals in situations that involve individuals with behavioral health conditions. The federal Substance Abuse and Mental Health Services Administration (SAMHSA) describes three core components of a robust crisis system: 1) a 24 hour clinically staffed call center that can serve as a the hub of an integrated mental health crisis system, 2) mobile crisis response teams that can respond rather than law enforcement, and 3) crisis receiving and stabilization facilities that provide short-term services and can be accessed readily rather than relying on emergency departments or hospital environments.

The 2022 Budget Act authorized the addition of qualifying community-based mobile crisis intervention services, beginning January 1, 2023, for a five year period as a mandatory Medi-Cal benefit available to eligible Medi-Cal beneficiaries 24 hours a day, seven days a week. The benefit will implemented through the county behavioral health delivery systems by multidisciplinary mobile crisis teams in the community.

The services cover both mental health and substance use disorder crises, using the specialty mental health benefit and adding crisis intervention as an outpatient service eligible under the Drug Medi-Cal benefit. According to DHCS, the benefit is provided outside a hospital or other facility setting and includes screening and assessment, stabilization and de-escalation, and coordination with and referrals to health, social, and other services and supports.

Behavioral Health Bridge Housing. The 2022 Budget Act included General Fund expenditure authority of $1 billion in 2022-23 and $500 million in 2023-24 to support bridge housing projects to address the immediate housing and treatment needs of people experiencing unsheltered homelessness with serious behavioral health conditions. Funding will be administered through the BHCIP process and used to purchase and install tiny homes with time-limited operational supports, as well as other bridge housing settings, such as assisted living. DHCS expects county behavioral health departments and Medi-Cal managed care plans to improve coordination to serve people with acute behavioral health challenges and those needing housing, treatment, and services, including medication, peer and family supports.

Due to the General Fund shortfall, the Governor's January budget proposes to delay $250 million the $500 million of funding, scheduled to be awarded in 2023-24, until 2024-25.

Subcommittee Staff Comment. This is an informational item.

Questions. The subcommittee has requested CalHHS, DMHC, DHCS and panelists to respond to the following:

CalHHS, DMHC, and DHCS

1. Please provide a brief overview of the following budget proposals related to the continuum of behavioral health services in California:

    a. Behavioral Health Community-Based Continuum Demonstration (CalBH-CBC)
    b. 988 Suicide and Crisis Lifeline (AB 988)
    c. Community-Assistance, Recovery, and Empowerment (CARE) Act
    d. Budget Solution – Delay Behavioral Health Continuum Infrastructure and Bridge Housing

County Behavioral Health Director Panelists (Los Angeles, Kern, and Nevada)

1. Please describe how your county system has implemented and integrated with the new 988 Suicide and Crisis Lifeline.

2. What type of community outreach and education has your county system conducted to raise awareness of the availability of 988 as an option for individuals experiencing a behavioral health crisis?

3. How do individuals calling 988 connect to services in your county system at various levels of acuity?

4. How does your county system use mobile crisis teams to respond to 988 or other calls indicating an individual experiencing a behavioral health crisis? How many teams are available to respond? How often does a 988 or other call result in a mobile crisis response?

5. What types of subacute treatment options are available for individuals experiencing a behavioral health crisis who are in need of stabilization? How has your county system connected mobile crisis teams or other first responders to these treatment options to avoid unnecessary emergency department visits?

6. How has your county system used state investments in behavioral health infrastructure and workforce to strengthen and close gaps in your behavioral health continuum of care? These include, but are not limited to, the following:

    a. Behavioral Health Continuum Infrastructure Program
    b. Behavioral Health Bridge Housing
    c. Behavioral health care workforce initiatives
    d. Community Care Expansion
    e. Children and Youth Behavioral Health Initiative

7. What are the primary challenges in your county system in arranging for care for individuals experiencing a behavioral health crisis? What gaps still exist in the continuum of behavioral health services and what might the state do to help your county system close those gaps?

8. When an individual experiencing a behavioral health crisis ends up in an emergency department or other acute inpatient setting, how does your county system work with hospitals and other stakeholders to ensure the individual is connected to the appropriate services and supports post-stabilization?

9. How does your county system utilize full service partnerships for individuals with serious mental illness, particularly those experiencing homelessness? How do system providers in your county's behavioral health continuum connect individuals in need with full service partnerships?

Didi Hirsch Mental Health Services

1. Please describe how crisis lifeline services have made the transition to the new 988 system.

2. How have call volumes increased since the implementation of 988? Have there been any challenges answering 988 calls timely? How will the availability of ongoing 988 funding allow you to stabilize the delivery of services at your call centers?

3. What is the typical acuity of a call to 988? Has the level of acuity of changed since implementation of 988?

4. How do your call centers connect 988 callers to community behavioral health services, particularly mobile crisis teams for those experiencing a behavioral health crisis?

5. Do your call centers experience any challenges finding resources to deploy to address the needs of an individual experiencing a behavioral health crisis at a higher acuity level?

6. What gaps exist in the behavioral health continuum that would assist your call centers in finding resources for 988 callers?

Riverside University Health System

1. What types of behavioral health services, and at what acuity levels, does your health system offer for individuals experiencing a behavioral health crisis?

2. How do individuals experiencing a behavioral health crisis typically enter your system? (e.g. emergency department, referral from another provider, etc..)

3. How does your system interact with the 988 crisis lifeline? How do you work with call centers, mobile crisis teams, or other first responders to assess the level of care needs for an individual experiencing a behavioral health crisis?

4. Are there gaps in the availability of subacute treatment options for individuals experiencing a behavioral health crisis that result in unnecessary emergency department or inpatient utilization?

5. How has the behavioral health continuum in your area benefitted from recent state investments in infrastructure, workforce, and other initiatives?

6. How could the state help your area to strengthen the behavioral health continuum and address any gaps in the availability of treatment options?

7. How does your health system manage the post-stabilization case management and connection to services for individuals entering your system during a behavioral health crisis? What types of services are available (e.g. full service partnerships, subacute treatment beds, etc..)?

Issue 2: Behavioral Health Community-Based Continuum Demonstration

Local Assistance – Governor's Budget. DHCS requests expenditure authority of $5.7 million ($311,000 General Fund, $3.5 million federal funds, and $1.8 million county funds) in 2023-24, growing to $1.9 billion ($49.4 million General Fund, $1.2 billion federal funds, $50 million Mental Health Services Fund, and $674.7 million county funds) by 2027-28. Over the five years of the demonstration, expenditure authority for DHCS would total $6 billion ($180.5 million General Fund, $3.5 billion federal funds, $175 million Mental Health Services Fund, and $2.1 billion county funds). If approved, these resources would support the California Behavioral Health Community-Based Continuum Demonstration to expand access and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance.

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**Five Year Total**
0001 – General Fund	$311,000	$180,491,000
0890 – Federal Trust Fund	$3,532,000	$3,497,034,000
3085 – Mental Health Services Fund	$-	$175,000,000
3420 – Medi-Cal County Behavioral Health Fund	$1,808,000	$2,102,300,000
Total Funding Request:	**$5,651,000**	**$5,954,825,000**

Background. Federal Medicaid law prohibits federal matching funds to state Medicaid programs for care provided in an institution for mental disease (IMD). An IMD is defined as a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, which includes substance use disorders (SUDs).

In November 2018, the federal Centers for Medicare and Medicaid Services (CMS) issued guidance detailing options to adopt innovative delivery system reforms for adults living with serious mental illness or children living with serious emotional disturbance. This new authority is available to states through application for a Section 1115 Waiver and is focused on building out a full continuum of mental health services while also permitting states to secure federal matching funds for services provided during short-term stays in psychiatric hospitals or residential treatment settings that are considered IMDs. Federal matching funds are available for stays in IMDs up to 60 days, but states must meet a statewide average length of stay of 30 days for all stays included in the demonstration.

California Behavioral Health Community-Based Continuum (CalBH-CBC) Demonstration. DHCS proposes to strengthen the provision, coordination, and integration of mental health and SUD services across the continuum by building on the federal requirements contained in the 2018 CMS guidance. DHCS' approach reflects the state's ongoing commitment to ensuring that services are provided in the least restrictive setting appropriate for a beneficiary's needs. The demonstration includes five key components:

Strengthening the Statewide Continuum of Community-Based Services. The demonstration aims to expand and strengthen the continuum of community-based care, especially for children, youth, and their families. DHCS intends to establish clear guidance and clarify statewide coverage requirements to support access to at least three specific evidence-based services that can be delivered at home:

- Multisystemic Therapy (MST) – MST is an evidence-based intensive family- and community-based intervention for children and young people aged 11 to 17 who are at risk of out-of-home placement in either care or custody due to a history of arrest or behavioral health issues. DHCS intends to issue guidance to counties that clarifies and streamlines Medi-Cal coverage of and reimbursement for MST as a bundled service for qualifying children and youth.
- Functional Family Therapy (FFT) – FFT is a family-based prevention and intervention program for high-risk youth between the ages of 11 and 18 that addresses complex and multidimensional problems with a flexibly structured and culturally responsive practice. DHCS intends to issue guidance to counties that clarifies Medi-Cal coverage and reimbursement for FFT.
- Parent-Child Interaction Therapy (PCIT) – PCIT is an evidence-based, short-term treatment designed to teach parents strategies that will promote positive behaviors in children and youth who exhibit disruptive or externalizing behavioral problems. DHCS intends to issue guidance to counties that clarifies Medi-Cal coverage and reimbursement for PCIT.

DHCS also indicates it may request authority to make targeted improvements for children in the child welfare system, including: 1) a cross-sector incentive pool to reward plans and county agencies for meeting outcome measures for children and youth in the child welfare system; 2) activity stipends; and 3) initial specialty mental health assessment at entry into the child welfare system.

Supporting Statewide Practice Transformations. DHCS proposes to invest in workforce capacity, service infrastructure, information technology, and data exchange, including the following:

- Statewide Centers of Excellence (COEs) – DHCS proposes to establish and fund COEs to provide training and technical assistance to providers and counties on demonstration implementation, including orientation, training, coaching, mentoring, fidelity monitoring, and other supports.
- Statewide Incentive Program – DHCS proposes to incentivize county mental health plans and Drug Medi-Cal Organized Delivery System (DMC-ODS) counties to build a robust quality improvement program to improve performance and reduce disparities in access and outcomes.
- Statewide Tools to Connect Beneficiaries to Appropriate Care – DHCS proposes to review the required use of standardized, evidence-based level-of-care tools and develop resources to help individuals who require inpatient treatment find an appropriate facility, including: 1) a patient assessment tool that builds on the current Child and Adolescent Needs and Strengths (CANS) tool; and 2) a treatment bed availability platform to track the availability of inpatient and crisis stabilization units.
- Promotion and Standardization of Quality of Care in Residential and Inpatient Settings – DHCS proposes to require all mental health inpatient and residential facilities to screen and address beneficiaries' comorbid physical conditions and SUDs either directly or through the facilitation of referrals. DHCS also proposes to require facilities and counties to employ a utilization review process to ensure access to appropriate levels of care and appropriate inpatient/residential admissions and length of stay, conduct intensive predischarge care coordination, incorporate housing needs during discharge planning, make referrals to community services before discharge, and follow up within 72 hours of discharge. As part of the demonstration, DHCS proposes to provide up to six months of rent or temporary housing for beneficiaries who meet access criteria for behavioral health services and who are homeless or at risk of homelessness after receiving treatment in an institutional setting.

Improving Statewide County Accountability. DHCS proposes to design a transparent monitoring approach to ensure beneficiaries are able to access a wide array of community-based care options. DHCS would amend county mental health plan contracts to: 1) establish key performance expectations and accountability standards, 2) build on goals and standards included in the state's Medi-Cal Comprehensive Quality Strategy and other quality and evaluation initiatives, and 3) outline incentive payment opportunities. DHCS would provide significant support to counties and providers through investments in training and technical assistance through development of COEs and incentive programs. DHCS may also utilize corrective action plans or sanctions for persistent gaps in performance, consistent with existing policies.

County Option to Provide Enhanced Community-Based Services. DHCS proposes to provide counties the option to provide one or more evidence-based, community-based service including:

- Assertive Community Treatment (ACT) – ACT provides a person-centered, comprehensive approach to care with individuals with a serious mental illness, using a multidisciplinary team that typically consists of a psychiatrist, a nurse, case managers, peers, and other professionals.
- Forensic Assertive Community Treatment (FACT) – FACT builds on ACT by making adaptations based on criminal justice issues, particularly by addressing criminogenic risks and needs.
- Coordinated Specialty Care for First Episode Psychosis (CSC-FEP) – CSC-FEP is an evidence-based practice that improves outcomes for youth and young adults following an initial psychotic episode.
- Supported Employment – Supported employment is an evidence-based practice that helps individuals living with serious mental illness obtain and maintain paid competitive jobs through vocational assessment, job-finding assistance, and job skills training.
- Rent/Temporary Housing – DHCS proposes to allow counties to cover rent or temporary housing for up to six months for beneficiaries that meet access criteria for behavioral health services and are homeless or at risk of homelessness.
- Community Health Worker Services – DHCS proposes to cover community health worker services to support county behavioral health providers to perform outreach and support engagement of beneficiaries in behavioral health and treatment services.

County Option to Receive Federal Financial Participation for Short-Tem Stays in IMDs. The CalBH-CBC demonstration allows counties that agree to certain conditions to opt in to receive federal matching funds for services provided during short-term stays in IMDs. Counties must agree to cover the enhanced set of community-based services, reinvest savings generated by federal matching funds into community-based care, and meet robust accountability requirements to ensure IMDs are used only when medically necessary and provide high quality care. DHCS would also establish an incentive program to help counties that opt in to prepare for and sustain implementation of demonstration related services.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: 988 Suicide and Crisis Lifeline (AB 988)

Budget Change Proposal – Governor's Budget. CalHHS, DMHC, and DHCS requests a total of 17.5 positions (7.5 for DMHC and ten for DHCS), and total expenditure authority of $13.2 million ($10.3 million 988 State Suicide and Behavioral Health Crisis Services Fund or 988 Fund, $2.2 million Managed Care Fund, and $773,000 federal funds) in 2023-24, $16 million ($13.2 million 988 Fund, $2.1 million Managed Care Fund, and $728,000 federal funds) in 2024-25, and $16.3 million ($13.2 million 988 Fund, $2.3 million Managed Care Fund, and $728,000 federal funds) annually thereafter. If approved, these positions and resources would support implementation of 988 Crisis Support, pursuant to the requirements of AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022.

Program Funding Request Summary - CalHHS		
Fund Source	**2023-24**	**2024-25**
3414 – 988 State Suicide and BH Crisis Services Fund	$5,500,000	$-
Total Funding Request:	**$5,500,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary - DMHC		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$2,197,000	$2,085,000
Total Funding Request:	**$2,197,000**	**$2,085,000**
Total Requested Positions:	**7.5**	**7.5**

* Additional fiscal year resources requested – 2025-26 and ongoing: $2,302,000.

Program Funding Request Summary - DHCS		
Fund Source	**2023-24**	**2024-25***
0890 – Federal Trust Fund	$773,000	$728,000
3414 – 988 State Suicide and BH Crisis Services Fund	$4,773,000	$13,228,000
Total Funding Request:	**$5,546,000**	**$13,956,000**
Total Requested Positions:	**10.0**	**10.0**

* Positions and resources ongoing after 2024-25.

Background. The National Suicide Hotline Designation Act of 2020 designated 988 as the new three-digit number for the national suicide prevention and mental health crisis hotline. To support the 988 system, the act authorized states to impose a fee on access lines for providing 988 related services. Revenue from the fee must be held in a designated account to be spent only in support of 988 services, including 1) ensuring the efficient and effective routing of calls made to the 988 national suicide prevention and mental health crisis hotline to an appropriate crisis center; and 2) the provision of acute mental health crisis outreach and stabilization by directly responding to the 988 national suicide prevention and mental health crisis hotline.

AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022, implements the 988 system in California, establishing 988 as the three-digit number for the National Suicide Prevention Hotline, which is now known as the 988 Suicide and Crisis Lifeline. Among other provisions, AB 988 requires the following:

- Requires the California Governor's Office of Emergency Services (CalOES) to appoint a 988 system director and convene an advisory board to guide how 988 is implemented and made interoperable with 911, including the creation of a new surcharge for 988 to fund the crisis services.
- Requires CalHHS to participate in the State 988 Technical Advisory Board convened by CalOES no less than quarterly until December 31, 2028.
- Requires CalHHS to convene a state 988 policy advisory group to advise on a set of recommendations for the implementation and administration of the five-year implementation plan for the 988 System;
- Requires CalHHS to convene the state 988 policy advisory group at least quarterly until December 31, 2023. The advisory group may be disbanded at the discretion of the CalHHS, but shall not be disbanded before January 1, 2024.
- Requires health plan and insurer coverage of 988 center services when medically necessary and without prior authorization;
- Establishes a 988 surcharge for the 2023 and 2024 calendar years at $0.08 per access line per month, and for years beginning January 1, 2025, at an amount based on a specified formula, but not greater than $0.30 per access line per month;
- States the intent of the Legislature that, by June 30, 2024, CalHHS and CalOES develop a plan for the statewide coordination of 988, 911, and behavioral health crisis services.
- Specifies the plan will be based on a five-year implementation plan that includes a landscape analysis of existing services and describes how to expand, improve, and link services with the goal of fully implementing the 988 system by January 1, 2030.
- Appropriates $300,000 from the General Fund to the 988 State Suicide and Behavioral Health Crisis Services Fund (previously the State Mental Health and Crisis Services Special Fund) to the Department of Tax and Fee Administration (CDTFA) for purposes of implementing this bill, and
- Contains an urgency clause to verify that the provisions of this bill go into immediate effect upon enactment.

Staffing and Resource Request. CalHHS, DMHC, and DHCS requests a total of 17.5 positions (7.5 for DMHC and ten for DHCS), and total expenditure authority of $13.2 million ($10.3 million 988 State Suicide and Behavioral Health Crisis Services Fund or 988 Fund, $2.2 million Managed Care Fund, and $773,000 federal funds) in 2023-24, $16 million ($13.2 million 988 Fund, $2.1 million Managed Care Fund, and $728,000 federal funds) in 2024-25, and $16.3 million ($13.2 million 988 Fund, $2.3 million Managed Care Fund, and $728,000 federal funds) annually thereafter to support implementation of 988 Crisis Support, pursuant to the requirements of AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022. Specifically, CalHHS, DMHC, and DHCS request the following positions and resources:

CalHHS - $5.5 million 988 Fund, available over five years, for contract resources

- CalHHS requests expenditure authority from the 988 Fund of $5.5 million in 2023-24, available for encumbrance or expenditure until June 30, 2028, to support contract funding to meet 988 requirements. AB 988 requires CalHHS to participate in the State 988 Technical Advisory Board, create a set of recommendations to support a five-year implementation plan for a comprehensive 988 system with input from stakeholders, and incorporate outcomes from proposed statutory changes. CalHHS would utilize this funding to support a contractor to provide: 1) technical and subject matter expertise; 2) robust coordination with local jurisdictions, including county behavioral health and local public safety answering points; 3) stakeholder engagement; 4) public convenings of the State 988 Advisory Group,

5) development and dissemination of communication tools to verify statewide messaging regarding implementation and build out of the 988 system; and 6) performance and administrative duties.

DHCS – 10 positions and expenditure authority of $5.5 million ($4.8 million 988 Fund and $773,000 federal funds) in 2023-24 and $14 million ($13.2 million 988 Fund and $728,000 federal funds) annually thereafter.

- **Five Associate Governmental Program Analysts (AGPAs)** would implement aspects of the 988 Suicide Crisis Lifeline that impact Medi-Cal and county behavioral health programs; prepare training materials; conduct research and develop policy recommendations; facilitate stakeholder engagement; develop and submit notices and bulletins; seek necessary federal approvals; serve as program liaison to evaluate and monitor counties to verify compliance with state and federal requirements; provide technical assistance to counties; provide oversight of counties' progress; perform analytical activities as the primary contact between DHCS and county behavioral health programs; represent DHCS and participate in the state 988 Advisory Committee; and contribute to the development and provide data and content for reports to the Legislature.
- **Three Health Program Specialist I** positions would coordinate development and implementation of provider network and timely access requirements based on the recommendations of the state 988 Advisory Committee to verify timely response to mobile crisis events; interface with the County Behavioral Health Directors Association and California's 13 crisis centers; establish compliance thresholds for provider and timely response standards for mobile crisis services; develop policy guidance; compose reports for program compliance; evaluate and report impacts; establish processes for corrective actions to verify local compliance; provide technical assistance; perform project management; and serve as a high-level program liaison.
- **One Health Program Specialist II** position would perform a variety of high-level analytical activities; serve as a highly specialized expert program advisor and liaison to the CalHHS workgroup; lead, organize, and facilitate complex external and internal stakeholder workgroups and trainings; analyze and evaluate 988 system performance data to recommend monitoring and corrective activities; and collaborate with cross-divisional and departmental project leads and leadership related to the 988 system.
- **One Research Data Specialist II** position would serve as DHCS lead regarding analysis and evaluation of 988 system performance data; serve as technical and subject matter expert on policy related to 988; provide policy recommendations on the development, implementation, administration, monitoring, and evaluation of programming related to 988; and conduct independent research.

Included in this request for DHCS is expenditure authority from the 988 Fund of $4 million in 2023-24 and $12.5 million annually thereafter to support eligible 988 call center services.

DMHC – 7.5 positions and expenditure authority from the Managed Care Fund of $2.2 million in 2023-24, $2.1 million in 2024-25, and $2.3 million annually thereafter.

- **One Assistant Chief Counsel** would oversee and direct staff counsel, including managing workflow, delegating assignments and monitoring work performance.
- **One Attorney IV** position would oversee implementation workgroups, provide guidance to other attorneys, and coordinate with other DMHC offices as regulations are developed; provide ongoing

legal review and guidance to health plans; and oversee the review of health plan material modification filings.

- **One Attorney IV** position would evaluate cases, draft responses, and send investigative discoveries during referrals, as well as, recommend a course of enforcement action.
- **2.5 Attorney III** positions would conduct plan surveys and provide legal guidance related to 988 requirements and participate in implementation workgroups and other forums.
- **Two Health Program Specialist II** positions would assist in the development of the survey methodology and assessment tools, prepare reports and supporting documents, review health plan amendment filings, and conduct analysis of health plan information and data.
- DMHC also requests expenditure authority from the Managed Care Fund of $343,000 in 2023-24, $297,000 in 2024-25, and $514,000 annually thereafter to support a clinical consultant to review health plan filings to evaluate whether plan policies support coverage of the scope of behavioral health crisis services required by AB 988.

Trailer Bill Language Proposal. CalHHS, DMHC, and DHCS also propose trailer bill language to make amendments to the original statutory requirements implemented by AB 988. Specifically, the language would:

- Conform the definition of "988" with federal requirements.
- Prioritize funding from the 988 surcharge.
- Align requirements of workgroup recommendations with DHCS' definition of mobile crisis.
- Provide contract exemption language to avoid delays in executing contracts for 988 call centers.
- Align commercial and Medi-Cal coverage, as well as insurance products, in coverage of necessary behavioral health services.
- Clarify health plan requirements to cover 988 services pre- and post-stabilization.
- Delay the deadline for CalHHS to create a set of recommendations to support a five year implementation plan, from December 2023 to December 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested CalHHS, DMHC, and DHCS to respond to the following:

1. Please provide a brief overview of this staffing and resource request.

2. Please provide a brief overview and rationale for the components of the proposed trailer bill language.

Issue 4: Community Assistance, Recovery, and Empowerment (CARE) Act

Budget Change Proposal – Governor's Budget. DHCS requests two positions and General Fund expenditure authority of $5 million annually. If approved, these positions and resources would support implementation of the Community Assistance, Recovery, and Empowerment (CARE) Court Supporter Programs, pursuant to SB 1338 (Umberg and Eggman), Chapter 319, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$5,000,000	$5,000,000
Total Funding Request:	**$5,000,000**	**$5,000,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. SB 1338 (Umberg and Eggman) Chapter 319, Statutes of 2022, the Community Assistance, Recovery, and Empowerment (CARE) Act, is a new civil court process to deliver community-based behavioral health services and supports to Californians living with untreated schizophrenia spectrum or other psychotic disorders. The CARE Act is intended to serve as an upstream intervention for the most severely impaired Californians to prevent avoidable psychiatric hospitalizations, incarcerations, and conservatorships under the Lanterman-Petris-Short (LPS) Act. The CARE Act connects a person in crisis with a court-ordered care plan for up to 12 months, with the possibility to extend for an additional 12 months.

DHCS is responsible for providing training and technical assistance for counties regarding the CARE Act process, CARE Act agreement and plan services and supports, supported decision-making, the supporter role, trauma-informed care, elimination of bias, psychiatric advance directives, family psychoeducation, and data collection. DHCS is also responsible for providing training and technical assistance for volunteer supporters in the CARE Court process. Supporters are individuals that assist a CARE Court participant to understand, consider, and communicate decisions, and give the participant the tools to make self-directed choices to the greatest extent possible. Other DHCS responsibilities under the CARE Act include development of an annual CARE Act report in consultation with state and local agencies and other stakeholders; develop an independent evaluation of the effectiveness of the CARE Act in consultation with counties, CARE courts, racial justice experts and other stakeholders; and produce a preliminary and final report based on the evaluation.

Staffing and Resource Request. DHCS requests two positions and General Fund expenditure authority of $5 million annually to support implementation of the Community Assistance, Recovery, and Empowerment (CARE) Court Supporter Programs, pursuant to SB 1338 (Umberg and Eggman), Chapter 319, Statutes of 2022. Specifically, DHCS requests the following positions and resources:

Program Data Reporting Division – One position

- **One Research Data Specialist III** position would coordinate with DHCS divisions, the technical assistance contractor, and the evaluation contractor to establish performance measures, create a web-based data collection system, and create data specifications; work with the contractors to monitor data collection by counties to verify timely data submission and data completeness and provide technical

assistance; coordinate with the contractors and other DHCS divisions on the development and publication of the annual report; and support the contractors with data collection, reporting, and evaluation of the Supporter Program.

Quality and Population Health Management – One position

- **One Associate Governmental Program Analyst** would draft, amend, and manage the evaluation contract with the required external evaluator and work with the contractor, behavioral health program staff, and data staff to coordinate the flow of data to the evaluation contractor and the development and DHCS review of the external evaluation; work with the contractor and other DHCS divisions to coordinate the development and DHCS review of the annual report to the Legislature; and support the contractors with data collection, reporting, and evaluation of the Supporter Program.

Medi-Cal Behavioral Health Division – Contract resources of $4.7 million annually

- DHCS requests General Fund expenditure authority of $4.7 million annually to support a contractor to implement training and technical assistance related to implementation, data collection, reporting, and evaluation of the Supporter Program. Specifically, the contractor would provide comprehensive training and technical assistance regarding Supporters on CARE Act proceedings, community services and supports, supported decision-making, people with behavioral health conditions, trauma-informed care, and psychiatric advance directives; assist DHCS in developing guidance for counties on implementing the CARE Court program and statute, including requirements for qualified mental health professionals related to status conferences and coordination of needed behavioral health and social services; monitor that counties are implementing ongoing quality assurance and quality improvement efforts as lessons are learned early in program implementation; and providing recommendations on policies that should be standardized state-wide versus policies that should be locally adapted; provide comprehensive technical assistance and training regarding data collection, analysis, reporting assistance, and correcting reporting inaccuracies; assist DHCS with developing data collection processes, and creating necessary reporting tools, such as automated forms, a data dictionary and specifications; assist DHCS in establishing performance measures; provide data submitters with support and prompt response to data submission questions; provide annual quality assurance review of reporting and collection analysis; develop and deliver training and technical assistance on topics, including but not limited to: performance standards, program outcomes, reporting, data collection, analysis, and automated reporting tools; provide assistance with methods and technical solutions to support automated reporting; and lead the development and publication of the annual report.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Budget Solution – Delay Behavioral Health Continuum Infrastructure and Bridge Housing

Budget Solution – Governor's Budget. DHCS requests to delay implementation of previously approved funding for the Behavioral Health Continuum Infrastructure Program and Behavioral Health Bridge Housing.

Behavioral Health Continuum Infrastructure Program. The 2021 Budget Act included expenditure authority of $755.7 million ($445.7 million General Fund and $310 million Coronavirus Fiscal Recovery Fund or CFRF) in 2021-22, $1.4 billion ($1.2 billion General Fund and $220 million CFRF) in 2022-23 and $2.1 million General Fund in 2023-24 for competitive grants to qualified entities to construct, acquire, and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. Of this amount, $150 million was made available to support mobile crisis infrastructure, along with $55 million in federal grant funds from the Substance Abuse and Mental Health Services Administration (SAMHSA), for a total investment of $205 million. DHCS announced the BHCIP funding would be released in six rounds, as follows:

- Round 1: Mobile Crisis - $205 million
- Round 2: County and Tribal Planning Grants - $16 million
- Round 3: Launch Ready - $518.5 million
- Round 4: Children and Youth - $480.5 million
- Round 5: Behavioral Health Needs Assessment Phase One - $480 million
- Round 6: Behavioral Health Needs Assessment Phase Two - $480 million

The following facility types may be considered for project funding through BHCIP:

- Community wellness centers
- Hospital-based outpatient treatment (e.g. outpatient detox or withdrawal management)
- Intensive outpatient treatment
- Narcotic Treatment Programs (NTPs)
- NTP medication units
- Office-based outpatient treatment
- Sobering centers
- Acute inpatient hospitals – medical detox or withdrawal management
- Acute psychiatric inpatient facilities
- Adolescent residential treatment facilities for substance use disorders (SUD)
- Adult residential treatment facilities for SUD
- Chemical dependency recovery hospitals
- Children's crisis residential programs (CCRPs)
- Community treatment facilities (CTFs)
- Crisis stabilization units (CSUs)
- General acute care hospitals (GACHs) and acute care hospitals (ACHs)
- Mental health rehabilitation centers (MHRCs)
- Psychiatric health facilities (PHFs)
- Short-term residential therapeutic programs (STRTPs)

- Skilled nursing facilities with special treatment programs (SNFs/STPs)
- Social rehabilitation facilities (SRF)
- Peer respite
- Recovery residence/sober living homes

Funding may also be used for mobile crisis infrastructure.

Due to the General Fund shortfall, the Governor's January budget proposes to delay Round 6 of BHCIP funding, previously scheduled to be awarded in 2022-23, until 2024-25 and 2025-26.

Behavioral Health Bridge Housing. The 2022 Budget Act included General Fund expenditure authority of $1 billion in 2022-23 and $500 million in 2023-24 to support bridge housing projects to address the immediate housing and treatment needs of people experiencing unsheltered homelessness with serious behavioral health conditions. Funding will be administered through the BHCIP process and used to purchase and install tiny homes with time-limited operational supports, as well as other bridge housing settings, such as assisted living. DHCS expects county behavioral health departments and Medi-Cal managed care plans to improve coordination to serve people with acute behavioral health challenges and those needing housing, treatment, and services, including medication, peer and family supports.

Due to the General Fund shortfall, the Governor's January budget proposes to delay $250 million the $500 million of funding, scheduled to be awarded in 2023-24, until 2024-25.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of these proposed budget solutions.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: CalAIM Behavioral Health Payment Reform

Local Assistance and Trailer Bill Language – Governor's Budget. DHCS requests General Fund expenditure authority of $45.4 million in 2022-23 and $19.5 million in 2023-24. If approved, these resources would allow DHCS to support county implementation of Behavioral Health Payment Reform system changes as part of the California Advancing and Innovating Medi-Cal (CalAIM) initiative. DHCS also requests General Fund expenditure authority of $375 million in 2023-24 and proposes trailer bill language to authorize transition of county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGTs), and to establish the Medi-Cal County Behavioral Health Fund to receive IGTs from counties to serve as the non-federal share of Medi-Cal behavioral health services.

Program Funding Request Summary – BH-QIP System Changes		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$45,396,000	$19,456,000
Total Funding Request:	**$45,396,000**	**$19,456,000**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary – Transfer to Medi-Cal County Behavioral Health Fund		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$-	$375,000,000
Total Funding Request:	**$-**	**$375,000,000**
Total Requested Positions:	**0.0**	**0.0**

Background. The 2022 Budget Act included General Fund expenditure authority of $21.8 million in 2021-22 and $45.4 million in 2022-23 to support the Behavioral Health Quality Improvement Program (BH-QIP), as part of behavioral health payment reform efforts under the California Advancing and Innovating Medi-Cal (CalAIM) initiative. CalAIM seeks to reform behavioral health payment methodologies in a multi-step process from the current cost-based reimbursement process to a rate-based and value-based structure using intergovernmental transfers to fund the non-federal share of services. The first step in the process, supported by the BH-QIP, will transition behavioral health services from the current claims coding system, Healthcare Common Procedure Coding System (HCPCS) Level II, to HCPCS Level I. According to DHCS, this transition will allow for more granular claiming and reporting of services provided, as well as more accurate reimbursements.

DHCS expects that, concurrent with the transition to HCPCS Level I, DHCS will transition to a rate-setting process for behavioral health services by peer groups of counties with similar costs of doing business. The non-federal share of rates would be provided by counties via intergovernmental transfer (IGT), rather than the current, cost-based certified public expenditure (CPE) process. DHCS would make annual updates to established rates to ensure reimbursement reflects the costs of providing services. DHCS would, at first, make payments to counties on a monthly basis, and would eventually transition to a quarterly payment schedule.

CalAIM also modified the previous medical necessity criteria for behavioral health services to ensure behavioral health needs are being addressed and guided to the most appropriate delivery system as well as provide appropriate reimbursement to counties. These changes separate the concept of eligibility for services from that of medical necessity, allowing counties to provide services to meet a beneficiary's behavioral health needs prior to diagnosis of a covered condition, clarify that treatment in the presence of a co-occurring substance use disorder is appropriate and reimbursable when medical necessity is met, implement a standardized screening tool to facilitate accurate determinations of which delivery system (specialty mental health, Medi-Cal managed care, or Medi-Cal fee-for-service) is most appropriate for care, implement a "no wrong door" policy to ensure beneficiaries receive medically necessary treatment regardless of the delivery system in which they seek care, and make other revisions and technical corrections. These changes will ensure that eligibility criteria, largely being driven by level of impairment as well as diagnosis or a set of factors across the bio-psycho-social continuum, will be the driving factor for determining the delivery system in which a beneficiary should receive services. DHCS has been phasing in these changes since January 1, 2022.

Local Assistance and Trailer Bill Language Proposal – Behavioral Health Payment Reform. DHCS requests General Fund expenditure authority of $375 million in 2023-24 and proposes trailer bill language to authorize transition of county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGTs), and to establish the Medi-Cal County Behavioral Health Fund to receive IGTs from counties to serve as the non-federal share of Medi-Cal behavioral health services. AB 133 (Committee on Budget), Chapter 143, Statutes of 2021, authorized this transition no sooner than July 1, 2022. According to DHCS, the transition would occur beginning July 1, 2023. To address counties' cash flow concerns, $375 million of General Fund would be deposited in the fund initially to provide counties support for the non-federal share of behavioral health services during the first 90 days after implementation of payment reform. After the first 90 days, counties would begin using intergovernmental transfers on an ongoing basis.

The proposed trailer bill language would:

- Establish the Medi-Cal County Behavioral Health Fund, continuously appropriated to DHCS to for the purpose of implementing CalAIM Behavioral Health Payment Reform.
- Authorizes counties to elect to have the Controller transfer to the fund, pursuant to schedules provided by the Department of Finance in consultation with DHCS and counties, the following funds on a monthly or quarterly basis:

    - 1991 Realignment Funding – Mental Health Subaccount
    - 2011 Realignment Funding – Behavioral Health Subaccount
    - Mental Health Services Act Funding (Proposition 63)

The transfer from the Controller is intended to allow counties to deposit their intergovernmental transfer amounts directly into the fund from funding streams that would typically be transferred to the counties directly. Counties that do not elect to participate in the transfer authorized by the proposed trailer bill language would transmit the appropriate funds after receipt from the controller.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief status update of recent progress and implementation milestones for CalAIM Behavioral Health Payment Reform.

Issue 2: Enhanced Lanterman-Petris-Short Act Data and Reporting (SB 929)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests ten positions and expenditure authority of $2.4 million ($1.2 million General Fund and $1.2 million federal funds) in 2023-24 and $1.6 million ($780,000 General Fund and $780,000 federal funds) annually thereafter. If approved, these positions and resources would support expansion of data collection and reporting requirements for involuntary detentions under the Lanterman-Petris-Short (LPS) Act, pursuant to the requirements of SB 929 (Eggman), Chapter 539, Statutes of 2022.

DHCS also proposes trailer bill language to require treatment facilities to report expanded LPS data to counties, instead of directly to DHCS, and impose civil money penalties for non-compliance with data reporting requirements.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,200,000	$780,000
0890 – Federal Trust Fund	$1,200,000	$780,000
Total Funding Request:	**$2,400,000**	**$1,560,000**
Total Requested Positions:	**10.0**	**10.0**

***** Positions and resources ongoing after 2024-25.

Background. The Lanterman-Petris-Short (LPS) Act governs the involuntary detention of a person found to be a danger to themselves or to others, or who is gravely disabled, for various periods of time for evaluation and treatment. The LPS Act was intended to end the inappropriate, indefinite, and involuntary commitment of individuals with mental health disorders, developmental disabilities, and substance use disorders, as well as to safeguard a person's rights, provide prompt evaluation and treatment, and provide services in the least restrictive setting appropriate to the needs of each person.

DHCS is responsible for the approval of facilities designated by counties for 72 hour treatment and evaluation under the LPS Act, as well as the Children's Civil Commitment and Mental Health Treatment Act of 1988. The LPS Act established various types of involuntary holds, including the 72 hour hold authorized by Welfare and Institutions Code Section 5150, which allows certain individuals, including peace officers, to commit a person for involuntary detention for up to 72 hours for evaluation and treatment in an LPS designated facility if the person is determined to be a danger to themselves or to others, or is gravely disabled. The LPS Act allows for additional types of involuntary holds under certain criteria, and may result in the establishment of a conservatorship.

SB 929 (Eggman), Chapter 539, Statutes of 2022, expands the data DHCS is required to collect and publish regarding involuntary detentions under the LPS Act. Currently, DHCS is required to collect and publish annually quantitative information about LPS Act holds, including:

- The number of persons admitted for 72 hour evaluation and treatment, 14 day and 30 day periods of intensive treatment, and 180 day post certification intensive treatment.
- The number of persons transferred to mental health facilities.
- The number of persons for whom temporary conservatorships are established.

- The number of persons for whom conservatorships are established in each county.

In addition to this information, SB 929 requires DHCS to collect and publish the following information:

- The number of persons admitted or detained either once, between two and five times, between six and eight times, and greater than eight times for each type of detention (72 hours, 14 day, 30 day, and 180 day).
- The clinical outcomes for specified individuals, including the services provided or offered to them.
- Waiting periods for individuals prior to receiving an evaluation in a designated and approved facility, and waiting periods for individuals prior to receiving treatment services in a designated facility, including the reasons for the waiting periods.
- The date and time of service and release from emergency care, if the source of admission is an emergency department.
- Demographic data of those receiving care.
- The number of all county-contracted beds.
- Analysis and evaluation of the efficacy of mental health assessments, detentions, treatments, and supportive services provided both under the LPS Act and subsequent to release, and recommendations for improvements.
- An assessment of the disproportionate use of detentions and conservatorships on various groups.
- Progress made on implementing recommendations from prior reports.

SB 929 also requires county behavioral health directors and facilities to provide the necessary data directly to DHCS in a form and manner, and according to timelines, prescribed by DHCS. The goals of this data collection effort are to: 1) ensure criteria for involuntary detention or conservatorship are consistently implemented by counties; 2) identify different approaches between counties implementing the LPS Act; 3) determine funding sources utilized for involuntary holds and whether funding is a barrier to implementing the LPS Act; and 4) determine the availability of treatment resources in each county.

Staffing and Resource Request. DHCS requests ten positions and expenditure authority of $2.4 million ($1.2 million General Fund and $1.2 million federal funds) in 2023-24 and $1.6 million ($780,000 General Fund and $780,000 federal funds) annually thereafter to support expansion of data collection and reporting requirements for involuntary detentions under the Lanterman-Petris-Short (LPS) Act, pursuant to the requirements of SB 929 (Eggman), Chapter 539, Statutes of 2022. Specifically, DHCS requests the following positions and resources:

Business Operations Technology Services Division – Two positions and $750,000 contract resources

- **One Information Technology (IT) Specialist II** position would lead the technical delivery team to ensure adherence to technical engineering requirements for design, development, testing, system performance, security, and operability, and support possible integrations; coordinate meetings and communication with stakeholders, program experts, system developers, and consultants; monitor and prepare necessary system documentation; work with various department teams to address infrastructure upgrades; address business stakeholders' ad hoc reporting needs and production issues; analyze business process improvements and implement system enhancements; document problems and concerns, and track issues; and provide direct end user customer training.

- **One IT Specialist I** position would provide oversight and technical direction on the work efforts, including overall planning and scheduling; work closely with business stakeholders to analyze, define, and document requirements for impacted systems; validate business requirements; develop and capture business specifications; conduct risk assessments; report to senior management and act as liaison between stakeholders and other technical staff; provide subject matter expertise and enlist other subject matter experts as needed to design and develop code related to impacted systems, while ensuring system design aligns with privacy rules.
- Contract resources of $750,000 ($375,000 General Fund and $375,000 federal funds) in 2023-24 would support and provide technical leadership and specialized subject-matter expertise for planning and delivery of the technology components, including project management, discovery, architecture, development, design, documentation, and all other activities associated with building and implementing the new system or modifying existing systems.

Data Analytics Division – Three positions

- **Three Research Data Specialist II** positions would develop and implement analytic methodologies for data submitted by counties for the LPS Act; process and monitor the data submitted by counties and designated facilities; develop methodologies for reporting and are responsible for compiling the stratified data according to LPS Act data requirements; de-identify data and provide technical assistance to counties on data collection, timely submission, and refinement of data measures; and provide data and reports for ad hoc requests related to the LPS Act.

Licensing and Certification Division – Five positions

- **One Staff Services Manager I** position would direct the work of the LPS unit in carrying out the monitoring and oversight of LPS data collection; provide oversight, training, and technical assistance to staff regarding data report processes and procedures, relevant statutory requirements, annual reports to the Legislature, and legislative bill analyses impacting counties and designated facilities; manage workload, handle complex reviews, report to leaderships, interact with stakeholders, develop efficient processes; manage and coordinate civil monetary sanctions for untimely reports; consult and train providers and county staff; and draft responses to inquiries from cities, counties, and the Legislature.
- **Four Associate Governmental Program Analysts** would prepare reports of findings; follow up on compliance actions or plans of correction; analyze legislative initiatives related to LPS data; draft information notices, provider bulletins, and policies and procedures for data requirements and consequences for failure to report; maintain LPS designated and approved facility lists; prepare legislative analysis and reports; coordinate with facility providers and counties; respond to public inquiries; establish a formal appeal process for civil monetary sanctions; and analyze mental health legislation and draft budget change proposals and other documents.

Trailer Bill Language Proposal – Amendments to SB 929. DHCS proposes trailer bill language to require treatment facilities to report expanded LPS data to counties, instead of directly to DHCS, and impose civil money penalties for non-compliance with data reporting requirements. Specifically, the language would: 1) require LPS designated facilities and other reportable entities to transmit data to their county, rather than directly to DHCS; and 2) impose civil monetary penalties for non-compliance, subject to an appeals process. Penalty revenue would be deposited into a new continuously appropriated special fund to support implementation of SB 929.

According to DHCS, the change in data flow for facilities is necessary as DHCS does not have authority over the entities that initiate LPS holds. In addition, DHCS reports the ability to impose civil monetary penalties for non-compliance with data submission requirements is necessary to enforce these requirements.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview this proposed staffing and resource request.

2. Please provide a brief overview of the rationale for the changes included in the proposed trailer bill language.

Issue 3: Care Coordination for Individuals Exiting Temporary Holds/Conservatorships (AB 2242)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $304,000 ($152,000 General Fund and $152,000 federal funds) in 2023-24 and $286,000 ($143,000 General Fund and $143,000 federal funds) annually thereafter. If approved, these positions and resources would support a statewide model care coordination plan for implementation by all facilities designated by counties and approved by DHCS for involuntary detainment, evaluation, and treatment of adults and minors, pursuant to the requirements of AB 2242 (Santiago), Chapter 867, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$152,000	$143,000
0890 – Federal Trust Fund	$152,000	$143,000
Total Funding Request:	**$304,000**	**$286,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. The Lanterman-Petris-Short (LPS) Act governs the involuntary detention of a person found to be a danger to themselves or to others, or who is gravely disabled, for various periods of time for evaluation and treatment. The LPS Act was intended to end the inappropriate, indefinite, and involuntary commitment of individuals with mental health disorders, developmental disabilities, and substance use disorders, as well as to safeguard a person's rights, provide prompt evaluation and treatment, and provide services in the least restrictive setting appropriate to the needs of each person.

DHCS is responsible for the approval of facilities designated by counties for 72 hour treatment and evaluation under the LPS Act, as well as the Children's Civil Commitment and Mental Health Treatment Act of 1988. The LPS Act established various types of involuntary holds, including the 72 hour hold authorized by Welfare and Institutions Code Section 5150, which allows certain individuals, including peace officers, to commit a person for involuntary detention for up to 72 hours for evaluation and treatment in an LPS designated facility if the person is determined to be a danger to themselves or to others, or is gravely disabled. The LPS Act allows for additional types of involuntary holds under certain criteria, and may result in the establishment of a conservatorship.

Currently, individuals placed on LPS holds receive services including assessment and clinical evaluation, ongoing crisis intervention, or placement for intensive evaluation and treatment. LPS designated and approved facilities are required to develop referral plans and aftercare services for individuals exiting a hold or conservatorship. However, frequently there is a lack of coordination between treatment facilities, counties, courts, and public conservators around the care and treatment provided to individuals after an involuntary hold.

AB 2242 (Santiago), Chapter 867, Statutes of 2022, requires an individual detained involuntarily under the LPS Act to receive a care coordination plan developed by, at a minimum, the individual, the facility, the county behavioral health department, the health care payer, and any other persons designated by the individual. The plan must include a first follow-up appointment with a health plan, mental health plan, primary care provider, or another appropriate provider. In addition, AB 2242 requires DHCS to convene a stakeholder group, on or before December 1, 2023, to create a model care coordination plan to be

followed when discharging individuals under LPS Act holds. The stakeholder group must include, at a minimum, the County Behavioral Health Directors Association, the California Chapter of the American College of Emergency Physicians, the California Hospital Association, Medi-Cal managed care plans, private insurance plans, organizations representing LPS Act facilities, and any other appropriate entities, agencies, or organizations representing individuals under an LPS hold. The model care coordination plan must outline who will be on the care team and how communication will occur to coordinate care, and counties are required to ensure a care coordination plan ensures continuity of services and care in the community for all individuals exiting LPS holds or conservatorships.

DHCS would be required to convene the stakeholder group and ensure LPS facilities implement the model care coordination plan. According to DHCS, it would need to provide technical assistance and oversight to ensure compliance from the 190 LPS designated and DHCS approved facilities, comprising a total of 7,133 beds.

Staffing and Resource Request. DHCS requests two positions and expenditure authority of $304,000 ($152,000 General Fund and $152,000 federal funds) in 2023-24 and $286,000 ($143,000 General Fund and $143,000 federal funds) annually thereafter to support a statewide model care coordination plan for implementation by all facilities designated by counties and approved by DHCS for involuntary detainment, evaluation, and treatment of adults and minors, pursuant to the requirements of AB 2242 (Santiago), Chapter 867, Statutes of 2022. Specifically, DHCS requests the following positions:

- **One Health Program Specialist I** position would be responsible for working with stakeholders to develop the model plan; coordinating the stakeholder communication process; overseeing the implementation of the provisions and tasks associated with the state level review and oversight implementation of the model plan; analyze associated mental health regulations; draft information notices and policies related to model plans and the continuity of services; work closely with stakeholders in the updating and reviewing of associated regulations to ensure successful implementation of AB 2242 requirements; provide ongoing training and technical assistance to counties and all LPS-designated and approved facilities to improve the quality of client care and treatment; be accountable for various administrative tasks, including but not limited to, legislative analysis and reports, and responding to inquiries by phone or in writing; coordinate the guidance for the new reporting requirements to facilitate successful implementation of AB 2242; and provide continuing consultation to counties and providers regarding model CCP requirements and implementation.
- **One Associate Governmental Program Analyst** would assist in coordinating the stakeholder engagement process; be responsible for developing materials and guidance for the statewide model plan coordination; update and review of associated regulations to ensure successful implementation of AB 2242 requirements; assist in providing ongoing training and technical assistance to counties and all LPS-designated and approved facilities to improve the quality of client care and treatment; draft information notices and policies related to care coordination plans and the continuity of services; provide ongoing consultation to counties and providers regarding model plan requirements and implementation.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Specialty Mental Health Services – Foster Youth Presumptive Transfer (AB 1051)

Budget Change Proposal – Governor's Budget. DHCS requests five positions and expenditure authority of $764,000 ($382,000 General Fund and $382,000 federal funds) in 2023-24 and $719,000 ($360,000 General Fund and $359,000 federal funds) annually thereafter. If approved, these positions and resources would support assistance to foster children placed outside of their county of original jurisdiction to access specialty mental health services, consistent with the requirements of AB 1051 (Bennett), Chapter 402, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$382,000	$360,000
0890 – Federal Trust Fund	$382,000	$359,000
Total Funding Request:	**$764,000**	**$719,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. Currently, for foster children that are placed outside their county of original jurisdiction, responsibility to provide for specialty mental health services is presumptively transferred from the county of original jurisdiction to the county of residence, unless presumptive transfer is waived. When a presumptive transfer occurs, the county of original jurisdiction may make payments to the out-of-county provider under an existing contract, or the county may enter into a comprehensive contract with the out-of-county provider. However, if no contract exists, the county of original jurisdiction may enter into an agreement with the county of residence to reimburse the county of residence for reimbursement of the out-of-county provider.

AB 1051 (Bennett), Chapter 402, Statutes of 2022, changes presumptive transfer requirements as follows:

- Defines "foster child" to mean Medi-Cal eligible children up to age 21 who have been placed in foster care.
- Prohibits presumptive transfer for specialty mental health services provided to foster children placed outside of their county of original jurisdiction.
- Specifies a 30 day timeframe for the county of original jurisdiction and the county of residence to enter into an agreement for payment of services if no contract or payment agreement exists.
- Requires DHCS to promulgate regulations by July 1, 2027.
- Requires DHCS to seek federal approval, if necessary, for these changes.
- Requires DHCS and the California Department of Social Services (CDSS) to collect certain information on the receipt of specialty mental health services by foster children placed out-of-county and requires this information to be included in DHCS' specialty mental health services performance dashboard.

Staffing and Resource Request. DHCS requests five positions and expenditure authority of $764,000 ($382,000 General Fund and $382,000 federal funds) in 2023-24 and $719,000 ($360,000 General Fund and $359,000 federal funds) annually thereafter to support assistance to foster children placed outside of their county of original jurisdiction to access specialty mental health services, consistent with the

requirements of AB 1051 (Bennett), Chapter 402, Statutes of 2022. Specifically, DHCS requests the following positions:

Data Analytics Division – One position

- **One Research Data Specialist II** position would perform a broad range of complex data analysis and related functions; represent DHCS in coordinating complex research projects and activities; and independently perform complex data analysis in response to ad hoc research and reporting requests utilizing business intelligence software programs to query, validate, format, and organize structured and unstructured data to forecast trends and assess potential impact in areas where changes are being implemented and a body of knowledge or experience does not exist.

Medi-Cal Behavioral Health Division – Four positions

- **Two Health Program Specialist I** positions would serve as lead subject matter experts; conduct complex analytical work developing various letters and notices; engage CDSS in the development of data collection tools for foster children placed outside of their county of original jurisdiction; provide data to be included in DHCS dashboards; work with the County Behavioral Health Directors Association and California Alliance of Child and Family Services to create a standardized contract template for use by group homes or short-term residential treatment programs (STRTPs); perform research and provide technical consultation on new systems and processes developed to determine compliance with timely access standards; conduct special studies and perform complex research in response to inquiries; and analyze data to identify statewide trends and patterns of non-compliance for foster children.
- **Two Associate Governmental Program Analysts** would analyze county data and documentation submitted by county plans to determine compliance with timely access requirements; develop reporting templates and tools to collect necessary data to determine compliance with timely access requirements; provide technical assistance to counties and other stakeholders regarding AB 1051 requirements; and prepare detailed reports and complex data displays.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Children's Psychiatric Treatment Facilities (AB 2317)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests 15 positions and expenditure authority of $2.6 million ($1.2 million General Fund and $1.3 million federal funds) in 2023-24 and $2.6 million ($1.3 million General Fund and $1.4 million federal funds) annually thereafter. If approved, these positions and resources would support establishment and oversight of a new licensing category, a Psychiatric Residential Treatment Facility, pursuant to the requirements of AB 2317 (Ramos), Chapter 589, Statutes of 2022. DHCS also proposes trailer bill language to align interdisciplinary team member requirements with federal statutes and other technical changes.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,223,000	$1,262,000
0890 – Federal Trust Fund	$1,342,000	$1,377,000
Total Funding Request:	**$2,565,000**	**$2,639,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

Background. DHCS is responsible for licensing, certification, and oversight of mental health programs, including verification of compliance with licensing and program certification requirements, and implementation of civil, monetary, and legal sanctions for non-compliance. DHCS is responsible for oversight of the entire range of 24 hour psychiatric and rehabilitation care facilities, including psychiatric health facilities, mental health rehabilitation centers, and skilled nursing facilities/special treatment programs. DHCS is also responsible for the approval of facilities designated by counties for 72 hour treatment and evaluation under the LPS Act, as well as the Children's Civil Commitment and Mental Health Treatment Act of 1988.

Continuum of Care Reform, an effort begun under the Brown Administration, moved the state away from placing children in group homes, and created a new licensure category, the Short-Term Residential Therapeutic Program (STRTP), to provide a solution to the acute shortage of residential programs that provide psychiatric treatment services for children and youth. However, the federal Centers for Medicare and Medicaid Services (CMS) determined that STRTPs are not exempt from rules governing Institutes for Mental Disease (IMDs) and DHCS must review STRTPs to conduct an IMD determination by December 31, 2022. STRTPs determined to be IMDs would lose federal matching funds for Medi-Cal children placed in those facilities.

AB 2317 (Ramos), Chapter 589, Statutes of 2022, establishes Psychiatric Residential Treatment Facilities (PRTFs) as a new category of residential health facilities licensed by DHCS. DHCS must collaborate with the California Department of Social Services (CDSS) and stakeholders to establish regulations and certifications consistent with CMS regulations to maximize federal matching funds. AB 2317 also requires PRTFs to conform with existing laws pertaining to aftercare plans, confidential information sharing, background checks, seclusion and restraint, serious and unusual occurrences, and judicial review of placement of patients in PRTFs. DHCS proposes to begin implementation of licensing PRTF requirements no later than July 1, 2023.

Staffing and Resource Request. DHCS requests 15 positions and expenditure authority of $2.6 million ($1.2 million General Fund and $1.3 million federal funds) in 2023-24 and $2.6 million ($1.3 million General Fund and $1.4 million federal funds) annually thereafter to support establishment and oversight of a new licensing category, a Psychiatric Residential Treatment Facility, pursuant to the requirements of AB 2317 (Ramos), Chapter 589, Statutes of 2022. Specifically, DHCS requests the following positions:

Licensing and Certification Division – 11 positions

- **One Staff Services Manager III** position would oversee the Licensing Branch 3 unit with oversight over PRTFs; provide oversight and personnel management of the branch; plan, organize, monitor, and oversee statewide PRTF licensing; develop policies to guide the development of operational protocols, regulations, and policy letters for the licensure of PRTFs; receive PRTF federal and state regulations and statutory mandates and translate them into policies and procedures for counties and providers; resolve differences in policy interpretation and implementation; provide guidance for delivery and comprehensive oversight and monitoring of PRTFs; and adhere to state and federal laws, regulations, policies, and guidelines.
- **One Staff Services Manager II** position would direct and oversee the Mental Health Licensing Section 1; provide oversight and personnel management of the section; plan, organize, monitor, and oversee statewide licensing for PRTFs; communicate with upper management regarding status of licensing approvals; provide recommendations on areas of concern; direct and coordinate the review process for licensing reviews; supervise the section to meet PRTF obligations; address complex issues; collaborate with the Department of Public Health (CDPH) and county behavioral health departments, providers, and other stakeholders to provide accurate updates to the Legislature; and accurately maintain and organize PRTF data to regularly brief management and executive staff.
- **One Staff Services Manager I** position would direct the work of the PRTF licensing unit; manage and coordinate each PRTF licensing application; provide oversight, training, and technical assistance to staff regarding PRTF licensing processes and procedures, relevant statutory requirements, and legislative bill analyses impacting PRTFs; manage workload, handle complex reviews, and develop efficient processes so the section can meet statutory timeframes; conduct complex PRTF licensing reviews for facilities that have a history of being problematic and have been identified as being "high risk"; serve as the liaison to the Program Certification Unit in responding to inquiries from stakeholders and government agencies; collaborate with providers, the counties, and other stakeholder groups; provide accurate updates to legislature as necessary; and maintain and organize PRTF data accurately on an ongoing basis to brief upper management and executive staff.
- **Three Associate Governmental Program Analysts (AGPAs),** assigned to the PRTF Licensing Unit, would be responsible for oversight and monitoring of PRTFs; conducting on-site surveys and reviews; analyzing facility data; preparing reports on findings; following up on compliance actions or plans of corrections; review PRTF applications and plans of operation; coordinate with CDSS and CDPH; write reports; issue licenses; examine onsite licensing reviews conducted annually; and include interviews with clients and program staff, group attendance, and review of patient charts and administrative documents.
- **One Staff Services Manager I** position would supervise the PRTF staff; review investigation reports; take action as appropriate to resolve complaints from or concerning recipients of mental health services; conduct the most complex complaint investigations; guide and direct the development of the investigation and complaint disposition process; conduct and document interviews with clients, staff

and other relevant facility personnel; prepare written reports of investigations, including conclusions and recommendations, and prepare written statements of deficiencies when deemed appropriate.

- **Three AGPAs,** assigned to the PRTF Complaint Unit, would independently conduct unusual incident and complaint investigations of PRTFs to check that the facility is in compliance with relevant regulations and its own plan of operation, policies and procedures; request and review client health records, including video surveillance footage, documenting necessary information while maintaining client confidentiality; prepare written reports of investigations, including conclusions and recommendations; prepare written statements of deficiencies and citations when deemed appropriate; follow up on compliance actions or plans of correction submitted by the PRTFs to remedy deficiencies and citations; maintain a tracking system to follow-up on facility plans of corrections related to unusual incidents and complaints; analyze mental health legislation; draft information notices and policy letters in subject areas related to unusual incidents and complaints; assist in the development, writing and promulgation of PRTF regulations; and prepare budget change proposals and other related materials and reports as required for management and legislature.
- **One Nurse Consultant I** position would conduct inspections, investigations, surveys, and evaluations of PRTFs for conformity with licensing requirements; advise PRTF administrators regarding state licensing; comply with uniform application of state and federal law, rules, and regulations; travel and conduct in-depth surveys of PRTFs to determine compliance with licensing requirements; conduct and document interviews with PRTF clients, staff, and other relevant personnel; request and review client medical files for relevant details; and document necessary information for compliance reviews while maintaining client confidentiality.

Office of Legal Services – Two positions

- **One Attorney IV** position would advise on legally complex and politically sensitive PRTF issues; provide advice and assist with negotiation of difficult Medi-Cal questions; provide legal research, advice, and support with the development of policies, information notices, protocols, forms and templates; and provide legal assistance with drafting new regulations for PRTF licensing standards, oversight, monitoring, and enforcement.
- **One Attorney III** position would support and defend administrative appeals of PRTF enforcement actions; initiate the discovery process to protect DHCS against unfair surprise during formal administrative hearing; identify the basis for issues raised during appeal; review and evaluate all oversight and compliance-related documentation; engage in discovery; prepare and respond to any filed motions; assemble exhibits; conduct legal research and analysis; prepare witnesses for hearing; identify and explore potential areas for settlement or resolution; represent DHCS at evidentiary hearings; and prepare prehearing and post-hearing briefings, working closely with the Attorney General's Office in the event an administrative decision is challenged in Superior Court.

Office of Administrative Hearings and Appeals – One position (effective 1/1/2024)

- **One Administrative Law Judge** would support increased hearings workload resulting from the increase in licensure activities of PRTFs. DHCS expects an annual increased workload of 10 appeals, three of which would be resolved through the settlement process, while seven would conclude with a formal hearing and decision in compliance with the Administrative Procedures Act.

Medi-Cal Behavioral Health Division – One position

- **One AGPA** would develop and promulgate regulations to implement the new PRTF requirements; develop and release guidance to counties, providers, and other stakeholders; develop contract language or amendments; respond to inquiries from internal and external workgroups and stakeholders; provide technical assistance including monthly calls to counties, webinars, and other trainings; and analyze specified data of Medi-Cal beneficiaries admitted to each PRTF reported to DHCS annually to inform ongoing policy development and decisions.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to align interdisciplinary team member requirements with federal statutes and other technical changes. According to DHCS, some of the provisions of AB 2317 related to interdisciplinary team member requirements are inconsistent with federal regulations, which risks jeopardizing federal matching funds. DHCS indicates that AB 2317 adds the following professions or credentials to the list of individuals that must be included on the interdisciplinary team: a licensed vocational nurse; a mental health professional with a master's degree in psychology, marriage and family therapy, nurse practitioner, or social work. DHCS proposes to align the definitions of professional disciplines with federal requirements. In addition, the language corrects various technical issues, including cross-references and chaptering issues from the authorizing legislation.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this staff and resource request.

2. Please provide a brief rationale for the changes included in the proposed trailer bill language.

Issue 6: Strengthening Oversight for Substance Use Disorder Licensing and Certification

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests 12 positions and expenditure authority from the Residential Outpatient Licensing Fund (ROPLF) of $2 million in 2023-24 and $1.9 million annually thereafter. If approved, these positions and resources would support strengthening compliance and oversight, as well as establishing mandatory certification for outpatient substance use disorder programs. DHCS also proposes trailer bill language to implement these provisions and authorize an increase in the ROPLF fee to support this new workload.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3113 – Residential Outpatient Program Licensing Fund	$2,012,000	$1,904,000
Total Funding Request:	**$2,012,000**	**$1,904,000**
Total Requested Positions:	**12.0**	**12.0**

* Positions and resources ongoing after 2024-25.

Background. DHCS is responsible for the licensing and certification of residential and outpatient recovery and treatment programs in California. Licensing and certification fees levied on program facilities are deposited in the Residential and Outpatient Licensing Fund (ROPLF) to support and maintain the resources necessary for oversight by DHCS. According to DHCS, oversight activities include review and processing of initial and extension applications; initial and biennial onsite monitoring; complaint investigations; administrative support; disseminating information to the public; policy, regulatory, and statutory development; provider training and technical assistance; and appeal processing for revocation or suspension of provider licensure or certification or for assessment of civil penalties. There are currently 879 licensed facilities overseen by DHCS.

AB 1158 (Petrie-Norris), Chapter 443, Statutes of 2021, requires a licensee operating an alcoholism or drug abuse (AOD) recovery or treatment facility and serving more than six residents to maintain specified insurance coverages, including, among others, commercial general liability insurance and employer's liability insurance. AB 1158 requires a licensee that serves six or fewer residents to maintain general liability insurance coverage. The 2022 Budget Act included four positions and expenditure authority from the ROPLF of $626,000 in 2022-23 and $590,000 annually thereafter to address the increased workload related to implementation of AB 1158, including monitoring insurance coverage of covered facilities.

In its January 2022-23 budget request, DHCS indicated expenditures from the ROPLF would exceed revenues if the staffing and resource request related to AB 1158 were approved and a fee increase would be necessary to address the fund's deficiency. However, the 2022 Budget Act did not authorize the department's requested fee increase, but instead included General Fund expenditure authority of $3.5 million to support licensing and certification functions for the 2022-23 fiscal year.

According to DHCS, it's licensing and certification staff have historically been located in Sacramento to oversee facilities statewide. DHCS reports three Southern California counties (Orange, Los Angeles, and San Diego) have had the highest number of facility-related complaints in California. In particular, DHCS reports an increased number of complaints specific to patient brokering and patient trafficking cases in Southern California. These cases are typically more intensive than general complaint investigations and

require more in-depth analysis of patient records and program contracts. As a result, DHCS is proposing to create a new licensing and certification unit located in Southern California.

Mandatory Licensing for Outpatient Facilities. While DHCS requires licensing and certification of residential treatment facilities, this process is voluntary for outpatient, non-residential facilities. As a result, DHCS notes there is a gap in oversight of outpatient facilities that does not exist for residential facilities. DHCS is proposing trailer bill language to require mandatory certification for outpatient facilities. As a result, DHCS expects increased workload in its licensing and certification division.

ROPLF Fee Increase. Based on the resources requested in this proposal, as well as those approved in the 2022 Budget Act related to AB 1158, DHCS is proposing to increase licensing and certification fees on regulated facilities. The ROPLF and the licensing and certification fees for regulated facilities were intended to support the regulatory activities of DHCS for residential and outpatient treatment facilities. DHCS indicates that, as its workload to oversee these facilities has increased, it would need to increase ROPLF fees by 75 percent, reflecting an additional revenue collection of $5.4 million in 2023-24, to cover the new positions in this request and existing operations. According to DHCS, the fee increases for each part of the process would be as follows:

Application Type		***75 Percent Increase***	
Residential Licensure	**Current Fee**	**Increase**	**New Fee**
Initial Residential Licensure	$3,050	$2,288	$5,338
Initial Biennial Residential Licensure	$324 (per bed)	$243	$567
Biennial Residential Licensure Extension	$324 (per bed)	$243	$567
Adolescent Waiver Application	$1,507	$1,130	$2,637
Dependent Children Application (if not requested during initial licensure application)	$1,054	$791	$1,845
Supplemental Application (Increase or Decrease in Bed Capacity, Target Population change, Program Name change, Removal of Address or Suite, Legal Entity Name change, Addition or Removal of Services -i.e., Incidental Medical Services, Detoxification, Co-ed.)	$1,034	$776	$1,810
Facility Address Update (Facility Relocation, Adding Additional Address or Suite number(s))	$1,008	$756	$1,764
Certification	**Current Fee**	**Increase**	**New Fee**
Initial Outpatient Certification Application	$2,931	$2,198	$5,129
Initial Biennial Outpatient Certification	$3,798	$2,849	$6,647
Biennial Outpatient Certification Extension	$3,798	$2,849	$6,647
Biennial Residential Certification (for facilities having a residential license issued by another State Department). The maximum fees for beds will not exceed the biennial certification fee	$324 (per bed, maximum $3,798)	$243	$567 (per bed, maximum $6,647)
Supplemental Application (Target Population change, Program Name change, Removal of Address or Suite, Legal Entity Name change,	$1,034	$776	$1,810

Addition or Removal of Services -i.e., Intensive Outpatient, Outpatient, Residential, Detoxification)			
Facility Address Update (Facility Relocation, Adding Additional Address or Suite number(s))	$1,008	$756	$1,764
Combined Residential Licensure/Certification	**Current Fee**	**Increase**	**New Fee**
Initial Combined Residential Licensure and Certification Application	$4,068	$3,051	$7,119
Initial Biennial Combined Residential Licensure and Certification	$324 (per bed)	$243	$567
Biennial Combined Residential Licensure and Certification Extension	$324 (per bed)	$243	$567

Staffing and Resource Request. DHCS requests 12 positions and expenditure authority from the Residential Outpatient Licensing Fund (ROPLF) of $2 million in 2023-24 and $1.9 million annually thereafter to support strengthening compliance and oversight, as well as establishing mandatory certification for outpatient substance use disorder programs. Specifically, DHCS requests the following positions:

Licensing and Certification Division – 10 positions

- **One Staff Services Manager III** position would oversee policy setting, collaborate with stakeholders, and guide the implementation of the new mandatory certification requirements; perform high-level analyses and provide recommendations on projects that include matters related to implementing the new provisions of mandatory certification of outpatient programs and complaints associated with those programs; and oversee all provider actions related to the new mandatory outpatient certification in coordination with the OLS, including attending high-level investigations, informal hearings, statewide settlement conferences, Office of Administrative Hearings sessions, and civil hearings.
- **One Staff Services Manager II** position would supervise the section and oversee the implementation of new mandatory certification requirements for outpatient facilities; develop branch policies and procedures to ensure expeditious and cost-effective facility compliance reviews; coordinate and review staff analyses on position papers and projects that address program issues and problems, and the related appropriateness, relevance, necessity and adherence to applicable regulations and policies; plan and assign work, formulate section procedures, review staff assignments, serve on department workgroups, convene stakeholder groups as applicable, identify and approve training for supervisors and staff, establish priorities and timeframes, recruit and hire staff, and evaluate section supervisors' performance.
- **Three Staff Services Manager I** positions would supervise the staff responsible for certification activities; provide guidance and training to field staff; set priorities; review and evaluate staff work; monitor and establish workload priorities and timeframes for completion of projects and special assignments; and critique and approve site review reports, letters, and other documents related to field activities and analytical assignments. One of these positions would be based in Southern California to supervise five staff in that unit.
- **Four Associate Governmental Program Analysts (AGPAs)** would replace the staff redirected to Southern California and improve DHCS' response time to high-level complaints in the Southern California region; independently conduct complex and sensitive complaint investigations of drug

treatment or recovery programs to determine compliance with state and federal laws and regulations, including unlicensed investigations, death investigations, special incident investigations, and substance use disorder counselor investigations; prepare reports within specified or mandated timelines, related to investigations; and organize evidence and identify the statutory and regulatory violations.

- **One Office Technician** would perform administrative tasks, organize the office, and assist associates in ways that optimize procedures, generate licensing and certification renewal letters and certificates, and update initial and renewal application information in the database.

Office of Legal Services – Two positions

- **One Attorney III** position would research, analyze, advise, and draft policy through Information Notices, bulletins, other written instructions, and regulations; prepare for hearings and settlement discussions to resolve enforcement actions; conduct discovery and document review for enforcement actions; and provide exhibit and witness preparation for enforcement hearings.
- **One Staff Services Manager I** position would provide ongoing advice, technical assistance, and hands-on writing in the development of regulation packages, and change regulation packages; manage statutory due dates; perform database management functions; coordinate, track and steer regulation packages throughout the development and promulgation processes; and provide intensive consultation to the program and hands on assistance in writing the responses to public comments and all final regulation documents.

Trailer Bill Language – Mandatory Certification and ROPLF Fee Increase. DHCS proposes trailer bill language to implement the mandatory certification and new oversight provisions and authorize an increase in the ROPLF fee to support this new workload. Specifically, the trailer bill language would:

- Require mandatory certification of outpatient facilities licensed by DHCS, no later than January 1, 2024. Voluntary certification would be available for facilities licensed by other departments.
- Allows DHCS to increase licensing and certification fees without approval from the Legislature. DHCS would be required to justify the increase by preparing a report to the Legislature on assets, liabilities, and balance in the ROPLF, as well as an itemized statement of income and expenses.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of the staffing and resource request.

2. Please provide a brief overview and rationale for the changes included in the proposed trailer bill language.

3. Has the department performed any analyses of how the proposed fee increase would impact the operations of residential and outpatient facilities? What is the typical per-patient revenue of a residential facility or an outpatient facility?

Issue 7: Opioid Settlements Fund State Directed Programs

Budget Change Proposal – Governor's Budget. DHCS requests expenditure authority from the Opioid Settlements Fund of $32 million in 2023-24, $23 million in 2024-25, and $12 million in 2025-26 and 2026-27. If approved, these resources would support the Naloxone Distribution Project.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$32,000,000	$23,000,000
Total Funding Request:	**$32,000,000**	**$23,000,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $12,000,000, 2026-27: $12,000,000.

Background. Abuse of opioids has devastated California families and communities over the past several years, with more than 6,800 deaths related to opioid overdoses in 2021, a six-fold increase since 1999. The events and decisions that led to this tragic epidemic are manifold, but one of the biggest contributing factors was opioid manufacturers' and distributors' efforts to promote, market, distribute, and dispense opioid medications to maximize profits, often at the expense of patients who would later develop dependency. These actions led the California Attorney General, in a coalition with attorneys general in 47 other states, to investigate and file suit against manufacturers and distributors of opioids for the damage caused to victims of the opioid epidemic.

Beginning in 2021, the coalition of attorneys general announced several settlement agreements with manufacturers and distributors of opioids:

McKinsey and Company – In February 2021, the Attorney General announced a $573 million nationwide settlement with McKinsey and Company related to the company's role in advising opioid companies, helping those companies promote their drugs, and profiting from the opioid epidemic. In particular, McKinsey advised opioid manufacturers on how to maximize profits from opioid products, including targeting high-volume prescribers, using specific messaging to get physicians to prescribe more opioids to more patients, and circumventing pharmacy restrictions to deliver high-dose prescriptions. According to the Attorney General, California is estimated to receive $59.6 million from this settlement.

Distributors (Cardinal, McKesson, and AmerisourceBergen) and Janssen Pharmaceuticals – In July 2021, the Attorney General announced a $26 billion nationwide settlement with Cardinal, McKesson, and AmerisourceBergen, the three largest pharmaceutical distributors, and Janssen Pharmaceuticals, Inc. (and its parent company Johnson and Johnson) for their role in the opioid epidemic. Under the settlement agreement, the three distributors will collectively pay up to $21 billion over 18 years, while Janssen will pay up to $5 billion over nine years with $3.7 billion to be paid in the first three years. The substantial majority of the money is to be spent on opioid treatment and prevention and each state's share of funding is subject to a formula that considers the impact of the opioid crisis on the state and the population of the state. According to DHCS, California and its cities and counties could receive approximately $2.2 billion for substance use prevention, harm reduction, treatment, and recovery activities pursuant to the settlement.

Purdue Pharma and the Sackler Family – In March 2022, the Attorney General announced a $6 billion nationwide settlement with opioid manufacturer Purdue Pharma, as well as the Sackler family who owns Purdue. The Attorney General estimates California would receive approximately $486 million to fund opioid addiction treatment and prevention.

In addition, the Attorney General announced proposed settlements with Teva and Allergan, as well as pharmacies including Walgreens, Walmart, and CVS. The Attorney General indicates these settlements would provide substantial funds for the abatement of the opioid epidemic in California and require changes in the ways these companies conduct business.

Opioid Settlements Fund. The revenue from these previous and proposed settlement agreements received by California is deposited in the Opioid Settlements Fund, established in the 2022 Budget Act to receive settlement revenue and allow its use to support state efforts to remediate the impacts of opioid use disorders in California. The 2022 Budget Act included 11 positions and expenditure authority from the Opioid Settlement Fund of $33.9 million in 2022-23 and $2.6 million in 2023-24 and annually thereafter through the terms of California's national opioid settlements, or 18 years. These positions and resources will support oversight of two of the opioid settlements, substance use disorder (SUD) workforce training, establishment of a web-based statewide addiction treatment locator platform, and an outreach and anti-stigma campaign.

In addition, the 2022 Budget Act included expenditure authority from the Opioid Settlements Fund for the following:

- Naloxone Distribution Project Augmentation - $15 million one-time
- Substance Use Disorder Provider Workforce Training - $51.1 million one-time
- ATLAS Platform Operation and Outreach Campaign - $7.5 million one-time
- Fentanyl Education and Awareness Campaigns - $40.8 million one-time
- Opioid Overdose Data Collection and Analysis - $5 million one-time
- Integrating Employment in Recovery Pilot Project - $4 million one-time

Resource Request – Naloxone Distribution Project. DHCS requests expenditure authority from the Opioid Settlements Fund of $32 million in 2023-24, $23 million in 2024-25, and $12 million in 2025-26 and 2026-27 to support the Naloxone Distribution Project (NDP). The NDP was created in 2018 in response to a sharp in overdoses and aims to reduce opioid overdose deaths through the provision of free naloxone in the form of a spray that can be used by laypeople. Eligible entities for the distribution of naloxone include law enforcement, fire departments, first responders, schools and universities, county public health and behavioral health departments, and community based organizations, such as harm reduction organizations or community opioid coalitions. As of November 2022, DHCS reports the NDP has distributed more than 1.7 million units of naloxone to all 58 counties in the state. As of December 2022, more than 112,000 opioid overdose reversals have been reported to DHCS through the NDP. However, DHCS notes this number is likely underreported.

DHCS reports the NDP has a total of $61 million ($35.8 million General Fund, $10.5 million federal Substance Abuse Block Grant Funds, and $14.8 million Opioid Settlements Fund) available in 2022-23. In addition, the NDP has a total of $35.5 million General Fund available in 2023-24. However, DHCS

indicates the demand for naloxone requested through the NDP continues to increase, resulting in the need for additional funding proposed in this request.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 8: Drug Medi-Cal Claiming Timelines

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to extend the claiming timeline for Drug Medi-Cal services from six months to twelve months to create parity and be consistent with timelines for Medi-Cal fee-for-service, specialty mental health services, and federal regulations.

Background. The Drug Medi-Cal program covers substance use disorder services by certified providers under contract with the counties or with DHCS. Drug Medi-Cal services are offered by counties either through the State Plan or through the Drug Medi-Cal Organized Delivery System (DMC-ODS), an expanded service delivery model offered under an 1115 Waiver authorized by the federal Centers for Medicare and Medicaid Services (CMS). Drug Medi-Cal provides State Plan services under four primary modalities:

- Narcotic Treatment Program – The Narcotic Treatment Program (NTP) provides outpatient methadone maintenance services directed at stabilization and rehabilitation of persons with opioid dependency and substance use disorder diagnoses. The program includes daily medication dosing, a medical evaluation, treatment planning, and a minimum of fifty minutes per month of face-to-face counseling sessions.
- Outpatient Drug Free – Outpatient Drug Free (ODF) counseling treatment services are designed to stabilize and rehabilitate Medi-Cal beneficiaries with substance use disorder diagnosis in an outpatient setting. This includes services under Early and Periodic Screening, Diagnosis, and Treatment (EPSDT). Each ODF participant receives at least two group counseling sessions per month. Counseling and rehabilitation services include: 1) admission physical examinations, 2) intake, 3) medical necessity establishment, 4) medication services, 5) treatment and discharge planning, 6) crisis intervention, 7) collateral services, and 8) individual and group counseling.
- Intensive Outpatient Treatment – Intensive Outpatient Treatment (IOT) services are provided to beneficiaries with substance use disorder diagnoses. These outpatient counseling and rehabilitation services are provided at least three hours per day, three days per week. Services include: 1) admission physical examinations, 2) intake, 3) medication services, 4) treatment planning, 5) crisis intervention, 6) collateral services, 7) individual and group counseling, and 8) parenting education.
- Residential Treatment Services – Residential Treatment Services (RTS) provides rehabilitation services to perinatal beneficiaries with substance use disorder diagnosis in a non-institutional, non-medical, residential setting. Each beneficiary lives on the premises and is supported in an effort to restore, maintain, and apply interpersonal and independent living skills and access community support systems.

DMC-ODS counties, in addition to the four primary modalities, are required to offer the following services: 1) non-perinatal RTS, 2) withdrawal management (levels 1.0, 2.0, and 3.2), 3) recovery services, 4) case management, 5) physician consultation, and 6) expanded medication assisted treatment (buprenorphine, naloxone, and disulfiram). DMC-ODS counties may also offer: 1) additional medication assisted treatment (through non-NTP providers), 2) partial hospitalization, and 3) withdrawal management (levels 3.7 and 4.0).

Drug Medi-Cal Claiming Timelines. According to DHCS, existing law requires claims for reimbursement for Drug Medi-Cal services to be submitted within six months after the date of service.

DHCS allows submission of Drug Medi-Cal claims later than six months for good cause. Federal regulations require providers to submit claims within twelve months, which is the timeline required for the Medi-Cal fee-for-service delivery system and the specialty mental health system.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to extend the claiming timeline for Drug Medi-Cal services from six months to twelve months to create parity and be consistent with timelines for Medi-Cal fee-for-service, specialty mental health services, and federal regulations. According to DHCS, this proposed change would allow Drug Medi-Cal providers additional time to submit claims, reduce DHCS workload due to reduced number of requests for delayed claims, and would align with other Medi-Cal delivery systems and with federal regulations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this trailer bill language proposal.

Issue 9: CalAIM – Designated State Health Programs and Delay Facility Carve-ins

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to increase Medi-Cal reimbursement rates for primary care and obstetric services, consistent with the terms and conditions of the CalAIM 1115 Waiver related to designated state health programs, and to delay the integration of intermediate care facilities for individuals with developmental disabilities and subacute facilities into the managed care delivery system under CalAIM's long-term care integration component.

Background. Prior to 2017, the federal Centers for Medicare and Medicaid Services (CMS) allowed states administering waiver programs under Section 1115 of the Social Security Act to receive additional federal matching funds to support certain designated state health programs (DSHP). States generally would use these federal matching funds to offset state General Fund expenditures on these programs, resulting in savings to states. In December 2017, CMS issued guidance announcing it would no longer accept applications for new or extended 1115 waiver programs that included federal matching funds for DSHP, because state expenditure on these programs did not qualify for the federal match. However, in December 2022, CMS rescinded this guidance and is implementing an updated approach to DSHP that limits its size and scope, and applies additional parameters or guardrails. In particular, CMS requires states that receive DSHP-related federal matching funds to allocate General Fund savings to support a new demonstration initiative that CMS has determined is likely to assist in promoting the objectives of the Medicaid programs.

CMS approved California's Section 1115 Waiver, including its DSHP program, as part of the California Advancing and Innovating Medi-Cal (CalAIM) initiative. The DSHP approval will allow DHCS to claim $646.4 million of additional federal matching funds over four years to support its Providing Access and Transforming Health (PATH) program, which supports CalAIM partners and providers to build up capacity and infrastructure. However, CMS imposed the additional requirement that states applying for DSHP funding must also increase reimbursement rates for providers that receive less than 80 percent of the equivalent Medicare reimbursement rate. As a result, DHCS is proposing to increase reimbursement rates for primary care providers in the fee-for-service delivery system, and obstetric care services providers in the fee-for-service and manage care delivery systems, by 10 percent effective January 1, 2024 The November 2022 Medi-Cal Estimate estimates the partial year costs in 2023-24 for these rate increases would be $9.1 million ($3.5 million General Fund and $5.6 million federal funds) for primary care and $13.6 million ($5.1 million General Fund and $8.5 million federal funds) for obstetric care.

CalAIM Long-Term Care Integration – Delayed Carve-In for ICF-DD and Subacute Facilities. Prior to CalAIM, long-term care was offered to Medi-Cal beneficiaries through the fee-for-service delivery system, except in County Organized Health Systems and Coordinated Care Initiative counties. Beginning January 1, 2023, long-term care services have been integrated into the managed care delivery system, with the exception of intermediate care facilities for individuals with developmental disabilities (ICF-DDs), and adult and pediatric subacute care facilities, which were scheduled to be integrated effective July 1, 2023. DHCS proposes to delay this integration by six months.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to increase Medi-Cal reimbursement rates for primary care and obstetric services, consistent with the terms and conditions of the CalAIM 1115 Waiver related to designated state health programs, and to delay the integration of intermediate care facilities for individuals with developmental disabilities and subacute facilities into the

managed care delivery system under CalAIM's long-term care integration component. Specifically, the language would require DHCS to maintain reimbursement rates for primary care, obstetric care, and behavioral health services necessary to meet the terms and conditions of the waiver for dates of service on or after January 1, 2024. The language also delays the integration of ICF-DDs and adult and pediatric subacute facilities from July 1, 2023, to January 1, 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this trailer bill language proposal.

Issue 10: Medi-Cal Managed Care Plans – Mental Health Benefits (SB 1019)

Budget Change Proposal – Governor's Budget. DHCS requests five positions and expenditure authority of $1.4 million ($722,000 General Fund and $721,000 federal funds) in 2023-24 and $2.1 million ($1 million General Fund and $1 million federal funds) annually thereafter. If approved, these positions and resources would support annual mental health benefits outreach and education requirements by Medi-Cal managed care plans, pursuant to SB 1019 (Gonzalez), Chapter 879, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$722,000	$1,049,000
0890 – Federal Trust Fund	$721,000	$1,049,000
Total Funding Request:	**$1,443,000**	**$2,098,000**
Total Requested Positions:	**5.0**	**5.0**

***** Positions and resources ongoing after 2024-25.

Background. SB 1019 (Gonzalez), Chapter 879, Statues of 2022, requires Medi-Cal managed care plans to, no later than January 1, 2025, conduct annual outreach and education to members regarding mental health benefits covered by the plan. This education and outreach would be based on a plan developed and submitted to DHCS by the plan upon approval of the plan's population needs assessment (PNA) under the California Advancing and Innovating Medi-Cal (CalAIM) initiative. The outreach and education plan must be informed by stakeholder engagement, the PNA, and an assessment of utilization of covered mental health benefits by race, ethnicity, language, age, sexual orientation, gender identify, and disability.

SB 1019 requires plans to submit this utilization assessment to DHCS, and requires each plan to publicly post, on its internet website and in an accessible manner, its approved outreach and education plan, as well as its utilization assessment, excluding any personally identifiable information. DHCS is required to review the annual outreach and education plans submitted by each plan, and approve or modify each plan, within 180 calendar days of submission, to verify standards are met. SB 1019 also requires DHCS, once every three years, to assess member experience with covered mental health benefits, consulting with stakeholders that are representative of diverse racial and ethnic communities, and to develop the standards by which outreach and education plans are reviewed and approved.

DHCS indicates it will adopt the use of the Consumer Assessment of Healthcare Providers and Systems Experience of Care and Health Outcomes (ECHO) Survey to meet the requirements of SB 1019. The ECHO Survey asks members about their experiences with behavioral healthcare services.

Staffing and Resource Request. DHCS requests five positions and expenditure authority of $1.4 million ($722,000 General Fund and $721,000 federal funds) in 2023-24 and $2.1 million ($1 million General Fund and $1 million federal funds) annually thereafter to support annual mental health benefits outreach and education requirements by Medi-Cal managed care plans, pursuant to SB 1019 (Gonzalez), Chapter 879, Statutes of 2022. Specifically, DHCS requests the following positions and resources:

Quality and Population Health Management – Five positions and contract resources

- **One Health Program Specialist II** position would provide specialized technical assistance to the plans; lead stakeholder meetings; maintain successful relationships with key stakeholders within DHCS; provide input on how to engage the most appropriate external stakeholder groups that will determine the review and approval of the outreach and education plans; provide input on the review and approval process of outreach and education plans; lead efforts to develop the standards by which outreach and education plans will be reviewed; provide assistance and expertise to staff; draft All Plan Letters (APLs) that provide plans instruction on the implementation of the ECHO survey; draft updates to APLs impacted by the new ECHO Survey, specific APL, and other various policy guidance documents; develop templates or guidelines for plan submittals; and coordinate with DHCS' Enterprise Data Information Management personnel on how best to structure internal deliverables with granular data obtained from the ECHO survey.
- **One Health Program Specialist I** position would develop a work plan to facilitate DHCS' review, modification, and approval of plans' new or updated outreach and education plans required by SB 1019; review plans' outreach and education plans to verify they align with other DHCS programmatic needs; communicate with DHCS management regarding updates to the implementation plan and challenges as encountered; support the allocation of evaluation contract funds and collaborate with the DHCS Quality and Health Equity Admin Unit, Office of Legal Services (OLS), and Contracts Division (CD), and with the Department of General Services (DGS), on an External Quality Review Organization (EQRO) contract amendment; independently research and analyze state and federal laws and policies related to Medi-Cal managed care plan coverage of members' mental health needs using online governmental and nongovernmental resources and in consultation with all levels of governmental and consultant staff; collaborate in the development, review, and tracking of policies and procedures regarding the outreach and education plans to verify proper stakeholder engagement and alignment with appropriate standards; gather information as requested to assist management and staff in evaluating implementation of the outreach and education plans, and make recommendations as appropriate; identify and provide project management support for projects impacted by the plan outreach and education plans; and serve as the division's subject matter expert on the outreach and education plans submitted by plans.
- **One Health Education Consultant III** position would provide subject matter expertise on the alignment of the plans' population needs assessments (PNAs) with the outreach and education plans; review, modify, and approve the plans' outreach and education plans; ensure appropriate local stakeholder engagement, alignment with the PNA, and other approval standards developed in consultation with stakeholders pursuant to SB 1019; provide specialized expertise and technical assistance related to cultural and linguistic appropriateness; guide diverse stakeholder outreach and engagement; develop approval standards for plan outreach and education plans; collaborate with DHCS' Quality and PHM staff to verify completion of deliverable reviews; and collaborate with the independent evaluation contractor to develop the scope of work for, and facilitation of, each plan's member outreach efforts.
- **Two Associate Governmental Program Analysts** would provide preliminary reviews of each plan's submitted outreach and education plan; prepare written internal and external correspondence and policies; support development, review, and tracking of the implementation and evaluation of the ECHO survey; provide stakeholders with a verbal and written description of the outreach and education plan requirements to verify proper engagement and alignment with appropriate standards; collaborate with DHCS' plan contract managers to resolve programmatic and technical questions regarding outreach and education plans; assist in the drafting of any APL, template, policy guidance,

or regulations related updates; and assist interdepartmental staff in implementation activities, such as plan contract updates.

- Contract resources of $670,000 ($335,000 General Fund and $335,000 federal funds) would support an external evaluation contractor that would, upon approval of a plan's PNA, develop a plan to assess and improve outreach to members for non-specialty mental health services, if determined necessary during the development of standards by which the plan's outreach and education plans would be reviewed and approved.
- Contract resources of $700,000 ($350,000 General Fund and $350,000 federal funds), beginning in 2024-25, would support expansion of the existing External Quality Review Organization (EQRO) contract to administer the ECHO survey and present analysis of findings in required public reports.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 11: Local Educational Agency Medi-Cal Billing Option Program Withhold Return

Budget Change Proposal – Governor's Budget. DHCS requests expenditure authority from the Special Deposit Fund of $7.5 million in 2023-24. If approved, these resources would allow DHCS to reimburse local educational agencies for excess administrative withholds associated with the Local Educational Agency Medi-Cal Billing Option Program (LEA BOP).

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**2024-25**
0942 – Special Deposit Fund	$7,450,000	$-
Total Funding Request:	**$7,450,000**	**$-**

Background. DHCS administers the Local Educational Agency Medi-Cal Billing Option Program (LEA BOP), a school-based, federal reimbursement, and certified public expenditure program. The LEA BOP reimburses LEAs (school districts, county offices of education, charter schools, community college districts, California State Universities, and University of California campuses) for the federal share of the maximum allowable rate for approved services. In order to be reimbursed under LEA BOP, services must be medically-necessary, provided by qualified health service practitioners to Medi-Cal enrolled students, and provided under an individualized plan for the student, such as an Individualized Education Program, Individualized Family Service Plan or an Individualized Health Service Plan.

The LEA BOP is an optional program in which the state's 1,039 LEAs can choose to participate in order to receive the federal share of reimbursement for the provision of direct medical services as allowed under the State Plan. According to DHCS, 563 LEAs participate in LEA BOP and receive approximately $130 million in federal funding annually. The 563 participating LEAs account for over five million of the six million public school children in California.

DHCS imposes a two percent administrative withhold against LEA BOP reimbursements to cover DHCS costs to administer the program. Any additional withhold amounts above what is required by DHCS to administer the program are required to be returned to the LEAs. According to DHCS, the department has collected $7.5 million more than it needs for costs to administer LEA BOP.

Resource Request. DHCS requests expenditure authority from the Special Deposit Fund of $7.5 million in 2023-24 to reimburse local educational agencies for excess administrative withholds associated with the Local Educational Agency Medi-Cal Billing Option Program (LEA BOP). These funds would be returned proportionally to the LEAs participating in the LEA BOP that paid into the combined withhold.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 12: Medical Provider Interim Payment Loan Authority

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to set the Medical Provider Interim Payment Loan Authority amount at ten percent of the amount appropriated from the General Fund and six percent of the amount appropriated from the Federal Trust Fund for Medi-Cal benefit costs in the most recent Budget Act.

Background. State law authorizes the Controller, upon order of the Department of Finance, to provide for a General Fund loan to the Medical Providers Interim Payment Fund for the purpose of making payments to Medi-Cal providers, and providers of other services in programs administered by DHCS. Prior to 2018, the amount of the loan was not to exceed a cumulative total of $1 billion. The 2018 Budget Act included trailer bill language to increase DHCS' previous General Fund loan authority to continue funding health care services in Medi-Cal in the event of a deficiency from $1 billion to $2 billion.

According to DHCS, unexpected changes in the economy and overall health care program spending can sometimes result in a current year deficiency in the appropriations provided for Medi-Cal in a given fiscal year. Lapses in budget authority may hinder the department's ability to process the significant volume of transactions required to reimburse Medi-Cal managed care plans, health care provider, and many other entities that participate in Medi-Cal. In addition, in the event a budget is not enacted by the beginning of the fiscal year, DHCS would not have budget authority to process payments.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to set the Medical Provider Interim Payment Loan Authority amount at ten percent of the amount appropriated from the General Fund and six percent of the amount appropriated from the Federal Trust Fund for Medi-Cal benefit costs in the most recent Budget Act, rather than the $2 billion limit imposed by current law.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposed trailer bill language.

Issue 13: Nursing Facility Financing Reform

Budget Change Proposal – April Finance Letter. DHCS requests two positions and expenditure authority of $1.3 million ($666,000 General Fund and $666,000 federal funds) in 2023-24 and $1.3 million ($657,000 General Fund and $657,000 federal funds) annually thereafter. If approved, these positions and resources would support skilled nursing facility financing programs authorized by AB 186 (Committee on Budget), Chapter 46, Statues of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$666,000	$657,000
0890 – Federal Trust Fund	$666,000	$657,000
Total Funding Request:	**$1,332,000**	**$1,314,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. AB 186 (Committee on Budget), Chapter 46, Statues of 2022, a budget trailer bill accompanying the 2022 Budget Act, included language to implement DHCS' Nursing Facility Financing Reform Proposal. The 2022 Budget Act included expenditure authority of $340.2 million ($164.6 million General Fund and $175.7 million federal funds) in 2022-23, increasing to an estimated $1.4 billion ($773.8 million General Fund and $626.2 million federal funds) in 2026-27. AB 186 implemented reforms to skilled nursing facility financing, including an average four percent rate increase, a new Workforce and Quality Incentive Program (WQIP), a one-year extension of the ten percent COVID-19 rate increase, and additional rate increases subject to facilities meeting workforce standards, including collective bargaining agreements or participation in a labor management coordination committee.

DHCS reports that implementation of its Nursing Facility Financing Reform proposal has resulted in the creation of three financing programs:

- Workforce and Quality Incentive Program - The Workforce and Quality Incentive Program (WQIP) requires DHCS to distribute a targeted amount of $280 million in directed payments to skilled nursing facilities (SNFs) for the 2023 rate year. WQIP will score facilities based on performance on a set of clinical, workforce, and equity metrics. The WQIP replaces the former Quality and Accountability Supplemental Payment (QASP) program and is intended to more broadly distribute funding to incentivize workforce and quality improvement as a core component of facilities' reimbursements. Beginning in 2024, half of the annual rate increase for non-labor costs will be directed to increasing the WQIP rather than base per diem rates.
- Workforce Standards Program – The Workforce Standards Program (WSP) requires DHCS to establish workforce standards such as maintaining a collective bargaining agreement or paying prevailing wage. Facilities that meet the workforce standards will receive a facility-specific workforce rate adjustment in 2024 determined by calculating the 2024 base rate without applying annual growth limits to the labor cost category. The workforce rate adjustment is intended to broadly supplant the temporary COVID-19 rate increase set to expire on December 31, 2023, while holding facilities accountable for investing these funds in the workforce.

- Accountability Sanctions Program – The Accountability Sanctions Program (ASP) authorizes DHCS to sanction facilities that do not meet quality standards established by DHCS

According to DHCS, it previously contracted with the Department of Public Health to administer the QASP, which in turn subcontracted with a vendor for data processing and scoring. DHCS indicates it will be administering the WQIP within the department. While the 2022 Budget Act included resources to support administration of Nursing Facility Financing Reform programs, there were no resources for WQIP, or for development of the WSP or ASP programs.

Staffing and Resource Request. DHCS requests two positions and expenditure authority of $1.3 million ($666,000 General Fund and $666,000 federal funds) in 2023-24 and $1.3 million ($657,000 General Fund and $657,000 federal funds) annually thereafter to support skilled nursing facility financing programs authorized by AB 186 (Committee on Budget), Chapter 46, Statues of 2022. Specifically, DHCS requests the following positions and resources:

Fee for Service Rates Development Division – One position and contract resources

- **One Health Program Specialist II** position would develop WSP policy design based on policy research, data analysis, and stakeholder engagement; develop a data plan for specific data elements facilities are required to report and how the data will be collected and utilized to verify facility compliance; reevaluate the program on a reoccurring basis and update policy design based on research, data analysis, and historical program experience; formulate and present recommendations to DHCS leadership; manage inbox for submission of required WSP forms and provide technical assistance; calculate facility-specific rate augmentations for each facility in the WSP; determine facilities have met WSP criteria and pay rate augmentations; monitor tasks assigned to contracted vendor and facilitate completion of tasks impact other DHCS divisions, such as the Capitated Rates Development Division, Managed Care Quality and Monitoring Division, Office of Medicare Innovation and Integration, Enterprise Technology Services, and Enterprise Data and Information Management; and coordinate stakeholder engagement process and incorporate stakeholder feedback into program policy design.
- Contract resources of $250,000 ($125,000 General Fund and $125,000 federal funds) would support a contractor to operate the WSP that would score performance compliance for participating facilities; annually prepare and update the technical documents required to obtain federal approval of WSP directed payments; develop and annually update long-form technical program manuals for WSP; and perform federally required directed payment evaluations for the WSP.

Quality and Population Health Management – One position and contract resources

- **One Health Program Specialist II** position would develop policy for the WQIP and ASP and annually review and update program designs based on prior year program experience and outcomes; research and analyze complex policy issues and make recommendations to DHCS leadership; manage day-to-day operations for the WQIP and ASP; provide project management services to track deliverables across multiple impacted DHCS divisions and tasks contracted to the vendor, including the Capitated Rates Development Division, Managed Care Quality and Monitoring Division, Office of Medicare Innovation and Integration, Enterprise Technology Services, and Enterprise Data and Information Management; provide monitoring and oversight of the contracted vendor; respond to

provider inquiries for the WQIP and ASP; and facilitate a robust stakeholder engagement process to receive feedback on the operations of the programs and make annual updates.

- Contract resources of $700,000 ($375,000 General Fund and $375,000 federal funds) to support a contractor to operate the WQIP and ASP that would score performance or compliance for participating facilities; annually prepare update technical documents required to obtain federal approval of the WQIP directed payments; develop and annually update long-form technical program manuals for the WQIP and ASP; perform federally required directed payment evaluations for the WQIP; modify the existing QASP web portal to share quarterly program data with facilities; research and develop new metrics for future program years such as racial and ethnic equity gap closure metrics, resident quality of life measures, resident, family, and staff satisfaction measures, and workforce development.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 14: PACE Monitoring and Program Operations

Budget Change Proposal – Governor's Budget. DHCS requests ten positions and expenditure authority of $1.7 million ($713,000 General Fund and $965,000 federal funds) in 2023-24 and $1.6 million ($674,000 General Fund and $914,000 federal funds) annually thereafter. If approved, these positions and resources would support administration, operation, monitoring, and oversight of Programs of All Inclusive Care for the Elderly (PACE).

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$713,000	$674,000
0890 – Federal Trust Fund	$965,000	$914,000
Total Funding Request:	**$1,678,000**	**$1,588,000**
Total Requested Positions:	**10.0**	**10.0**

* Positions and resources ongoing after 2024-25.

Background. Programs for All-Inclusive Care for the Elderly (PACE) provide care to California's frail population as an alternative to institutionalization by coordinating and integrating medical, dental, mental health, substance use treatment services, and long-term care services. These services are provided to beneficiaries while still residing in a home- or community-based setting, rather than a skilled nursing facility or other institutional setting. Eligible PACE participants must be at least 55 years old, live in the PACE organization's designated service area, be certified as eligible for nursing home level of care by DHCS, and be able to live safely in their home or community at the time of enrollment. PACE programs are the sole provider of Medicare and Medi-Cal services for participants. The 2016 Budget Act included trailer bill language, the PACE Modernization Act, that implemented new flexibilities and growth of the PACE program. The provisions included removal of the cap on the total number of PACE organizations in the state (previously limited to 15), implementation of an experience-based rate methodology, and allowing for-profit entities to participate.

According to DHCS, the PACE Modernization Act has resulted in significant growth in the number of PACE programs providing services to Medi-Cal beneficiaries. There are currently 21 PACE programs in California, an increase of 10 since 2018. DHCS indicates it is currently screening inquiries from 17 entities that have submitted an intent to apply to become a PACE program in California, or are exploring opportunities to implement new PACE programs over the next four years. The continued growth of PACE programs adds to DHCS' workload to adequately monitor and improve program performance, promptly investigate and address complaints, and verify compliance and delivery of quality services through ad hoc audits. As a result, DHCS is requesting additional staff resources to support this workload.

Staffing and Resource Request. DHCS requests ten positions and expenditure authority of $1.7 million ($713,000 General Fund and $965,000 federal funds) in 2023-24 and $1.6 million ($674,000 General Fund and $914,000 federal funds) annually thereafter. If approved, these positions and resources would support administration, operation, monitoring, and oversight of Programs of All Inclusive Care for the Elderly (PACE). Specifically, DHCS requests the following positions:

Integrated Systems of Care Division – Nine positions

- **One Staff Services Manager I** position would lead a new unit within the division's Monitoring and Oversight Section; manage staff workload and performance; review and approve correspondence; train staff; conduct audits; review and approve policies and procedures that guide unit effectiveness and efficiency; inform and collaborate with the section chief on activities, assignments, projects, deliverables, achievements, vulnerabilities, and issues that may affect the section; and lead corrective action efforts including corrective action plans (CAPs), enrollment suspensions, financial sanctions, and contract terminations.
- **One Health Program Specialist I** position would serve as subject matter expert in the new unit; manage the unit's most technical, highly skilled, and sensitive items; perform desk audits, onsite audits, and CAP implementation; improve existing audit and CAP tools to verify the unit has the most current and efficient resources to monitor and oversee PACE; advise on PACE contract improvements to strengthen DHCS' program oversight and verify that high quality health care services are delivered; research, report, and make recommendations on highly technical functions that are critical to DHCS' mission; develop, modify, and revise training materials and curriculum, and participate as a core team member in statewide formal training seminars and specialty training sessions; and assist PACE programs, including advocate organizations communicating on behalf of the programs, with the most complex issues that have been elevated to DHCS.
- **Two Nurse Evaluator II** positions would provide clinical subject matter expertise in PACE related monitoring, oversight, technical assistance, and desk and onsite audits; lead the development, execution, and follow-up of the clinical portions of CAPs, sanctions, and suspensions; serve as the primary resource for the division and upper management to verify that all clinical PACE compliance policies and procedures are adhered to; inform the unit chief of current activities, assignments, projects, deliverables, achievements, operating problems, vulnerabilities, issues, and concerns regarding PACE; track and monitor pending tasks and assignments to verify timely submission of CAPs and non-compliance letters; and research and monitor provider claims, review prior authorized provider services, and evaluate the quality of care for PACE participants.
- **Three Associate Governmental Program Analysts (AGPAs)** would serve as the analytical leads in the new unit; perform analytical, consultative and monitoring assignments; conduct the administrative portion of PACE audits to verify programs are meeting all of their state, federal, and contractual obligations; conduct analytical studies of PACE policies, procedures, and contracts to support the unit's mission to verify high quality health care is provided by the program; provide management with recommendations on compliance functions; submit timely audit reports; analyze audit results; track audit findings and responses to audit findings; provide technical assistance to providers and staff regarding the correction of audit findings; review and approve CAPs submitted by PACE programs in response to findings of noncompliance from state- or federal-initiated audits, medical surveys, and other verification studies; and conduct additional desk or field review follow-up related to CAP implementation as deemed appropriate and necessary.
- **One Nurse Evaluator II** position would review, validate, and document the eligibility of Medi-Cal beneficiaries into PACE; maintain regular communication with PACE contractors and partners in the Centers for Medicare and Medicaid Services (CMS); conduct annual audits of the PACE programs' level of care (LOC) re-determination assessments; train new PACE programs on the LOC process; and provide technical assistance and training on the LOC process to already established program.
- **One AGPA** would collect, track, and conduct initial reviews of eligibility of Medi-Cal beneficiaries into PACE; review and analyze LOC documents and service plans submitted by PACE program for completeness; draft Notice of Action letters for participants that were determined to not meet the LOC

requirement for enrollment into the program; and coordinate communication and schedule necessary meetings between PACE contract managers, partners in CMS, and PACE programs.

Office of Legal Services – One position

- **One Attorney IV** position would serve as the main legal representative for the Integrated Systems of Care Division to coordinate and focus on PACE specific legal issues and inquiries; provide experienced and intensive legal support to the newly formed PACE Monitoring and Oversight Unit; provide in-depth evaluation of a wide variety of complex entity types and business structures applying to operate PACE plans, including through another Medi-Cal delivery system; explore DHCS legal options to manage the significant increase of PACE plan applications; research and propose DHCS legal options for placing limits or requirements on the types of entities eligible to be approved as PACE plans; use subject matter expertise to analyze and advise on possible modifications to PACE plans based on existing statewide initiatives; provide expertise regarding the investigation and options for addressing the significantly increasing volume of complaints made against PACE plans, and legal action to address the findings of such investigations; and support the division in the identification of PACE plan contract and legal authority violations, development and implementation of appropriate CAP, and evaluation and imposition of sanctions.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 15: Program Workload

Budget Change Proposal – Governor's Budget. DHCS requests 19 positions and expenditure authority of $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2023-24, $3.7 million ($1.8 million General Fund and $1.8 million federal funds) in 2024-25 through 2027-28, and $3 million ($1.5 million General Fund and $1.5 million federal funds) annually thereafter. If approved, these positions and resources would support ongoing workload for the following DHCS programs:

- Medi-Cal Health Enrollment Navigators Project
- Strengthening Preventive Services for Children in Medi-Cal
- Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring
- Administration

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,904,000	$1,827,000
0890 – Federal Trust Fund	$1,904,000	$1,827,000
Total Funding Request:	**$3,807,000**	**$3,654,000**
Total Requested Positions:	**19.0**	**19.0**

* Additional fiscal year resources requested – 2025-26 through 2027-28: $3,654,000, 2027-28 and ongoing: $2,959,000.

Background. According to DHCS, increasing and continuing workload in a variety of departmental programs require additional new positions, limited-term resources, and conversion of limited-term resources to permanent positions. These programs include: 1) the Medi-Cal Health Enrollment Navigators Project; 2) Strengthening Preventive Services for Children in Medi-Cal; 3) Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring; and 4) Administration.

Medi-Cal Health Enrollment Navigators. The Medi-Cal Health Enrollment Navigators program was originally authorized by the Legislature in 2013 through AB 82 (Committee on Budget), Chapter 23, Statutes of 2013, which required DHCS to accept $26.5 million in philanthropic contributions, matched with enhanced federal funds, to support enrollment and outreach assistance for individuals enrolling in the expansion of Medi-Cal authorized by the federal Patient Protection and Affordable Care Act (ACA). SB 18 (Leno), Chapter 551, Statutes of 2014, required DHCS to accept an additional $6 million of philanthropic contributions, matched with enhanced federal funds, to support new enrollment and renewal assistance for Medi-Cal beneficiaries. These funds were awarded to community-based organizations to provide the assistance to Medi-Cal beneficiaries through health enrollment navigators.

The Medi-Cal Health Enrollment Navigators project has since been renewed several times, most recently in the 2022 Budget Act, which included expenditure authority of $60 million ($30 million General Fund and $30 million federal funds), available over four years, to support the project.

According to DHCS, the Navigators partners work with a variety of entities, including community health workers, in order to fulfill the goals of this project. These partners subcontract with other community-based organizations, who leverage local expertise, such as promatoras, who are trusted points of contacts

within immigrant communities that facilitate the establishment of in-roads with targeted groups, local and community hospitals, and other community groups making outreach, application assistance, and eventual Medi-Cal enrollment and retention possible. Continued and dedicated funding enables DHCS to invest in these innovative approaches that are vital in assisting individuals in obtaining and retaining health coverage as the public health emergency is projected to end.

Strengthening Preventive Services for Children in Medi-Cal. In March 2019, the California State Auditor released the results of an audit of DHCS, "Department of Health Care Services, Millions of Children in Medi-Cal Are Not Receiving Preventive Health Services" (Report 2018-111), which found that an annual average of 2.4 million children in Medi-Cal, or more than 50 percent, did not receive all required preventive services. The audit found most of the lowest rates of preventive utilization for children were in 15 rural counties in the eastern part of California, with the lowest usage in Alpine, Plumas, Mariposa, and Sierra counties. The audit also found significantly lower utilization rates for children ages two and under, when many important developmental and other screenings are expected under the Bright Futures periodicity schedule.

As a result of this audit, the 2019 Budget Act included includes 12 positions and expenditure authority of $22.7 million ($11.1 million General Fund and $11.6 million federal funds) in 2019-20, $7.5 million ($3.5 million General Fund and $4 million federal funds) in 2020-21 through 2022-23, and $6 million ($2.8 million General Fund and $3.1 million federal funds) annually thereafter to improve delivery of preventive services for children in Medi-Cal.

Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring. Continuum of Care Reform (CCR) requires DHCS, the California Health and Human Services Agency, the Department of Education, the Department of Social Services, Associations, the Legislature and stakeholders to collaborate, in a transparent manner, and make statutory, regulatory, and administrative changes to improve timely access for children to available level of care options. In particular, CCR requires a state-level focus on increasing access to children's residential and community-based services to better meet therapeutic, outpatient, and inpatient behavioral health needs.

Consequently, the intended outcome for children and youth when placed in a short-term residential therapeutic program (STRTP) with a mental health program approval (MHPA) is greater access to available services, reduction in lengths of stay in residential placement, improved health outcomes, and a defined established pathway, especially for those in California's foster care system, to family re-unification or adoption in a home-based community setting.

DHCS, or its delegated county mental health plan (MHP), is required to approve initially and annually thereafter the MHPA for STRTPs. Prior to 2020, 11 of the 57 MHPs accepted delegation of the MHPA but subsequently, four have relinquished delegation. As a result, only seven of the 57 MHPs currently maintain their delegation of the MHPAs. Due to the low amount of counties accepting delegation, DHCS is tasked with the review of applications and all documents required as part of the program statement, initial onsite reviews, and annual onsite reviews for all of the STRTP providers throughout the remaining 50 counties, as well as overseeing the seven delegated counties to meet compliance with mental health program standards. The seven delegate counties are responsible for monitoring and providing ongoing compliance oversight to 116 STRTPs. In addition, Los Angeles County, the largest county that held delegated authority, relinquished its delegated authority as of December 31, 2022, and no longer provides

oversight of the 65 STRTPs within its region. DHCS was also notified that Fresno County is considering relinquishing their delegated authority, as well, which would transfer oversight responsibility for an additional 41 STRTPs to DHCS.

DHCS oversight activities may include interviews with residing children and clinical staff as well as reviewing any complaint files. When applicable, DHCS also takes administrative actions against STRTPs, including the denial, suspension, or revocation of MHPA approvals or imposition of sanctions or corrective action plans. Other actions undertaken by DHCS may include carrying out formal complaint investigations and due process functions resulting from provider informal disputes or appeals regarding identified deficiencies or corrective action plan findings resulting from DHCS or delegate compliance review.

Staffing and Resource Request. DHCS requests 19 positions and expenditure authority of $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2023-24, $3.7 million ($1.8 million General Fund and $1.8 million federal funds) in 2024-25 through 2027-28, and $3 million ($1.5 million General Fund and $1.5 million federal funds) annually thereafter to support ongoing workload for the following DHCS programs:

- Medi-Cal Health Enrollment Navigators Project
- Strengthening Preventive Services for Children in Medi-Cal
- Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring
- Administration

Medi-Cal Health Enrollment Navigators Project

Medi-Cal Enrollment Division – Resources equivalent to five positions

- Resources equivalent to **one Staff Services Manager I** position would continue to manage and direct the workload of unit staff, administer all activities associated with the Medi-Cal Health Enrollment Navigators Project, and provide staff development and guidance to carry out various activities of the unit.
- Resources equivalent to **four Associate Governmental Program Analysts (AGPAs)** would coordinate the implementation of the outreach, enrollment, and retention activities with counties and community-based organizations; collaborate with project participants; provide technical support; and serve as the subject matter experts to carry out the work associates with the project.

Strengthening Preventative Services for Children in Medi-Cal

Managed Care Operations Division – Two positions (conversion from limited-term resources)

- **Two AGPAs** would review health plan provider directories to validate accuracy and ensure they meet all applicable state and federal laws, regulations, and contractual requirements; assess call data from the External Quality Review Organization (EQRO); initiate, develop, and delivery corrective action plans and provide resolution to any deficiencies; and review and analyze reports and performance data.

Office of Legal Services – One position (conversion from limited-term resources)

- **One Attorney IV** position would interpret federal statutes and regulations for the provision of the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit; provide legal advice and risk assessment in the development of contracts, All Plan Letters, and other plan guidance; work with the EQRO and plans; and provide support to address the work related to the audit, and a follow-up audit on the same topic.

STRTP Mental Health Program Approval (MHPA), Oversight, and Monitoring

Community Services Division – Three positions

- **Three AGPAs** would conduct initial reviews of MHPA applications and supporting documents; provide technical assistance; issue initial approvals; conduct onsite compliance monitoring reviews; review and approve corrective action plans for any identified deficiencies; monitor successful implementation of corrective action plans; review and approve program flexibility requests, complaint investigations, and staffing qualifications because of changes to mental health program staff in the STRTP.

Administration

Enterprise Technology Services – One position

- **One AGPA** would manage and provide consultation on personnel matters for staff and managers in the unit; evaluate the unit's needs and make recommendations on personnel policies, standards, rules, and procedures; work with management to establish, fill, refill, redirect, or reclassify positions; schedule advertisements through the Exam and Certification Online System; and request hard-to-fill position advertisement through DHCS social media.

Business Operations Technology Services Division – Six positions

- **One Information Technology (IT) Supervisor II** position, **three IT Specialist I** positions, and **two IT Associate** positions would support DHCS operations through the management, design, installation, upgrade, and support of complex technology infrastructure, including enterprise devices and systems, collaboration tools, websites, and hosted environments; support and implement technical solutions for the delivery of Medi-Cal and other health initiatives; support initiatives that benefit DHCS programs and operations, system maintenance and operations, and infrastructure support services.

Information Technology Strategy Services Division – Two positions

- **One IT Specialist II** position and **one IT Specialist I** position would support an increase in IT services workload related to an increase in DHCS staffing levels.

Information Security Office – One position

- **One IT Specialist II** position would support increased workload associated with management and oversight of information security, related to the increase in program scope and staffing levels at DHCS.

Human Resources Division – One position

- **One Personnel Specialist** would maintain consistent, high-quality human resources service levels as the staffing levels at DHCS increase.

Program Support Division – Two positions

- **Two AGPAs** would perform increased business services functions related to the increase in DHCS staff, including records management, form management, asset management, space planning, and transition to telework and a hybrid work environment.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 16: Public Social Services – Hearings (AB 1355)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $523,000 ($193,000 General Fund and $330,000 federal funds) in 2023-24 and $505,000 ($187,000 General Fund and $318,000 federal funds) annually thereafter. If approved, these positions and resources would provide clinical and legal expertise in reviewing proposed State Fair Hearing decisions, and assist the director in drafting alternative decisions, as required by AB 1355 (Levine), Chapter 944, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$193,000	$187,000
0890 – Federal Trust Fund	$330,000	$318,000
Total Funding Request:	**$523,000**	**$505,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. Medi-Cal beneficiaries have the right to request a State Fair Hearing with the California Department of Social Services (CDSS) if they disagree with an action taken by a county, DHCS, or a Medi-Cal managed care plan, such as a denial, termination, or reduction in services or benefits. State Fair Hearings are administered by administrative law judges (ALJs) who are impartial parties employed by the state. Hearings must afford beneficiaries and their representatives the chance to present evidence and witnesses, cross-examine adverse witnesses, and examine their case files. Hearings are ordinarily resolved within 90 days, but a beneficiary may request an expedited hearing if waiting 90 days would put the beneficiary's health at risk.

After an ALJ has issued a proposed hearing decision, the DHCS director, or the director's designee, may adopt the proposed decision in its entirety or decide the matter themselves, known as "alternating" the decision. The director may make this decision based on the record, including the transcript, with or without taking additional evidence, or may order a further hearing to be conducted by themselves, or by another ALJ on their behalf. AB 1355 (Levine), Chapter 944, Statutes of 2022, requires the DHCS director, when alternating a fair hearing decision, to review either the hearing transcript of recording, and provide a detailed reasoning, including references to applicable sections of law and regulations, to support divergence from the ALJ's proposed ruling. AB 1355 allows the director to alternate a decision without taking additional evidence, but if the director chooses to take additional evidence, the director must order a further hearing to allow all parties to present and respond to the additional evidence.

Staffing and Resource Request. DHCS requests two positions and expenditure authority of $523,000 ($193,000 General Fund and $330,000 federal funds) in 2023-24 and $505,000 ($187,000 General Fund and $318,000 federal funds) annually thereafter to provide clinical and legal expertise in reviewing proposed State Fair Hearing decisions, and assist the director in drafting alternative decisions, as required by AB 1355 (Levine), Chapter 944, Statutes of 2022. Specifically, DHCS requests the following positions:

<u>Quality and Population Health Management</u> – One position

- **One Medical Consultant I** position would review State Fair Hearing decisions and make clinical recommendations regarding alternation; provide clinical expertise related to proposed hearing decisions; review hearing transcripts and recordings; review policies and evidence-based medical literature to inform decision-making; collaborate and consult with other consultants for better understanding of policies and benefits; and assist other department staff in drafting recommendations regarding hearing decisions.

Office of Legal Services – One position

- **One Attorney III** position would review clinical input, statements of position, orders, transcripts and recordings of proceedings, and other parts of case records of proceedings that form the basis of a hearing decision; research applicable federal and state law, Medi-Cal policies, plan contracts, and other sources to determine whether the hearing decision is consistent with governing legal principles; provide legal opinions on whether to accept or alternate the proposed hearing decision; provide legal opinion on whether additional testimony or hearings are necessary; prepare drafts of alternated decisions for consideration; verify all appropriate references are cited; and provide legal technical assistance to other department staff.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 17: Delay Two-Week Checkwrite Hold Buyback

Local Assistance and Budget Solution – Governor's Budget. DHCS requests to delay elimination of the practice of withholding provider reimbursement checkwrites during the last two weeks of the fiscal year, authorized by the 2022 Budget Act, until 2024-25. DHCS estimates total savings of $1.1 billion ($378 million General Fund) in 2022-23 from this proposed delay.

Background. The 2022 Budget Act included expenditure authority of $795.8 million ($309.4 million General Fund and $486.3 million federal funds) to eliminate the two-week hold on provider checkwrites that occurs during the last two weeks of the fiscal year. This practice was adopted during the 2006-07 fiscal year as a budget solution to address a General Fund shortfall. Because Medi-Cal is budgeted on a cash basis of accounting, delaying checkwrites for two weeks resulted in one-time savings in that fiscal year by moving costs into the subsequent fiscal year. As the program has grown since adoption of this savings proposal, the cost to reverse it has grown, as well.

Local Assistance and Budget Solution. DHCS requests to delay elimination of the practice of withholding provider reimbursement checkwrites during the last two weeks of the fiscal year, authorized by the 2022 Budget Act, until 2024-25. DHCS estimates total savings of $1.1 billion ($378 million General Fund) in 2022-23 from this proposed delay, which would help address the General Fund shortfall in the 2023-24 budget.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 18: Conform Statutory Estimate Requirements to Recent Program Changes

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to conform the requirements for the semi-annual Medi-Cal Local Assistance Estimate and scheduling of Medi-Cal programs in the annual Budget Act with recent changes to the Medi-Cal program.

Background. Welfare and Institutions Code section 14100.5 requires DHCS to submit an estimate of Medi-Cal expenditures twice a year: once in November for release with the Governor's Budget, and once in April for release with the May Revision. At the same time, DHCS prepares a twice-yearly Family Health Estimate for several non-federal programs. These two estimates are highly detailed and forecast expenditures, caseload, and the impact of regulatory and state and federal policy changes in these programs. The estimates include base program estimates, plus over 300 policy changes that itemize specific programs or changes to base expenditures. The estimates are subject to the analysis of the Department of Finance, the Legislative Analyst's Office, the Legislature, and other stakeholders. The Fiscal Forecasting Division is the primary division responsible for preparing the estimates, based on input from all other DHCS divisions.

The requirements for development of the Estimate were first developed in 1984, during a period when the Medi-Cal program had a much greater reliance on the fee-for-service delivery system than it does today. As a result, the statute requires individual fee-for-service rate increases be budgeted separately and that fiscal intermediary management spending and county administration have their own schedules in the annual Budget Act.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to conform the requirements for the semi-annual Medi-Cal Local Assistance Estimate and scheduling of Medi-Cal programs in the annual Budget Act with recent changes to the Medi-Cal program. Specifically, the proposed language would:

- Remove the requirement that fee-for-service rate increases be separately displayed.
- Starting in the 2024-25 fiscal year, consolidate all local assistance administration costs, including county administration, fiscal intermediary management, and other local assistance administration, under a single budget line item referred to as "County and other local assistance administration".
- Remove the requirement for the Department of Finance to produce a range of estimates of Medi-Cal spending, consistent with current practice.
- Remove the requirement for county-by-county administrative cost projections, consistent with current practice.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposed trailer bill language.

Issue 19: Newborn Hospital Gateway

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to require all Medi-Cal providers participating in presumptive eligibility programs to report the births of any Medi-Cal eligible infant born in their facilities, including hospitals and birthing centers or other birthing settings, within 24 hours after birth through the Newborn Hospital Gateway.

Background. Existing law allows infants born to individuals enrolled in the Medi-Cal program at the time of the birth to be automatically deemed eligible for one year without a separate Medi-Cal application or Social Security Number. These infants may be reported directly to Medi-Cal by the facility in which they are born. Facilities currently report infants through the Child Health and Disability Prevention Gateway or the Newborn Referral Form. These are voluntary processes for facilities, which are under no obligation to refer an infant for Medi-Cal enrollment, resulting in inconsistent processes for establishing eligibility for infants deemed eligible for Medi-Cal for their first year.

Trailer Bill Language Proposal. DHCS proposes trailer bill language to require all Medi-Cal providers participating in presumptive eligibility programs to report the births of any Medi-Cal eligible infant born in their facilities, including hospitals and birthing centers or other birthing settings, within 24 hours after birth through the Newborn Hospital Gateway. According to DHCS, this requirement would result in more expeditious eligibility activation for Medi-Cal newborns, instead of waiting for parents to report the birth to the county, and would help to mitigate issues at the provider level regarding the eligibility of the newborn when covered services are being accessed. DHCS also notes the Child Health and Disability Prevention program is scheduled to sunset on June 30, 2024. DHCS plans to transition the Child Health and Disability Prevention Gateway online portal functionality, including the Newborn Hospital Gateway process, and be renamed the Children's Presumptive Eligibility online portal effective July 1, 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposed trailer bill language.

Issue 20: Acute Inpatient Intensive Rehabilitation Services

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to eliminate statutory provisions requiring initial evaluation and trial programs for acute inpatient intensive rehabilitation services, consistent with evidence-based practice and Medicare policy.

Background. According to DHCS, acute inpatient intensive rehabilitation (AIIR) is an intensive set of services in an inpatient setting to rehabilitate a physically or cognitively impaired patient to achieve or regain their maximum potential for mobility, self-care, and independent living. AIIR attempts to restore maximum independent function, resulting in a sustained higher level of self-care with a discharge to home or other community-based setting, or to a lower level of care, in the shortest possible time.

According to DHCS, the statutory authority for AIIR services is outdated and misaligned with evidence-based practice and current policy for the Medicare program. Established in 1976, the statute currently requires an initial evaluation of seven to ten days, followed by a 14 day trial program as needed. However, since 2010, the federal Centers for Medicare and Medicaid Services (CMS) determined that such trial periods are no longer considered reasonable and necessary for purposes of Medicare coverage. Instead, each admission decision must be evaluated and based on a thorough pre-admission screening. DHCS updated treatment criteria for AIIR in 2021 to align with evidence-based practice and Medicare policy, given a lack of clinical justification for the trial period.

DHCS proposes trailer bill language to update state law to conform to evidence-based practice, federal Medicare policy, and current DHCS policy on medical necessity. The language would remove the provision describing the trial period, and make other non-substantive technical changes.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 21: Medi-Cal Enterprise System Modernization

Budget Change Proposal – Governor's Budget. DHCS and the Office of the Agency Information Officer request eight total positions and expenditure authority of $7.8 million ($1.4 million General Fund and $6.4 million federal funds) in 2023-24, $4.5 million ($716,000 General Fund and $3.8 million federal funds) in 2024-25 and $1.6 million ($337,000 General Fund and $1.2 million federal funds) annually thereafter. If approved, these positions and resources would support ongoing modernization efforts for the Medi-Cal Enterprise System, including the following projects: 1) Behavioral Health Modernization, 2) Federal Draw and Reporting System, 3) California Accounts Receivable Management, and 4) Medi-Cal Enterprise System Modernization Strategy and Architecture Planning.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,379,000	$716,000
0890 – Federal Trust Fund	$6,418,000	$3,793,000
Total Funding Request:	**$7,797,000**	**$4,509,000**
Total Requested Positions:	**8.0**	**8.0**

* Additional fiscal year resources requested – 2025-26 and ongoing: $1,580,000.

Background. DHCS, as the single state agency responsible for administering California's Medicaid program, Medi-Cal, partners with counties to enroll Medi-Cal beneficiaries and works with other state departments on related public benefit programs, such as California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, Covered California, and In-Home Supportive Services. DHCS reports that the department and its partners currently use a patchwork of outdated systems to administer the Medi-Cal program, which covers approximately one in three Californians.

DHCS reports it has adopted an approach to information technology (IT) systems that focuses on the entire Medi-Cal Enterprise System, which coordinates efforts to improve Medicaid Management Information Systems and Eligibility and Enrollment systems. The specific system improvement projects included in this enterprise-wide approach, include the Federal Draw Reporting (FDR) system, the California Accounts Receivable Management (CalARM) system, and systems that support behavioral health.

According to DHCS, the FDR system entered its operations phase in July 2022 and will be supported solely by contracted resources, which are responsible for maintaining day-to-day operations of the system, resolving any technical issues, and ensuring the department is able to use the system to meet its mandated responsibilities. The CalARM system finalized Stage 4 of the California Department of Technology (CDT) Project Approval Lifecycle (PAL) process in June 2022, proposing a Software as a Service (SaaS) product, which was later amended to procuring a modified off the shelf solution, which requires DHCS to purchase additional software products to meet business needs, and provide and maintain the development and production environments to support the solution. Finally, the behavioral health modernization project is currently scheduled to complete Stage 3 of the CDT PAL process and begin Stage 4 in fall 2023.

Staffing and Resource Request. DHCS and the Office of the Agency Information Officer request eight total positions and expenditure authority of $7.8 million ($1.4 million General Fund and $6.4 million federal funds) in 2023-24, $4.5 million ($716,000 General Fund and $3.8 million federal funds) in 2024-25 and $1.6 million ($337,000 General Fund and $1.2 million federal funds) annually thereafter. If

approved, these positions and resources would support ongoing modernization efforts for the Medi-Cal Enterprise System, including the following projects: 1) Behavioral Health Modernization, 2) Federal Draw and Reporting System, 3) California Accounts Receivable Management, and 4) Medi-Cal Enterprise System Modernization Strategy and Architecture Planning. Specifically, DHCS requests the following positions and resources:

Community Services Division – Resources equivalent to one position

- Resources equivalent to **one Associate Governmental Program Analyst (AGPA)** would serve as a business support analyst; inform and guide product managers and owners in articulation of business needs and solutions for the division's programs; assist with user acceptance testing; facilitate user adoption and implementation; and provide training and support for ongoing new users.

Licensing and Certification Division – Resources equivalent to two positions

- Resources equivalent to **two AGPAs** would serve as business support analysts and would guide product managers and owners in articulation of business needs and solutions for the division's programs; assist with user acceptance testing; facilitate user adoption and implementation; and provide training and support for ongoing new users.

Local Government Financing Division – Resources equivalent to one position

- Resources equivalent to one **AGPA** would serve as a business support analyst and would guide product managers and owners in articulation of business needs and solutions for the division's programs; assist with user acceptance testing; facilitate user adoption and implementation; and provide training and support for ongoing new users.

Health Information Management Division – One position

- **One Information Technology (IT) Specialist II** position would serve as project lead; lead the development and management of behavioral health system data requirements; and ensure data conversion and migration efforts, and the solution requirements correctly align with DHCS and Transformed Medicaid Statistical Information System (T-MSIS) data standards.

Medi-Cal Behavioral Health Division – Resources equivalent to two positions

- Resources equivalent to **two AGPAs** would serve as business support analysts and would guide product managers and owners in articulation of business needs and solutions for the division's programs; assist with user acceptance testing; facilitate user adoption and implementation; and provide training and support for ongoing new users.

Medi-Cal Enterprise Systems Modernization Division – Six positions

- **One IT Manager I** position would serve as the Project Process and Reporting Section Chief; develop and implement standardized project management and reporting processes; and assist project staff in the development and submission of required state and federal project approval requests and updates.

- **One IT Specialist III** position would serve as a DevOps Engineer and be part of a cross-functional team that has experience with continuous integration, continuous deployment, automated testing, scripting of server configuration, and repeatable process automation; and provide operating system administration support in maintaining service continuity and availability of the system.
- **Three IT Specialist II** positions would serve as Full Stack Developers and be part of a cross-functional team to provide technical expertise in software, web development tools, techniques, and methods for the creation and deployment of user-facing interfaces and deploying back-end web applications.
- **One IT Specialist II** positions would serve as Quality Assurance Automation Engineer and be part of a cross-functional team that has experience with code quality through exploratory and automated tests; identify bugs and other issues, and report them to support prioritization by the product owner; and implement test scripts, execute automated scripts, and support strategy for quality coordination and testing within the development lifecycle.

Office of the Agency Information Officer – One position

- **One IT Specialist II** position would ensure DHCS Medi-Cal Enterprise System Modernization initiatives support the direction of CalHHS priorities, support the enterprise services framework set forth by the DHCS EA office, and support maturity of CalHHS EA initiatives that inform integration and data sharing strategies across the agency. This position would also act as liaison between CalHHS and DHCS and provide architectural consultation, contribute to the development of PAL process documentation and budget documents in support of these initiatives, and participate in CalHHS IT and data strategy development with awareness of DHCS modernization efforts.

Contract Resources – Six contracts for $5.4 million in 2023-24 and $2.3 million in 2024-25

- DHCS requests expenditure authority of $2.1 million to support a contracted vendor to implement Enterprise Shared Services for the FDR project.
- DHCS requests expenditure authority of $1.2 million to support a contracted vendor to implement data conversion and migration for behavioral health system projects.
- DHCS requests expenditure authority of $1.6 million to support a contracted vendor to support the behavioral health system projects through Stage 4 of the CDT PAL process.
- DHCS requests expenditure authority of $377,000 to support a contracted vendor to support behavioral health system procurements and Stage 4 process support.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 22: Interoperability Federal Rule Implementation

Budget Change Proposal – April Finance Letter. DHCS requests expenditure authority of $1.5 million ($148,000 General Fund and $1.3 million federal funds) in 2023-24 and 2024-25. If approved, these positions and resources would support implementation and additional planning for new interoperability rules required by the federal Centers for Medicare and Medicaid Services (CMS).

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$148,000	$148,000
0890 – Federal Trust Fund	$1,335,000	$1,335,000
Total Funding Request:	**$1,483,000**	**$1,483,000**
Total Requested Positions:	**0.0**	**0.0**

Background. The Health Information Technology for Economic and Clinical Health (HITECH) Act, a component of the American Recovery and Reinvestment Act (ARRA) of 2009, authorized approximately $4.5 billion for California for both the Medicare and Medi-Cal electronic health records (EHR) incentive programs. Of the $4.5 billion for California, it is estimated that approximately $2 billion in incentive payments will be made to qualified Medi-Cal health care providers who adopt, implement, or upgrade and meaningfully use electronic health records in accordance with federal requirements. In addition to the efforts to encourage use of EHRs, the federal Centers for Medicare and Medicaid Services (CMS) has sought to promote and improve interoperability, allowing the exchange of health information between different systems. The Medi-Cal EHR program, now called the Medi-Cal Promoting Interoperability Program (PIP), has administered the ARRA HITECH program since 2009.

Although the ARRA HITECH programs and funding are scheduled to end in fall 2021, CMS continues to advance interoperability requirements, as well as patient access to health information. In May 2020, CMS finalized the Interoperability and Patient Access Final Rule (CMS-9115-F), which included the following new requirements for CMS-regulated health care payers, including Medi-Cal fee-for-service and managed care delivery systems:

- Patient Access Application Programming Interface – Payers are required to implement and maintain a secure application programming interface (API) that allows patients to easily access their claims and encounter information, including cost, as well as a defined subset of their clinical information through third-party applications of their choice.
- Provider Director API – Payers are required to make provider directory information publicly available via a standards-based API.
- Payer-to-Payer Data Exchange – Payers are required to exchange certain patient clinical data at the patient's request, allowing the patient to take their information with them as they transition between payers.
- Federal-State Data Exchanges for Dual-Eligibles – States are currently required to exchange enrollee data for individuals dually eligible for Medicare and Medicaid. The new rule requires data to be exchanged daily, rather than monthly.
- Public Reporting and Information Blocking – Defines and creates possible penalties and disincentives for information blocking by certain providers. CMS will report on providers that

may be information blocking based on attestations in the Promoting Interoperability Program requirements. Public reporting of this information would allow patients to choose providers more likely to support electronic access to their health information.

- Digital Contact Information – Collects and reports data on providers who do not list or update digital contact information.

The 2015 Budget Act included five positions, funded by a 10 percent allocation from the Health Care Services Plan Fines and Penalties Fund and 90 percent from federal funds, to support ARRA HITECH implementation. The 2021 Budget Act included conversion of five of these positions to permanent and expenditure authority for ten contract positions. The 2022 Budget Act reappropriated the contract resources, converted six positions to permanent, and limited-term resources equivalent to 21 positions (12 for three years, and nine for one year).

DHCS indicates its workload to achieve compliance with the Interoperability and Patient Access Rule is continuing, requiring mapping administrative data to the United States Core Data for Interoperability. IN addition, compliance with the federal interoperability rule requires similar infrastructure to that required by the CalHHS Data Exchange Framework, authorized by AB 133 (Committee on Budget), Chapter 143, Statutes of 2021.

Resource Request. DHCS requests expenditure authority of $1.5 million ($148,000 General Fund and $1.3 million federal funds) in 2023-24 and 2024-25 to support implementation and additional planning for new interoperability rules required by the federal Centers for Medicare and Medicaid Services (CMS). Specifically, DHCS requests the following extension of previously approved limited-term resources:

Health Information Management Division – Resources equivalent to five positions

- Resources equivalent to **three Information Technology (IT) Specialist I** positions would facilitate the mapping of data elements from the DHCS data warehouse to core interoperability components; work with teams to plan for a service-oriented tool to support FHIR based APIs; and provide status on tasks such as data mapping exercises and conceptual and logical data modeling.
- Resources equivalent to **two Information Technology (IT) Specialist I** positions would oversee and manage the data quality strategy; and monitor critical changes to support data quality reporting and the federal interoperability rule.

Information Technology Strategic Services Division – Resources equivalent to one position

- Resources equivalent to **one IT Specialist II** position would act as the Enterprise Architect; provide interoperability architectural leadership and support to architects and subject matter experts in cross-program collaboration; liaison with teams to coordinate an enterprise perspective to interoperability efforts; guide technology architecture to support information exchanges and comply with interoperability standards; guide the analysis of beneficiary information to support alignment with future state architecture; and research and evaluate emerging information exchange and other standards, technologies, and technical approaches.

Medi-Cal Eligibility Division – Resources equivalent to one position

- Resources equivalent to **one Health Program Specialist II** position would support interoperability implementation; serve as a subject matter expert; evaluate the impact of interoperability regulations on existing business operations and systems; collaborate with other staff to support programmatic changes; engage in the development and implementation of interoperability communication strategies, health IT analytics, and support compliance with federal interoperability regulations.

Office of Legal Services – Resources equivalent to one position

- Resources equivalent to **one Staff Services Manager I** position would assist in the modification of policies and procedures to implement the interoperability rule; interfaces with individuals requesting protected health information; serve as an expert in GovQA record management software; provide training, guidance and troubleshooting support necessary for the use of GovQA and other systems; respond to sensitive Public Records Act requests regarding interoperability rules implementation; act as a Regulation Coordinator for programs that need to develop and promulgate regulations in compliance with the Administrative Procedures Act; conduct comprehensive reviews of proposals; coordinate all aspects of public participation in the rulemaking process; guide the development of final rulemaking documents for submission to the Office of Administrative Law; and provide ongoing support to promulgate regulatory updates based on statutory mandates and administrative necessity.

Provider Enrollment Division – Resources equivalent to one position

- Resources equivalent to **one Staff Services Manager I** position would provide lead support for the Provider Engagement Team; serve as subject matter expert; evaluate the impact of interoperability regulations on existing business operations and systems; collaborate with other staff to support necessary programmatic and data infrastructure changes; and engage in the development and implementation of interoperability communication strategies, health IT analytics, provider directory efforts, and support implementation of federal interoperability regulations.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 23: Proposals for Investment

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

For subcommittee presentation

- *Let California Kids Hear Act.* Let California Kids Hear and Children Now request General Fund expenditure authority of $3.5 million in 2023-24 and $3.4 million annually thereafter, and placeholder trailer bill language, to support a requirement that health care service plans or health insurance policies include coverage for hearing aids for enrollees or insureds under 21 years of age According to the advocates of this proposal, it is well documented that early treatment of pediatric hearing loss by three to six months of age, can impede significant speech, language, cognitive and educational delays. "For this reason, hearing loss is considered a developmental emergency, requiring timely intervention to prevent permanent delays. These preventable consequences are not only devastating for the child and family; they are costly to society." says Dr. Dylan Chan of UCSF Medical Center and Benioff Children's Hospital In 2023, 31 states will require support for pediatric hearing aids either through a state insurance mandate or by way of inclusion in the State's Essential Health Benefits (EHB) benchmark selection. California is not one. This makes providing this important intervention financially inaccessible or burdensome to many parents, negatively impacting our California children with congenital or acquired hearing loss.

- *Urgent Relief to Save California Hospitals.* The California Hospital Association (CHA) requests General Fund expenditure authority of $1.5 billion in 2023-24 to stabilize California hospitals. According to CHA, in the aftermath of the COVID-19 pandemic, California hospitals, even after accounting for federal relief, have suffered $12 billion in losses. These losses coupled with unaltered reimbursement rates means that there is a crisis in our healthcare system and that there is are not enough resources to cover the rapidly growing cost of delivering care to Californians. While Medi-Cal reimbursement has remained stagnant, labor expenses have spiked 16 percent since 2019, pharmaceutical costs have grown by 41 percent, and the cost of medical supplies has jumped 19 percent. Dozens of California hospitals — many of which serve high numbers of Medi-Cal patients — are at great risk due to the fact that California pays just 74 cents for every dollar it costs to provide care to Medi-Cal patients. On the federal side, Medicare pays just 75 cents for every dollar it costs to care for millions of California seniors. This one-time budget request would stabilize hospitals serving Medi-Cal patients in order to provide time to discuss and implement longer-term solutions to address the chronic underfunding of Medi-Cal rates.

- *Medi-Cal Reimbursement Rate Increase for Optometric Services.* The California Optometric Association (COA) requests expenditure authority of $61 million ($30.5 million General Fund and $30.5 million federal funds) annually to support an increase in Medi-Cal reimbursement rates for optometric services. According to COA, optometrists in California provide 80 percent of the Medi-Cal eye care in California. They are more geographically dispersed than ophthalmologists and can be found in almost every county in California. The low rate of reimbursement has become an access to care issue as more optometrists are dropping Medi-Cal. This has broader implications because eye exams do more than just check your vision clarity; they can detect early signs of serious health conditions such as diabetes and hypertension. California has the third lowest Medicaid reimbursement rate for eye exams in the nation. The Medi-Cal reimbursement for a new patient exam and refraction

is $47 where the national Medicaid average is $105. The average cost of an eye exam for a new patient with no insurance in California today is about $200. Additionally, the current reimbursement rate adversely impacts Medi-Cal eligible children's ability to receive services. According to the CDC, one in four children have some form of vision problem, yet only 15 percent of preschoolers receive an eye exam. Vision problems are often correctable with timely diagnosis and treatment. However, far too often these children fall through the cracks. Vision is a foundational component of children's educational and social success, yet many patients cannot find a doctor that accepts Medi-Cal.

- *Pediatric Subacute Facilities – Hold Harmless.* Totally Kids Sun Valley and the California Association of Health Facilities (CAHF) request expenditure authority of $2.2 million ($1.1 million General Fund and $1.1 million federal funds) in 2023-24 and $454,000 ($227,000 General Fund and $227,000 federal funds) in 2024-25 to include free-standing pediatric subacute facilities in the current Medi-Cal rate "hold harmless" statutory language. According to the advocates, these facilities were not included in the current statute, but should be treated the same as other homes and facilities and have assurance their Medi-Cal rates do not fall below current levels with the ending of the public health emergency.

- *Self-Help Programs to Families and Individuals Living with a Mental Illness.* The National Alliance on Mental Illness-CA (NAMI-CA) requests General Fund expenditure authority of $2 million in 2023-24 to support training to assist individuals and families living with a mental illness. According to NAMI-CA, it continues to be the leading source of peer-based support and educational classes on the subject of mental illness for families and consumers. The state traditionally funded NAMI-CA to provide self-help programs to families and individuals living with a mental illness through Welfare and Institutions Code Section 4241. Historically, these programs were funded under the Department of Mental Health and separated from NAMI-CA's advocacy contracts. Funding changes under the dissolution of the Department of Mental Health in 2012 left NAMI-CA trainings unfunded at the state level, putting local classes in jeopardy. This loss of funding has, unfortunately coincided with a tremendous increase in need across California for behavioral health services. NAMI-CA has filled this gap with its own resources to meet these expanding training needs. However, the approaching tidal wave of need will require a longer term and intensive approach. This one-time funding would help NAMI-CA expand the classes that they offer to families, thus which would help family members in: 1) reduced anxiety, 2) improved problem solving, 3) improved coping and knowledge, and 4) better outcomes for loved ones living with a serious mental illness.

- *Three Month Deeming for PACE Medi-Cal Enrollees.* WelbeHealth requests unknown, potentially significant resources to allow PACE enrollees to remain enrolled in PACE for three months following loss of Medi-Cal eligibility. According to WelbeHealth, PACE serves the most frail and vulnerable Californians – namely seniors 55 and older who have multiple, complex medical conditions. PACE participants, who are often dually-eligible for Medi-Cal and Medicare, rely on PACE for their 24/7 medical, social and behavioral health care needs. PACE programs have an extensive track record in keeping older adults with advanced medical and social needs healthy at home and in the community. Nearly 70 percent of all PACE participants are dually eligible for Medi-Cal and Medicare, but it can be challenging for frail seniors to navigate the Medi-Cal re-enrollment process. Any interruptions in coverage can be dire for the high-needs seniors PACE serves, resulting in poorer health outcomes and increased costs for the state when they must visit an emergency department to resolve their medical issues. Dual Eligible Special Needs Plans (DSNPs) are required to maintain enrollment for Medi-Cal

eligible member for at least a 3-month deeming period. Many Medi-Cal eligibility issues can be fixed if the beneficiary is given enough time to resolve them. "Deeming" allows a beneficiary who has lost full-scope Medi-Cal eligibility to remain enrolled for at least a 3-month deeming period. Allowing participants to remain enrolled in their PACE plans during a deeming period will minimize disruption, prevent loss of services, and allow the PACE plan the time necessary to assist with any paperwork issues affecting the individual's Medi-Cal redetermination.

- *Private Duty Nursing Medi-Cal Reimbursement Rate Increase.* The California Association for Health Services at Home (CAHSAH) requests expenditure authority of $123.9 million ($54.5 million General Fund and $69.4 million federal funds) annually to support a 40 percent Medi-Cal reimbursement rate increase for private duty nursing (PDN) to allow children with complex medical conditions to remain in their homes and out of hospitals. According to CAHSAH, PDN is continuous skilled nursing care provided in the home for medically complex and vulnerable pediatric and adult patient populations under Medi-Cal, many of whom require ongoing assistive technology such as ventilators and tracheostomies to sustain life. These nurses serve the most medically fragile individuals in the state—including children with special healthcare needs (CSHCN) and children with complex chronic conditions (CCC) along with adult patients who require similar services. These patients require skilled nursing services performed in the home by a Registered Nurse (RN) or Licensed Vocational Nurse (LVN) under the supervision of an RN typically for 12 hours per day every day in order to manage their chronic condition and keep them safe in their homes and communities. Our goal is to keep these individuals in their homes -- the setting that promotes their highest quality of life and allows them the opportunity to be with their families and engage in their communities.

  Two analyses issued by respected health care researchers concluded that the combination of PDN wage limitations under the current Medi-Cal rate and California's overall nursing shortage have resulted in more PDN eligible children remaining in and returning to hospital care. According to the analysis by David Maxwell Jolly of California Health Policy Strategies, due to lagging Medi-Cal reimbursement rates, there are not enough nurses to care for the medically fragile children who are able to leave the hospital. Lack of in-home nursing drives up costs through: 1) discharge delays, 2) longer overall hospital stays while waiting for adequate in-home nursing coverage, 3) increased chances of readmission within 90 days, and 4) overall increased chances of hospital admissions for children who are being cared for at home but not receiving enough treatment due to lack of adequate nursing coverage.

  Maxwell Jolly concludes that current inadequate spending levels for PDN care resulted in 25 percent fewer hours of in-home health care and a 5-fold (460 percent) increase in delayed hospital discharges and hospital readmissions. If Medi-Cal reimbursement rates were increased to levels that prevailed in 2020 (as reflected in the 40 percent request), the increased PDN cost would be $310 million but would save $843 million in unnecessary hospital costs.

  <u>Not for subcommittee presentation</u>

- *Medi-Cal Benefit for Housing Support Services.* Western Center on Law and Poverty (WCLP) and the Corporation for Supportive Housing (CSH) requests unknown, potentially significant funding to require DHCS to seek federal approval of including housing support services as a Medi-Cal benefit in 2024. According to WCLP and CSH, California has 30 percent of the nation's homeless population.

Homelessness dramatically impacts health outcomes, costs, and access to care. Health costs for Medicaid beneficiaries experiencing chronic homelessness can add up to over $100,000 in one year. Despite this high spending, people experiencing chronic homelessness die, on average, 25-30 years younger than housed people with similar health conditions.

Evidence shows trauma-informed services that connect people to housing and that work to stabilize people in housing are critical interventions in solving homelessness and improving the health of people who have experienced homelessness. Funding for homeless services is woefully inadequate.

In acknowledging the evidence basis for housing support services as health care, DHCS created the Enhanced Care Management and Community Supports programs as part of California Advancing & Innovating in Medi-Cal (CalAIM). These programs have helped many Californians obtain care and services they need. Yet, accessing these services remains challenging for people experiencing homelessness. Medi-Cal plans offering housing-based Community Supports have differing eligibility requirements and standards, even in the same county. Because Medi-Cal plans must identify sufficient return on investment to fund the optional housing support services, eligibility, the number of people served, and the duration of services varies and does not always meet the enrollees' needs. The wide variation in these factors makes the current funding for services unreliable and therefore difficult to braid with existing housing resources. Further, because Medi-Cal plans must determine eligibility based on return on investment, they often limit eligibility to members who incur high hospital costs, assessments that disfavor members of color, who are often underserved in hospitals.

A statewide Medi-Cal benefit would be more equitable and broadly available to Medi-Cal enrollees who are experiencing homelessness. A benefit would allow California to scale up provision of services and make services available for as long as the enrollee needs the services. A benefit would allow California to take advantage of a federal match of up to a 90 percent (for the expansion population). The State's pursuit of a Medi-Cal benefit to fund these services will drive plans to develop their capacity and providers to participate, improve health outcomes among Californians experiencing homelessness, reduce homelessness, standardize eligibility, and draw down millions of federal dollars that we are currently not accessing. Most importantly, it will scale up services funding for a population with some of the worst health outcomes.

- *Family Support Services/Positive Parenting Support Services.* Triple P requests expenditure authority of $5.4 million annually to support positive parenting programs as part of the Children and Youth Behavioral Health Initiative. According to Triple P, the state needs options that can provide immediate, actionable support for parents and caregivers. Failure to address mental health, particularly early in a child's life, can have long standing consequences for the child and costly outcomes for California. Triple P applauds the Administration and Department of Health Care Services' rollout of the recent Evidence-Based Practices/Community-Defined Evidence Practices Grant Program which provides grant funding to eligible applicants for training, start up and operational implementation funding. Unfortunately, the maximum grant awards limit each respective track up to $10,000, $750,000, and $400,000 respectively. In response to the feedback received from community partners, the funding threshold per track limits the ability for community providers to be able to fully scale up their implementation and delivery of services to families in their respective counties. To this end, we propose a reapportionment of funding from the CYBHI or other funding streams which will allow community partners to deliver these services to communities in need.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, April 27, 2023
9:30 am, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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.

5180 DEPARTMENT OF SOCIAL SERVICES – CALFRESH AND NUTRITION PROGRAMS

Issue 1: CalFresh and Nutrition Overview

Governor's Budget. The revised 2022-23 budget includes $2.1 billion ($760.3 million General Fund) for CalFresh administration, which represents an increase of $201.4 million ($29.1 million General Fund) from the 2022 Budget Act. In 2023-24, the proposed budget includes $2 billion ($734.7 million General Fund), which represents a projected decrease of $130.2 million ($25.6 million General Fund) from the revised 2022-23 Budget Act. The decrease reflects the ramp down in funding for the CalFood Augmentation, the end of P-EBT, funding for special food programs, the sunsetting of the CalFresh Temporary Student Eligibility Expansion, and the completion of initial cross training for CalFresh Simplifications.

CalFresh. CalFresh is California's version of the federal Supplemental Nutrition Assistance Program (SNAP), an entitlement program that provides eligible households with federally funded monthly benefits to purchase food. The California Department of Social Services (CDSS) oversees the CalFresh program and each county is responsible for local administration. The projected CalFresh caseload for 2022-23 is over 2.7 million households, representing 4.8 million Californians. The average monthly benefit in 2022-2023 is $445.33 per household, or $251.59 per person.[1] The Public Policy Institute of California reports that CalFresh kept one million Californians out of poverty in 2021.[2]

CalFresh food benefits are 100 percent federally funded. CalFresh administration costs are funded with fifty percent federal funds, thirty-five percent General Fund, and fifteen percent county funds, except for state-mandated program changes. Administrative costs for state-mandated program changes are funded with fifty percent federal funds and fifty percent General Fund. CalFresh food benefits are issued through an EBT card which cardholders can use at point-of-sale terminals authorized by the United States Department of Agriculture, Food and Nutrition Service (FNS). Grocers and other retailers are paid directly by the federal government for the dollar value of purchases made with CalFresh food benefits.

Federal benefits, which include a 12.5 percent COLA increase for Maximum Allotments beginning October 1, 2022, are expected to be approximately $19.1 billion in 2022-23 and $8.9 billion in 2023-24. The estimated impact of the COLA is $713.9 million in 2022-23 and $973.7 million in 2023-24. The year-over-year decrease in estimated benefits reflects the end of emergency allotments, Pandemic Electronic Benefit Transfer (P-EBT), and CalFresh Temporary Student Eligibility Expansion.

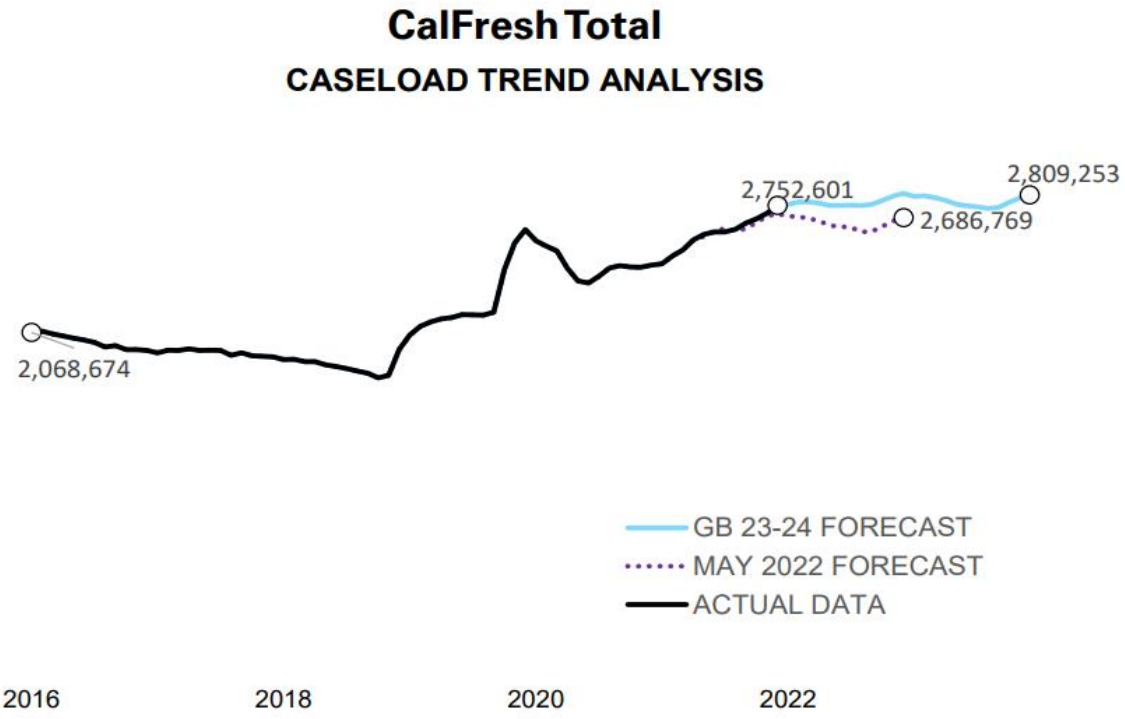
California Food Assistance Program (CFAP). CFAP provides food benefits to approximately 35,000 legal permanent residents who meet CalFresh eligibility criteria but are excluded from SNAP due to federal welfare reform enacted in 1996. Other immigrants, including undocumented immigrants, are not eligible for CFAP benefits. CFAP is funded 100 percent General Fund and benefits are delivered through an Electronic Benefits Transfer (EBT) card identical to CalFresh. The average monthly CFAP benefit in 2022-23 is $491.27 per household or $217.76 per person.

[1] Includes average monthly CalFresh benefit plus average monthly federal emergency allotment.
[2] Caroline Danielson, Patricia Malagon, and Sarah Bohn, "Poverty in California," *PPIC,* October 2022.

The California Food Assistance Program (CFAP) is funded 100 percent General Fund for both benefits and administrative costs. CFAP benefits, which include the 12.5 percent COLA increase, are expected to be approximately $100.4 million General Fund in 2022-23 and $75.8 million General Fund in 2023-24. The estimated impact of the COLA is $5.9 million in 2022-23 and $8.1 million in 2023-24. The year-over-year decrease in estimated benefits reflects the end of emergency allotments and CalFresh Temporary Student Eligibility Expansion.

The Governor's budget includes a two-year delay in the implementation of the CFAP. A discussion of the CFAP expansion, including the delay, is included in Issue 4 of this agenda.

Caseload. The average monthly CalFresh caseload is expected to grow 6.4 percent in 2022-23 and 0.2 percent in 2023-24. The Governor's budget projects the CalFresh caseload to be 2.8 million households in 2023-24.



Source: CDSS.

County Administration Funding. The budgeting methodology to determine the amount of state funding provided to pay for its share of CalFresh administration costs is outdated and does not fully cover county costs. The current methodology began when the state experienced a recession in the early 2000s and stopped providing annual cost-of-living adjustments (COLAs) as a way to reduce state costs. Since then, the state has provided funding for most, but not all, of the caseload increases over the past two decades (at early 2000s cost levels), but has given no COLAs to cover operational cost increases over time. The 2020 Budget Act required the department, in partnership with counties, to update the budgeting methodology used to determine the annual funding for county administration of the CalFresh Program, beginning with 2021-22. Subsequent Budget Acts delayed the development of this budgeting methodology

to 2022-23, and again to 2023-24. The 2022 Budget Act included $53 million General Fund one-time for administrative support for the CalFresh program. A proposal to update the budget methodology for the CalFresh county administration funding is anticipacted in the Governor's May Revision.

CalFood. The CalFood program allocates funding to California's network of food banks to purchase food primarily sourced from California. The 2022 budget included $112 million General Fund total for the CalFood program in 2022-23 and approved an additional $52 million General Fund in 2023-24 above the program's baseline budget in 2023-24. The Governor's budget maintains the agreement to fund an additional $52 million for CalFood in 2023-24. According to CDSS, the CalFood augmentation has been vital for food banks to secure food and reduce supply chain issues.

Child and Adult Food Program. The Child and Adult Care Food Program (CACFP) provides cash reimbursements for nutritious meals served to infants, children, and adults in care settings. Eligible childcare centers, adult day care centers, afterschool care centers, emergency shelters, and day care homes can participate in the CACFP and receive reimbursements to cover some of their food costs. The 2023-24 Governor's Budget includes $692.0 million ($18.0 million General Fund) in 2022-23 and $693.5 million ($19.5 million General Fund) in 2023-24 for CACFP based on expected claims and COLA increases, which represents an increase of $150.4 million ($1.8 million General Fund) from the 2022 Budget Act. The 2022-23 COLA increase was 6.56 percent and the 2023-24 COLA increase is 8.13 percent.

Staff Recommendation. Hold open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the proposed 2023-24 budget for CalFresh and other nutrition programs, highlighting significant changes in the budget.

2. Please provide an overview on the CalFresh caseload, including projected caseloads for 2023-24.

3. Please describe the department's progress towards updating the budget methodology for CalFresh county administration costs. How has the department worked with counties to develop that methodology, and when will details be available?

The Subcommittee requests the LAO respond to the following:

1. Please share the LAO's comments on the 2023-24 Governor's budget for CalFresh.

Issue 2: The End of Federal Emergency Allotments and the "Hunger Cliff" in California

The Subcommittee has requested the following individuals to participate in a panel discussion on the end of federal food support initiated during the COVID-19 pandemic and stakeholder proposals to mitigate the "hunger cliff" resulting from this loss of federal support:

- Kim Johnson, Director, California Department of Social Services (CDSS)
- Becky Silva, Government Relations Director, California Association of Food Banks
- Andrew Cheyne, Managing Director of Public Policy, GRACE/End Child Poverty California
- Eli Zigas, SPUR

Hunger in California. Nearly 20 percent of California households are food insecure. Food insecurity is higher for families with children (25.8 percent), Black households (28.9 percent) and Latinx households (29.7 percent).[3] Food insecurity in California remains far higher than pre-pandemic levels as food banks continue to see increased demand and CalFresh enrollment is at its highest in recent history.

CalFresh. CalFresh is California's version of the federal Supplemental Nutrition Assistance Program (SNAP), an entitlement program that provides eligible households with federally funded monthly benefits to purchase food. The California Department of Social Services (CDSS) oversees the CalFresh program and each county is responsible for local administration. The projected CalFresh caseload for 2022-23 is over 2.7 million households, representing 4.8 million Californians. The average monthly benefit in 2022-2023 is $445.33 per household, or $251.59 per person.[4] The Public Policy Institute of California reports that CalFresh kept one million Californians out of poverty in 2021.[5]

CalFresh Emergency Allotments. In March 2020, California received authority from the federal government to provide emergency allotments to CalFresh households due to the public health emergency. The emergency allotments raised each household's benefit level to the maximum amount allowable based on household size and provided a minimum $95 supplement to all CalFresh households already receiving the maximum allotment. For example, an individual who qualified for the minimum benefit level of $23 received $281 in monthly benefits with their emergency allotment. The average emergency allotment in California was $166.43 per household in 2022. Congress scheduled these emergency allotments to end in February 2023, with CalFresh households receiving their final emergency allotment on March 26, 2023.

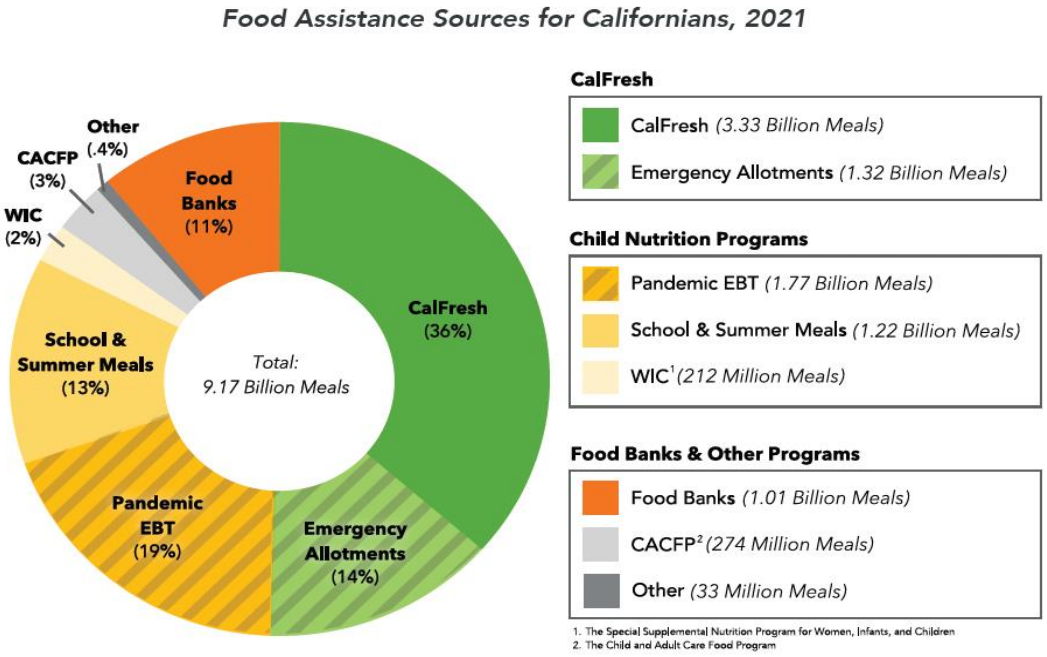
Since March 2020, over $11 billion in federal emergency allotments have been issued to Californians. The emergency allotments issued to California for the month of February 2023 totaled over $520 million; from March 2020 to March 2023, California consistently received around $500 million each month in CalFresh emergency allotments.

[3] US Census Bureau Household Pulse Survey.
[4] Includes average monthly CalFresh benefit plus average monthly federal emergency allotment.
[5] Caroline Danielson, Patricia Malagon, and Sarah Bohn, "Poverty in California," *PPIC,* October 2022.

Pandemic EBT (P-EBT). Similar to the emergency allotments, P-EBT is a federal program designed to supplement food assistance for children during the pandemic. P-EBT is administered by CDSS in collaboration with the California Department of Education (CDE). P-EBT benefits are available for families who receive CalFresh and have children who are under six years old, or who have school-age children who are eligible for free- or reduced-price meals at school. P-EBT has provided nearly $12 billion in food benefits to children statewide. With the passage of the federal Consolidated Appropriations Act of 2023, Congress moved to end the P-EBT program with the emergency allotments. P-EBT will not be available after the current 2022-23 school year. Congress also authorized the creation of a new, more limited Summer EBT program, which will provide $40 per month per eligible child for food during the summer months when children are out of school, beginning in 2024.

California is facing a hunger cliff. California has received over $500 million per month in CalFresh emergency allotments for the last three years. Since March 2020, these emergency allotments have been linked to the federal government's COVID-19 public health emergency declaration; however, Congress moved to end emergency allotments as part of the 2023 Federal Omnibus in December 2022. This means that CalFresh households received their last emergency allotment in March 2023. After CalFresh households receive their last emergency allotment, every CalFresh household's benefits will drop significantly. On average, CalFresh households will lose $166.43 per month in benefits. However, Californians who are eligible for the minimum benefit level ($23 for a household size of one), and have been receiving the maximum benefit level since March 2020, will see their benefits drop by over $250. These are disproportionately older adult households. CDSS is executing an extensive outreach effort across multiple languages and communication methods to inform CalFresh households of the end to emergency allotments. The chart below, provided by the California Association of Food Banks, represents the loss of federal food support in the context of California's overall food safety net.

The end of CalFresh Emergency Allotments and Pandemic-EBT will represent a loss of approximately one-third of the food safety net — or more than 3 billion meals.



Examples from other states that have opted to forgo emergency allotments demonstrate the negative impact this change will have on the state's poorest residents. National research shows that 51 percent of SNAP recipients in states no longer issuing emergency allotments reported running low or being out of most things they needed at home. In Kentucky, for example, food banks saw an estimated 20-30 percent increase in individuals served when SNAP participants lost their emergency allotments.[6]

Rising cost of food. Grocery prices have increased 13.5 percent in the last year.[7] Rising food prices are likely driving more Californians to seek assistance from food banks. For example, one food bank in Kern County experienced a spike from 35,000 people seeking food in January 2022 to 70,000 in October 2022.[8] The Food Bank of Contra Costa and Solano reports serving 100,000 more people per month than 2021.[9] Los Angeles Regional Food Bank served approximately 800,000 people in December 2022, "down from the 1 million people a month who were helped during the peak of the pandemic, but more than double the 300,000 helped during each of the last months of pre-pandemic 2019."[10] Increasing food costs are likely to exacerbate the hunger cliff as emergency allotments end.

CalFood and Food Bank Support. The CalFood program allocates funding to California's network of food banks to purchase food primarily sourced from California. CalFood has historically been funded at $8 million per year. The 2022 Budget Act included $112 million General Fund total for the CalFood program in 2022-23. Additional food bank investments include:

- *Food Bank Capacity grants*. The 2021 budget included $182 million to support food bank capacity, infrastructure, and disaster resiliency. The 2021 budget also included $110 million to help food banks meet increased demand during the COVID-19 pandemic.

- *Drought Food Assistance Program.* The 2022 budget included $23 million from the California Emergency Relief Fund to supplement food bank resources in drought-impacted counties**.**

Governor's Budget. The Governor's budget proposes an additional $52 million for the CalFood program in 2023-24 for a total of $60 million, above the program's baseline budget of $8 million.

Stakeholder Proposals for Investment. Stakeholders have proposed several investments related to CalFresh to address the hunger cliff. Some of these proposals include:

1. **CalFood Expansion.** The California Association of Food Banks (CAFB) proposes to permanently provide $60 million for the CalFood program, above the usual $8 million baseline. This is included one-time for 2023-24 in the Governor's proposed budget.

[6] Jessica Fu, "The US struggle to pay for food: 'No matter how well you budget, you will run out of something,'" *The Guardian*, November 22, 2022.
[7] Danielle Wiener-Bronner, "Food prices are still soaring—here's what's getting more expensive," *CNN*, September 13, 2022.
[8] Joshua Yeager, "High costs, demand keep Valley food pantries busy," *KVPR*, November 23, 2022.
[9] Anser Hassan, "Food Bank of Codontra Costa and Solano sees increase of 100k people per month needing food," *ABC 7*, November 11, 2022.
[10] Andrew Mouchard, "Inflation is producing, and hiding, hunger in Southern California," *The Orange County Register*, December 3, 2022.

According to CAFB, "Food insecurity in California remains at nearly double the pre-pandemic levels, with deep inequities for communities of color. This will only be exacerbated when CalFresh Emergency Allotments end after March 26, 2023, and with the ending of the Pandemic-EBT program after the 2022-23 school year…$60 million ongoing will enable food banks to purchase $5M per month of food. In other words, that is 300 million meals. In 2021, CAFB members and non-members distributed just over 1 billion meals total. Even with the $5M per month in CalFood, the need will be far greater than what food banks will be able to provide. Nevertheless, this annual baseline adjustment will allow food banks to meet some of the basic needs for families."

2. **Food Bank Climate and Capacity Resiliency Funding.** CAFB proposes $180 million one-time for food bank climate and capacity resilience.

According to CAFB, "In the fall of 2021 and 2022, CAFB surveyed members to assess their needs in light of the COVID-19 crisis, heightened levels of food insecurity with no end in sight, and natural disasters from fires to floods to earthquakes all across our state. The top barriers food banks cited were related to one-time capacity and climate needs that are necessary and currently unmet by prior state investments, totaling well over $500 million. The extraordinary service during COVID-19 put an enormous strain on emergency food infrastructure, and revealed significant capacity constraints. At the same time, disasters have become the new normal across the state and immigrants, farmworkers, and low-income Californians are facing disproportionate consequences. A $180 million one-time investment in the 2023-24 Budget is critical to meet these gaps, build the long-term ability of the state's emergency food network to meet communities' need for food, and to be resilient in a changing climate, ensuring food is available when communities need it most."

3. **CalFresh $50 Minimum.** Hunger Action LA, CAFB, Nourish California, and GRACE/End Child Poverty propose $95 million ongoing to increase the minimum monthly CalFresh benefit from $23 to $50.

These stakeholders state, "Due to the end of the federal emergency allotments last month, many households, such as older adults living alone and working families, have seen their benefits slashed from $281 to the federally set minimum allotment of $23 per household. The Thrifty Food Plan (TFP) set by the United States Department of Agriculture (USDA), determines the minimum allotment of SNAP benefits. In 2021, The Thrifty Food Plan was adjusted for the first time in over 45 years. However, the high cost of living in states like California are not considered when determining the TFP. CalFresh recipients are still experiencing the impacts of the Covid-19 pandemic, on top of inflation, job loss, and income instability. This proposal seeks to respond to the looming hunger cliff due to the end of the federal emergency allotments."

4. **CalFresh Fruit and Vegetable Supplemental Benefits Expansion.** SPUR and Nourish California propose $93.75 million one-time to expand the CalFresh Fruit and Vegetable EBT Pilot program.

According to SPUR and Nourish California, "As more than five million CalFresh participants are facing a hunger cliff – due to both high food inflation and a drop in their benefits because of the end of federal "emergency allotments" – California families are struggling with far too much hunger and inadequate and inequitable access to food. Meanwhile, California farmers are struggling with stiff economic headwinds.

Fruit and vegetable supplemental benefit programs, which provide families with low incomes matching dollars when they buy fresh fruits and vegetables, make healthy food more affordable while also supporting California farmers. Numerous organizations have piloted these initiatives, also commonly known as healthy food incentive programs, at grocery stores and farmers' markets in California. Evaluations from those programs in California – including Double Up Food Bucks, Más Fresco, and Market Match -- and others nationally, show that they reduce hunger, improve health, and boost the agricultural economy." This proposal would expand the programs reach so that 30 counties have at least one retailer offers supplemental benefits. The current pilot includes four grocery chains and nearly 90 stores.

This summary does not include the full list of stakeholder proposals for investment related to CalFresh and nutrition programs. A complete list of stakeholder proposals for investment is included in Issue 20 of this agenda.

Staff Comment and Recommendation. This is an informational Item. No action is needed.

Staff notes that the loss of emergency allotments and P-EBT represents a drastic cut in the amount of federal food support available to low-income Californians. As noted in the Governor's budget, federal food benefits to Californians are estimated at $19.1 billion in 2022-23 and $8.9 billion in 2023-24—an over 50 percent drop. It is clear that this federal cut will lead to more hunger among the poorest and most vulnerable Californians who are already burdened by poverty, food insecurity, and food insufficiency.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the federal food assistance provided to the state over the last three years, including SNAP emergency allotments and P-EBT. How have these programs helped to alleviate hunger and poverty during the uncertainty of the pandemic?

2. What is the impact of the loss of federal emergency allotments and P-EBT on CalFresh households? Who will be most affected? What trends does the department expect to see as a result of these programs ending, in terms of hunger levels, food bank demand, and CalFresh participation?

3. What can the state do to mitigate this hunger cliff?

4. When Congress ended P-EBT, it created a Summer EBT program to add a supplement to families' CalFresh benefits during the summer months when children are out of school. Has the department looked into establishing a Summer EBT program to be operational in Summer 2024?

Issue 3: Electronic Benefits Transfer (EBT) Security

In addition to CDSS, Department of Finance (DOF), and the LAO, the Subcommittee requests the following individuals to participate in a panel discussion on protecting Californians from rising levels of EBT theft:

- Rick Wanne, Director of Self-Sufficiency, County of San Diego Health and Human Services Agency

- Lena Silver, Associate Director of Litigation and Policy Advocacy, Neighborhood Legal Services of Los Angeles County

Rising levels of EBT Theft. Since October 2021, California has seen a significant increase in EBT theft. CDSS has implemented a variety of theft mitigation strategies and is actively collaborating with federal, state, and local law enforcement on the investigation of criminal activity related to EBT theft. One of the key causes of this theft is that EBT cards have outdated technology and are not chip-enabled, making CalFresh, CalWORKs, and CAPI recipients vulnerable to skimming theft. According to CDSS, cash benefit theft has increased from less than one percent of total cash benefits distributed in 2019-20 to a projected 1.7 percent in 2022-23.

Since November 2021, statewide monthly reimbursements for skimming theft have been above $1 million. Skimming theft reimbursements totaled $8.5 million in the month of January 2023. The data provided by CDSS captures skimming cases in which cardholders requested reimbursement for stolen benefits; actual numbers of total theft could be higher if some cardholders do not request reimbursement. Monthly averages indicate that CalWORKs/cash theft represents about 80 percent of total theft and SNAP/food theft represents about 20 percent of total theft.

Rising EBT theft is a national problem. Recent news stories have highlighted CalWORKs recipients having all of their benefits stolen several times, even after replacing their cards, and experiencing long wait times to get their stolen benefits replaced, beyond the 10-day period in which counties are required to replenish benefits.[11] As detailed in a recent LA Times article, some fraud victims waited over a month and a half to get their benefits replaced.[12] This article describes one fraud victim's experience: "last month, after the fifth theft, the state sent her a letter warning it might refer her for investigation of possible 'EBT Card Trafficking.' Depending on what an investigation found, the note warned, she could be fined, jailed or have her benefits canceled."[13]

EBT Security – Governor's Budget. The Governor's Budget includes $50 million ($22.4 million General Fund) to modernize EBT cards to include Chip/Tap technologies to improve card security and reduce benefit theft. CDSS states that implementation will take 30 months with a total estimated cost of $76.5 million ($34.3 million TANF/General Fund) over three years. The budget also includes funding for the reimbursement of cash and food benefit theft.

[11] Jeanne Kuang, "Thieves drain millions off CalFresh and CalWORKs recipients' cards, families wait and taxpayers pay," CalMatters, January 30, 2023.
[12] Rebecca Ellis, "Brazen food stamp scammers steal millions from L.A.'s poorest," LA Times, February 8, 2023.
[13] Rebecca Ellis.

There are several components to conducting EBT card replacement on a massive scale, which involves not only issuing millions of chip-enabled cards, but also updating firmware at purchase of service (POS) devices across stores, replacing specialized POS devices used at farmer's markets, replacing card printing devices at county offices, and other steps in coordination with the state's EBT vendor, before a testing period and then card deployment in 2024.

CDSS has taken a number of steps in the short-term to address theft and improve the benefits replacement process. In January 2023, CDSS removed two procedural requirements for EBT cardholders to be eligible for benefit theft reimbursement: that cardholders file a misdispense claim with the EBT vendor, and file a police report.

The 2022 Budget Act included $680,000 ($221,000 General Fund) and four positions to monitor, investigate, and support criminal prosecution of EBT theft. Over 2022, CDSS also completed the roll-out of CVV cards, which have resulted in a significant decrease in scamming, but do not protect cards from being skimmed and cloned, which is the pervasive method of theft occurring currently.

Federal SNAP Reimbursement. Under the Consolidated Appropriations Act of 2023, federal reimbursements for SNAP theft are mandated in federal fiscal year 2023-2024. CDSS anticipates capacity to begin drawing down USDA/FNS funds beginning November 2023 while continuing 100 percent General Fund reimbursements in the interim. USDA/FNS may issue a retroactive reimbursement to the State for costs incurred beginning October 2022**,** but policy is not final.

Staff Comment and Recommendation. Hold Open.

Staff notes that while EBT theft is affecting Californians across all programs that use EBT cards, most of this theft is happening to CalWORKs families, who are already living in deep poverty. The Legislature may wish to ask the department if the department can prioritize CalWORKs participants in this roll-out to stem the tide of theft where it is most concentrated and perhaps most devastating.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal, including a description of the key components of the $76.5 million in total costs for this project. Can the department prioritize certain programs, like CalWORKs?

2. Please describe how EBT theft is impacting CalFresh, CalWORKs, and CAPI households. How many households have had their benefits stolen? Please describe the department's continued efforts to address EBT theft and streamline benefits replacement.

3. Recent federal changes allow for federal reimbursement of stolen SNAP benefits. How will those changes affect this proposal, including the cost to the state of reimbursing stolen CalFresh benefits?

The Subcommittee requests Rick Wanne, County of San Diego Health and Human Services Agency, and Lena Silver, Neighborhood Legal Services of Los Angeles County to each respond to the following:

1. Please describe how rapidly increasing levels of EBT theft have affected clients you serve. How does this theft affect participants in CalWORKs, CalFresh, and CAPI programs? What is the magnitude of this theft? Who is most affected?

2. What problems have arisen with the benefits replacement process? How have recent changes from CDSS impacted the benefits replacement process for clients, and what more could CDSS and counties be doing to further streamline benefits replacement?

3. Please share any feedback or recommendations on how the state should implement the EBT card security enhancements and any additional measures the state and counties should take in the meantime to address EBT theft.

Issue 4: California Food Assistance Program Expansion

In addition to CDSS, DOF, and the LAO, the Subcommittee has requested the following individual to participate in this discussion:

- Benyamin Chao, Health and Public Benefits Manager, California Immigrant Policy Center, Food for All Coalition

Budget Change Proposal – Governor's Budget. CDSS requests $3.3 million and 18 permanent positions to provide state-level administration for the expansion of the California Food Assistance Program (CFAP).

California Food Assistance Program (CFAP). CFAP provides food benefits to approximately 35,000 legal permanent residents who meet CalFresh eligibility criteria but are excluded from SNAP due to federal welfare reform enacted in 1996. Other immigrants, including undocumented immigrants, are not eligible for CFAP benefits. CFAP is funded 100 percent General Fund and benefits are delivered through an Electronic Benefits Transfer (EBT) card identical to CalFresh. The average monthly CFAP benefit in 2022-23 is $491.27 per household or $217.76 per person.

CFAP Expansion. The 2021 Budget Act included $5 million General Fund to begin automation changes necessary to expand CFAP regardless of immigration status, and expressed legislative intent to begin an age-based implementation of the CFAP expansion upon the completion of the needed automation changes. The 2022 Budget Act included $35.2 million General Fund, increasing to $113.4 million annually in 2025-26, to expand CFAP to Californians age 55 and older regardless of immigration status. CDSS estimates that 75,000 individuals will be eligible for CFAP when the expansion is implemented.

Delay of CFAP Expansion. The Governor's January budget projects a two-year delay in the expansion of CFAP to all Californians age 55 and over regardless of immigration status. According to CDSS, automation is estimated to begin in July 2024 instead of late 2022-23, and benefits will start on January 1, 2027, as opposed to January 1, 2025.

According to CDSS, the adjustment in the timeline will allow for any additional considerations related to implementation, operations, and policy development (such as new forms, aid/benefit codes, and required reports). While there is not a delay in the overall CalSAWS system migration project, these considerations in totality have a bearing on planning, when the programming can begin, and the overall timeline for the CFAP expansion and benefits issuance. Providing additional nutrition through CalFresh/CFAP expansion to all low-income older adults, regardless of status, remains an Administration priority.

CDSS states that the proposed timeline adjustment reflects a preliminary and cautious approach around these considerations to anticipate unknowns and prepare for better implementation. CDSS is committed to working together with CWDA, counties, CalSAWS, the Legislature, as well as stakeholders representing immigrant, older adult, and nutrition communities, to help inform May Revision updates as more information becomes available and if conversations yield a different feasible timeline.

The 2021 Budget Act authorized the CDSS to transfer $999,000 from Local Assistance to State Operations to fund 26 Family Empowerment and Engagement Division (FEED) staff resources and begin the CFAP Expansion hiring ramp-up. Funding for these resources is limited term and set to expire on June 30, 2026, while the workload will be ongoing. CDSS states that implementation of the CFAP expansion will require

a significant administrative effort to coordinate with existing and new partners, and the proposed resources for this expansion will be instrumental in managing this work.

Background. Presently, the administration of CalFresh and CFAP are inextricably linked. As a result of 1996 federal welfare reform, legal permanent residents were rendered ineligible for federally funded food assistance until they had resided in the country for five years. The federal government gave states the option to provide state-funded food assistance to populations affected by the 1996 policy change (such as legal permanent residents who arrived less than five years ago). In response, California established CFAP, which provides benefits through the same EBT and SAWS systems as CalFresh. Because CFAP operates through the EBT system, the federal government is directly responsible for depositing funds into the accounts of participating households, and the state reimburses the federal government for these costs. In addition, the federal government charges California for all associated administrative costs.

CDSS states that to remove immigration eligibility conditions for CFAP, a new state-funded nutrition assistance program must be developed. The new state-funded program will maintain the CFAP name, but it must be disconnected from CalFresh. This will result in significant changes to the operational structure of CFAP and removing the use of advanced federal dollars to issue CFAP benefits. The CFAP expansion will require California to instead use state dollars upfront to issue CFAP benefits.

Staffing and Resource Request. According to CDSS, The requested resources will lead the development of CFAP expansion policies, procedures, regulations, guidance to County Welfare Departments (CWDs), and All-County Letters related to the expansion of the CFAP program. The staff will support local implementation, launch an outreach campaign, provide policy instruction and technical assistance to counties, and monitor program performance. The policies must seamlessly interact with existing, complex CalFresh eligibility policy and benefit determination structure. The requested resources include:

- Family Engagement and Empowerment Division (FEED): One (1.0) Staff Services Manager III (SSM III); one (1.0) SSM II; three (3.0) SSM I; nine (9.0) Associate Governmental Program Analyst/Staff Services Analyst (AGPA/SSA)
- Information Services Division (ISD): One (1.0) Information Technology Specialist II (ITS II)
- State Hearings Division (SHD): One (1.0) Administrative Law Judge I (ALJ I)
- Research, Automation, and Data Division (RADD): One (1.0) Research Data Specialist I (RDS I)
- Finance and Accounting Division (FAD): One (1.0) Associate Accounting Analyst

CDSS states that the requested Research Data Specialist I (RDS I) in the Research, Automation, and Data Division (RADD) will engage with counties, the Statewide Automated Welfare System (SAWS), and stakeholders in automation design and implementation. More specifically, the SAWS will need to create a new program within the state eligibility system to better capture the CFAP participants. In addition, the RADD resource will determine data collection and reporting requirements, analyze and validate the data, and provide technical assistance to counties. As policy, procedures, and automation roll out, the FEED resources will develop a training curriculum to support CFAP expansion implementation at the local level. Training curriculum will include eligibility policy, as well as ancillary functions such as reporting and accounting.

The requested FEED resources will design and implement a statewide CFAP expansion outreach campaign, which will launch ahead of initial implementation of the CFAP expansion and will focus on getting the word out to the hardest-to-reach CFAP expansion-eligible populations. The outreach campaign

will be developed in partnership with immigrant-serving Community Based Organizations statewide and will involve significant stakeholder engagement through development and roll out.

CDSS also requests administrative support staff within various divisions across the Department for the planning and ongoing oversight of the CFAP expansion. The CFAP expansion will contribute to an increased caseload of state hearings requests, which requires adequate State Hearings Division resources to address hearings in a timely manner, avoid backlog, and reduce further risk of litigation. Information Services Division resources are needed to provide updated public facing CFAP expansion updates and materials via the CDSS webpage. ISD resources are also needed to directly support FEED staffing resources on all IT-related issues such as technical network, software, hardware, or applications. Accounting resources are needed to assist with opening and monitoring the new bank account.

Stakeholder Proposal for Investment: Food for All. The Food for All Coalition, led by California Immigrant Policy Center and Nourish California, propose $358 million in 2023-24 and $715.5 million ongoing to expand access to CFAP for all Californians regardless of immigration status.

According to this coalition, "Research shows that access to food assistance like CalFresh improves overall health outcomes for individuals with low income and lowers health care costs over the long term. Unfortunately, Californian immigrants experience high levels of food insecurity as a result of racial and economic disparities and xenophobic exclusions within our state's safety net programs. Currently, 45 percent of undocumented Californians and 64 percent of undocumented children are affected by food insecurity, according to a CHIS survey with the UCLA Center for Health Policy Research…. Even though the 2022-23 State Budget expanded access to CFAP for California immigrants ages 55 and older, Californian immigrants ages 54 and younger remain excluded from critical food benefits. This budget request will remove immigrant exclusion from CFAP for California immigrants of all ages to ensure no Californian goes hungry."

The Subcommittee requests Benyamin Chao with the California Immigrant Policy Center present the stakeholder proposal.

Staff Comment and Recommendation. Hold Open.

Staff notes that since the 2021 Budget Act, the Legislature has made funding available for the automation changes necessary to expand CFAP. With the delayed timeline to January 1, 2027 included in the Governor's budget, over five years will have passed from the time of this initial appropriation until currently excluded immigrant communities are able to access food assistance. Many stakeholders, led by the Food for All Coalition, have expressed frustration regarding this delay and urged the Legislature to invest in CFAP for all ages, beginning with the 2023-24 budget, and include a timely implementation date for the expansion of CFAP to those age 55 and older.

Staff also notes that an additional factor that appears to have a bearing on the planning and implementation timeline is the need to de-link the administration of CalFresh and CFAP. The resources included in the BCP should address the workload associated with that development.

Lastly, staff notes that when CDSS implements the CFAP expansion to adults age 55 and over, now projected to not occur until 2027, California will be one step closer to an inclusive safety net that serves

low-income Californians regardless of immigration status. However, undocumented immigrants under age 55, who face high rates of poverty, will still lack access to the state's most effective anti-hunger program. Beginning with adults age 55 and over was intended to initiate a targeted age-based expansion of the program to eventually reach all Californians who are currently excluded from food assistance solely due to immigration status. Given the unforeseen delays in implementing the first phase of this expansion, the Legislature may wish to consider expanding to CFAP to all ages at the earliest time implementation can practically occur.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

2. Please share the department's rationale for the two-year delay of the CFAP expansion to January 1, 2027. What is the department's plan to implement the CFAP expansion? Will the requested resources and 18 positions included in this proposal help shorten the timeline for the CFAP Expansion?

Issue 5: CalFresh for College Students Act

Budget Change Proposal – Governor's Budget. CDSS requests one full-time, limited term Staff Services Analyst/Associate Governmental Program Analyst (SSA/AGPA) to continue implementation of SB 641 (Skinner, Chapter 874, Statutes of 2022), at a cost of $174,000 first year, and $170,000 in 2023-24. CDSS must submit information on steps to increase CalFresh student participation and the estimated costs association with implementing those respective steps.

SB 641 (Skinner, Chapter 874, Statutes of 2022). SB 641 requires CDSS to do the following:

- Post on its internet website the list of state- or locally-funded programs that satisfy the federal student work rule and instructions for county human services agencies that maximize CalFresh eligibility and minimize the burden for applicants and recipients to verify exemptions to the CalFresh student eligibility rule for students. The instructions provided are required to include specific guidance for processing applications, reporting, and recertification for students who may meet the student work rule or qualify for an exemption of that rule. The requirements to post instructions related to student processing may be met through the Student Handbook; according to CDSS, a second iteration of the Student Handbook is forthcoming.

- Convene a work group comprised of the University of California, the California State University, the California Community Colleges, the Student Aid Commission, representatives from student organizations from all three sectors of public postsecondary educational institutions, the County Welfare Directors Association of California, and representatives from CalFresh eligibility workers and CalFresh advocates. Workgroup objectives include the identification of application processes providing capacity for increased submissions in counties with postsecondary institutions of 10,000 students or more.

- On or before April 1, 2023, submit a report to the Legislature on the necessary steps to increase student participation in CalFresh and any estimates of costs associated with implementing them.

SB 641 CalFresh for College Students Report. Per SB 641, CDSS convened a workgroup to identify the steps necessary to establish a CalFresh student application submission process. The goal was to identify recommendations that accommodate the large influx of CalFresh applications during the beginning of a school term in counties where large public postsecondary educational institutions with 10,000 students or more are located. The recommendations of the workgroup, which do not necessarily reflect the opinions of CDSS or the Administration, are included below:

- Conduct a landscape analysis to identify county best practices for handling influxes of student applications.
- Create a student eligibility decision tree.
- Develop and deliver a statewide training on student eligibility.
- Establish a partnership between college institutions and counties.
- Increase CalFresh administration funding.
- Change student eligibility at the federal level.
- Make the current temporary CalFresh student eligibility rules permanent.

- Improve the California Statewide Automated Welfare System (CalSAWS) functionality for student eligibility.

Temporary Student Eligibility. In 2021, the federal government temporarily expanded college student eligibility for CalFresh to include students eligible for work study and students with an Expected Family Contribution of zero dollars for financial aid. The 2021 Budget Act included $8.2 million to fund county administration of this expansion. The 2022 Budget Act included $13.6 million ($6.8 million General Fund) for counties to designate a single point of contact for California Community Colleges, California State Universities, and University of California schools to connect students to human services programs pursuant to AB 1326 (Arambula), Chapter 570, Statutes of 2021. The 2022 Budget Act additionally requires CDSS to publish student-specific data on the CalFresh Data Dashboard.

Staffing and Resource Request. According to CDSS, resources are needed to support the requirements of SB 641, and this workload cannot be absorbed with current staffing capacity. While the report required under SB 641 was submitted in March 2023, CDSS has ongoing workload associated with updating websites and dashboards, monitoring locally funded programs, and providing technical assistance to the counties and higher education county liaisons to increase CalFresh participation among college students. Costs associated with this position are 50 percent federally funded; the other 50 percent would be funded with General Fund.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

2. Please summarize the findings and recommendations of the SB 641 report. What ongoing work will CDSS be conducting to increase access to CalFresh for college students?

Issue 6: CalFresh Employment and Training Increased Engagement and Technical Assistance

Budget Change Proposal – Governor's Budget. CDSS requests eight federally funded positions totaling $1.4 million to sustain the department's oversight of the CalFresh Employment and Training (CalFresh E&T) program and expand program access in compliance with federal law.

Background. The CalFresh E&T program is mandated by federal law and overseen by the United States Department of Agriculture, Food and Nutrition Service (FNS), which requires states to establish E&T programs for persons in receipt of CalFresh benefits. The purpose of the CalFresh E&T program is to increase the employment and earning capacity of CalFresh recipients by providing participants with the support needed to obtain skills and credentialing. CalFresh E&T provides participants with case management services and access to basic education, work experience, training, and job search assistance, as well as supportive services to assist with expenses related to finding and retaining work.

CDSS is responsible for state oversight of CalFresh and E&T services, which are administered locally through County Welfare Departments (CWDs). CDSS provides oversight, technical assistance, and general program support to the CWDs, tribal organizations and state partners implementing an E&T program. The CalFresh E&T program currently operates in 36 counties with continued expansion anticipated in Federal Fiscal Year 2023 due to the increased need for employment services to support ABAWDs subject to work requirements. CDSS provides training and support to state contracted third-party partners. CalFresh E&T currently partners with the Foundation for California Community Colleges as an intermediary focusing on education services in 17 counties. CDSS also partners with the Center for Employment Opportunities, a nationally recognized provider of employment and training services to the formerly incarcerated.

Federal ABAWD rule. Since the 1996 federal welfare reform, someone receiving SNAP (CalFresh in California) who is determined to be an "Able-Bodied Adult Without Dependents," or ABAWD, is only allowed three months of CalFresh within a 36-month period unless they meet an exemption. California currently has a statewide ABAWD waiver in place, which is set to expire on October 31, 2024. Research shows that there is an over 50 percent overall reduction in program participation when people are subject to work requirements, which disproportionally impact disadvantaged communities who face discrimination and barriers to employment.

2018 Farm Bill. On December 20, 2018, Congress signed the Agriculture Improvement Act of 2018 Public Law 115-334, also known as the 2018 Farm Bill, codifying new regulations that directly impact CalFresh E&T. On January 4, 2021 the FNS published the Final Rule, Employment & Training Opportunities in SNAP. The provisions required the CalFresh Policy and Employment Bureau to release guidance, secure funds for automation, and begin implementation by October 1, 2021, including:

- Coordination with Local Workforce Development Boards (LWDBs)
- Establishment of allowable Work Experience component activities, including subsidized wages
- Procedures for E&T Provider Determinations & Re-Referral of Individuals
- Consolidated notice and oral explanation of CalFresh work rules
- Able Bodied Adults Without Dependents (ABAWD) time limit policy
- 2014 Farm Bill E&T Pilots

- New ABAWD Noticing Requirements

Staffing and Resource Request. CDSS notes that the expansion of CalFresh E&T is a priority. CDSS plans to expand the reach of this program by contracting with additional state partners through procurement to meet the employment and training needs of vulnerable populations through available federal funding. The following federally funded positions are included in this request:

- *Technical Assistance Unit:* One (1.0) Staff Services Manager (SSM) I and four (4) Associate Governmental Program Analyst/Staff Services Analyst (AGPA/SSA). The technical assistance unit will enable the CalFresh E&T Section to manage the increased workload, adhere to FNS's expressed intent to maximize E&T as a tool to help foster independence, and will allow the Department to establish stronger regional relationships to cooperatively and proactively address potential problems and align CalFresh E&T programs with workforce development efforts.

- *Staff Services Manager I Specialist (SSMI).* According to CDSS, existing staff are increasingly shouldering new state projects needed for effective expansion with employment outcomes, such as the Foundation for Community Colleges and CEO contract, Cell-Ed contract, Workers Compensation coverage for E&T participants, the Workforce Innovation and Opportunity Act (WIOA) partnership agreement totaling $24 million and new federal grant applications, without adequate staffing resources. The recruitment, contract monitoring, and strategic engagement necessary for this effort constitute a dedicated program manager to increase CalFresh E&T participation and prepare for the end of the federal ABAWD waiver, which jeopardizes access to food support.

- *Research Data Analyst (RDA I/II).* The FNS has increased scrutiny and analysis of CalFresh E&T participant data which states are mandated to provide under federal reporting requirements. The program data is complex, uniquely tracked, gathered, and submitted to CDSS, requiring significant communication between counties, providers, the Department's Research, Automation, and Data Division, and USDA FNS. The RDA I/II will allow CDSS to closely oversee the data and target review of collection practices and program services operating at the local level.

- *Associate Governmental Program Analyst (AGPA))/Staff Services Analyst (SSA).* According to CDSS, the AGPA/SSA in the Management Evaluation unit, under the CalFresh E&T Section, within the CalFresh Policy and Employment Bureau, will mitigate the likelihood of non-compliant programs operating across the state. The FNS requires the CDSS to conduct Management Evaluations (MEs) annually. Federal Management Evaluations have produced findings for non-compliance which will continue to put federal funding at risk. This proposed structure, with dedicated staff for program expansion and state partnerships, technical assistance, data management and reporting, and compliance with new federal requirements, will allow the Department to meet federal oversight responsibilities.

This proposal will be entirely funded by the SNAP E&T federal allocation and will not impact the State's General Fund.

Stakeholder proposal for investment: CalFresh ABAWD CARE benefits. The California Association of Food Banks (CAFB) proposes $3 million to create CalFresh ABAWD CARE benefits. CAFB notes that adults between the ages of 18 and 49 years old who are not living with a child, referred to as ABWDS, are limited to receiving federal food benefits for just three months each 36-month period unless they satisfy the 20 hours per week work requirement. "These time limits are largely understood to undermine health and have no evidence of increasing employment… While cutting off someone's food assistance is sure to increase hunger, it does nothing to improve that person's ability to find and maintain steady employment. In fact, losing eligibility for CalFresh severs the connection to CalFresh Employment and Training Programs, which can help people gain skills and resources to support their job search. Research shows that people who can work are already working, and that SNAP is often a short-term support for people who experience periods of joblessness." The $3 million investment would allow California to set up the technology infrastructure needed to stand up CARE benefits to remove the 3-month time limit if California loses its statewide ABAWD waiver in 2024.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

The Subcommittee requests Becky Silva with the California Association of Food Bank present the stakeholder proposal.

Issue 7: CalFresh Federally Mandated Workloads

Budget Change Proposal – Governor's Budget. CDSS requests five (5) permanent positions and $883,000 in 2023-24 and $859,000 ongoing to oversee the operations of county management evaluations and quality control, meet new federally mandated reporting requirements, and implement critical policy changes to CalFresh program administration.

CalFresh Operations Bureau. In recent years, the number of individuals enrolled in CalFresh has more than doubled. This has led to an increase in workload to comply with federally mandated quality control (QC) case reviews and management evaluations (MEs). In the past five years, the CalFresh Operations Bureau has requested and been granted seven (7.0) additional analyst positions in an attempt to meet new demands, resulting from an approximately 32 percent increase in QC reviews, and an approximately 27 percent increase in County Management Evaluations (MEs) over the last several years.

CalFresh and Nutrition Programs Bureau. CalFresh Healthy Living (CFHL) is 100 percent funded by the United States Department of Agriculture, Food and Nutrition Services (USDA, FNS), and is known federally as the Supplemental Nutrition Assistance Program-Education (SNAP-ED). The CFHL program provides nutrition education to people who earn less than 185 percent of the federal poverty level to help them maximize their CalFresh benefit and live healthier lives. Historically, the CDSS has served as a pass-through agency to funnel funding to State Implementers to provide services. As the Department's role expanded over the years, the need for state resources has grown in order to meet federal requirements and to administer CFHL. The CDSS is responsible for providing administrative oversight directly to four State Implementing Agencies: the California Department of Public Health, the California Department of Aging, CalFresh Healthy Living-UC Davis, and Catholic Charities of California. CDSS oversees a network of over 140 local implementing agencies across California, including 57 counties and 3 city jurisdictions. California is the largest SNAP-Ed-funded state in the nation with over $100 million in federal grant awarded funds.

Beginning in 2023, per USDA guidance, California must begin submitting annual work plan data via the new federal SNAP-Ed Annual Plan Online System. This requires statewide coordination and guidance from the CDSS to all SNAP-Ed implementers across California. Additionally, the CFHL must actively engage in tribal consultation with tribal leadership regarding the SNAP-Ed Plan of Operation as required by SNAP regulations. According to CDSS, the CFHL must increase staffing levels to address the continuous and ever-increasing workload issues that the Nutrition Education Section has been faced with over the last several years.

CalFresh Policy and Employment Bureau. The scope of the CalFresh Policy Sections has expanded considerably over recent years, with the CDSS taking on increasing responsibility due to policy changes at the state and federal levels, including the 2018 Farm Bill, and several pieces of state legislation. According to the CalFresh Data Dashboard, in 2019 there was an average of 1,887,517 CalFresh households statewide. By 2021, there was an average of 2,481,627 households statewide, which reflects a 27 percent increase over the course of two years. The Policy Sections have had to absorb increased workload, which has resulted in delays in other critical policy work including ongoing Farm Bill efforts and preparing counties for the impending return of the ABAWD time limit.

Staffing and Resource Request. This proposal includes the following positions:

- *CalFresh Operations Bureau.* Two (2) Staff Services Manager (SSM) I will provide support to achieve FNS requirements. Both managers will onboard, train, and support their staff, conduct supervisory reviews of staff work, participate in various workgroups and Department-wide projects, respond to county inquiries, compile and communicate data trends to counties, review policy materials for operational impact, facilitate county meetings and webinars, develop corrective action plans, respond to FNS inquiries, monitor and maintain access to various systems, and various other tasks and responsibilities. According to CDSS, current managers are regularly working significant and unsustainable overtime to meet the needs of counties, staff, and internal and external stakeholders, and the department is at risk of losing talented individuals who are trained and have high levels of institutional knowledge. CDSS also notes that without rightsizing this staffing, there is a significant risk to the state's error rate, which is currently above the national average, which could incur future fiscal penalties from FNS.

- *CalFresh and Nutrition Programs Bureau.* Two (2) Associate Governmental Program Analysts (AGPAs) will allow the CalFresh Healthy Living program to address increasing workload issues. Both AGPAs will provide oversight of incoming funds, expenditures, projections, purchases, allocations and all budget related documents and proposals for their assigned projects and contracts. These individuals will take on additional support needed for policy implementation, provide technical assistance, and program guidance to SNAP-Ed Implementers, Partners, and Contractors to ensure efficient and effective program operations while meeting SNAP-Ed requirements and expectations. The first AGPA will take on a project lead role for tribal consultation and engagement and the expansion of future tribal SNAP-Ed implementer. The second AGPA will be responsible for overseeing and providing support for evaluation and research work and activities as well as assisting in needs assessment and data reports of program outcomes, including the tracking, logging, and reviewing of relevant research data and projects.

- *CalFresh Policy and Employment Bureau.* One (1) AGPA will support the ABAWD policy unit in the variety of complex activities associated with CalFresh policy development, implementation, and interpretation. CDSS will increase its ability to support CWDs in CalFresh service delivery as well as maintain compliance with new and changing priorities at the state and federal levels.

Of the $883,000 total funds included in the first year of this proposal, $617,000 is federal funds and $266,000 is General Fund.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – CALWORKS

Issue 8: CalWORKs Overview

Governor's Budget. The Governor's budget proposes $7.3 billion in total funding for the CalWORKs program in 2022-23, a net increase of $108 million (one percent) relative to the most recent estimate of current-year spending. This increase is the net effect of higher underlying costs due to growing caseload partially offset by the expiration of a one-time augmentation to the Housing Support Program and a proposed decrease in county administrative funding. The Governor's budget estimates a 2.9 percent increase to CalWORKs grants. The chart below summarizes the CalWORKs budget:

CalWORKs Budget Summary

All Funds (Dollars in Millions)

	2022-23 Revised	2023-24 Proposed	Change From 2022-23 Amount	Change From 2022-23 Percent
Number of CalWORKs cases	**347,868**	**360,307**	**12,439**	**4%**
Cash grants[a]	**$4,050**	**$4,358**	**$308**	**8%**
Single Allocation				
Employment services	$1,268	$1,301	$34	3%
Cal-Learn case management	12	12	—	3
Eligibility determination and administration	626	578	-47	-8
Subtotals	**($1,905)**	**($1,892)**	**(-$13)**	**(-1%)**
Stage 1 child care	$518	$524	$6	1%
Other allocations				
Home Visiting Program	$103	$100	-$3	-3%
Housing Support Program	285	95	-190	-67
Other	316	320	4	1
Subtotals	**($704)**	**($515)**	**(-$190)**	**(-27%)**
Other[b]	$28	$24	-$4	-13%
Totals	**$7,206**	**$7,314**	**$108**	**1%**

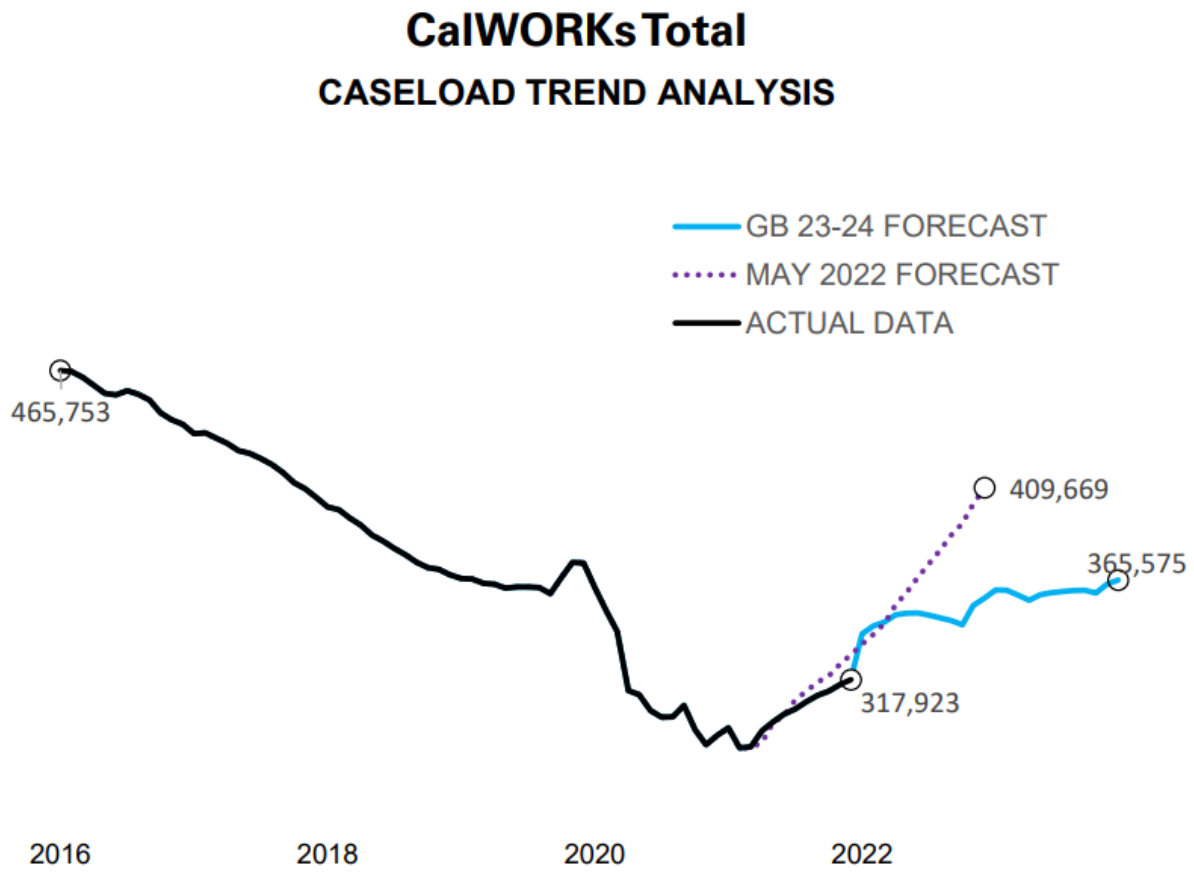
[a]Does not include the cost of an estimated 2.9 percent grant increase funded by certain realignment revenues, which the Governor's budget projects beginning in October 2023. We roughly estimate this would increase cash grants by about $95 million in 2023-24.

[b]Primarily includes various state-level contracts.

Source: Legislative Analyst's Office.

Funding for 2023-24 includes $6.7 billion for CalWORKs programs, as the CalWORKs Employment Services caseload is projected to continue increasing as well as an increase of employment services case management for intensive cases, resulting in a net increase of $260.3 million from the Budget Act of 2022. The Governor's Budget maintains the transfer of Temporary Assistance for Needy Families (TANF) funding to the California Student Aid Commission at $400.0 million and continues to utilize $18.4 million in TANF at California Community Colleges and California Department of Education for educational and work activities for CalWORKs clients.

Background. California Work Opportunities and Responsibilities to Kids (CalWORKs), the state's version of the federal Temporary Assistance for Needy Families (TANF) program, provides cash assistance and job services, known as welfare-to-work, to eligible low-income families with children. CalWORKs is funded through a combination of the federal TANF block grant, the state General Fund, other various funding allocations from the state, realignment funds, and other county funds. The program is administered locally by counties and overseen by CDSS.



Source: CDSS

CalWORKs caseload. The Governor's budget projects CalWORKs caseload to be 360,307 in 2023-24, and 347,868 in 2022-23. This is lower than the most recent projections from the 2022 May Revision, which projected 2022-23 CalWORKs caseload at 370,311. Though increasing, the CalWORKs caseload

is expected to be 6.1 percent lower than previously projected for 2022-23 and 2.7 percent lower for 2023-24, compared to the 2022 Budget Act.

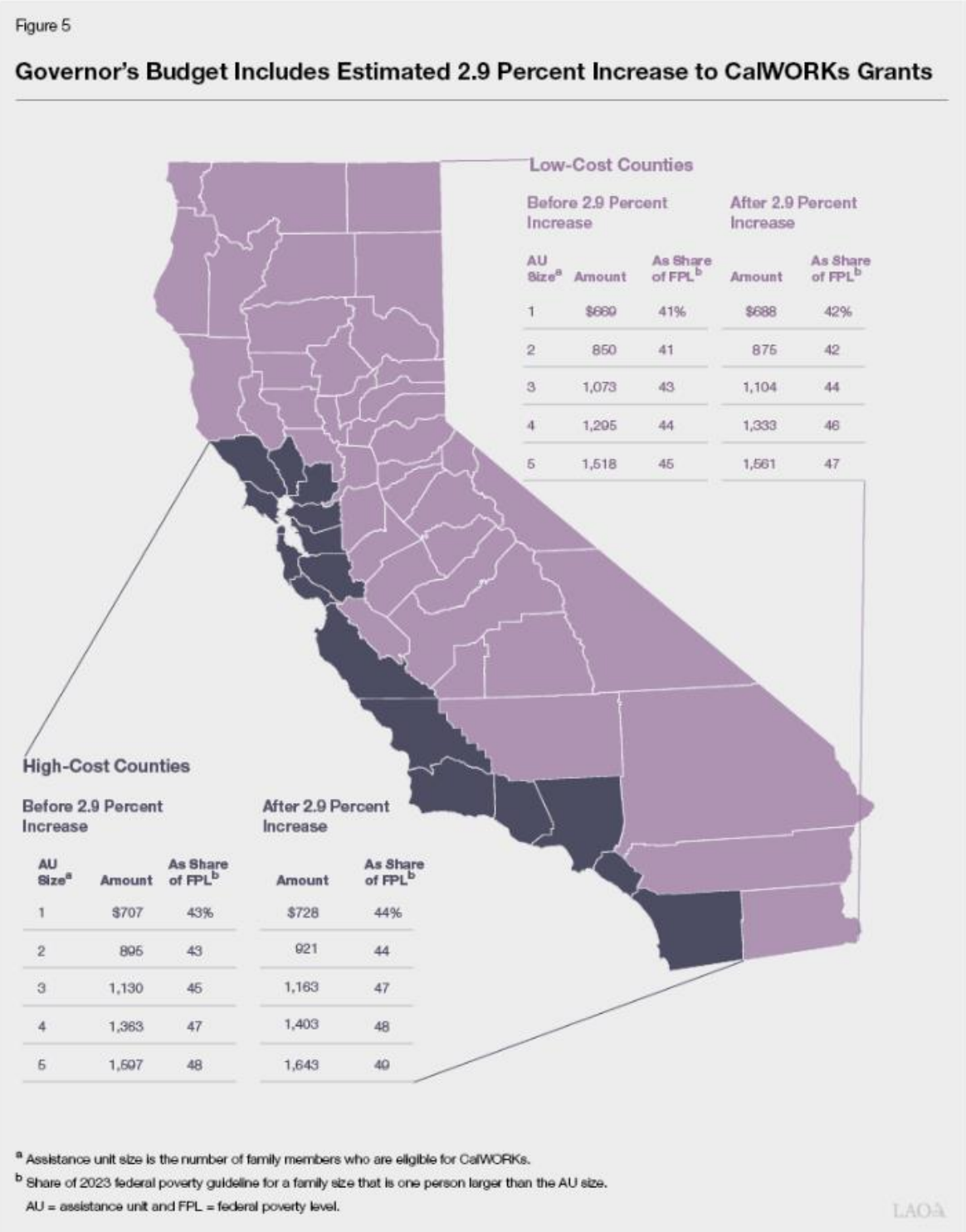
CalWORKs grants. CalWORKs grant amounts generally are adjusted for family size, income level, and region. Recipients in high-cost counties receive grants that are 4.9 percent higher than recipients in lower-cost counties. As an example, a family of three in a high-cost county that has no other earned income currently receives $925 per month, whereas a similar family in a lower-cost county receives $878 per month. In 2022-23, the administration estimates the average CalWORKs grant amount to be $960 per month across all family sizes and income levels. These grants are funded through a combination of federal TANF block grant funding, state General Fund, and county dollars. Families enrolled in CalWORKs typically are also eligible for CalFresh food assistance and Medi-Cal health coverage. CalWORKs benefits are deposited into Electronic Benefit Transfer (EBT) cards. Unless otherwise exempt, parents who receive CalWORKs benefits are generally required to work or participate in qualified training or job-search activities.

Monthly CalWORKs grant amounts are set according to the size of the Assistance Unit (AU). The size of the AU is the number of CalWORKs-eligible people in the household. Grant amounts are adjusted based on AU size—larger AUs are eligible to receive a larger grant amount—to account for the increased financial needs of larger families. According to the LOA, as of October 2021 (when the most recent analysis was conducted), about 40 percent of CalWORKs cases included everyone in the family (and thus the AU size and the family size were the same). In the remaining 60 percent of cases, one or more people in the family were not eligible for CalWORKs and therefore the AU size was smaller than the family size. The LAO notes that the share of families containing at least one ineligible member will likely decrease when updated data are made available due to recent policy changes which have extended lifetime assistance limits for adults and reduced the likelihood that adults will be sanctioned for failing to meet work requirements.

According to the LAO, people are most commonly ineligible for CalWORKs because they (1) exceeded the lifetime limit on aid for adults, (2) currently are sanctioned for not meeting some program requirements, or (3) receive Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits (state law prohibits individuals from receiving both SSI/SSP and CalWORKs). Additionally, many individuals are ineligible due to their immigration status. Undocumented immigrants, as well as most immigrants with legal status who have lived in the United States for fewer than five years, are ineligible for CalWORKs.

CalWORKs grant increase. The Governor's budget includes a 2.9 percent grant increase to CalWORKs grants, which would take effect in October 2023. This increase is triggered and funded by revenue growth in the Child Poverty and Family Supplemental Subaccount. The LAO estimates that the cost of the 2.9 percent grant increase is $95 million in the budget year and $125 million annually. This is an estimate and could change based on the May Revision.

No Child in Deep Poverty. The Legislature has a longstanding goal to increase CalWORKs grants to 50 percent of the federal poverty level (FPL) for families that are one person larger than the AU size, recognizing that a majority of CalWORKs families include an ineligible member. The chart below, provided by the LAO, shows how the 2.9 percent grant increase would raise CalWORKs grants for all AU sizes, and how this grant would affect the poverty level for a family one person larger than the AU size.



Source: Legislative Analyst's Office

As shown in this graph, the 2.9 percent increase would raise grants for all AU sizes in high-cost counties to between 44 percent and 49 percent of the FPL for a family one person larger than the AU size, and to slightly lower levels for families in lower-cost counties. This still leaves many CalWORKs families in deep poverty.

The 2022 Budget Act made a historic combined 21 percent increase in CalWORKs grants, increasing the grant for a family of three by as much as $194 million per month.

CalWORKs single allocation. Federal law allows for a degree of state flexibility in the use of federal TANF funds. The state receives $3.7 billion annually for its TANF block grant, about $2 billion of which goes to CalWORKs (an additional $1 billion helps fund aid for some low-income college students and the remainder helps fund a variety of smaller human services programs). To receive its annual TANF block grant, the state must spend a maintenance-of-effort (MOE) amount from state and local funds to provide services for families eligible for CalWORKs. This MOE amount is $2.9 billion. State and federal CalWORKs funding generally is allocated to the counties, all of whom directly serve eligible families. In addition to funding for cash grants, counties receive several other funding allocations to administer and operate CalWORKs. The main funding allocation—known as the "single allocation"—currently funds employment services, eligibility determination, and administrative costs. Funds within the single allocation are fungible, meaning counties are not required to spend, for example, the employment services portion of the single allocation exclusively on employment services but can instead use some of those funds on administrative costs at their discretion.

Starting in 2018-19, the state (in conjunction with counties) developed a new funding formula which increases (or decreases) administrative funding in increments of $28 million based on caseload changes. This formula recognizes that most administrative services are provided by full-time county employees, and counties cannot rapidly change their staffing levels in response to changing caseload. Administrative funding changes occur when there is a caseload change of about 20,000 families.

During the pandemic, caseload decreased by about 60,000 families, which normally would trigger three consecutive years of funding decreases. However, in recognition of the high level of uncertainty surrounding caseload projections at the time, these decreases were suspended the last three years, and the state provided both ongoing ($40.8 million starting in 2021-22) and temporary ($55 million for both 2022-23 and 2023-24) augmentations to the base level of administrative funding.

The Governor's budget proposes to reduce county administrative funding by one increment ($28 million) to align funding with recent caseload declines (the budget also assumes an additional decrease in administrative funding related to cost-sharing agreements with other county-administered programs). According to the LAO, although the proposal is consistent with the design of the funding formula, projected caseload increases create some complications. Caseload is anticipating to rise in the next year. The LAO notes that if funding is reduced in 2023-24, counties would be eligible for an increase in administrative funding next year (in 2024-25). Consequently, decreasing county administrative funding this year could introduce unnecessary disruption to county services. Counties have flexibility over the single allocation to cover additional administrative costs by shifting funds from other components of administration—such as employment services.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide an overview of the Governor's proposed 2022-23 budget for CalWORKs.

2. Please provide an update on CalWORKs caseload.

3. Please describe the changes to the CalWORKs single allocation in the Governor's proposed budget.

The Subcommittee requests the LAO respond to the following:

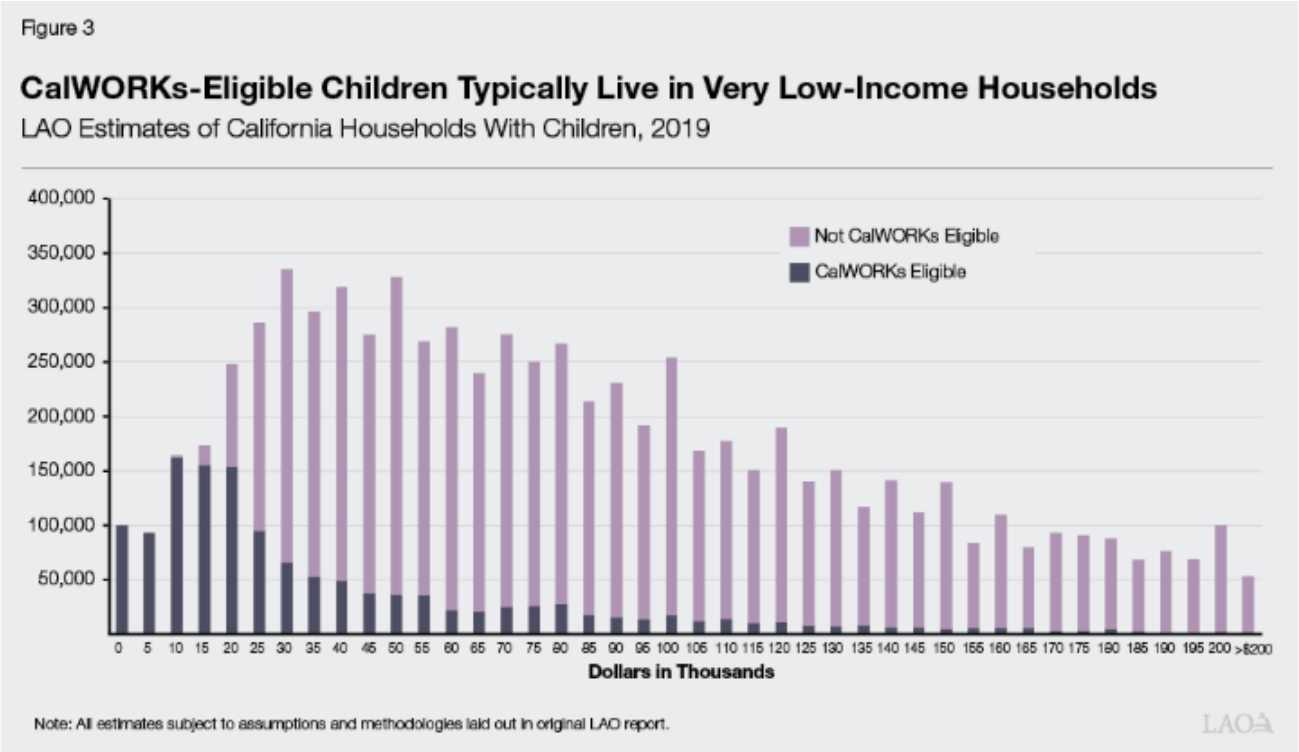
1. Please share the LAO's comment's on the Governor's proposed 2023-24 budget for CalWORKs.

Issue 9: Reimagining CalWORKs

The Subcommittee has requested the following individuals to participate in a panel discussion on CalWORKs take-up, efforts to refocus the CalWORKs program on the needs of families living in deep poverty, and a stakeholder proposal to reimagine the CalWORKs program.

- Ryan Anderson, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Sara Kimberlin, Stanford Center on Poverty and Inequality
- Rachel Church, Parent Voices
- Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association
- Yesenia Jimenez, Policy Associate, GRACE/End Child Poverty

CalWORKs. The CalWORKs program was created in 1997 in response to the 1996 federal welfare reform legislation that created the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs provides cash grants and job services, known as welfare-to-work, to low-income families. The program is administered locally by counties and overseen by CDSS. The Governor's budget projects CalWORKs caseload to be 347,868 in 2022-23 and 360,307 in 2023-24.



Source: Legislative Analyst's Office.

Caseload and Spending Trends. Prior to federal welfare reform in the mid-1990s, California's welfare program aided more than 900,000 families. By 2000, the caseload had declined to around 500,000

families. During the Great Recession, the caseload grew, peaking at 585,000, but this was not anywhere close to the levels of the early 1990s. The caseload consistently declined every year for about 10 years beginning in 2010. Following the onset of the COVID-19 pandemic in spring 2020, CalWORKs caseload began what was a historically anomalous decrease given high unemployment. This decline continued until September 2021, the month during which a federal bonus for Unemployment Insurance benefits expired. Caseload has increased each month since September 2021, although it still remains about 40,000 families below pre-pandemic levels in the most recent data.

LAO Report on CalWORKs Take-Up Rate. A recent report from the LAO analyzed CalWORKs take-up rates across demographic groups. The LAO estimates that roughly 60 percent of eligible families enroll in CalWORKs. Nearly every child residing in a very-low-income households (those making $20,000 or less per year) is likely CalWORKs-eligible, as are a smaller number of children residing in middle- and high-income households, as demonstrated in the chart above. The LAO found that CalWORKs take-up rates vary across demographic groups. Hispanic and Latino parents have above-average rates of poverty but below-average rates of CalWORKs take-up. White parents have below-average rates of poverty but above-average rates of CalWORKs take-up.

The LAO found that since 2005, CalWORKs take-up rates have decreased across almost every group. The overall CalWORKs take-up rate for families has decreased from about 70 percent in 2005 to about 60 percent in 2019. This decline in participation occurred across nearly all demographic groups. The only exception was among parents with more than a high school education, whose take-up rate increased modestly between 2005 and 2019. The LAO outlines some possible factors that may impact CalWORKs take-up among eligible families.

- **Social Networks May Drive Program Awareness**. According to stakeholder interviews, most CalWORKs applicants first hear of the program from family members, neighbors, or colleagues. To the extent people live, work, or associate with others sharing similar economic and demographic characteristics, such word of mouth could result in "clusters" of people enrolling in the program who share these characteristics.

- **For Some, Benefits May Not Be Worth the Effort to Get Them**. In most situations, applying for CalWORKs is a multistep process involving relatively complicated paperwork and in person interviews. Once enrolled, parents must continue to submit regular reauthorization paperwork and, in many cases, must comply with ongoing work or job training requirements. Some parents may feel these requirements are too burdensome and the associated benefits too low to justify enrolling in the program. This seems more likely to be true of parents with outside income, for whom CalWORKs benefits are reduced relative to parents with no outside income. Specifically, a family's CalWORKs grant is reduced by 50 cents for every $1 above $500 per month they earn. This general cost benefit analysis also may explain why families with no eligible parents appear to have higher take up rates, as families with no eligible parents are exempt from meeting work or job training requirements. As prices for housing, food, and consumer goods increase at a more rapid pace than in recent years, this cost benefit analysis may result in even fewer eligible people deciding it is worth it to apply for benefits.

- **Some May Be Relying on Support from Families Rather than CalWORKs Benefits**. Some CalWORKs eligible families appear to live with relatively higher income friends and family

members. For at least some of these families, the financial support they receive from social networks is likely serving as an alternative to CalWORKs. To the extent that some groups (for example, Hispanic and Latino or Asian Californians) are more likely to live in multi generational households or otherwise cohabit with family or friends, this could help explain why take up rates differ between groups.

- **Negative Program Perceptions May Discourage Enrollment.** Another common thread in stakeholder interviews is that many CalWORKs applicants are reportedly very reluctant to apply for aid and do so only as a "last resort." To the extent such attitudes vary between groups, this could explain some differences in take up rates between groups.

Federal Context and Work Participation Rate. Federal funding for CalWORKs is part of the TANF block grant program. TANF currently requires states to meet a work participation rate (WPR) for all aided families, or face a penalty of a portion of their block grant. Federal formulas for calculating a state's WPR have been the subject of much criticism. For example, the federal government does not give credit for a significant number of families who are partially, but not fully, meeting hourly requirements. California has sometimes struggled to meet its federal WPR target, and has been required to submit appeals and corrective action plans at times, but has never had to pay a WPR penalty in the history of the CalWORKs program. Current state law requires counties that miss federal WPR rates to pay half of any financial penalty the state may receive for not meeting the federal WPR.

California Budget and Policy Center Report on the WPR. A recent report by the California Budget and Policy Center, "Harmful Obstacles: CalWORKs Work Participation Rate (WPR) Penalty," found that the CalWORKs WPR penalty undercuts state reforms focused on supporting families.[14] According to this report, "state CalWORKs policy continues to threaten counties with financial penalties tied to the federally defined WPR, incentivizing counties and caseworkers to direct CalWORKs participants away from supportive activities to address barriers that do not fully count toward meeting the federal WPR." Some findings from this report are included below:

- CalWORKs parents are predominantly women, people of color, and parents of young children. CalWORKs parents face a labor market in which gender- and race-based discrimination are ongoing, as well as workplace expectations and practices that make it difficult for parents to balance work with caregiving responsibilities. Nearly half of CalWORKs households have not completed high school, and many CalWORKs parents are negatively affected by mental health issues, substance use, and domestic abuse, which all impact employment prospects and family well-being.

- California has made many changes focused on supporting families in the CalWORKs program. Some of these changes include establishing broader CalWORKs participation standards that are distinct from federal standards, which include no rigid time limits on activities to address barriers to employment or advance education. The state has also adopted an evidence-based behavioral approach to guide families in setting goals (CalWORKs 2.0); created more holistic outcome measures to evaluate the program (the California CalWORKs Outcome and Accountability

[14] Sara Kimberlin, "Harmful Obstacles: CalWORKs Work Participation Rate Penalty," California Budget and Policy Center, February 2023.

Review or Cal-OAR); and implemented a voluntary home visiting program to support family health and engaged parenting. However the continued threat of county penalties associated with the WPR hinders full implementation of these family-focused reforms.

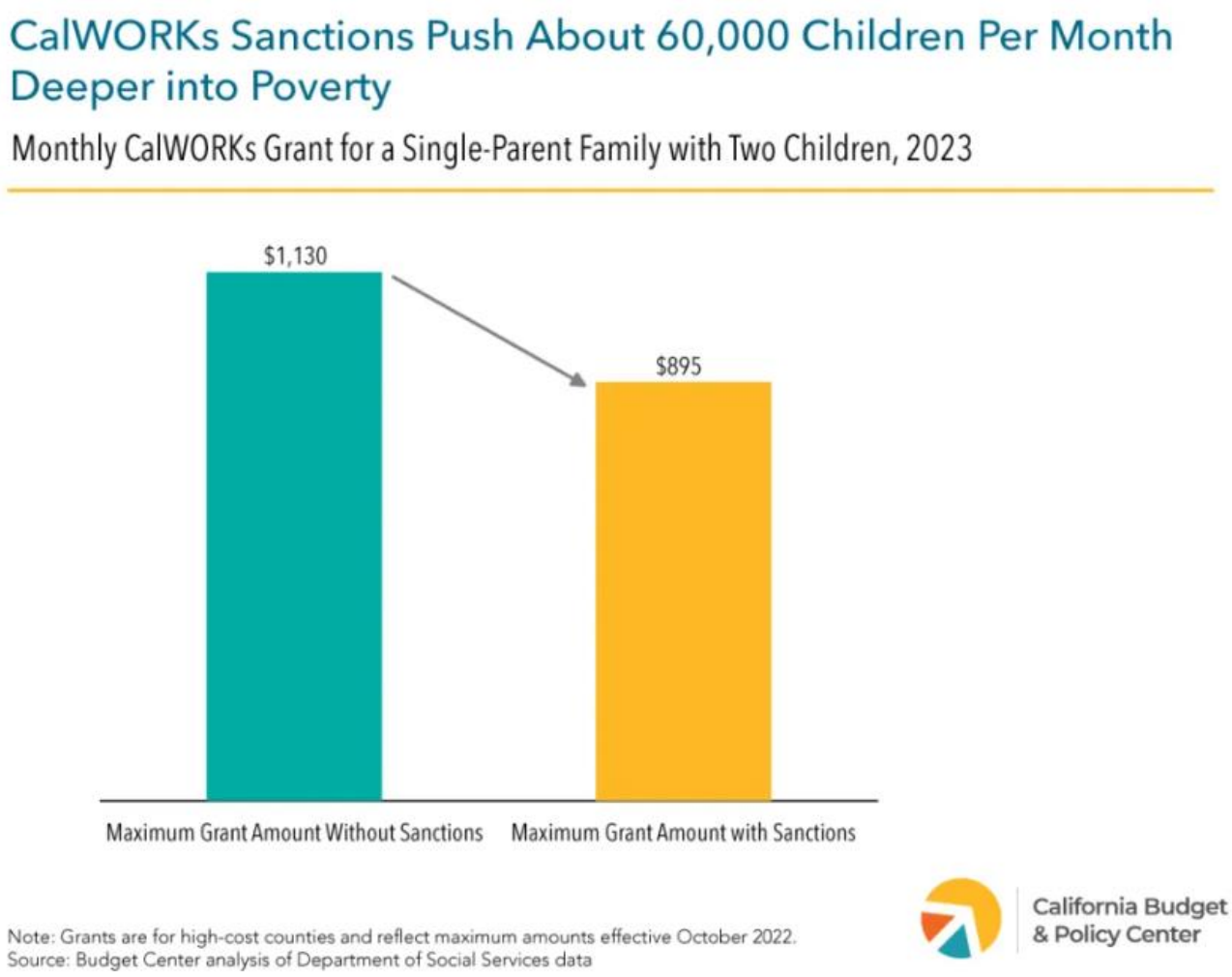
- Under the WPR, the federal government defines success for state TANF programs not based on how well the programs meet families' needs, but only based on whether programs meet specific WPR targets, determined by the percentage of parents receiving assistance that are engaged in a narrowly-defined set of welfare-to-work activities. These federal activities focus on getting parents into paid employment as quickly as possible, despite the fact that such work requirements have racist and sexist roots and research suggests they do not lead to meaningful long-term improvements in employment and are linked to increases in deep poverty. The federal WPR does not acknowledge the value of fully supporting parents to address education and health barriers. Many activities to address barriers faced by large shares of CalWORKs participants – that the state approves without time limits for participants to meet state CalWORKs participation expectations – do not fully count toward meeting the federal WPR.

- Threatening to penalize counties financially for not meeting federal WPR targets creates an incentive for counties to direct parents away from activities to address barriers that may be their best investments to improve stability and long-term employment prospects – and toward more narrowly-defined "work-first" activities that may not be in families' best long-term interests but will meet rigid federal WPR criteria. This financial penalty policy therefore works at cross-purposes with extensive recent CalWORKs reform efforts. Repealing this policy could better align state policy with the CalWORKs program's current focus, facilitating full implementation of strategies designed to effectively support parents and families in securing long-term stability and well-being.

- Additional state changes to CalWORKs program rules could extend recent reforms to further bolster support for parents and children. Examples include:
    - Continuing to increase the size of cash grants to enable families to cover their costs to meet basic needs,
    - Expanding policies and practices that help parents avoid and quickly resolve sanctions that reduce access to cash grants,
    - Reducing sanction penalties in order to minimize negative impacts on child and parent basic needs and well-being, and
    - Recognizing county performance that demonstrates strong participant engagement and effectively identifies and addresses participant barriers.

California Budget and Policy Center Report on the Effect of CalWORKs Sanctions. In April 2023, the California Budget and Policy Center released an additional report on the effect of sanctions in the CalWORKs program. This report found that sanctions, which penalize CalWORKs parents who are not meeting program requirements by reducing their monthly grants, have the effect of pushing about 60,000 children per month deeper into poverty. [15]

[15] Sara Kimberlin and Monica Saucedo, "Reforming CalWORKs Sanctions Can Better Support Children and Families," California Budget and Policy Center, April 2023.



Source: California Budget and Policy Center

This report found:

- On average, the families of 60,000 children are affected by sanctions each month.

- For typical CalWORKs single-parent families, sanctions can cut monthly grants by about $120, and a single-parent family with two children can lose up to a maximum of $235 each month. If a family's grant is reduced for an entire year, they can lose up to $2,820 annually – or about one-fifth of the total income they would otherwise receive from CalWORKs to pay for their basic needs.

- Research shows that sanctioned recipients are often those who face the most barriers to employment and do not fully understand the sanctions process due to limited education, learning disabilities, or mental health problems.

This report recommends that as California moves to reimagine the CalWORKs program to better support participants, building on recent state reforms including CalWORKs 2.0 and Cal-OAR, and reconsidering

the WPR penalty pass-on structure, it must also consider the negative impact of sanctions on families. California should strive to lift families up through its safety net programs by offering support and can take steps to minimize the amount or length of sanctions to reduce harm to families.

CalWORKs 2.0. CalWORKs 2.0 is an initiative led by counties and the County Welfare Directors Association of California (CWDA) to encourage counties to develop and utilize a goal-achievement service delivery framework and an intentional service selection approach within CalWORKs. CalWORKs 2.0 focuses on helping people set and achieve their goals, requiring a flexible environment that shifts from compliance-oriented to a more participant-led focus to assist families in creating goals that align with program requirements and keeps the family at the center of the decision-making process. The design of CalWORKs 2.0 is based on research that shows the benefits of prioritizing the goals of family stability and individualized success.

CalWORKs Outcomes and Accountability Review (Cal-OAR). Cal-OAR takes an outcome-driven approach that facilitates continuous improvement of county CalWORKs programs by collecting, analyzing, and disseminating outcomes and best practices for participant achievement. The Cal-OAR Review Act of 2017 requires Cal-OAR to focus on three core components: performance measures, a county CalWORKs self-assessment, and a county CalWORKs system improvement plan. This program makes staff and participant collaboration central to the improvement efforts undertaken by County Welfare Departments, with the intent to incorporate policy changes for more equitable outcomes for all participants. Cal-OAR uses performance data to measure the impact of continuous quality improvement (CQI) efforts within the space of equitable, participant-centered, improvement strategies.

WPR Workgroup. The 2022 Budget Act requires CDSS to consult with a stakeholder workgroup to develop recommendations to address the state's emphasis on the federal WPR and penalty pass-on structure, while optimizing implementation of the first cycle of the Cal-OAR process. This report was due to the Legislature on April 15, and is now expected to be submitted with the Governor's May Revision.

Stakeholder Proposal for Investment: Reimagining CalWORKs. GRACE/End Child Poverty California, Coalition of California Welfare Rights Organizations, Parent Voices, John Burton Advocates for Youth, and Western Center on Law and Poverty, propose $95.7 million ongoing to implement a set of policy changes to reimagine the CalWORKs program.

According to this coalition, "Work requirements are policies intended to withhold access to public benefits from families and people living in poverty in order to compel their participation in the labor market. These harmful policy requirements are rooted in racist, sexist, and classist assumptions that people accessing public benefits do not want dignified work, abuse the system, are lazy, and therefore must be coerced to work via public policy. Classist and sexist stereotypes of CalWORKs recipients perpetuate narratives that people living in poverty seek to take advantage of public assistance programs. However, CalWORKs participants face significant barriers to economic security and wellbeing such as gender, race, and immigration status-based discrimination in the labor market. The federal government established evaluation of state programs to focus *not on how well they serve families in crisis, but on whether they meet specific WPR targets,* defined as the share of families receiving assistance that engaged in a narrowly-defined set of welfare-to-work activities.[16] While California has made strides to remove barriers to the

[16] Hutchful, *Undercutting Needs of California Families,* 5.

CalWORKs program, the program remains deeply flawed as a product of federal law and its own history of racist welfare legislation."

This proposal includes the following components:

1. Remove the pejorative, racist language from the statutory scheme and insert family-centered, empowering, anti-racist language in its place.

2. Revise the sanction policy to reflect anti-racist and family-centered values and ensure that California's anti-poverty programs are focused on family well-being.

3. Revise the welfare-to-work scheme to (a) enable counties to quickly provide the services and supports families need, (b) reflect anti-racist values, (c) move from a penalty-focused program to one which empowers families and respects their choices, and (d) provide supportive and employment services tailored to family's individual circumstances and needs

4. Eliminate the county work penalty pass through by repealing WIC 10544.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests the LAO respond to the following:

1. Please provide a brief overview of the LAO's findings on CalWORKs take-up.

The Subcommittee requests Sara Kimberlin respond to the following:

1. Please describe your research relative to the impact of the WPR and sanctions. What is the effect of the WPR across the CalWORKs program? What is the effect of sanctioning families who do not meet work requirements?

The Subcommittee requests Rachel Church, Parent Voices, respond to the following:

1. Please describe your experience with the CalWORKs program, including access to supportive services. How could CalWORKs better serve parents and families?

The Subcommittee requests Cathy Senderling-McDonald, CWDA, respond to the following:

1. Please describe county efforts to transform the orientation of the CalWORKs program, including Cal-OAR and CalWORKs 2.0. How does the WPR penalty pass-on impact counties? How would removing the WPR penalty pass-on impact the way counties administer the CalWORKs program, including sanctions?

The Subcommittee requests Yesenia Jimenez, GRACE/End Child Poverty, present the stakeholder proposal to Reimagine CalWORKs.

Issue 10: CalWORKs Federal Compliance and New Policy Support for Domestic Abuse Survivors

Budget Change Proposal – Governor's Budget. CDSS requests four (4.0) permanent positions and $689,000 General Fund 2023-24 and $671,000 General Fund annually thereafter to support the CalWORKs Program to address new workload associated with implementing federal rules pertaining to domestic abuse survivors.

Background. Recent federal guidance updates existing policy and requires CDSS establish and enforce standards and procedures to ensure that applicants and potential applicants for CalWORKs are notified of assistance made available by the state to victims of sexual harassment and survivors of domestic violence, sexual assault, or stalking. Additionally, the new policy requires states to enforce standardized training for program administrators who provide services to domestic violence survivors. The current training manual, created in 2001, for counties is outdated and requires a comprehensive overview to align with these federal rule changes. CDSS requests additional resources to update the training manual and enforce standards and procedures to be adopted by counties and the state.

According to CDSS, current practice is out of compliance with the federal rule changes. The current policy establishment and enforcement ensure that applicants and potential applicants for CalWORKs (including recipients at the entry to Welfare-to-Work and at re-determination) are notified of assistance available to survivors of domestic violence, but if domestic violence is identified and/or suspected during the intake process and/or during the Online CalWORKs Appraisal Tool completion process, there is no consistent policy, procedure, or enforcement for identification, and handling of these observations, or how and when referrals are made.

In order to comply with the federal rule changes, CDSS requests resources to ensure that caseworkers and other agency personnel responsible for administering the CalWORKs program are trained in the nature and dynamics of sexual harassment and domestic violence, sexual assault, or stalking. CDSS will also redefine policies and regulations to incorporate changes to the definition of domestic violence survivors, establish a statewide training curriculum and update training standards including an ongoing verification process of training compliance, and methods of ascertaining and ensuring the confidentiality of personal information and documentation related to applicants for assistance and their children who have provided notice about their experiences of sexual harassment, domestic violence, sexual assault, or stalking.

Staffing and Resource Request. CDSS plans to execute a contract from experts in the field of domestic abuse to upstart the training process. After the training process is developed, the requested resources will monitor changes to policy as well as questions from the county to ensure the training is always up to date and includes valid resources to assist California's 58 counties to provide domestic abuse services to the CalWORKs population. Additionally, CDSS must draft an All County Letter (ACL) for Domestic Violence to update program with new requirements for caseworkers to be trained on new areas of federal rule change regarding the types of abuse such as sexual harassment, sexual assault, or stalking.

CDSS states that besides making updates to policies, CDSS will have to provide additional technical assistance to counties along with clear programmatic direction and planning regarding how the state will address the needs of this population. This may require the establishment of handbooks, training materials, technical assistance and webinar sessions, stakeholder convenings, report outs to federal oversight agencies and the state legislature, coordination with tribal governments, and compliance with the

CalWORKs programs including Home Visiting and Cal-LEARN with additional changes in those programs as well. CDSS will have to update current state regulations. The staff resources being requested will support the planning and implementation of these new federally required changes along with the development of the regulation review and overhaul initiative, addressing all changes to the CalWORKs program that have occurred in recent years.

According to CDSS, approving this staffing and resource request will help identify and address shortcomings in the domestic violence identification process at the counties, to better determine, offer, and assist CalWORKs applicants and recipients with services and provide program waivers.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

2. What are some of the common barriers that survivors of domestic violence face in accessing CalWORKs assistance? How will the resources requested in this proposal increase access and services for survivors of domestic violence?

Issue 11: Unrelated Adult Disclosure Requirements

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to apply gender neutrality to the household composition and family reporting requirements that currently only apply to unrelated adult males.

Background. Existing CalWORKs law has requirements specific to "unrelated adult males" who reside with a family consisting of a mother and her children applying for or receiving CalWORKs. Unrelated adult males are required to cooperate and contribute financially to the CalWORKs family at least what it would cost that individual to support an independent living arrangement. This policy currently only applies to situations involving a mother and an unrelated adult male, but not to arrangements such as a CalWORKs father with an unrelated adult female residing in the home, or some other scenario involving an unrelated adult.

The current unrelated adult policy imposes the following requirements on CalWORKs families:

- Requires a CalWORKs applicant/recipient to disclose their public assistance status to a non-mandatorily included assistance unit member as a condition of eligibility.

- Requires an unaided individual to make a financial or in-kind contribution to the assistance unit or risk potential referral for a fraud determination related to misuse of aid.

- Establishes that refusal of cooperation by an unaided individual may result in referral to a District Attorney.

According to CDSS, these requirements would not change by making the unrelated adult policy gender-neutral, but would rather apply to a broader array of household arrangements involving unrelated adults.

Stakeholder concerns. GRACE and the End Child Poverty California Coalition recommend that instead of applying this section more evenly across genders, this section should be struck entirely, noting that existing statute is based on misogynistic premise that assumes the CalWORKs family is gaming the program.

Staff Comment and Recommendation. Hold Open.

Staff notes that the disclosure and contribution requirements surrounding "unrelated adult males" is not a federal policy, and across the TANF program, thirty-three states exclude all non-caretaker adults from eligibility considerations. Striking this requirement altogether rather than expanding it would have little programmatic effect and would avoid unintended consequences of broadening this rule.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide a brief overview of this proposal.

2. Please describe any programmatic or fiscal impacts that would result from eliminating this program requirement instead, as stakeholders have recommended.

Issue 12: Reminder Notice of CalWORKs Redetermination

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to require a county provide an additional reminder notice to a CalWORKs recipient to complete their annual redetermination certificate for CalWORKs eligibility.

Background. The annual redetermination is the process by which County Welfare Departments (CWDs) determine continuing eligibility for all CalWORKs assistance units (AUs) prior to the end of their payment period. The redetermination process ensures that the correct payment amount is made only to eligible households. The annual redetermination process must be completed in the 12th month of the payment period for both Semi-Annual Reporting (SAR) and Annual Reporting Child Only (AR/CO) cases. The annual redetermination is when many families are inadvertently discontinued, resulting in disruptions to their assistance and in a churn of cases when they are later restored to the program.

Prior to the implementation of semi-annual reporting, recipients were required to complete an eligibility status report (QR 7 for quarterly reporting, CW 7 for monthly reporting). When an eligibility status report was not completed, the CWD was required to send a reminder notice to the recipient no later than five days prior to the end of the month to prevent program discontinuance and reduce the burdens experienced by families and CWDs to later restore eligibility. This requirement continued for SAR 7 reporting; however, it was not established for annual redeterminations.

Reminder notices at redetermination. When a CalWORKs family loses assistance for an incomplete redetermination or for a missed redetermination interview, the recipient is provided with a timely discontinuance notice. Personal contact is also attempted by the county reminding the recipient that a complete certificate is due, as well as an attempt to collect the required information when contact is made to complete the certificate. However, unlike the semi-annual reporting process, when personal contact is unsuccessful at annual redetermination, there is no requirement to send a reminder notice five days before program discontinuance.

This proposal seeks to resolve this discrepancy by having a requirement at annual redetermination that a reminder notice be sent five days before the end of the month. This will provide not only noticing parity for both semi-annual reporting and redeterminations, but will also provide recipients the opportunity to contact the CWD before discontinuance and reduce the burden experienced by the family and CWD for restoring benefits.

According to CDSS, the reminder notice would also cover missing or incomplete annual redeterminations.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 13: Home Visiting Program Pregnancy Eligibility Alignment

Trailer Bill Language – Governor's Budget. CDSS proposes clean-up trailer bill language to remove unnecessary eligibility criteria for the CalWORKs Home Visiting Program, as a result of changes enacted in 2022 that streamline CalWORKs eligibility for pregnant applicants.

Background. AB 135 (Committee on Budget, Chapter 185, Statutes of 2021) expanded eligibility for CalWORKs aid for pregnant person only applicants. Effective July 1, 2022, pregnant adults age 19 or older, with no other eligible children in the home, will be eligible at any stage during their pregnancy and will no longer be required to wait until their second trimester to be eligible for CalWORKs.

CalWORKs HVP was established in 2018 to support positive health, development, and well-being outcomes for pregnant and parenting people, families, and infants born into poverty.

Effective July 1, 2019, SB 80 (Committee on Budget and Fiscal Review, Chapter 27, Statutes of 2019) made changes to the population served in CalWORKs HVP to ensure pregnant persons would be able to access Home Visiting services as soon as possible. Two of those changes included:

- Adding eligibility for a pregnant individual who has applied for CalWORKs aid within 60 calendar days prior to reaching the second trimester of pregnancy and would be eligible for CalWORKs aid other than not having reached the second trimester of pregnancy.

- Adding eligibility for an individual who has applied for and is apparently eligible for CalWORKs aid. "Apparent Eligibility" means that the information provided on the Statement of Facts and information otherwise available to the county indicates that the applicant would be eligible for aid if the information on the Statement of Facts were verified.

Technical Clean-up language. With the passage of AB 135, CalWORKs applicants will be eligible for assistance at any stage of their pregnancy and will no longer be required to wait until their second trimester to receive CalWORKs aid. This proposal will make corresponding clean-up changes to remove HVP-related eligibility criteria that are no longer necessary.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

5180 DEPARTMENT OF SOCIAL SERVICES – CALIFORNIA STATEWIDE AUTOMATED WELFARE SYSTEM (CALSAWS)

Issue 14: Oversight: California Statewide Automated Welfare System (CalSAWS)

The Subcommittee has requested the following individuals to participate in a panel discussion on the CalSAWS project:

- Brandon Hansard, Deputy Director, Benefit and Enrollment Technology Support Division, Office of Systems Integration, California Health and Human Services Agency
- John Boule, Executive Director, CalSAWS
- Cathy Senderling-McDonald, Executive Director, County Welfare Directors Association
- Jennifer Tracy, CalSAWS Advocates Co-lead, California Association of Food Banks
- Kevin Aslanian, Executive Director, Coalition of California Welfare Rights Organizations
- Brian Metzker, Principal Fiscal and Policy Analyst, LAO

Background. The SAWS encompasses the case management systems supporting the state of California's public assistance programs providing eligibility determination and benefit calculation for county eligibility and employment staff to assist program recipients. The SAWS provides support and automation for the administration of the following programs:

- CalWORKs
- CalFresh
- California Food Assistance Program
- Medi-Cal
- Foster Care
- Refugee Cash Assistance
- Cash Assistance Program for Immigrants
- Kinship Guardianship Assistance Payment
- General Assistance/General Relief
- Welfare-to Work
- Child Care
- Adoption Assistance

The CalSAWS Consortium is comprised of all 58 California counties, which are organized into six regions. The governance structure is basedon geographic proximity and loosely based on persons being served by such counties. The counties are represented by a Board of Directors and a Project Steering Committee. Currently, 45 of 58 Counties use CalSAWS. The other 13 will move to CalSAWS by the end of October 2023.

California has a federal mandate to expand LRS (the automated system for LA county only) to all 58 Counties by the end of calendar year 2023. At the time of the mandate, three systems were operating, C-IV, CalWIN and the LA precursor to LRS. CalSAWS became a reality in September 2021 when 39 C-IV counties migrated to the Los Angeles system previously called LRS. As of October 2022, CalWIN migration began.

Background. Based on federal direction, and for the SAWS to continue receiving Federal Financial Participation to comply with State and Federal technical architectures, the Centers for Medicare and Medicaid Services (CMS) and Food and Nutrition Service (FNS) are requiring California to implement a single CalSAWS System supporting all 58 counties by 2023. For the statewide consortium governance structure, the previous 40-county CalACES Joint Powers Authority (JPA) structure was expanded and updated to include the additional 18 California Work Opportunity and Responsibility to Kids Information Network (CalWIN) counties and non-voting state representation. During 2018 and 2019, executive leadership representatives from the California counties finalized the formal JPA governance structure. The expanded 58 county CalSAWS JPA became effective on June 28, 2019, and now constitutes a single legal entity for purposes of managing the CalSAWS Consortium and the CalSAWS System.

CalSAWS Project Status. The SAWS single-system strategy is being achieved through a cloud hosting strategy and a single application development effort, ensuring the functionality meets the needs of all counties and clients, applying the principle of reuse of technology investments through the implementation of shared services, and modernizing CalSAWS as needed in the future. In alignment with the federal mandate for a single statewide eligibility system, the CalWIN counties will migrate to CalSAWS to form a 58-county CalSAWS system in a series of six conversion waves from October 2022 through October 2023. Deloitte Consulting, LLP (Deloitte) was the selected vendor for the CalWIN Training, Change Management, and Implementation Support contract to support CalWIN county migration activities.

BenefitsCal. In August 2020, the competitive procurement was completed to acquire a vendor to build a statewide Portal/Mobile Application to serve residents of all California counties and integrate seamlessly with the CalSAWS system. The selected vendor is Deloitte, which was employed to use a User Centered Design (UCD) process to actively engage with County representatives, State staff, advocates, Community Based Organizations (CBOs), Application Assisters (Assisters), and clients to design and develop the BenefitsCal based on UCD principles. Under the leadership of the State and the CalSAWS consortium, Deloitte facilitates training, communication, and engagement with the advocate and client participants throughout the BenefitsCal implementation phases. BenefitsCal went live for the 39 former C-IV counties and LA County in September 2021 and April 2022, respectively. Placer and Yolo, two former CalWIN counties, went live on BenefitsCal on October 31, 2022, in the first wave of a series of six CalWIN conversion waves to the CalSAWS system. The remaining 16 CalWIN counties will migrate to BenefitsCal according to their assigned conversion waves.

The CalSAWS design, development, and implementation (DD&I) phase is planned for completion in October 2023 based on the March 2019 CalSAWS project start date.

Future CalSAWS Services. In preparation for the completion of the CalSAWS DD&I phase and the move into the M&O phase, a Request for Proposal (RFP) has been released to procure maintenance and operation (M&O) Services to support CalSAWS. The new CalSAWS M&O vendor is projected to begin transitioning M&O services with the incumbent vendor after the final CalWIN migration wave in October

2023 and six-month stabilization period. The M&O RFP was released on July 6, 2022, as planned upon State and Federal approval. The Contract Start Date is scheduled for May 1, 2024, pending State and Federal Approval.

CalSAWS budget. The following SAWS project budget information was provided by the Office of Systems Integration (OSI):

Total Project Budget:

Total CalWIN Budget/Cost	Timeframe	Document Referenced
$641,717,037	**FY 1999-00 to FY 2006-07**	**PIER, Fall 2007**

Total CalSAWS Project Budget/Cost	Timeframe	Document Referenced
$901,685,284	**FY 2018-19 to FY 2022-23**	**January 2022 As-Needed IAPDU**

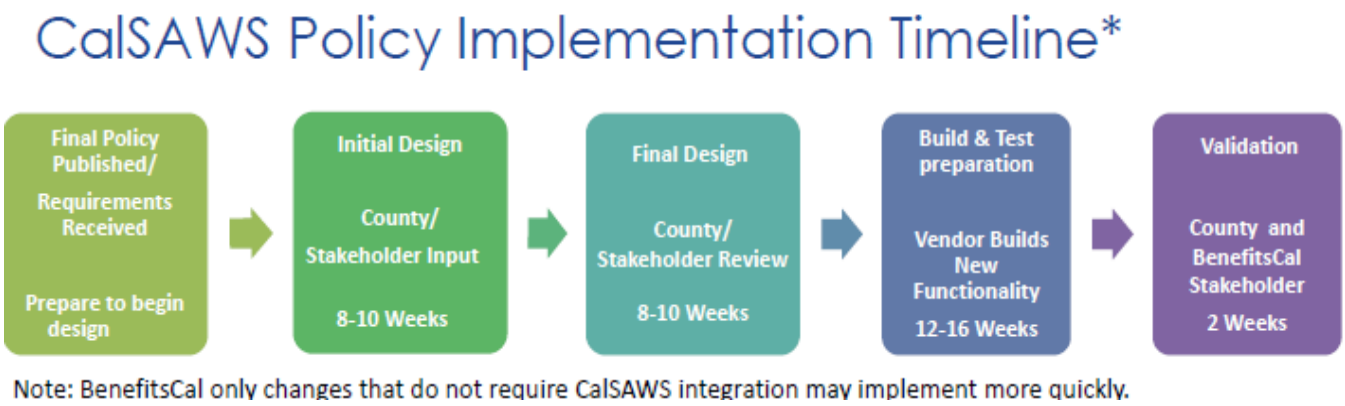
2022-23 SAWS (CalWIN) M&O Budget:

Federal Funds	General Fund	Other	Total
$52,647,000	**$44,411,000**	**$4,332,000**	**$101,390,000**

2022-23 CalSAWS DD&I Project Budget:

Federal Funds	General Fund	Other	Total
$191,984,000	**$151,936,000**	**$7,651,000**	**$351,571,000**

CalSAWS Policy Implementation Timeline. When the Legislature or Administration makes a policy change to program eligibility benefits, or other program components such as changes to forms and notices, this often requires a change to be programmed through CalSAWS. According to the CalSAWS Project, there are 25 legislative policy changes in process across several programs in 2023-24 and 2024-25. The graphic below, provided by the SAWS Project, demonstrates the typical CalSAWS Policy Implementation timeline:



Source: SAWS Project.*CalSAWS Project notes that timelines vary according to the complexity of the change.

Stakeholder concerns. Stakeholders have consistently expressed concerns with the way that the CalSAWS Project works with stakeholders such as community-based organizations and advocates. Stakeholders say there are many problems with the client experience in BenefitsCal and that the CalSAWS Project fails to meaningfully engage with stakeholders regarding User-Centered Design for BenefitsCal and other feedback and recommendations across the development of CalSAWS and BenefitsCal.

Staff Comment. This is an informational item. No action is needed.

Staff notes that the migration of all 58 counties into a single CalSAWS system, expected to complete in October 2023, represents a major milestone in achieving a single statewide system that has been many years in the making. The Legislature may wish to set expectations for what a post-migration CalSAWS will look like in terms of the system's ability to implement legislative policy changes.

Questions. The Subcommittee requests OSI respond to the following:

1. Please provide a brief overview of the CalSAWS project. When does the federal government require the state to have a single automated system?

2. How does OSI oversee the CalSAWS project? What is OSI's role in working with stakeholders? What is OSI's role in CalSAWS governance?

3. What are the key components of the CalSAWS budget in 2023-24, and what has the historical spending on this project been? How does OSI oversee the CalSAWS budget?

4. What is the state's interface with the CalSAWS system?

The Subcommittee requests the CalSAWS Project and CWDA respond to the following:

1. Please describe the process of implementing a policy change through CalSAWS. How will this process change once the system migration is complete in October 2023? What will typical

timelines look like for the system to implement policy changes as the system is no longer experiencing a migration?

2. Please describe how the CalSAWS Project makes decisions about implementing various system changes, including legislation, county requests, and advocate requests, in the SAWS and in BenefitsCal. What is the system for prioritizing different types of system change requests from different sources?

3. Please provide how the CalSAWS engages with stakeholders in the BenefitsCal design and other CalSAWS policies and processes. How does the department meaningfully collaborate with stakeholders and include their feedback? How is stakeholder feedback tracked?

The Subcommittee requests the CalSAWS stakeholder advocates respond to the following:

1. What is the experience of stakeholders engaging with CalSAWS?

2. What are the benefits to the state and clients of having a single statewide automated system? What are some of the key concerns stakeholders have about the implementation of CalSAWS and BenefitsCal?

The Subcommittee requests the LAO respond to the following:

1. Please provide a summary of the LAO's assessment of stakeholder concerns with the CalSAWS project.

5180 DEPARTMENT OF SOCIAL SERVICES – OFFICE OF EQUITY

Issue 15: Office of Equity Overview

Background. The CDSS Office of Equity was established in 2019 and reflects CDSS' commitment to serve all Californians. As a department providing food, shelter, safety and security, employment and job supports and training, CDSS is uniquely well-positioned to reduce structural inequities through its programs and practices. The Governor's budget includes 126 positions in the Office of Equity in 2023-24.

Immigrant Integration Branch (IIB). The IIB within the Office of Equity oversees immigration legal services, refugee resettlement, and immigrant support service programs that welcome and integrate new Californians. The IIB serves immigrant (foreign-born) Californians with a variety of immigration status, including undocumented residents, humanitarian parolees, refugees, asylees, and legal permanent residents seeking to become naturalized U.S. citizens. In 2022, IIB programs served hundreds of thousands of immigrants through programming designed to provide cash assistance, wrap-around services, navigation support, and legal representation to obtain immigration benefits.

The Immigrations Service Bureau (ISB) ensures the effective development and implementation of programs and funding initiatives necessary to support legal services, outreach, community education, and other immigrant integration efforts. The Unaccompanied Undocumented Minors (UUM) and Immigration Services Funding (ISF) grants, known as the "One California" program are the longest running immigration legal services programs. Through these programs, nonprofits provide pro bono immigration legal services and increase the capacity to serve underserved immigrant populations. The $55 allocation to the One California program supported 93 organizations in 2021-22.

- **Refugee Programs Bureau.** This bureau provides state-level leadership and coordination of programs and services to achieve successful resettlement and integration of vulnerable populations in California. These programs are designed to support the integration of newly arrived Afghans arriving between July 31, 2021, through September 30, 2023.

Program	Services	Funding
Afghan Support & Investment Program (ASIP)	Rental subsidy (up to 12 months) and hoteling assistance	$45 million Federal Funds
Afghan Integration & Resettlement Services (AIRS)	Case management, education, and outreach	$10 million State General Funds
Afghan Community Services (ACS)	Capacity building, case management, education, and outreach	$10 million Federal Funds

Afghan Legal Services Project (ALSP)	Legal services	$16 million Federal Funds
Afghan Arrival Job Readiness (AAJR)	Employment services	$700,000 Federal Funds

- **Afghan Arrivals.** California welcomed approximately 15,000 Afghans, or 18 percent of the 80,000 total Afghans resettled through Operation Allies Welcome. California ranks second in the U.S. in resettling Afghan arrivals.

- **Ukrainian Arrivals.** As of December 2022, over 19,000 Ukrainians have arrived in California; California ranks third in the U.S. in receiving Ukrainian arrivals. Under the Ukrainian Support Services Project, $2.3 million was awarded to three nonprofit organizations to provide critical assistance and immigration legal services to individuals displaced from Ukraine. This project is expected to serve approximately 1,800 individuals in Los Angeles, Orange, Sacramento, and San Diego counties.

Rapid Response Program. In partnership with the California Office of Emergency Services and other state, local, and nonprofit partners, CDSS assists with the operation of congregate and non-congregate shelters for arriving migrants at the Southern border. This includes COVID testing and vaccinations, medical screenings and referrals, shelter, food, clothing and basic needs, and onward travel coordination. The 2021 Budget Act appropriated $105.2 million for the Rapid Response Program, and the 2022 Budget Act appropriated an additional $175 million for this program available through June 30, 2024. This funding primarily supports border shelter services. A small portion of this funding also supports Ukrainian Support Services.

Office of Immigrant Youth. The Office of Immigrant Youth oversees state and federal initiatives that support the integration and inclusion of newcomer youth, including unaccompanied refugee minors and unaccompanied undocumented minors.

- **California Newcomer Education and Well-Being (CalNEW) Program.** This program provides culturally and linguistically responsive services to newcomer students, English learners, and immigrant families, in coordination with school districts. 15,074 youth were served from 2018-2021. Additional funding of $20 million in 2021 expanded the CalNEW program to a total of 20 local education agencies and over 19,000 students.

- **Opportunities for Youth (OFY).** OFY provides post-release supportive services to unaccompanied undocumented minors and their families throughout California. From 2020-2022, 665 youth received services such as case management, navigation, and mentorship.

Civil Rights Accessibility and Racial Equity (CARE) Office. The CARE office within the Office of Equity is charged with providing state-level leadership and direction to ensure compliance with civil rights laws and to develop, promote, and foster policies and programs that ensure access and promote equitable outcomes in alignment with the department's equity goals. Initiatives of the CARE Office include the Community Response Initiatives to Strengthen Emergency Systems (CRISES) grant pilot program, Services for Survivors and Victims of Hate Crimes program, and the Deaf Access Program.

- The 2021 budget included $110 million General Fund over three years to implement a grant program to provide services for hate crime victims and survivors. The program provides grants to community-based organizations to provide trauma-informed and culturally and linguistically appropriate services for victims of hate incidents and their families, both for populations experiencing a recent increase in hate incidents as well as those with historically high rates. These services include, but are not limited to, mental health services, legal assistance, and victim advocacy, as well as education about how to report hate incidents and access services and support for community-level hate incident prevention initiatives.

- The CRISES grant program provides $10 million over three years to cities, counties, or tribal government agencies to partner with community-based organizations. The goal of the program is to create and strengthen community-based alternatives to law enforcement in crisis situations. Grants must be a minimum of $250,000 and the department must work with a stakeholder workgroup to provide recommendations on program implementation.

- The Deaf Access Program was created in 1981 to ensure that state and local government programs are routinely adapted to meet the communication needs of California's Deaf and Hard of Hearing population. The purpose of this program is to enable children, adults, and families to receive all of the benefits and services to which they are entitled. CDSS administers $8.7 million in state funds to eight nonprofit service providers covering all 58 counties, serving 45,528 individuals in 2021-22.

Office of Tribal Affairs (OTA). The OTA leads CDSS efforts to build better government-to-government relationships between CDSS and California Indian Tribes, Counties and Tribal Governments, and Native American stakeholders. OTA conducts tribal consultation and oversees state efforts to achieve compliance with the Indian Child Welfare Act (ICWA).

Governor's Budget. The 2023-24 Governor's Budget includes $600,000 General Fund ongoing to support vendor contracts with providers with suitable expertise to conduct facilities assessment. This funding will ensure that CDSS is able to achieve and maintain compliance with the Food and Nutrition Service-mandated County civil rights review schedule. This proposal aligns with CDSS' equity priorities and will ensure the accessibility of CWDs for people with disabilities and supports the vision of a healthy California for all where older and disabled individuals are supported and valued.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the Office of Equity's proposed 2023-24 budget.

2. Please provide an update on efforts under the Immigrant Integration Branch to resettle refugee newcomers, particularly Ukrainian and Afghan arrivals, in 2022 and 2023.

3. Please provide a brief update on the following programs: Rapid Response Program, Office of Immigrant Youth, Stop the Hate program, and CRISES grant program.

Issue 16: Equity Programs: Workload Rightsizing

Budget Change Proposal – Governor's Budget. CDSS requests seven (7) permanent positions and $893,000 in 2023-24 and $853,000 ongoing, to right size staff resources for implementation of new and expanded legislative initiatives to support immigrant and refugee children in California, tribal food assistance, and related human service programs.

Background. The Legislature has created and expanded several programs under the Office of Equity in recent years, affecting the Office of Immigrant Youth (established in 2022), the Tribal Nutrition Assistance Program (established in 2022), and the Office of the Foster Care Ombudsperson. This proposal seeks to right size staffing in the Office of Equity to account for the increased workload associated with these expansions.

Staffing and Resource Request. This proposal includes staff resources across multiple programs in the CDSS Office of Equity, including the Office of Immigrant Youth, Tribal Nutrition Assistance Program (TNAP), and Office of the Foster Care Ombudsperson (OFCO).

- **Office of Immigrant Youth.** CDSS assists with the development and delivery of programs and funding initiatives necessary to support immigrant integration. The Office of Immigrant Youth was established in 2022 to respond to the implementation of initiatives which intersect across multiple policy areas including immigration legal services, community care licensing, refugee resettlement, social services and support, education, and child welfare policy, including the California Newcomer Education and Well-Being (CalNEW) program. The Office of Immigrant Youth develops and oversees policies, standards, and procedures while also engaging stakeholders to build a network of care in partnership with school districts, county offices of education and Community-Based Organizations (CBOs) to implement the CalNEW program.

  This proposal includes four (4) permanent positions to support the effective administration of the CalNEW program. CDSS states this annual appropriation will result in additional grants to school districts and county offices of education, convening work groups, overseeing evaluation and technical assistance, and managing partnerships in collaboration with the California Department of Education. The expected outcomes from implementing this proposal include: an increase in the number of immigrant youth and families participating in wraparound social support services, strengthened specialized team operations and more balanced workloads, increased program monitoring, and evaluation and stakeholder engagement.

- **Tribal Nutrition Assistance Program (TNAP).** CDSS is administers the new Tribal Nutrition Assistance Program (TNAP), including developing grant eligibility standards, grant rules, execution of grants, and Tribal consultation. The TNAP seeks to improve food access to Native Americans living on Indian reservations in California by providing supplemental food benefits to those participating in the federally administered Food Distribution Program on Indian Reservations (FDPIR).

  This proposal requests position authority, but no additional funding, for two permanent positions for the TNAP program. CDSS states that since many communities living on the reservations are in more rural, remote locations, outreach efforts will need to be coordinated with TNAP service

providers, Tribes, and Tribal organizations to design an effective and culturally responsive outreach campaign to successfully reach and support the targeted population. These resources will ensure that the TNAP grant eligibility standards identify the needs of Tribes and Tribal organizations and that the grants will be awarded timely and to appropriate service providers.

- **Office of the Foster Care Ombudsperson (OFCO).** The request is in response to the increased demands to the Office of the Foster Care Ombudsperson (OFCO) from the passage of SB 823 (2020) that created the Office of Youth and Community Restoration (OYCR) serving children transitioning between foster care and the Juvenile Justice System.

  This proposal includes one position in OFCO who will serve as a liaison between the counties and OYCR to support youth transitioning in and out of the juvenile justice system. The requested permanent resources will allow the OFCO to meet is statutorily mandated requirement to deliver training and technical assistance on the rights of children or youth in foster care, the reasonable and prudent parent standards, and services provided by the office and to provide administrative and technical assistance to county, regional, and/or local foster care Ombudsperson's offices and evaluate the degree to which foster youth are adequately informed of their rights.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 17: Grant option for Deaf Access Program

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to allow grants as an option (in addition to contracts) for awarded Deaf Access Program funds to public agencies or private nonprofits.

Background. CDSS administers the Deaf Access Program for the purpose of providing direct public social services to Deaf and Hard of Hearing persons. Existing law directs CDSS to "contract with public agencies or private nonprofit corporations" for the provision of these services.

Change to allow a grant option. Current law designates contracts as the only permissible way for CDSS to award funds to Deaf Access Program service providers. Over the past several years, the Department has gained increased experience in the administration of grants for similar types of service arrangements (Immigration Services Funding and Rapid Response), and programs have benefited from the flexibility of having both contracts and grants as potential mechanisms for awarding funds to service providers.

CDSS states that similar flexibility would be beneficial to the Deaf Access Program, allowing CDSS to work with existing and potential service providers to identify the funding mechanism that best meets the program's needs, and allowing the program to adapt as conditions change. This proposal would maintain the existing requirement for competitive bidding of Deaf Access Program awards regardless of which mechanism (contracts or grants) is used.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 18: Extension of Flexibility in Allocation of Federal Refugee Resettlement Funds

Trailer Bill Language – Governor's Budget. CDSS requests trailer bill language to extend the flexibility provided in 2022 to allocate federal funds for refugee social services to private for-profit organizations. This proposal additionally requires CDSS to track report to the Legislature the funding provided to each type of service provider, and to prioritize funding qualified nonprofit organizations and counties over for-profit organizations, when practicable.

Background. SB 116 (Committee on Budget, Chapter 5, Statutes of 2022), temporarily authorized CDSS to use federal funds administered by the federal Office of Refugee Resettlement to award grants to private for-profit organizations to support refugee resettlement efforts. While federal regulations allow funding to a broad array of service providers, state law previously only allowed funded to be awarded to counties and nonprofit organizations.

Since CDSS was granted this flexibility in 2022, CDSS has selected the Critical Technical Assistance Unit (C - Tau), to support implementation and development of the Afghan Support and Investment Program, which is a housing program. CDSS developed this program in consultation with county partners to address the housing needs of Afghan arrivals. According to CDSS, support from this provider has been instrumental in ensuring CDSS had the capacity to quickly develop and implement a direct housing assistance program to support services across various counties. Since implementation of this program in March 2022, has provided both hoteling and long-term housing assistance for 5,551 Afghan newcomers, preventing this population from experiencing homelessness.

Extension of Flexibility. This proposal eliminates the sunset date of the existing exception, providing CDSS with flexibility to respond quickly to surges in arrivals where highly specific expertise or capacity may not be readily available in the nonprofit sector. This proposal continues the requirement for CDSS to track and document funding provided to each type of service provider and the purposes of that award, and to report this information to the Legislature. This proposal also requires the department to prioritize funding qualified nonprofit organizations and counties over for-profit organizations when practicable.

Subcommittee Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following questions:

1. Please provide a brief overview of this proposal.

2. Please describe how CDSS has used the flexibility granted in 2022 to support increased refugee arrivals in California.

Issue 19: Immigration Legal Services Clean-up

Trailer Bill Language- Governor's Budget. CDSS requests trailer bill language to make the following technical changes to immigration legal services programs:

- Expand the types of reimbursements CDSS may fund a qualified nonprofit legal services organization for immigration related legal services.

- Clarifies the definition of "immigration benefits" related to legal services grants under the program.

- Makes non-substantive technical changes to strike out outdated language from statute.

Background. Current law provides CDSS authority to develop, implement, and provide funding to support immigration legal services, outreach, community education, and other immigrant integration efforts. The Unaccompanied Undocumented Minors (UUM), Immigration Services Funding (ISF), and Removal Defense (RD) programs are the longest-running immigration legal services programs. Through these programs, the Department contracts with nonprofits to provide pro bono immigration legal services and increase the capacity to serve underserved immigrant populations. Legal services include consultations, application assistance, the full scope and limited scope representation for immigration remedies, and legal training and technical assistance for CDSS-funded legal service providers. Removal defense services funded through these programs are currently reimbursed on a "fee-per-case" funding model. CDSS and stakeholders have determined this may not be a sustainable funding model for this type of legal services.

Furthermore, recent changes to federal immigration policies and regulations have increased the demand for various types of immigration services and created a need to expand legal service provider capacity. For example, as part of the federal Operation Allies Welcome (OAW), California resettled over 13,000 Afghans in the last year. More Afghans will likely continue to resettle in the coming years. California is also expecting to receive thousands of Ukrainian newcomers, as a result of the ongoing Russian invasion of Ukraine. These populations require assistance with immigration legal services that are not specifically authorized through existing law. Immigrant-serving organizations may need to provide internal trainings and expand capacity in order to meet these growing needs.

Changes proposed in trailer bill language. This proposal includes three changes to current law regarding immigration legal services:

1. **Expand funding methodologies**. This proposal would allow CDSS to determine the most efficient funding methodology for providing reimbursement of immigration legal services, programs, initiatives, and flexibility to implement the programs. Various funding methodologies beyond a "fee-per-case" would address additional barriers nonprofit organizations are challenged with providing qualitative services. As the demand for immigration services continues to increase, the CDSS needs the ability to implement sustainable programs that address the demand and service gaps.

2. **Clarify Funding for immigration services**. As a result of the changes to immigration policies and regulations, and new populations arriving in California, CDSS has received an increasing request for reimbursement of additional immigration benefits and services that are not clearly identified in the current statutory authority. Changes to federal policies and programs are unpredictable and to be responsive to the increasing need for additional services beyond the legal services, CDSS proposes to expand services to cover other immigration benefits to enhance the current legal services funded.

3. **Technical Clean Up.** This proposal would provide additional clean-up language for outdated statute.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 20: CDSS Stakeholder Proposals for Investment

The Subcommittee has received stakeholder proposals for investment related to the Department of Social Services (CDSS). The following proposals are not included elsewhere in this agenda are for subcommittee presentation:

1. **CalFresh Safe Drinking Water Pilot Program Expansion.** Nourish California proposes $10 million one-time to extend and expand the CalFresh Safe Drinking Water Pilot program.

   According to Nourish California, "recognizing the need to provide short-term relief to these households, the state wisely allocated $5 million in the 2017-18 state budget to design and implement the CalFresh Safe Drinking Water EBT Pilot. The pilot was originally intended to serve impacted communities in Fresno, Tulare, and Kern Counties, but due to unforeseen complications related to the CalSAWS statewide consolidation project, was limited to Kern County only. This innovative pilot launched in March 2022 and currently provides $50 per month in supplemental CalFresh benefits to over 4,000 households in selected Kern County zip codes where residents lack access to safe Given the certainty that water-related emergencies will continue in our state, it is vital that we act now to extend and expand such successful interventions to help those facing drinking water problems who are at risk for hunger."

2. **Expand diaper bank and menstrual products pilot.** Community Action Partnership of Orange County proposes $60 million one-time, over three years, to sustain and expand the diaper bank program and menstrual products pilot.

   According to Community Action Partnership of Orange County, "California already has proven and effective programs to address period poverty and diaper need, but in order for these programs to continue operating beyond 2024, and to serve additional communities, a one-time investment of $60M is needed. The California Association of Diaper Banks (CADP) currently supports 8 organizations in 20 counties distributing infant diapers (CAP Orange County, CAP San Bernardino, Central California Food Bank, Help A Mother Out, Los Angeles Regional Food Bank, Sacramento Food Bank and Family Services, Jacobs and Cushman San Diego Food Bank, Redwood Empire Food Bank). The Menstrual Products Pilot (MPP) currently supports 2 organizations in distributing menstrual products (Los Angeles Regional Food Bank, Jacobs and Cushman San Diego Food Bank)." This proposal would :sustain the eight state-funded diaper banks in California, two of which are also part of the Menstrual Products Pilot, and expand the current list of eight to include three more diaper banks, for a total of eleven, and provide funding for them all to distribute diapers, wipes, and menstrual products."

3. **Statewide diaper and wipe distribution.** SupplyBank.Org proposes $30 million one-time over three years for statewide diaper and wipe distribution.

   SupplyBank.Org states, "this critical investment will build upon the existing Diaper Bank Program established by the Legislature in 2018 and reauthorized and expanded in 2021 to provide a statewide reach through existing efforts in counties administered by SupplyBank.Org and their partners. Throughout the pandemic, SupplyBank.Org has had ongoing distributions of diapers, wipes and other materials in all counties as part of their emergency supply distribution in response

to COVID-19... this program integrates the distribution of diapers and wipes into existing wrap around services and programs within each respective county's safety net. SupplyBank.Org works directly with the local First 5 Commissions and other stakeholders to build a specific county plan and its responsibility includes managing storage and delivery to several sites in each county.

4. **CalWORKs period products.** California High school Democrats, California Generation Ratify. Alliance for Girls, The Pad Project, Access Reproductive Justice, IGNITE National, PERIOD., Unite for Reproductive and Gender Equity (URGE), Sisters on the Streets, Days for Girls, Girls Learn International, The Women's Building, and Alliance for Period Supplies proposes $8.1 million in 2023-24 and $32.5 million ongoing to provide a $20 monthly CalWORKs payment for menstruating people.

   According to the Alliance for Period Supplies, 2021 data shows that 1 in 3 menstruating people have reported missing school, work, or similar commitments due to lack of access to menstrual products. This budget request would support CalWORKs recipients through a special needs payment to address menstrual product insecurity.

5. **CalWORKs access for children whose SSI benefits are suspended.** The Coalition of California Welfare Rights proposes approximately $1 million to allow a child SSI beneficiary whose SSI benefits have been suspended to receive CalWORKs benefits, if otherwise eligible for CalWORKs.

   The Coalition of California Welfare Rights states, "currently an SSI child whose SSI has been suspended and is not receiving any SSI benefits is not eligible for CalWORKs because the SSI benefits have been 'suspended' and not 'terminated.' The fact is the child is not getting any SSI money while SSI is suspended." There are approximately 300 children currently impacted by this rule who cannot access CalWORKs even though they are not receiving any income from SSI.

6. **Increase food funding for family child care homes.** Nourish California and the Child and Adult Care Food Program (CACFP) Roundtable propose $1.3 million in 2023-24 and $1.5 million ongoing to equalize meal reimbursement rates for family child care homes.

   According to these stakeholders, "child care is the largest setting to support access to nutritious foods during the critical early years of development. However, existing law in California only reimburses Family Child Care providers for 75% of the meals served to the children in their care, and those providers are forced to make up the difference. The state meal reimbursement rate gap is the result of a racist legacy of child care laws—still in place today—that undervalue and underpay labor historically performed by Black, Latina, and immigrant women."

The following stakeholder proposals for investment are non-presentation items:

7. **Permanently authorize the state disaster food assistance program.** The California Association of Food Banks (CAFB) proposes permanently authorizing the State Disaster Food Assistance Program at CDSS, at no cost.

According to CAFB, "California's State Disaster Food Assistance Program (SDFAP) – our state's only and highly effective disaster food distribution program – cannot continue to operate once the current supply of food runs out, unless action is taken to place the program permanently in the law. The fundamental feature of the SDFAP is to ensure that there is an adequate resource to respond to California's disasters that often force families to make life-saving decisions overnight with flooding, explosive fires and the threat of earthquakes. In the face of these natural and human-caused disasters, in October of 2019 CDSS requested to use $1 million from the state's General Fund to purchase and deliver food to food banks in affected communities, as well as provide reimbursement for some food bank expenses related to emergency response. This effort was called the "State Disaster Food Assistance Program" (SDFAP) and the "Emergency Food Bank Reserve" was created as the account to fund the program. Although replenishment language for the Emergency Food Bank Reserve account has been included in the state budget since 2020, CDSS currently lacks the legal authority to access this account. The Department is unable to execute a contract with a vendor to procure and distribute food in an emergency using money in the Emergency Food Bank Reserve without this legal authority to access the account. To help ensure the smooth operation, avoid the delays seen this year, and streamline administration of the program we are asking to place SDFAP in the Welfare & Institutions Code where the state's other emergency food programs reside."

8. **Building Diversity and workforce support in county human service programs.** County Welfare Directors Association (CWDA) requests $35 million one-time for building diversity and workforce support in county human service programs.

   CWDA states, "county human service agencies are struggling like many other service sectors to recruit and retain staff to deliver critical public safety net services. Despite robust employee benefits and competitive salaries, counties are finding they cannot compete against other industries that often offer higher pay, or similar pay with far less demands. This threatens counties' ability to meet their federal and state mandates and implement new federal and state initiatives to eliminate poverty and protect children and older adults from abuse and neglect… By giving money to counties to partner with their local community colleges and universities, counties will be able to leverage local students to stay in the community with a direct path to employment with the county based on the certificates, internships, training, or degrees from the partner schools. Additionally, by creating dedicated training programs – based off existing community models – counties can strengthen and diversify their workforce by including and actively recruiting former clients of social safety net programs and people in the community with lived experiences with these programs to work for the county."

9. **County Emergency Services and Disaster Response Support.** CWDA proposes $140.2 million in 2023-24 and $129.9 million ongoing for emergency services and disaster response support.

   CWDA states, "over the past five years, the state has experienced an unprecedented number of emergencies and disasters, including but not limited to record-breaking wildfires, the pandemic, and devastating statewide flooding and winds this year. Funding for disaster-related work outside of regular work activities overwhelmingly comes from existing county department budgets and takes significant time to be reimbursed, if it is reimbursed at all. This has resulted in significant

strain on county human services budgets during recent disasters, which in turn further reduces counties' capacity to respond to new emergencies. Additionally, there is an adverse impact to the operations of ongoing, day-to-day program activities for vulnerable populations through the state's social service programs… Eighty-nine percent of counties indicate that funding and staffing support are their top need to delivery services during an emergency. Counties typically must redirect personnel for emergency and disaster response, including caseworkers, social workers, and others whose regular work is critical to the timely provision of human services programs. While the proportion of staff redirected outside their regular jobs during disasters varies across counties, some counties report having to redirect more than 50 percent of their staff due to past emergencies…. CWDA is seeking dedicated and ongoing funding to recognize the additional emergency response and recovery work and responsibilities that county human services agencies are being expected to perform."

10. **California Coordinated Neighborhood and Community Services Grant.** GRACE/End Child Poverty CA, California Promise Neighborhood Network, California Cradle to Career Coalition, and StriveTogether propose $45.5 million for the Coordinated Neighborhood and Community Services Grant Program.

    According to this coalition, "a one-time investment will make a long-lasting impact to achieve the state's equity goals by establishing the California Coordinated Neighborhood and Community Services Grant program. This grant program will ensure efficient stewardship of nearly $400M in state investments, as well as federal and local funds. It will also allocate urgently-needed funding to Promise Neighborhoods (PNs) and other neighborhood, and regional cradle to career organizations to reduce inequities and increase economic mobility in communities across California through integrated place-based support systems. While each organization is meeting unique local needs, the common impact is: Cradle to Career partnerships are the intermediaries ensuring that state funds are used effectively, equitable, or reach communities at all. They are the hubs who look across silos between human services, education, workforce development and training to make deep, long-term inroads in front-line communities to overcome the greatest disenfranchisement."

The following proposals are included elsewhere in this agenda and are listed here for reference:

11. **CalFood Expansion.** The California Association of Food Banks (CAFB) proposes to permanently provide $60 million for the CalFood program, above the usual $8 million baseline. See Issue 1 of this agenda.

12. **Food Bank climate and capacity resiliency.** CAFB proposes $180 million one-time for food bank climate and capacity resilience**.** See Issue 1 of this agenda.

13. **CalFresh $50 minimum.** Hunger Action LA, CAFB, Nourish California, and GRACE/End Child Poverty propose $95 million ongoing to increase the minimum monthly CalFresh benefit from $23 to $50. See Issue 1 of this agenda.

14. **Food for All.** The Food for All Coalition, led by California Immigrant Policy Center and Nourish California, propose $358 million in 2023-24 and $715.5 million ongoing to expand access to the

California Food Assistance Program (CFAP) for all Californians regardless of immigration status. See Issue 4 of this agenda.

15. **CalFresh Fruit and Vegetable Supplemental Benefits Expansion.** SPUR and Nourish California propose $93.75 million one-time to expand the CalFresh Fruit and Vegetable EBT Pilot program. See Issue 1 of this agenda.

16. **CalFresh ABAWD CARE benefits.** The California Association of Food Banks (CAFB) proposes $3 million to create CalFresh ABAWD CARE benefits. See Issue 6 of this agenda.

17. **Reimagine CalWORKs.** GRACE/End Child Poverty California, Coalition of California Welfare Rights Organizations, Parent Voices, John Burton Advocates for Youth, and Western Center on Law and Poverty, propose $95.7 million ongoing to implement a set of policy changes to reimagine the CalWORKs program. See Issue 8 of this agenda.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

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

Consultant: Elizabeth Schmitt and Scott Ogus

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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

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

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

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

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

* Position and resources ongoing after 2024-25.

Program Funding Request Summary - HCAI		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,184000	$184,000
Total Funding Request:	**$1,184,000**	**$184,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Office of the Agency Information Officer and Office of Systems Integration Resources

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

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

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

* Position and resources ongoing after 2024-25.

Background. The Office of Systems Integration (OSI) procures, manages, and delivers technology systems that support the delivery of health and human services to Californians. OSI manages a portfolio of large, complex information technology (IT) projects, providing project management, oversight, procurement, and support services for these projects and coordinating communication, collaboration, and decision-making among project stakeholders and program sponsors. After the procurement phase, OSI oversees the design, development, governance, and implementation of IT systems that support the administration of health and human services programs in California.

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 2: Various Reappropriations and Technical Adjustments

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of each of these proposed reappropriations and technical adjustments.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 1: California Emergency Medical Services Information System Maintenance and Operations

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

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

* Resources ongoing after 2024-25.

Background. EMSA operates the California Emergency Medical Services Information System (CEMSIS), a secure, centralized data system for collecting data about individual emergency medical service requests, patients treated at hospitals, and emergency medical services (EMS) provider organizations. CEMSIS data related to EMS in California is currently captured locally by EMS provider agencies, trauma centers, stroke centers, and other entities. This data is generally transferred to one of California's 34 local EMS agencies.

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 2: Appointment of Chief Medical Officer

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

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

* Resources ongoing after 2024-25.

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Staffing Allocation Resources

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

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

* Positions and resources ongoing after 2024-25.

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 1: Add Position Authority for Workload Funded in the Governor's Budget

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

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

* Positions ongoing after 2024-25.

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

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

Office of Financial Review – 12.5 positions

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

Office of Legal Services – One position

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

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

Office of Technology and Innovation – Four positions

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

Office of Administrative Services – One position

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 2: Augment Behavioral Health Focused Investigations Workload

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

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

* Positions and resources ongoing after 2024-25.

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Technical Adjustment Position Display Error

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Mandatory Use of Standardized Forms for Oversight

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

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

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

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

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

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

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

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

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

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

Office of Legal Services – Resources equivalent to one position

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4170 DEPARTMENT OF AGING

Issue 1: Administrative Efficiencies for Area Agency on Aging Funding

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

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

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

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

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

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

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

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

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

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

Staff Recommendation. Hold open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

Issue 2: CalFresh Health Living Program Expansion

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

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

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

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

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

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

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

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

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

- **HPS I:** CDA requests 1.0 additional HPS I to oversee the onboarding of 5 new AAA partners; lead the development of policy, tools, and resources to address racial inequities, including outreach, marketing, education, and awareness in FNS priority populations; facilitate and collaborate with the AAAs to implement new pilot programs; and participate in SNAC activities, procedure and process development, and marketing to CFHL providers. Due to the increase of CFHL funding beginning in 2022-23, CDA has already recruited for this incumbent as a blanket position. CDA requests permanence with this position.

- **1.0 Staff Services Manager (SSM) I Supervisor**: Currently CDA does not have a permanent SSM I Supervisor to oversee the CFHL program, leaving the SSM II to complete all administrative work, including staff development and oversight, while concurrently developing policy and procedures. The SSM I Supervisor was hired as a blanket position and CDA is requesting permanence with this position. Specifically, the SSM I Supervisor will work with the requested and existing CFHL staff to continue developing and providing post-pandemic technical assistance and outreach, stakeholder engagement, develop equity best practices and procedures, develop benchmarks and milestones for implementing equity practices statewide, oversee pilot programs and facilitate stakeholder engagement, and strengthen the AAA's understanding and partnership with Market Match and FMNP.

- **1.0 Office Technician (OT**) (Typing): The Office Technician would provide clerical relief, including calendaring, document remediation, formatting, review, and working with IT to update online resources, maintaining the CFHL Snap-Ed program website, and project support and work plan oversight.

- **1.0 AGPA:** CDA requests 1.0 dedicated AGPA to develop, implement, and maintain contract policy and procedures; act as contract project lead and work with key stakeholders to resolve challenges to contract related items; draft contract packages; disseminate contracts for signature; prepare contracts for execution; and disseminate executed contracts. .

- **1.0 Accounting Officer (AO) Specialist**: Currently, CDA does not have a dedicated Accounts Payables staff member to oversee the CFHL program and the high volume of payments, budgets, budget revisions, and closeouts that CHFL requires. CFHL is one of the few programs that CDA cannot offer on an advance payment system, therefore making the urgency of reimbursement a high priority, particularly for AAA providers with limited cash flow. CDA requests 1.0 AO Specialist to be responsible for all payment processing, budget and closeout review, processing,

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

Issue 3: Statewide No Wrong Door Assessment

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

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

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

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

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

1. State Leadership and Collaboration

2. Stakeholder Inclusion

3. Designation of Non-State Government Entities to Perform NWD Functions

4. Person-Centeredness

5. Performance Standards and Continuous Quality Improvement

6. Staffing

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide a brief overview of this proposal.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: Industrial Hemp Licensing and Compliance Program Reappropriation

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

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

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

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

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

  - Establishing and revising the Industrial Hemp Enrollment and Oversight fees

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

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

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

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

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

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 4: Skilled Nursing Facilities Staffing Audits

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

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

* Resources ongoing after 2024-25.

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 5: Radiologic Health Branch Licensing and Certification

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

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

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

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

- Expand and update the reasons CDPH may deny, revoke, or suspend certifications authorized under the Radiologic Technology Act or under state law governing nuclear medicine technology, including for conviction of a crime related to the duties of a radiologic technologist, for falsifying documents, and for impersonating an applicant for examination, among other reasons.

- Expands existing law provisions making violation of the Radiologic Technology Act a misdemeanor by including penalty provisions that, upon conviction, impose a fine not to exceed $5,000 per day, per offense, or by imprisonment in the county jail not to exceed 180 days, or both.

- Makes violation of state law governing nuclear medicine technology a misdemeanor and imposes, upon conviction, fines not to exceed $5,000 per day, per offense, or by imprisonment in the county jail not to exceed 180 days, or both.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

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

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 1: Compliance with Federal Home and Community-Based Services Requirements

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

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

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

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

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

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

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

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

2. What will be the primary responsibilities of the 50 Regional Center positions that are included in this proposal?

3. What proportion of providers are not currently in compliance with all components of the HCBS Final Rule, and will need to take additional action to come into compliance by the end of the Corrective Action Plan period on June 30, 2024?

4. Given that current compliance with the HCBS Final Rule primarily reflects that providers have submitted relevant documentation that they have a plan to implement compliant policies, how will DDS ensure that service providers have actually put those policies into practice? How do DDS and Regional Centers address providers that are out of compliance?

Issue 2: DDS Headquarters Position Authority

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of this proposal. How many positions are currently filled and which positions would need to be hired?

2. How did DDS identify the need for resources across each enacted initiative? What are the primary responsibilities of the requested positions for rate study implementation and other enacted initiatives? What will be the key deliverables of those positions?

Issue 3: Information Security Office Support

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

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

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

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

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

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

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

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

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Porterville Developmental Center Facility Support

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a brief overview of this proposal.

4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Extend Funding for HIPAA Compliance and Accounting Workload

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

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

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

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

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

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

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

* Funding shift ongoing after 2024-25.

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

Issue 3: Coalinga – Hydronic Loop Replacement Reappropriation

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

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

1. Please provide a brief overview of this proposal.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE

Issue 1: One Dollar Premium Subsidy Augmentation

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

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

* Resources ongoing after 2024-25.

Background. Section 1303 of the federal Patient Protection and Affordable Care Act (ACA) prohibits the use of certain federal funds to pay for coverage of abortions by Qualified Health Plans offering coverage in health benefit exchanges, including state-based exchanges such as Covered California. Section 1303 requires plans to charge and collect at least one dollar per enrollee per month for coverage of such abortion services. Prior to the 2021 Budget Act, Covered California enrollees that would have received federal or state subsidies that would combine to reduce premium costs to zero, instead were required to arrange to pay one dollar per month.

One-Dollar Premium Subsidy Program. The 2021 Budget Act included General Fund expenditure authority of $20 million annually to subsidize the one dollar per month premium required for the cost of providing abortion services, for which federal funding is prohibited. This premium subsidy program was implemented for the 2022 coverage year and results in the availability of zero premium coverage options for income-eligible Covered California enrollees. The 2021 Budget Act allocation is sufficient to support one-dollar premium subsidies for approximately 1,666,000 Covered California enrollees annually. According to Covered California, the most recent open enrollment for the 2023 coverage year resulted in total enrollment of 1,739,360.

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

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested Covered California and the Department of Finance to respond to the following:

1. Please provide a brief overview of this proposal.

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

5160 DEPARTMENT OF REHABILITATION

Issue 1: Disability Innovation Fund – California Subminimum Wage to CIE Project

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

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

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

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

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

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

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

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

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

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

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

1. Increase successful placements in competitive integrated employment after receiving customized employment services, college course work, technical training and/or paid work experience.

2. Support business entities holding 14 (c) certificates to adopt transformative business models.

3. Support the development of trained peer mentors to provide on and offsite support for individuals in integrated employment or educational settings.

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DOR respond to the following:

1. Please provide a brief overview of this proposal.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 1: SAWS Automated Welfare System Migration and Ongoing Support

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

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

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

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

- The CalWIN system supports 16 counties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Two SSM I Specialists.** These positions serve as primary liaisons for communication between CalSAWS project staff and CDSS program and other functional business areas. These positions have been fully integrated into the CalSAWS project and represent CDSS as a state sponsor in project meetings, committees, design sessions, contract reviews and approvals, funding reviews and approvals, CalSAWS and CalWIN board and subcommittee meetings, and external stakeholder discussions. The SSM 1 Specialists will also be hands-on during maintenance and operations including post migration site visits to counties to ensure efficiency of the CalSAWS application.

- **Two full-time, permanent SSM I Specialists**. These positions were administratively established given the criticality and urgency of the existing CalSAWS workload. These positions serve as the State sponsor representatives in key activities, CalWIN migration events to CalSAWS, which includes participation in organizational change management and training, as well as ongoing support post-migration. They are key representatives of the multiple CDSS programs that are administered via the SAWS provide policy guidance and technical assistance on the core CalSAWS functionality, BenefitsCal, Online CalWORKS Appraisal Tool (OCAT), and legislative/budgetary items that impact these systems. They also provide critical support to the legislatively mandated CalSAWS Stakeholder Engagement quarterly meetings, client engagement activities, and general stakeholder interactions. To sufficiently cover all regions within the 58 counties, the two additional SSM 1 Specialists are assigned to maintaining

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

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

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

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

- From October 2022 through October 2023 the CalWIN counties will be migrating to CalSAWS in a series of conversion waves with the final wave scheduled for go-live cutover in October 2023. This is a critical time for the project and the requested level of staffing must be maintained beyond June of 2023 to allow for a successful conversion, go-live and ongoing maintenance and enhancement support.

- CalSAWS stabilization period is from October 2023 through April 2024. During this period, staff must be available to complete federally mandated reports required to transition from DD&I to ongoing DevOps.

- CalSAWS has a complex, multi-vendor environment where ongoing staffing support is required to maintain the integrity and oversight of CalSAWS contracts associated with ongoing DevOps for public facing technology.

- The requested staffing is needed to participate in governance planning and decision-making activities with multi-departmental and statewide impact; and to respond to an increasing number of complex change requests from CalSAWS stakeholders, clients, and advocates regarding innovation and technological enhancements and evolving the architecture to safeguard application longevity, performance optimization, and cost efficiencies.

- The requested staffing is essential to confirm prescribed change processes are followed and implemented and state program sponsors are involved in change prioritization discussions with the project to implement ongoing and increasingly complex programmatic and policy changes in CalSAWS.

- The requested staffing is necessary to provide ongoing policy consultation on CalSAWS system enhancements and modifications required as part of federal and state law changes or policy and programmatic changes that affect CalSAWS.

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

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

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

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

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

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

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

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

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

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

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

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

1. $4 million in one-time federal funds for encumbrance or expenditure through June 30, 2025. This funding is currently authorized by the 2022 Budget Act for encumbrance or expenditure through June 30, 2023. This funding will be expended on a contract for technical augmentation services to support the CalSPARK Core blended, matrixed project team completing all phases of the CDT PAL, including the S2AA, Stage 3 Solution Design (S3SD) and Stage 4 Project Approval (S4PA). This contract is planned for award in 2022-23. Note the specific federal funds source is American Rescue Plan Act discretionary funding, which must be encumbered by September 30, 2023 and liquidated by September 30, 2024. The proposed provisional language aligns with the state fiscal cycle, but the funds will be liquidated by the federal deadline.

2. $1.9 million in one-time General Fund for encumbrance or expenditure through June 30, 2025 for the following:

    - Procurement of a vendor for Independent Verification and Validation (IV&V) services for the duration of the project and CalSPARK Core solution development and delivery. The amendment of this contract to extend IV&V services as needed for the lifecycle of project planning, development, and delivery will be accomplished in subsequent CDSS budget actions, CDSS plans to procure this contract in late 2023-24 for extension through 2024-25.

    - Consulting and professional services to other state departments. These include CDT PAL Services and CDT Statewide Technology Procurement (STP) Procurement Support.

    - Two, two-year limited-term Information Technology Specialist II position equivalents.

3. **One Information Technology Specialist II (ITS II) - CalSPARK Core Senior Business Analyst:** The Senior Business Analyst will be responsible for directing the collection and maintenance of the business solution requirements throughout the lifecycle of CalSPARK Core project planning, delivery, and ongoing operational evolution.

4. **One Information Technology Specialist II (ITS II) – CalSPARK Core Senior Technical Analyst:** The Senior Technical Analyst will be responsible for directing the collection, collation and maintenance of the technical solution and featuring requirements throughout the lifecycle of CalSPARK Core project planning, delivery, and ongoing operational evolution.

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

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

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

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

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

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

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 4: Promise Neighborhood State Operations Funding

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 5: Statewide Verification Hub Staff and Technical Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

- CDSS requests one-time funding of approximately $2 million over two fiscal years with the following breakdown:

    - CDSS requests approval of funding in the amount of $1.4 million to be encumbered and expended in 2023-24, for procurement of a vendor for technical services to facilitate the project's progress through stages 2 and 3 of the CDT PAL.

  - CDSS requests approval of funding in the amount of $587,000 to be encumbered in 2023-24 and expended in 2024-25, for procurement of a vendor for technical services to facilitate the project's progress through stages 2 and 3 of the CDT PAL.

- CDSS requests the re-classification of the permanent Project Manager position, originally created as a two-year limited-term position at Office of Systems Integration (OSI) in the 2019- 20 BCP, transferred to CDSS in the 2020-21 BCP, and approved as permanent in the 2021- 22 BCP, from an Information Technology Specialist II (IT Spec II) to an Information Technology Manager I (ITM I) due to the large size, complexity, impact, visibility and risks associated with the SVH project.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 6: Child and Adult Care Food Program Resources

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

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

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

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

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

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

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

0000 PROPOSALS FOR INVESTMENT – VARIOUS DEPARTMENTS

Issue 1: Stakeholder Proposals for Investment

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

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

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

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

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

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

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

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

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

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

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

Consultant: Elizabeth Schmitt

PART A

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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.

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES

Issue 1: State Council on Developmental Disabilities – May Revision Issues

The Governor's May Revision includes the following issues under the State Council on Developmental Disabilities:

- **Reimbursement Authority Increase (Issue 007)—**It is requested that Item 4100-001-0001 be amended by increasing reimbursements by $106,000 on a one-time basis to enable the State Council on Developmental Disabilities (Council) to expend funds associated with an agreement with the University of Southern California's University Center for Excellence in Developmental Disabilities. The University Center for Excellence in Developmental Disabilities will establish a public health consortium of disability agencies at the Children's Hospital Los Angeles to work on public health initiatives addressing certain challenges faced by individuals with disabilities across their lifespan. The Council will support and facilitate certain parts of the consortium's work to make sure there is maximum participation and accommodated engagement from individuals with intellectual and/or developmental disabilities.

- **Reappropriation of Federal Funds and Reimbursements (Issue 010)—**It is requested that Item 4100-491 be added to reappropriate up to $232,000 from Item 4100-001-0890, Budget Act of 2020, and up to $365,000 from Item 4100-001-0001, Budget Act of 2022. This will allow the Council to fully expend the vaccine access grant provided by the federal Administration for Community Living and the Centers for Disease Control, as well as the wildfire relief grant funded by the California Community Foundation (see Attachment 1).

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests SCDD respond to the following:

1. Please provide a brief overview of the two proposals mentioned above.

4170 CALIFORNIA DEPARTMENT OF AGING

Issue 2: California Department of Aging – May Revision Issues

Budget Change Proposal—Governor's May Revision. The California Department of Aging requests General Fund authority of $20 million in 2023-24 and $20 million in 2024-25, and $10 million in 2025-26 to continue Master Plan for Aging work on behavioral health needs for older adults. Specifically, this request would continue to build community capacity to combat isolation and reduce stigma in older adult behavioral health, including:

- $30.3 million to local partners to continue local community older adult behavioral health capacity building,
- $15 million to allow for continued operation of a statewide Older Adult Friendship Line and an older adult behavioral health stigma reduction campaign; and
- $4.7 million for state operations to provide support and oversight to local partners and fund three-year limited-term resources equivalent to 6.0 positions.

Local Community Capacity Building for Older Adult Behavioral Health ($30.302 million General Fund). The proposed $30 million to build capacity for Older Adult Behavioral Health will continue the work of the MPA efforts to provide additional funding to local community partners such as the local AAAs, the Caregiver Resource Centers (CRCs) and other community-based partners and providers through a grant based process to build organizational capacity to skillfully identify and address older adult behavioral health and/or substance use disorder needs among those who are historically underserved, which may include priority populations based on race, ethnicity, language, culture, immigration, LGBTQ+ or Veteran status. This funding is proposed to include $11.684 million in 2023-24, $11.684 in 2024-2025, and $6.934 million in 2025-26 to support grants for local community capacity building such as the following:

- **Program development** – Expanding evidence-informed models of care tailored to older adults such as PEARLs or Peer-to-Peer models of support. This will augment existing work streams and programs that have been developed over the past 2 years.
- **Workforce training and development** – Staff and volunteer training to improve early identification, cultural competence, appropriate "Mental Health First Aid" response, and referral to clinical or community supports; augmentation of behavioral health staffing models that include Community Health Workers/promotors and peer support specialists.
- **Community collaboration** – Partnering with local health plans, hospital systems, continuum of care providers, etc. to building linkages and align services across the behavioral health continuum and system of care whether through prevention and early intervention, connections to outpatient care, crisis care, inpatient care, and/or supportive care.

- **State Operations -** CDA requests State Operations resources to fund three-year limited-term (LT) resources equivalent to 5.0 positions to administer and oversee the Local Community Capacity Building, as follows:

    - **Program Oversight:** 1.0 LT Research Data Specialist III and 1.0 LT Health Program Specialist II to oversee and provide technical assistance, training, and support and to research and promote best and promising practices in the delivery of older adult behavioral health.

    - **Budget Operations Bureau:** 1.0 LT Associate Governmental Program Analyst to oversee financial reporting and compliance, review proposed budgets, provide financial technical assistance to internal and external stakeholders, and perform administrative oversight of this new fund for CDA.

    - **Audits and Risk Management Bureau:** 1.0 LT Associate Management Auditor to conduct financial oversight and monitoring to ensure the integrity of grant expenditures. This incumbent would also perform reviews of the annual Single Audit Reports for all grantees.

    - **Accounting Management Bureau:** 1.0 LT Senior Accounting Officer in Accounts Payables to process the increase in local assistance FI$Cal encumbrance-only purchase orders, monthly expenditures and payment processing, and financial closeouts.

Combatting Isolation and Reducing Stigma: ($15 million General Fund). This $15 million proposal includes two components to combat isolation and reduce stigma: Ethnic Media Campaign and sustained support for statewide Older Adult Friendship Line. This includes $5.25 million in 2023-24 and $5.25 million in 2024-25 to implement the older adult behavioral health stigma reduction campaign and $1.5 million in 2023-24, 2024-25, and 2025-26 to support the continued operation of the Older Adult Friendship Line.

- **Ethnic Media Campaign for Older Adult Behavioral Health and outreach ($10.5 million):** This component will target ethnic media to address behavioral health stigma and isolation by raising awareness of available resources for older adults from communities of color, immigrant communities, Veterans, and people who identify as LGBTQ+. The campaign would focus on raising awareness of the needs and resources available across the behavioral health continuum including prevention and early intervention, outpatient care, crisis care, inpatient care, and/or supportive care. This effort will include data collection to identify gaps in behavioral help access and service delivery to better target messaging.

- **Continuation of the Older Adult Friendship Line ($4.5 million):** This component will provide $4.5 million over 3 years for ongoing operation of the Older Adult Friendship Line enabling older adults and people with disabilities to connect with a trained, caring, compassionate voice ready to listen and provide emotional support. The warmline will identify a vendor that can accommodate a culturally relevant approach with capacity to serve older adults in multiple languages. The effort

will target isolated and at-risk older adults to ensure there is a place to call and a person to speak with who can provide emotional support and resource referral, as needed.

- **State Operations.** Communications: 1.0 LT Information Officer II in Communications to develop a multi-ethnic and diverse campaign outreach strategy that addresses behavioral health stigma and isolation. This includes identifying audience baseline and development of targeted messaging that addresses stigma by addressing messaging gaps. The Information Officer II will supervise the execution, monitoring and measurement of campaign effectiveness.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDA respond to the following:

1. Please provide an overview of this proposal.

2. Please describe the differences between this proposed funding for the Older Adult Friendship Line and the ongoing Older Adult Friendship Line currently operated by CDA. Has federal Home and Community Based Services (HCBS) funding been exhausted for the current program? Does the Governor's proposed extension of the HCBS Spending Plan proposed in the May Revision include any extension of the Older Adult Friendship Line?

3. The Governor's May Revision includes a six month extension of the HCBS Spending Plan. Please provide a description of which CDA initiatives are subject to the HCSB Spending Plan extension.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 3: Department of Developmental Services – May Revision Issues

The Governor's May Revision includes the following issues under the Department of Developmental Services (DDS). Trailer Bill Language affecting DDS is included in Issue 4 of this agenda.

- **State-Operated Facilities–Enhanced Federal Funding (Issue 081)—**It is requested that Item 4300-001-0001 be decreased by $681,000 and reimbursements by increased by $681,000 one-time to reflect the estimated receipt of additional federal funds associated with the final extension of the federal public health emergency related to the COVID-19 Pandemic.

- **Regional Centers–Coordinated Family Support Services (Issue 086)—**It is requested that Item 4300-101-0001 be increased by $10.8 million and reimbursements be increased by $7.2 million one-time to continue funding the Coordinated Family Support service pilot program through the end of fiscal year 2023-24. The program is currently funded through the Home and Community-Based Services (HCBS) Spending Plan.

- **Regional Centers–Independent Living Services (Issue 087)—**It is requested that Item 4300-101-0001 be increased by $8.5 million and reimbursements be increased by $6.5 million ongoing to fund adjusted rate model assumptions for Independent Living Services. These resources increase to an estimated $60 million ($34 million General Fund) beginning in 2024-25.

- **Regional Centers–Provisional Eligibility for Ages 0-2 (Issue 089)—**It is requested that Item 4300-101-0001 be decreased by $13 million and reimbursements be increased by $13 million to reflect General Fund savings due to the anticipated approval of a federal waiver for services provided to children ages zero to four who are determined provisionally eligible for full services provided through the Lanterman Developmental Disabilities Services Act. This proposal includes trailer bill language.

- **Regional Centers–Caseload and Utilization May Revision (Issues 090 and 106)—**It is requested that Item 4300-101-0001 be decreased by $5,375,000 and reimbursements be decreased by $197,027,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and utilization. The majority of the decrease in reimbursements is attributed to one-time technical cleanup shifting estimated General Fund reimbursements related to Service Provider Rate Reform to estimated Home and Community-Based Services American Rescue Plan Fund reimbursements. It is also requested that Item 4300-101-0890 be increased by $3,412,000 ongoing. This adjustment reflects receipt of increased federal grant funding to support the Early Start program.

- **Regional Centers–Enhanced Federal Funding (Issue 091)—**It is requested that Item 4300-101-0001 be decreased by $71,950,000 and reimbursements be increased by $71,950,000 one-time to reflect the estimated receipt of additional federal funds associated with the final extension of the federal public health emergency related to the COVID-19 Pandemic.

- **Regional Centers–Minimum Wage Adjustments: January 2024 (Issue 099)—**It is requested that Item 4300-101-0001 be decreased by $657,000 and reimbursements be decreased by $358,000 ongoing to reflect updated expenditure estimates associated with the projected increase in the statewide minimum wage on January 1, 2024.

- **Section 11.95 HCBS Allocation–May Revision 2023 Adjustment, General Fund (Issues 104 and 105)—**It is requested that Item 4300-101-0001 be increased by $7,555,000 and reimbursements be increased by $117,380,000 one-time to reflect spending adjustments of Home and Community-Based Services American Rescue Plan Fund expenditures on Service Provider Rate Reform acceleration in 2022-23, requiring net General Fund resources in 2023-24 related to continued funding of Department of Developmental Services policy initiatives, including: Language Access and Cultural Competency, Social Recreation and Camping Services, and Service Provider Rate Reform.

- **Language Only**—It is requested that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from $1,233,464,000 to $1,239,880,000 to reflect revised estimates regarding federal reimbursements.

- **Reappropriation–2020-21 Community Placement Plan Funding (Issue 088)—**It is requested that Item 4300-490 be added to reappropriate $10,750,000 from Item 4300-101-0001, Budget Act of 2020, to support housing projects under development with units set aside for individuals with intellectual and developmental disabilities. Funds were awarded for these purposes through the Department's Community Placement Plan.

- **Regional Center Operations Policy Update** ($11.6 million total fund, $8.4 million General Fund): The Budget includes funding to update service coordinators' and supervisors' salaries to the state equivalent salary level in Enhanced Service Coordination, Performance Incentives, and Early Start Eligibility.

- **START Training** ($330,000 total fund, $231,000 General Fund): The Budget includes funding for service provider network fees supporting the certified START teams.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide a brief overview of the major changes in the DDS budget proposed in the Governor's May Revision, including: adjusted rate model assumptions for independent living services, provisional eligibility for ages 0-2, enhanced federal funding, and the reappropriation of community placement plan funding.

2. Please describe the need for increased General Fund spending to continue the Coordinated Family Supports pilot program. Is this program subject to the Administration's proposed six month extension of the HCBS Spending Plan? How much HCBS Spending Plan funding has been exhausted on this pilot program to date, and how did the department determine the additional funding needed to continue the pilot program through the end of the 2023-24 fiscal year?

3. Please provide a description of the adjustments to the DDS budget related to the Home and Community Based Services (HCBS) Spending Plan. Which DDS initiatives under the HCBS Spending Plan are subject to the Administration's proposed six-month extension, and which initiatives are not?

Issue 4: Department of Developmental Services May Revision Trailer Bill Language

The Governor's May Revision includes the following trailer bill language proposals under the Department of Developmental Services (DDS):

- **Parental Participation Requirement on ABA or Intensive Behavioral Intervention.** This Trailer Bill Language proposes to modify the requirements on providers and families for applied behavioral analysis (ABA) services or intensive behavioral intervention services, by encouraging, but not requiring, parent participation in these services.

- **Remote ISFSP/IPP Meetings.** Existing law, until June 30, 2023, requires an individualized family service plan meeting to be held by remote electronic communications, and allows an individual program plan (IPP) meeting to be held by remote electronic communications if requested by the individual served or their family. This proposal extends both requirements until December 31, 2023.

- **Rate Study Update: Family Home Agencies.** This proposal stipulates that regional center reimbursement to family home agencies for services in a family home shall not exceed rates for individuals who reside in a Community Care Facility vendored for four beds or less.

- **Extended Suspension of Family Cost Participation Program and Annual Family Program Fee.** This trailer bill language proposal would provide a six-month extension of the new assessments and reassessments for the family cost participation program and the annual family program fee, until December 31, 2023.

- **Cleanup: HCBS Final Rule Directive Authority Cross-Reference Correction.** This trailer bill language makes a technical change to update the department's ability to adopt regulations to implement and comply with the Home and Community-Based Services (HCBS) Final Rule.

- **Expanding Participant-Directed Services to include Social Recreation and Camping Services.** This trailer bill language proposal would give DDS the authority to implement, by way of written directive, the provision of participant-directed options for social recreation services.

- **Regional Center Oversight: Directive Authority.** This trailer bill language provides DDS with the authority to issue directives to regional centers as the director deems necessary to establish standard statewide procedures relating to the intake process for eligibility determination, community engagement, and vendorization.

- **Federal Education Grant Funding Distribution.** This trailer bill language proposes various changes to federal education grant funding distribution.

- **Complex Needs Residential Program.** At the time of this writing, the department's proposed trailer bill language for the complex needs residential program is not yet available.

- **Access to Generic Resources.** At the time of this writing, the department's proposed trailer bill language for access to generic resources is not yet available.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DDS respond to the following:

1. Please provide an overview of each new trailer bill language proposal included in the Governor's May Revision.

2. Please describe the department's rationale for extending the remote option for Individual Program Plan (IPP) meetings through December 31, 2023. How will the department determine if an additional extension of this flexibility is necessary in the future, including consulting with individuals served and their families?

3. Please describe the department's proposal to extend the suspension of extending the suspension of the Family Cost Participation Program and Annual Family Program Fee by six months. What is the department's plan to change the fee structure when fees do return? What is the cost impact of extending the fee suspension? What discretion does the department have to further extend the fee suspension, and what would be the cost of extending the fee suspensions through the 2023-24 fiscal year?

4. What are the department's goals related to establishing standard statewide procedures relating to the intake process for eligibility determination, community engagement, and vendorization, as proposed in the directive authority requested by the department? What is the department's timeline to develop standardized procedures relating to these services? Will adoption of standardized statewide procedures be mandatory or voluntary or regional centers? How will the department work with stakeholders, including individuals served and their families, on the development of standard statewide procedures? How will the department approach standardization in a way that maximizes equity, increases access to services, and reduces disparities?

5. Please describe the department's trailer bill language relating to the Complex Needs Residential program.

6. Please describe the department's trailer bill language relating to access to generic resources.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Issue 5: Department of Community Services and Development – May Revision Issues

The Governor's May Revision includes the following budget issues under the Department of Community Services and Development (CSD):

- **Department of Community Services and Development: Technical Adjustment to Shift Reversion of 2022 Balance (Issue 018)—**It is requested that Item 4700-495 be added to revert the unexpended balance of the local assistance appropriation made for the California Arrearage Payment Program in the 2022 Budget Act. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department/agency level by shifting the reversions from the statewide control section to the applicable departmental budget. To effectuate this change, it is requested that Item 4700-495 be added. This reversion item also applies to an additional $149,358,000 in unexpended funds beyond the initial $400 million included in Control Section 4.06 for the California Arrearage Payment Program. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes to revert these additional funds to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

- **Reappropriation of Greenhouse Gas Reduction Funds for Low-Income Weatherization Program (Issue 017)—**It is requested that Item 4700-492 be added to extend the liquidation period for encumbrances from Item 4700-101-3228, Budget Act of 2019, by an additional year to June 30, 2024. This will allow the Department to complete existing projects in the Low-Income Weatherization Program funded by this appropriation.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CSD respond to the following:

1. Please provide a brief overview of these proposals.

5160 DEPARTMENT OF REHABILITATION

Issue 6: Department of Rehabilitation—May Revision Issues

Budget Change Proposal – May Revision. The Department of Rehabilitation requests an increase of $180 million in federal fund authority over the next three fiscal years ($60 million each year beginning in 2023-24 through 2025-26) to provide additional Vocational Rehabilitation (VR) services to individuals with disabilities to achieve competitive integrated employment, independent living, and equality. This request does not require additional General Fund.

Background. The Department has an additional $150 million of fully matched funds as a result of reallotment, and based on the recent trend of relinquished funds, the Department plans to request and anticipates receiving an additional $30 million without the need for additional General Fund.

As a result, the Department is requesting an increase of federal fund authority to spend $180 million in the next three fiscal years. This will allow the Department to fully spend the awarded federal funds and provide additional VR services to both adult and student populations to maximize their potential to achieve, maintain, and retain employment, and ability to live independently.

The increased funding enables the Department to enhance and expand engagement with other systems to increase outreach to both adult and student populations, target intervention and services for at risk populations, support students who have received Pre-ETS to continue their employment journey as a VR consumer to ultimately gain a competitive employment outcome, and connect individuals with potential employers to increase pathways for employment outcomes, leading to higher wages and successful outcomes in higher skilled labor market occupations.

With the additional funds, the Department will be able to continue to serve all three priority categories, helping to make sure all eligible individuals are fully supported in achieving employment, independence, and equality

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DOR respond to the following:

1. Please provide a brief overview of this proposal.
2. Is the Traumatic Brain Injury (TBI) program under DOR included in the Administration's proposed six-month extension of the HCBS Spending Plan?

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

Issue 7: Department of Child Support Services – May Revise Issues

The Governor's May Revision includes the following budget issues under the Department of Child Support Services (DCSS):

- **Child Support Pass-Through to Formerly Assisted Families Update**. The May Revision includes a revised implementation date of April 2024 for the child support pass-through to formerly assisted families, due to a greater degree of system change complexity than previously anticipated in the Child Support Enforcement System. The revised implementation date results in approximately $70 million General Fund revenue.

- **Local Assistance May Revise (Issue 019)—**It is requested that Item 5175-101-0890 be decreased by $64,382,000 ongoing to update federal fund local assistance expenditures based on additional child support collections data becoming available. It is estimated there will be a corresponding increase in collections received for the federal government's share of child support recoupment.

- It is also requested that Item 5175-101-8004 be increased by $64,382,000 ongoing to reflect an estimated increase in collections received for the federal government's share of child support recoupment based on updated child support collections information.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests DCSS respond to the following:

1. Please provide a brief overview of these proposals.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 8: Department of Social Services – Caseload Updates and Overview

May Revision Caseload Adjustments (Issues 164, 165, 166, 167, 172, 214, 217)—The May Revision proposes a net increase of $1,931,478,000 ongoing ($528,783,000 General Fund and $1,472,243,000 reimbursements), partially offset by a net decrease of $69,548,000 ($69,458,000 federal funds and $90,000 special funds), primarily resulting from updated caseload estimates since the Governor's Budget. Realigned programs are displayed for the purpose of federal fund and other technical adjustments. Caseload and workload changes since the Governor's Budget are displayed in the following table:

Program	Item	Change from Governor's Budget
California Work Opportunity and Responsibility to Kids (CalWORKs)	5180-101-0001	(426,556,000)
	5180-101-0890	(4,155,000)
Child Care	5180-101-0001	326,123,000
	5180-101-0890	(393,599,000)
	5180-104-0001	1,062,000
	Reimbursements	(46,006,000)
Kinship Guardianship Assistance Payment	5180-101-0001	8,903,000
Supplemental Security Income/State Supplementary Payment (SSI/SSP)	5180-111-0001	20,398,000
In-Home Supportive Services (IHSS)	5180-111-0001	575,471,000
	Reimbursements	1,232,756,000
Other Assistance Payments	5180-101-0001	52,566,000
	5180-101-0122	(290,000)
	5180-101-0890	109,806,000
	5180-101-8075	200,000
	Reimbursements	35,433,000
County Administration and Automation Projects	5180-141-0001	(23,002,000)
	5180-141-0890	164,371,000
	Reimbursements	89,764,000
Child Welfare Services	5180-151-0001	9,882,000
	5180-151-0890	1,886,000
Community Care Licensing	5180-151-0890	152,000
Special Programs	5180-151-0001	6,000
Realigned Programs		
Adoption	5180-101-0001	(10,323,000)
	5180-101-0890	90,798,000
Foster Care	5180-101-0001	(1,959,000)
	5180-101-0890	(11,325,000)
	5180-141-0890	(33,000)
Child Welfare Services	5180-151-0001	6,094,000
	5180-151-0890	(25,473,000)
	Reimbursements	4,707,000
Adult Protective Services	Reimbursements	65,825,000

Safety Net Reserve Withdrawal. This proposal would transfer $450 million from the Safety Net Reserve Fund to the General Fund in 2023-24.

Chapter 42, Statutes of 2018 (AB 1830), established the Safety Net Reserve Fund for the purposes of maintaining existing program benefits and services for the CalWORKs and Medi-Cal programs during economic downturns.

Special Fund Abolishment. —It is requested that Fund 8065 (Safely Surrendered Baby Fund) and Fund 8106 (Special Olympics Fund) be abolished due to voluntary tax contributions coming in below the required minimum contribution as determined by the Franchise Tax Board. It is also requested that Item 5180-001-8065 be eliminated to conform to this action.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of caseload updates included in the May Revision.

2. Please provide the rationale for drawing down $450 million from the Safety Net Reserve. What components of the Governor's May Revision are being supported by the $450 million drawdown of the Safety Net Reserve? What is the impact of drawing down the Safety Net Reserve at this point in time, and in what condition does this leave the Safety Net Reserve if the state's economic outlook continues to worsen in the next budget year and future budget years?

3. According to the preliminary analysis by the LAO, relative to the January budget proposal, the May Revision assumes CalWORKs caseload is about five percent lower in both 2022-23 and 2023-24. These revised caseload assumptions reduce estimated CalWORKs costs by about $150 million in each of these two years. Under the LAO's caseload projections, CalWORKs costs would be about $500 million higher than the administration's estimates in 2023-24. How did the Administration determine these revised CalWORKs caseload assumptions?

Issue 9: CDSS CalFresh and Nutrition Programs – May Revision Issues

The Governor's May Revision includes the following budget issues for CalFresh and nutrition programs under the Department of Social Services (CDSS).

- **California Food Assistance Program Expansion**. The May Revision moves the timeline for expanding the California Food Assistance Program to adults age 55 and over regardless of immigration status to October 2025, representing a shortened timeline compared to the January 1, 2027 implementation date proposed in the Governor's January budget. This includes an increase of $40 million one-time to support a revised automation and program outreach timeline for the expansion.

- **Summer Electronic Benefit Transfer (EBT) Program.** The May Revision includes $47 million ($23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals beginning summer 2024.

- **County CalFresh Administration Rebase.** The May Revision includes $406.5 million ($159 million General Fund) to reflect a revised budget methodology for county CalFresh administration activities, pursuant to the 2022 Budget Act.

- **Federal Reimbursement of Food Benefit Theft (Issue 222)—**It is requested that Item 5180-101-0890 be increased by $30,954,000 one-time and Item 5180-141-0890 be increased by $11,946,000 one-time to reflect new federal financial participation for food benefit theft and necessary automation changes. The federal Consolidated Appropriations Act of 2023 mandates federal reimbursement of stolen federal Supplemental Nutrition Assistance Program benefits.

- **Work Number Contract (Issue 203)—**It is requested that Item 5180-101-0890 be increased by $3.3 million ongoing, Item 5180-141-0001 be increased by $3,849,000 ongoing, and Item 5180-141-0890 be increased by $3,849,000 ongoing to provide funding for counties for updated contract costs associated with the third-party employment phone verification services used to assist county welfare departments with eligibility determinations.

- **CalFresh Oral Notice of Work Rules (Issue 200)—**It is requested that Item 5180-141-0001 be increased by $3,396,000 ongoing and that Item 5180-141-0890 be increased by $4,852,000 ongoing, for county administration workload to comply with new federal CalFresh Oral Notice of Work Rules requirements.

- **BenefitsCal Enhancements (Issue 209)—**It is requested that Item 5180-141-0001 be increased by $1.5 million in 2023-24 and that Item 5180-141-0890 be increased by $1.5 million in 2023-24 and $1,750,000 in 2024-25 to migrate features of GetCalFresh.org to BenefitsCal.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the department's proposals for CalFresh and nutrition programs included in the May Revision.

2. Please provide an overview of the revised funding formula for CalFresh county administration.

Issue 10: CDSS CalWORKs – May Revision Issues

The Governor's May Revision includes the following budget issues for CalWORKs under CDSS.

- **CalWORKs AB 85 Maximum Aid Payment Increase (Issue 224)—**It is requested that Item 5180-101-0001 be increased by $111,207,000 ongoing to reflect a 3.6-percent increase to the CalWORKs Maximum Aid Payment levels. The increased grant costs are funded entirely by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount.

- **CalWORKs Single Allocation Early Reversion.** The May Revision proposes to revert approximately $280 million General Fund from 2021-22 that is projected to go unexpended in the CalWORKs Single Allocation. The Administration will engage with the County Welfare Directors Association to determine the precise amount of this reversion.

- **CalWORKs Family Reunification Automation and County Administration Funding (Issue 206)—**It is requested that Item 5180-101-0001 be increased by $1,877,000 ongoing for county administration needed to provide CalWORKs payments to families who have had children removed from the home and are in court-ordered family reunification. It is also requested that Item 5180-141-0001 be increased by $1,937,000 one-time for automation costs necessary to implement this program.

- **CalWORKs County Staff Training Racial Equity and Implicit Bias Reappropriation (Item 178)**—It is requested that Item 5180-494 be added to reappropriate $10 million from Item 5180-101-0001 of the 2022 Budget Act to continue the development of county staff training on racial equity and implicit bias.

- **Trailer Bill Language—Guaranteed Income Program.** The May Revision includes trailer bill language that exempts guaranteed income payments from consideration as income and resources in determining CalWORKs eligibility. This trailer bill language will also allow CDSS to accept funds from any public or private source to administer the Guaranteed Income pilot program, and enable CDSS to award funds to tribal entities.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the department's proposals for CalWORKs included in the May Revision.

2. What is the total amount of unspent CalWORKs single allocation funds from 2021-22? Would the proposed early reversion capture all unspent single allocation funding?

Issue 11: CDSS In-Home Supportive Services—May Revision Issues

The Governor's May Revision includes the following budget issue and trailer bill language for In-Home Supportive Services (IHSS) under CDSS.

IHSS Provider Eligibility for Minor Recipients. The May Revision includes $60.7 million ($27.9 million General Fund) ongoing to increase access to IHSS for minor recipients and their families.

Trailer Bill Language. CDSS proposes statutory changes to amend WIC 12300 (e) to eliminate provider eligibility requirements that only apply to minor recipients to better serve the IHSS Program's minor recipients and their families. This change will allow IHSS-eligible minor recipients to select a parent or a non-parent as their provider. Additionally, it will correct an unintended consequence of the current rule. Specifically, that an IHSS-eligible minor child of an undocumented parent is unable to hire either a parent or a non-parent provider because no one is authorized to work for them. This creates a disparity based on immigration status within the IHSS program. Undocumented individuals, including the parents of IHSS-eligible minor children, would still be ineligible to work as an IHSS provider, but with this change, an IHSS minor recipient would no longer be prohibited from hiring a non-parent provider. This change would not impact parents with a minor recipient in the Personal Care Services Program (PCSP) because parents are not permitted to be paid IHSS providers under PCSP pursuant to federal law. The IHSS assessment for services would remain unchanged.

Background. For minor recipients, current law requires social workers to assess parental ability and availability to provide IHSS care to their minor child as required by their Family Code duty [WIC 12300 (e), and FAM 3900]. Specifically, a parent may become a paid provider for their minor child if there are no other providers available and the parent is prevented from full-time employment due to the care needs of the child. Minor recipients with parents that are undocumented are particularly impacted by these rules as the parents are prevented from work due to state and federal laws prohibiting undocumented individuals from working in the United States. However, because the parent provider rules do not consider a parent unavailable due to immigration status work restrictions, this can result in an eligible IHSS recipient being unable to hire a non-parent provider to provide authorized IHSS. This means that an eligible IHSS recipient is unable to hire anyone as a provider, effectively preventing them from receiving the services they are entitled to through the IHSS program.

May Revision budget and trailer bill proposal. CDSS proposes statutory changes to amend WIC 12300 (e) to eliminate provider eligibility requirements that only apply to minor recipients. Removing these minor recipient provider eligibility rules will allow all minor children to have access to their provider of choice like all other IHSS recipients and will address the disparity related to IHSS access for minor recipients who have an immigrant parent that is undocumented. Undocumented individuals would still be ineligible to work as an IHSS provider, but with this change, an IHSS minor recipient would no longer be prohibited from hiring a non-parent provider. If unaddressed, certain minor recipients would continue to not receive the services they are entitled to. Additionally, the minor recipient parent provider assessments are time-consuming and complicated to administer.

The local assistance impact is projected at $60.7 million total funds ($27.9 million General Fund) in 2023-24 and ongoing.

Overall Changes to IHSS Budget. According to initial analysis from the Legislative Analyst's Office (LAO), 2023-24 IHSS costs are notably up relative to January estimates. Estimated costs in the current year are expected to be higher by $235 million General Fund, while costs in the budget year are expected to increase by about $600 million General Fund compared to January. The updated year over year increase in the program is expected to be over $2 billion General Fund. This increase in costs in the current year and budget year is largely the result of updated assumptions in the projected IHSS caseload, cost per case, and hours per case. Notably the increase in the average hours per case is significantly higher in May than in January—increasing from an estimated 115.9 in January for both years to an estimated 121.2 in May for both years. This reflects preliminary analysis from the LAO, as they are in the early stage of reviewing the Governor's May Revision.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the IHSS Minor Eligibility budget and trailer bill language proposal. How will this change impact minor IHSS recipients and parent providers?

2. If this change is approved, how quickly would the administration be able to implement the change, and how likely is it that the increase in utilized hours will show up in the budget year?

3. What will be the impact of this proposal on county IHSS administration?

4. What is the impact of the Administration's proposed six-month extension of the HCBS Spending Plan on the IHSS Career Pathways program?

Issue 12: CDSS State Supplemental Payment—May Revision Issues

Trailer Bill Language—May Revision. The administration's May Revision continues to include $186 million General Fund in 2023-24 ($292 million ongoing) for an increase in State Supplemental Payment (SSP) grants. Currently, the administration estimates that this funding could support an 8.6 percent increase in SSP grants. The May Revision includes trailer bill language to codify this increase.

According to a preliminary analysis by the LAO, the May Revision also includes an updated estimate of the increase for the federal portion of SSI/SSP grants. Specifically, the January budget estimated this cost-of-living increase would be 4.4 percent and has now revised that down to 3.2 percent. This results in the SSI portion of the grant at $12 dollars less for individuals and $17 dollars less for couples than was estimated in January.

SSI/SSP Monthly Maximum Grant Levels[a] Governor's May Revision

	2021-22 *(Actual)*	2022-23 *(Actual)*	2023-24[b] *(Projected)*
Maximum Grant—Individuals			
SSI	$841.00	$915.00	$943.00
SSP	199.21	219.73	238.62
Totals	**$1,040.21**	**$1,134.73**	**$1,181.62**
Percent of Federal Poverty Level[c]	92%	93%	92%
Maximum Grant—Couples			
SSI	$1,261.00	$1,372.00	$1,415.00
SSP	504.64	556.62	604.49
Totals	**$1,765.64**	**$1,928.62**	**$2,019.49**
Percent of Federal Poverty Level[c]	116%	117%	117%

[a] The maximum monthly grants displayed refer to those for aged and disabled individuals and couples living in their own households in January of fiscal year.

[b] Reflects administration's May estimate of the January 2024 federal cost-of-living adjustment for the SSI portion of the grant. Also reflects proposed SSP grant increase in January 2024.

[c] Compares grant level to federal poverty guidelines from the U.S. Department of Health and Human Services up to 2022-23. Estimates of federal poverty guidelines for 2023-24 are based on Consumer Price Index for All Urban Consumers (CPI-U) projections. The 2023-24 federal poverty guidelines will not be finalized until Fall 2024.

Source: LAO

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Issue 13: CDSS Children and Family Services—May Revision Issues

The Governor's May Revision includes the following budget issues for Children and Family Services under CDSS:

- **California Statewide Automated Welfare System (CalSAWS) Bi-Directional Interface with Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) (Issue 201**)—It is requested that Item 5180-141-0001 be increased by $25 million one-time, to be available over two years beginning in 2023-24, and accompanying provisional language be added to Item 5180-141-0001 for the development of a bi-directional interface between the CalSAWS and CWS-CARES systems.

- **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (CONNECT) (Issue 208)—**It is requested that Item 5180-151-0001 be decreased by $7,897,000 and Item 5180-151-0890 be decreased by $2,945,000 to reflect the shift in costs associated with full implementation of the Child and Family Teams component of the Behavioral Health CONNECT waiver, formerly known as Behavioral Health Community-Based Continuum Demonstration, from January 2024 to January 2025.

- **Child Welfare Training Reappropriation (Issue 180)—**It is requested that Item 5180-494 be added to reappropriate $7 million from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Child Welfare Training Program.

- **Provisional Language Only: Adoption Facilitator Program Fund**—It is requested that Item 5180-001-3422 be amended to revise the fund title from "Adoption Facilitator Program Civil Penalty Fund" to "Adoption Facilitator Program Fund" and to correctly cite the statutory reference under Provision 1.

- **Trailer bill language: Kin-GAP Program Alignment and Technical Clarifications.** This trailer bill language would update WIC sections to (1) ensure Kin-GAP eligibility is in alignment with recent law and policy changes, including court authorized placement changes made pursuant to SB 354 (Skinner, Chapter 687, Statutes of 2021), and (2) make technical and clarifying amendments to remove outdated and unnecessary language.

- **Budget Change Proposal: Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Project (Issues 213 and 216)**— The Office of Systems Integration (OSI) requests a total of $163.7 million ($83.4 million General Fund, $79.2 million federal funds, and $1.2 million reimbursements) for 2023-24, along with 5.0 new permanent Office of Systems Integration (OSI) positions, 5.0 new permanent CDSS positions, and permanent position authority for 5.0 current CDSS state operations positions to be moved to the project budget as dedicated resources. Additionally, provisional language is requested to increase project expenditure authority up to an additional $36.6 million ($18.3 million General Fund). The requested funding and positions provide the resources to continue the design, development, and implementation (DD&I) activities of the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES). Key components of this proposal include:

- New Office of Systems Integration (OSI) Staffing: $864,986 (5 positions).
- New CDSS Staffing: $1,360,000 (10 positions)
- Contract Support Services: $117,067,645
- County Consultant Services: $7,822,793
- Hardware/Software: $12,901,476
- Other operating expenses and equipment: $21,912,509
- Core Constituent Participation: $23,000,000
- County Regional Training Academy Services: $306,251
- Independent Project Oversight Consultant Contract Services: $800,000
- Tribal Consultant: $181,000

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the department's proposals for Children and Family Services included in the May Revision.

2. Please provide an overview of the department's CWS-CARES project proposal. Why is $83.4 million General Fund needed to continue this project, and what are the major cost components of this proposal? How will the requested staff, contracting, and other resources address critical problems facing this project identified by the California Department of Technology? What is the current timeframe for this project to be completed? Which project elements will be completed as a result of this increased funding, and by what date? When will CARES have the functionality needed to allow counties to draw down federal Title IV-E funding for child-specific prevention services?

Issue 14: CDSS Office of Equity—May Revision Issues

The Governor's May Revision includes the following budget issues for Office of Equity programs under CDSS:

- **Southern Border Humanitarian Support.** The May Revision includes $150 million General Fund one-time for the Rapid Response program, which funds sheltering for migrants and supports their safe passage through border regions in partnership with local providers.

- **Rapid Response Reappropriation (Issue 189)—**It is requested that Item 5180-494 be added to reappropriate $76,746,000 from Item 5180-151-0001 of the 2021 Budget Act to continue the Rapid Response efforts.

- **Services for Survivors and Victims of Hate Crimes (Issue 231)—**It is requested that Item 5180-151-0001 be increased by $10 million and provisional language be amended to support community-based organizations to provide services for victims of hate incidents.

- **Afghan Integration and Resettlement Support Project Reappropriation (Issue 194)—**It is requested that Item 5180-494 be added to reappropriate $7.6 million from Item 5180-151-0001 of the 2021 Budget Act to continue the Afghan Integration and Resettlement Support Project.

- **Enhanced Services Programs for Asylees Reappropriation** (Item 195)—It is requested that Item 5180-494 be added to reappropriate $6 million from Item 5180-151-0001 of the 2021 Budget Act to continue the Enhanced Services Programs for Asylees program.

- **Tribal Dependency Representation Reappropriation (Issue 185)—**It is requested that Item 5180-494 be added to reappropriate $4,145,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Tribal Dependency Representation Program.

- **Tribally Approved Homes Compensation Reappropriation (Issue 184)—**It is requested that Item 5180-494 be added to reappropriate $4,777,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Tribal Approved Homes Compensation Program.

- **Tribal Technical Assistance Reappropriation (Issue 182)—**It is requested that Item 5180-494 be added to reappropriate $100,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for Tribal Technical Assistance.

- **California Newcomer Education and Well-Being Reappropriation (Issue 192)—**It is requested that Item 5180-494 be added to reappropriate $901,000 from Item 5180-161-0001 of the 2021 Budget Act to continue the California Newcomer Education and Well-Being program.

Trailer Bill Language – Revising Tribal Dependency Representation Program Methodology. Welfare and Institution Code (WIC) section 10553.14(d) requires any adjusted allocation of funds to California Indian Tribes (Tribes) for the Tribal Dependency Representation Program above $15,000 per eligible Tribe to consider "the number of Indian children in foster care or prospective adoptive placements

through the juvenile court." In tribal consultations with CDSS, Tribes have indicated that this adjusted allocation methodology data requirement does not contribute to the equity goals of the program. This trailer bill language proposal removes the placement data requirement for the adjusted allocation methodology to allow Tribes to determine their own factors to be considered for the distribution of remaining funding after the initial allocation, whether that be equal distribution among all eligible Tribes or some other methodology, without requiring the use of a specific piece of data that is not tracked reliably across all Tribes.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of the department's proposals for the Office of Equity included in the May Revision.

Issue 15: CDSS Community Care Licensing—May Revision Issues

The Governor's May Revision includes the following budget issues for the Community Care Licensing Division (CCLD) programs under CDSS:

- **Trailer Bill Language: Community Care Licensing Administrator Certification Section Training Updates.** At the time of this writing, this trailer bill language proposal was not available.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a description of the Administrator Certification Section Training Updates trailer bill language proposal.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

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

Consultant: Scott Ogus

PART B

PUBLIC COMMENT

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

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

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

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

***** Positions ongoing after 2024-25.

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

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

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

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

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

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

Project Manager

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

Project Management Analyst

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

CEMSIS Support

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: Health Innovations Initiative

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 3: Progress Review Hearing Technical Clarification

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

Staff Recommendation. Hold open.

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

1. Please provide a brief overview of this proposal.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 1: California Emergency Medical Services Central Registry

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: Appointment of Chief Medical Officer

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

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

* Resources ongoing after 2024-25.

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 1: CalRx Reproductive Health Drug Procurement

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 2: CalRx Naloxone Initiative

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

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

* Position and resources ongoing after 2024-25.

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

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Program and Caseload Updates – May Revision

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

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

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

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

The 2016 Budget Act included capital outlay construction funding to securely enclose existing patient buildings that previously housed civilly committed patients under the Lanterman-Petris-Short (LPS) Act. Once secured, the LPS patients currently housed in these units will be transferred to non-secured buildings elsewhere on the Metropolitan campus and allow for additional secured capacity for the treatment of IST patients currently in county jails awaiting state hospital treatment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

According to DSH, when a patient is discharged to CONREP, the goal is to provide an independent living environment in the least restrictive setting. However, if the patient has not demonstrated the ability to live in the community without direct staff supervision, the patient is referred to a Statewide Transitional Residential Program (STRP), a resource used by CONREP to provide patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision.

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open

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

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

Issue 2: Incompetent to Stand Trial Program Reappropriations

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of these proposals.

Issue 3: Budget Solution – COVID-19 Workers Compensation

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 4: Napa Memorial Project Reappropriation

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 5: SB 1223 Chaptering Clean-up

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

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

Issue 6: Metropolitan – Consolidation of Police Operations

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

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

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

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 7: Atascadero – Potable Water Booster Pump System

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

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

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

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

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Tuesday, May 17, 2023
9:00 am
1021 O Street – Room 1200

Consultant: Scott Ogus

PART A

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.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: May 2023 Medi-Cal Local Assistance Estimate

Local Assistance Estimate – May Revision. The May 2023 Medi-Cal Local Assistance Estimate includes $135.4 billion ($30.9 billion General Fund, $91.2 billion federal funds, and $13.3 billion special funds and reimbursements) for expenditures in 2022-23, and $151.2 billion ($37.6 billion General Fund, $90.5 billion federal funds, and $23.1 billion special funds and reimbursements) for expenditures in 2023-24.

Medi-Cal Local Assistance Funding Summary			
Fiscal Year:	**2022-22 (CY)**	**2023-24 (BY)**	**CY to BY**
Benefits			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$29,491,225,000	$35,770,521,000	$6,279,296,000
Federal Funds	$86,497,317,000	$85,286,563,000	($1,210,754,000)
Special Funds/Reimbursements	$13,142,601,000	$22,945,415,000	$9,802,814,000
Total Expenditures	**$129,131,143,000**	**$144,002,499,000**	**$14,871,356,000**
County Administration			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$1,225,544,000	$1,683,150,000	$457,606,000
Federal Funds	$4,384,623,000	$4,758,803,000	$374,180,000
Special Funds and Reimbursements	$126,520,000	$175,277,000	$48,757,000
Total Expenditures	**$5,736,687,000**	**$6,617,230,000**	**$880,543,000**
Fiscal Intermediary			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$179,357,000	$157,076,000	($22,281,000)
Federal Funds	$315,884,000	$432,818,000	$116,934,000
Special Funds and Reimbursements	$0	$0	$0
Total Expenditures	**$495,241,000**	**$589,894,000**	**$94,653,000**
TOTAL MEDI-CAL LOCAL ASSISTANCE EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$30,896,126,000	$37,610,747,000	$6,714,621,000
Federal Funds	$91,197,824,000	$90,478,184,000	($719,640,000)
Special Funds and Reimbursements	$13,269,121,000	$23,120,692,000	$9,851,571,000
Total Expenditures	**$135,363,071,000**	**$151,209,623,000**	**$15,846,552,000**

Caseload. In 2022-23, the May Revision assumes annual Medi-Cal caseload of 15.3 million, an increase of 0.3 percent compared to assumptions in the January budget. The department estimates 89 percent of Medi-Cal beneficiaries, or 13.6 million, will receive services through the managed care delivery system while 11.2 percent, or 1.7 million, will receive services through the fee-for-service delivery system.

In 2023-24, the May Revision assumes annual Medi-Cal caseload of 14.2 million, a decrease of 1.7 percent compared to assumptions in the January budget, and a decrease of 7.2 percent compared to the revised caseload estimate for 2022-23. The department estimates 93.7 percent of Medi-Cal beneficiaries, or 13.3 million, will receive services through the managed care delivery system while 6.3 percent, or 897,342, will receive services through the fee-for-service delivery system.

Significant General Fund Adjustments. The May 2023 Medi-Cal Local Assistance Estimate includes the following significant adjustments to General Fund expenditures in 2022-23:

- Shift in timing for previously estimated expenditures ($3 billion savings), including:
    - Approximately $1 billion for the Behavioral Health Continuum Infrastructure Program (BHCIP) would shift from the 2022-23 fiscal year, with $262.5 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $817 million for Behavioral Health Bridge Housing would shift from the 2022-23 fiscal year, with $484 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $405 million for the School Behavioral Health Partnerships and Capacity component of the Children and Youth Behavioral Health Initiative would shift from the 2022-23 fiscal year, with $291.3 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $388.5 million for the Evidence-Based Behavioral Health Practices component of the Children and Youth Behavioral Health Initiative would shift from the 2022-23 fiscal year, with $287.5 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $170 million for the Behavioral Health Services and Supports component of the Children and Youth Behavioral Health Initiative would shift from the 2022-23 fiscal year, with all funds shifting to 2023-24.
    - $130 million for the Providing Access and Transforming Health (PATH) component of the California Advancing and Innovating Medi-Cal initiative would shift from the 2022-23 fiscal year, with $30.4 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $70 million for Equity and Practice Transformation Payments would shift from the 2022-23 fiscal year, with $30.4 million shifting to 2023-24 and the remaining funds shifting to later years.
    - $58.5 million for the Urgent Needs and Emerging Issues component of the Children and Youth Behavioral Health Initiative would shift from the 2022-23 fiscal year, with all funds shifting to 2023-24.

- Changes to General Fund impacts for repayment of federal funds for state-only populations ($68.3 million savings)

- Medi-Cal Drug Rebate Fund transfers to the General Fund ($91.1 million savings)

These savings are offset by increased costs attributable to:

- Updated COVID-19 impacts ($704.1 million costs)
- Non-emergency funding adjustment for state-only populations ($347.9 million costs)
- Revised reconciliation estimate for In-Home Supportive Services in the Coordinated Care Initiative ($277.1 million costs)
- Changes in the impact of federal deferrals ($151.7 million costs)
- Legislative priorities adopted in the 2022 Budget Act ($89.3 million costs)
- Updates to Proposition 56 supplemental provider payments ($44.1 million costs)
- Federal repayment of disallowed nursing facility claims under the Preadmission Screening and Resident Review ($41.8 million costs)
- Various other changes ($98.6 million costs)

The May 2023 Medi-Cal Local Assistance Estimate includes the following significant adjustments to General Fund expenditures in 2023-24:

- Revision and expansion of the tax on managed care organizations ($3.2 billion savings)
- Medi-Cal Drug Rebate Fund transfers to the General Fund ($707.7 million savings)
- Shift of Behavioral Health Bridge Housing and CalHOPE from the General Fund to the Mental Health Services Fund ($550.5 million savings)
- Changes in the impact of federal deferrals ($338.4 million savings)
- Drawdown of reserve in the Medi-Cal Drug Rebate Fund ($222 million savings)
- Changes in transfers from the Hospital Quality Assurance Fee to the General Fund ($152.5 million savings)
- Revised reconciliation estimate for In-Home Supportive Services in the Coordinated Care Initiative ($31 million savings)
- Various other changes ($60.8 million savings)

These costs are offset by increased costs attributable to:

- Shift in timing for previously estimated expenditures ($1.5 billion costs)

- Changes to General Fund impacts for repayment of federal funds for state-only populations ($982 million costs)
- Updated costs for expansion of Medi-Cal regardless of immigration status ($578.3 million costs)
- Non-emergency funding adjustment for state-only populations ($347.9 million costs)
- Reversal of the delay of the Behavioral Health Bridge Housing program ($250 million costs)
- Updates to Proposition 56 supplemental provider payments ($165.8 million costs)
- Updated COVID-19 impacts ($128 million costs)
- Medi-Cal provider rate increases ($89.6 million costs)
- Updated CARE Court County Behavioral Health Department funding and Los Angeles County start-up funding ($50.8 million costs)
- Costs for a third party administrator for the fee schedule for youth behavioral health services implemented as part of the Children and Youth Behavioral Health Initiative ($10 million costs)
- Federal repayment of disallowed nursing facility claims under the Preadmission Screening and Resident Review ($5 million costs)

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of the significant General Fund changes in the Medi-Cal program at May Revision for the 2022-23 and 2023-24 fiscal years.

Issue 2: May 2023 Family Health Local Assistance Estimate

Local Assistance Estimate – May Revision. The May 2023 Family Health Local Assistance Estimate includes $238 million ($197.1 million General Fund, $5 million federal funds, and $35.9 million special funds and reimbursements) for expenditures in 2022-23, and $253.1 million ($220 million General Fund, $5.5 million federal funds, and $27.7 million special funds and reimbursements) for expenditures in 2023-24.

Family Health Local Assistance Funding Summary			
Fiscal Year:	**2022-23 (CY)**	**2023-24 (BY)**	**CY to BY**
California Children's Services (CCS)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$78,195,000	$83,133,000	$4,938,000
Special Funds/Reimbursements	$7,692,000	$7,692,000	$0
County Funds [non-add]	[$82,590,000]	[$86,365,000]	[$3,775,000]
Total CCS Expenditures	**$85,887,000**	**$90,825,000**	**$4,938,000**
Genetically Handicapped Persons Program (GHPP)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$112,223,000	$128,739,000	$16,516,000
Special Funds and Reimbursements	$8,312,000	$393,000	($7,919,000)
Total GHPP Expenditures	**$120,535,000**	**$129,132,000**	**$8,597,000**
Every Woman Counts Program (EWC)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$6,726,000	$8,079,000	$1,353,000
Federal Funds	$4,970,000	$5,513,000	$543,000
Special Funds and Reimbursements	$19,913,000	$19,598,000	($315,000)
Total EWC Expenditures	**$31,609,000**	**$33,190,000**	**$1,581,000**
TOTAL FAMILY HEALTH EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$197,144,000	$219,951,000	$22,807,000
Federal Funds	$4,970,000	$5,513,000	$543,000
Special Funds and Reimbursements	$35,917,000	$27,683,000	($8,234,000)
County Funds [non-add]	[$82,590,000]	[$86,365,000]	[$7,988,000]
Total Family Health Expenditures	**$238,031,000**	**$253,147,000**	**$15,116,000**

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

The programs included in the Family Health Estimate are:

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

  Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal CCS caseload of 198,920 in 2022-23 and 188,521 in 2023-24.
  Caseload Estimate (State-Only): The May Revision estimates state-only CCS caseload of 9,682 in 2022-23 and 12,134 in 2023-24.

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

  Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal GHPP caseload of 944 in 2022-23 and 936 in 2023-24.
  Caseload Estimate (State-Only): The May Revision estimates state-only GHPP caseload of 668 in 2022-23 and 674 in 2023-24.

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

  Caseload Estimate: The May Revision estimates EWC caseload of 19,835 in 2022-23, and 20,561 in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of the significant changes in Family Health Estimate programs at May Revision for the 2022-23 and 2023-24 fiscal years.

Issue 3: Doula Services Implementation Evaluation

Trailer Bill Language – May Revision. DHCS requests trailer bill language to align workgroup timelines for examination of implementation of the doula benefit in Medi-Cal with an anticipated one-year delay in implementation of the benefit.

Background. The 2021 Budget Act included expenditure authority of $403,000 ($152,000 General Fund and $251,000 federal funds) in 2021-22 to support implementation of doula services as a covered benefit in the Medi-Cal program, beginning January 1, 2022. DHCS estimated total annual costs of $4.4 million for the benefit when fully implemented. In addition, SB 65 (Skinner), Chapter 449, Statutes of 2021, requires DHCS to convene a workgroup, no later than April 1, 2022, through December 31, 2023, to examine the implementation of the doula benefit in Medi-Cal. The workgroup is required to be comprised of doulas, health care providers, consumer and community advocates, health plans, county representatives, and other stakeholders with experience with doula services. The workgroup is required to consider the following:

1) Ensuring that doula services are available to Medi-Cal beneficiaries who are eligible for and want doula services.
2) Minimizing barriers and delays in payments to a Medi-Cal doula or in reimbursement to Medi-Cal recipients for doula services received.
3) Making recommendations for outreach efforts so that all Medi-Cal recipients within the eligible and other target populations are aware of the option to use doula services.

DHCS held its first meeting with the doula workgroup on March 30, 2023

SB 65 also requires DHCS to publish a report, no later than July 1, 2024, with utilization, demographic, language, payer, and other data regarding the doula benefit. The date of the report, and the timeline for the workgroup, were based on the expected implementation timeline of January 1, 2022. However, the benefit was delayed and was not implemented until January 1, 2023.

Trailer Bill Language Proposal. DHCS requests trailer bill language to align workgroup timelines for examination of implementation of the doula benefit in Medi-Cal with an anticipated one-year delay in implementation of the benefit. DHCS proposes to extend the end date of the workgroup by 18 months, until June 30, 2025, extend the deadline for the required DHCS report from July 1, 2024, to July 1, 2025, and extend the sunset date from January 1, 2025, to January 1, 2026.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this trailer bill language proposal.

Issue 4: Medical Interpreters Pilot Project - Extension

Trailer Bill Language – May Revision. DHCS requests trailer bill language to extend availability of funding and extend the sunset date for the Medical Interpreter Pilot Project (MIPP), a pilot project for interpretation services in the Medi-Cal program, pursuant to SB 635 (Atkins), Chapter 600, Statutes of 2016.

Background. SB 635 (Atkins), Chapter 600, Statutes of 2016, requires DHCS to work with stakeholders to conduct a study to: 1) identify current requirements for medical interpretation services as well as education, training, and licensure requirements; 2) analyze other state Medicaid programs; and 3) make recommendations on strategies, including possible pilot projects, that may be employed regarding the provision of medical interpretation services for Medi-Cal beneficiaries with limited English proficiency. SB 165 (Atkins), Chapter 365, Statutes of 2019, amended SB 635 to require a pilot program at up to four sites to evaluate whether disparities in care are reduced for beneficiaries with limited English proficiency compared to those proficient in English, whether Medi-Cal managed care plans identify improvements in quality of care, and the utilization of medical interpreters by providers and Medi-Cal managed care plans.

Trailer Bill Language Proposal. DHCS requests trailer bill language to extend availability of funding and extend the sunset date for the Medical Interpreter Pilot Project, a pilot project for interpretation services in the Medi-Cal program, pursuant to SB 635 (Atkins), Chapter 600, Statutes of 2016. According to DHCS, due to difficulty recruiting clinic sites to participate in the pilot, the implementation of interpretation services was delayed. In addition, the COVID-19 public health emergency had a sever effect on the capacity of potential sites. Interpretation services were implemented in Contra Costa County on March 28, 2022, San Diego on April 11, 2022, and Los Angeles on August 8, 2022. As a result of the delay of these services, DHCS proposes to extend the expenditure authority and sunset date for the program from June 30, 2024, to June 30, 2025. In addition, DHCS proposes to extend the sunset date from January 1, 2025, to January 1, 2026.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this trailer bill language proposal.

Issue 5: Whole Child Model – Remove Single Plan Counties

Trailer Bill Language – May Revision. DHCS requests to update its trailer bill language proposal, included in the January budget, to expand the Whole Child Model (WCM) for California Children's Services (CCS) beneficiaries, to only expand to County Organized Health System counties. The updated language would not expand to Single Plan Counties, such as Alameda, Contra Costa, and Imperial Counties.

Background. SB 586 (Hernandez), Chapter 625, Statutes of 2016, authorized 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 are delivered by Medi-Cal managed care plans in Whole Child Model counties. The Whole Child Model

program has been implemented in 21 counties with 5 health plans, with the goal 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 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

Whole Child Model Pilot Evaluation. SB 586 also 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 2019 Budget Act included expenditure authority of $1.6 million ($800,000 General Fund and $800,000 federal funds), available for expenditure or encumbrance until June 30, 2021 to conduct the program evaluation of the Whole Child Model required pursuant to SB 586.

DHCS released the Whole Child Model evaluation at the end of March 2023.

Managed Care Procurement and Model Changes. On February 9, 2022, DHCS released a Request for Proposal (RFP) for its commercial managed care plan contracts, seeking managed care plans committed and able to advance equity, quality, access, accountability, and transparency to reduce health disparities and improve health outcomes for Californians. While the RFP is only for commercial plans, DHCS indicated the updated contract released with the RFP would be executed with all Medi-Cal managed care plans, including local initiatives and County Organized Health Systems, as of January 1, 2024.

During the procurement process, counties were permitted to change their model for Medi-Cal managed care plans. The following counties made changes to their plan models:

- Alameda – From Two Plan Model to a Single Plan with Alameda Alliance
- Contra Costa – From Two Plan Model to a Single Plan with Contra Costa Health Plan
- Imperial – From Regional Model to a Single Plan with California Health and Wellness
- Mariposa – From Regional Model to County Organized Health System with Central California Alliance for Health
- San Benito – From Regional Model to County Organized Health System with Central California Alliance for Health
- Butte – From Regional Model to County Organized Health System with Partnership Health Plan
- Colusa – From Regional Model to County Organized Health System with Partnership Health Plan

- Glenn – From Regional Model to County Organized Health System with Partnership Health Plan
- Nevada – From Regional Model to County Organized Health System with Partnership Health Plan
- Placer – From Regional Model to County Organized Health System with Partnership Health Plan
- Plumas – From Regional Model to County Organized Health System with Partnership Health Plan
- Sierra – From Regional Model to County Organized Health System with Partnership Health Plan
- Sutter – From Regional Model to County Organized Health System with Partnership Health Plan
- Tehama – From Regional Model to County Organized Health System with Partnership Health Plan
- Yuba – From Regional Model to County Organized Health System with Partnership Health Plan
- Alpine – From Regional Model to Two Plan Model with Health Plan of San Joaquin
- El Dorado – From Regional Model to Two Plan Model with Health Plan of San Joaquin

Trailer Bill Language Proposal – Expand Whole Child Model and Mandatory Enrollment for Foster Children. In the January budget, DHCS proposed trailer bill language to expand the Whole Child Model for California Children's Services (CCS) to the 15 counties converting to County Organized Health System (COHS) or Single Plan models, and to mandatorily enroll foster children in Single Plan counties in the Whole Child Model. In the May Revision, DHCS has updated its trailer bill language proposal to only expand into COHS counties, which would include Butte, Colusa, Glenn, Nevada, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito Counties.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this updated trailer bill proposal.

Issue 6: Long-Term Care Facilities Rate Year Shift

Trailer Bill Language – May Revision. DHCS requests trailer bill language to shift reimbursement for certain long-term care facilities from a rate year that begins in August to a calendar year rate year, beginning January 1, 2024.

Background. The Medi-Cal program reimburses Intermediate Care Facilities – Developmental Disabilities (ICF-DDs), Distinct Part Nursing Facilities (DP-NFs), Distinct Part Subacute (DP-SAs), and Nursing Facilities-Level A (NF-As) on a rate year basis that runs from August 1 through July 31. Through the California Advancing and Innovating Medi-Cal (CalAIM) initiative, these facilities will be carved into managed care with varying effective dates on or after January 1, 2023. Managed care rates are set on a calendar year rate year. DHCS proposes to align the rate years for these facilities to those for managed care to promote consistency and reduce administrative complexity.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this trailer bill proposal.

Issue 7: Assisted Living Waiver Expansion Permanent Workload

Budget Change Proposal – May Revision. DHCS requests 15 positions and expenditure authority of $933,000 ($308,000 General Fund and $625,000 federal funds) in 2023-24 and $2.3 million ($772,000 General Fund and $1.6 million federal funds) annually thereafter. If approved, these positions and resources would support administrative, operational, and monitoring and oversight needs for the expansion of the Assisted Living Waiver Program.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$308,000	$772,000
0890 – Federal Trust Fund	$625,000	$1,566,000
Total Funding Request:	**$933,000**	**$2,338,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

Background. The Assisted Living Waiver (ALW) provides eligible Medi-Cal beneficiaries the choice to reside in an assisted living facility setting as an alternative to long-term placement in a nursing facility. The waiver facilitates the transition of institutionalized beneficiaries back to a home- or community-based setting, as an alternative to nursing facility placement.

Section 9817 of the federal American Rescue Plan (ARP) Act provides qualifying states with a temporary 10 percentage point increase to federal matching funds for certain home- and community-based services (HCBS). The increased federal match is available from April 1, 2021, through March 31, 2022. States must use the federal funds attributable to this increased federal match to enhance, expand, or strengthen HCBS under the state's Medicaid program. Unlike other federally funded programs, programs supported by this additional federal funding are eligible for federal matching funds in the Medicaid program as if they were supported by non-federal funding.

The 2021 Budget Act included Control Section 11.95, which authorized expenditure of $3 billion of HCBS funding received under the provisions of ARP. In July 2021, DHCS submitted California's $4.6 billion HCBS Spending Plan to the federal Centers for Medicare and Medicaid Services for review and approval. DHCS estimated that the $3 billion investment of HCBS funds would draw down an additional $1.6 billion of federal Medicaid matching funds. Among the investments included in the HCBS Spending Plan was the Assisted Living Waiver Expansion. The Spending Plan included $10.8 million ($3 million HCBS funds) in 2021-22 and $32.4 million ($8.9 million HCBS funds) annually to support expansion of the Assisted Living Waiver to eliminate the waiting list, which would add an additional 7,000 slots, with 5,000 available for individuals residing in the community. DHCS received limited term resources equivalent to 15 positions to administer the program. As the expansion of the waiver is expected to be permanent, DHCS is proposing to make these positions permanent.

Staffing and Resource Request. DHCS requests 15 positions and expenditure authority of $933,000 ($308,000 General Fund and $625,000 federal funds) in 2023-24 and $2.3 million ($772,000 General Fund and $1.6 million federal funds) annually thereafter. If approved, these positions and resources would support administrative, operational, and monitoring and oversight needs for the expansion of the Assisted Living Waiver Program. Specifically, DHCS requests the following positions:

Integrated Systems of Care Division – 15 positions

- **One Staff Services Manager I** position, **two Health Program Specialist I** positions, **four Nurse Evaluator II** positions, **seven Associate Governmental Program Analysts,** and **one Research Data Analyst II** position would focus on provider enrollment, waiver program eligibility determinations, facility review, program policy, data and reporting, program development, waitlist management, and compliance.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 8: Control Section 4.05 Adjustment, Budget Act of 2021

Technical Adjustment – May Revision. DHCS requests a net-zero shift of expenditure authority from federal funds to the Special Deposit Fund of $650,000, associated with Control Section 4.05 of the 2021 Budget Act. Control Section 4.05 allows items of appropriation provided outside of the Budget Act to be adjusted to reflect net savings achieved through operational efficiencies and other cost-reduction measures.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this technical adjustment.

Issue 9: Dental Procurement

Budget Change Proposal – Governor's Budget. DHCS requests six positions (conversion of four limited-term to permanent and two new positions) and expenditure authority of $1.8 million ($443,000 General Fund and $1.3 million federal funds) in 2023-24 and $1.7 million ($438,000 General Fund and $1.3 million federal funds) annually thereafter. If approved, these positions and resources would support a procurement effort, contract transition, and other workload to secure a new Fiscal Intermediary Dental Information Technology Maintenance and Operations contract in support of dental services for Medi-Cal.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$443,000	$438,000
0890 – Federal Trust Fund	$1,323,000	$1,310,000
Total Funding Request:	**$1,766,000**	**$1,748,000**
Total Requested Positions:	**6.0**	**6.0**

* Positions and resources ongoing after 2024-25.

Background. The Medi-Cal Dental Services Division administers the Medi-Cal dental benefit through two delivery systems: dental fee-for-service and dental managed care. The dental fee-for-service system is supported by two contracted vendors: a dental Administrative Services Organization (ASO) and a Fiscal Intermediary Dental Information Technology Maintenance and Operations (FI-DITMO) vendor. The FI-DITMO's primary role is to operate and maintain the California Dental Medicaid Management Information System (CD-MMIS), which processes dental claims and treatment authorization requests, and issues payments. According to DHCS, the FI-DITMO contract is a four-year contract with up to five optional one-year extensions. The maximum term of the contract runs through June 30, 2026.

The 2020 Budget Act included resources equivalent to four positions to conduct a reprocurement of the ASO contract. According to DHCS, by the time it must reprocure the FI-DITMO contract, the ASO contract would be operational. As a result, DHCS is proposing to convert the limited-term resources to permanent and add additional staff to support reprocurement of the FI-DITMO contract.

Staffing and Resource Request. DHCS requests six positions (conversion of four limited-term to permanent and two new positions) and expenditure authority of $1.8 million ($443,000 General Fund and $1.3 million federal funds) in 2023-24 and $1.7 million ($438,000 General Fund and $1.3 million federal funds) annually thereafter to support a procurement effort, contract transition, and other workload to secure a new Fiscal Intermediary Dental Information Technology Maintenance and Operations contract in support of dental services for Medi-Cal. Specifically, DHCS requests the following positions and resources:

Medi-Cal Dental Services Division – Three positions and $750,000 contract resources

- **One Staff Services Manager I** position would be responsible for procurement efforts, providing direction to staff, reviewing staff recommendations, provide recommended actions to leadership, guide the process for procurements, oversee development of language and provisions for the Request for Proposal (RFP), coordinate procurement activities, coordinate with the Contract Services Division, interact and consult with Office of Legal Services, and participate in the turnover/takeover of current and new contracts.
- **Two Associate Governmental Program Analysts** would perform a wide range of analytical tasks associated with the procurement, including: gathering, compiling, and analyzing information to define the scope and methodology of the procurements; make recommendations to leadership; develop business requirements to include in the RFP; serve as subject matter expert for the procurement; perform research and analysis to ensure contract terms are in alignment with state and federal laws and regulations; and participate in all phases of procurement.
- Expenditure authority of $750,000 ($187,000 General Fund and $563,000 federal funds) annually would support consultant resources for project management, business analysis, and independent verification and validation.

Office of Legal Services – One position

- **One Attorney III** position would review and approve all RFPs or Requests for Application (RFAs) related to ASO procurement documents.

CA-MMIS Operations – Two positions

- **Two Information Technology Specialist I** positions would provide technical expertise, be responsible for assuring compliance with Medicaid and privacy requirements, participate in development of procurement strategies and risk mitigation plans, issue papers and other documents, act as lead technical experts and as technology leads and security liaisons for the project.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal.

Issue 10:BH Comm-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)

Local Assistance – May Revision. DHCS requests updates to expenditure authority for the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) over five years, as follows:

- General Fund – increased expenditure authority of $4.5 million
- Federal Funds – increased expenditure authority of $104.1 million
- Mental Health Services Fund – decreased expenditure authority of $87.5 million.

Background. Federal Medicaid law prohibits federal matching funds to state Medicaid programs for care provided in an institution for mental disease (IMD). An IMD is defined as a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, which includes substance use disorders (SUDs).

In November 2018, the federal Centers for Medicare and Medicaid Services (CMS) issued guidance detailing options to adopt innovative delivery system reforms for adults living with serious mental illness or children living with serious emotional disturbance. This new authority is available to states through application for a Section 1115 Waiver and is focused on building out a full continuum of mental health services while also permitting states to secure federal matching funds for services provided during short-term stays in psychiatric hospitals or residential treatment settings that are considered IMDs. Federal matching funds are available for stays in IMDs up to 60 days, but states must meet a statewide average length of stay of 30 days for all stays included in the demonstration.

Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration. (Previously the California Behavioral Health Community-Based Continuum, or CalBH-CBC). DHCS proposes to strengthen the provision, coordination, and integration of mental health and SUD services across the continuum by building on the federal requirements contained in the 2018 CMS guidance. DHCS' approach reflects the state's ongoing commitment to ensuring that services are provided in the least restrictive setting appropriate for a beneficiary's needs. The demonstration includes five key components:

Strengthening the Statewide Continuum of Community-Based Services. The demonstration aims to expand and strengthen the continuum of community-based care, especially for children, youth, and their families. DHCS intends to establish clear guidance and clarify statewide coverage requirements to support access to at least three specific evidence-based services that can be delivered at home:

- Multisystemic Therapy (MST) – MST is an evidence-based intensive family- and community-based intervention for children and young people aged 11 to 17 who are at risk of out-of-home placement in either care or custody due to a history of arrest or behavioral health issues. DHCS intends to issue guidance to counties that clarifies and streamlines Medi-Cal coverage of and reimbursement for MST as a bundled service for qualifying children and youth.
- Functional Family Therapy (FFT) – FFT is a family-based prevention and intervention program for high-risk youth between the ages of 11 and 18 that addresses complex and multidimensional problems with a flexibly structured and culturally responsive practice. DHCS intends to issue guidance to counties that clarifies Medi-Cal coverage and reimbursement for FFT.
- Parent-Child Interaction Therapy (PCIT) – PCIT is an evidence-based, short-term treatment designed to teach parents strategies that will promote positive behaviors in children and youth who exhibit disruptive or externalizing behavioral problems. DHCS intends to issue guidance to counties that clarifies Medi-Cal coverage and reimbursement for PCIT.

DHCS also indicates it may request authority to make targeted improvements for children in the child welfare system, including: 1) a cross-sector incentive pool to reward plans and county agencies for meeting outcome measures for children and youth in the child welfare system; 2) activity stipends; and 3) initial specialty mental health assessment at entry into the child welfare system.

Supporting Statewide Practice Transformations. DHCS proposes to invest in workforce capacity, service infrastructure, information technology, and data exchange, including the following:

- Statewide Centers of Excellence (COEs) – DHCS proposes to establish and fund COEs to provide training and technical assistance to providers and counties on demonstration implementation, including orientation, training, coaching, mentoring, fidelity monitoring, and other supports.
- Statewide Incentive Program – DHCS proposes to incentivize county mental health plans and Drug Medi-Cal Organized Delivery System (DMC-ODS) counties to build a robust quality improvement program to improve performance and reduce disparities in access and outcomes.
- Statewide Tools to Connect Beneficiaries to Appropriate Care – DHCS proposes to review the required use of standardized, evidence-based level-of-care tools and develop resources to help individuals who require inpatient treatment find an appropriate facility, including: 1) a patient assessment tool that builds on the current Child and Adolescent Needs and Strengths (CANS) tool; and 2) a treatment bed availability platform to track the availability of inpatient and crisis stabilization units.
- Promotion and Standardization of Quality of Care in Residential and Inpatient Settings – DHCS proposes to require all mental health inpatient and residential facilities to screen and address beneficiaries' comorbid physical conditions and SUDs either directly or through the facilitation of referrals. DHCS also proposes to require facilities and counties to employ a utilization review process to ensure access to appropriate levels of care and appropriate inpatient/residential admissions and length of stay, conduct intensive predischarge care coordination, incorporate housing needs during discharge planning, make referrals to community services before discharge, and follow up within 72 hours of discharge. As part of the demonstration, DHCS proposes to provide up to six months of rent

or temporary housing for beneficiaries who meet access criteria for behavioral health services and who are homeless or at risk of homelessness after receiving treatment in an institutional setting.

Improving Statewide County Accountability. DHCS proposes to design a transparent monitoring approach to ensure beneficiaries are able to access a wide array of community-based care options. DHCS would amend county mental health plan contracts to: 1) establish key performance expectations and accountability standards, 2) build on goals and standards included in the state's Medi-Cal Comprehensive Quality Strategy and other quality and evaluation initiatives, and 3) outline incentive payment opportunities. DHCS would provide significant support to counties and providers through investments in training and technical assistance through development of COEs and incentive programs. DHCS may also utilize corrective action plans or sanctions for persistent gaps in performance, consistent with existing policies.

County Option to Provide Enhanced Community-Based Services. DHCS proposes to provide counties the option to provide one or more evidence-based, community-based service including:

- Assertive Community Treatment (ACT) – ACT provides a person-centered, comprehensive approach to care with individuals with a serious mental illness, using a multidisciplinary team that typically consists of a psychiatrist, a nurse, case managers, peers, and other professionals.
- Forensic Assertive Community Treatment (FACT) – FACT builds on ACT by making adaptations based on criminal justice issues, particularly by addressing criminogenic risks and needs.
- Coordinated Specialty Care for First Episode Psychosis (CSC-FEP) – CSC-FEP is an evidence-based practice that improves outcomes for youth and young adults following an initial psychotic episode.
- Supported Employment – Supported employment is an evidence-based practice that helps individuals living with serious mental illness obtain and maintain paid competitive jobs through vocational assessment, job-finding assistance, and job skills training.
- Rent/Temporary Housing – DHCS proposes to allow counties to cover rent or temporary housing for up to six months for beneficiaries that meet access criteria for behavioral health services and are homeless or at risk of homelessness.
- Community Health Worker Services – DHCS proposes to cover community health worker services to support county behavioral health providers to perform outreach and support engagement of beneficiaries in behavioral health and treatment services.

County Option to Receive Federal Financial Participation for Short-Tem Stays in IMDs. The BH-CONNECT demonstration allows counties that agree to certain conditions to opt in to receive federal matching funds for services provided during short-term stays in IMDs. Counties must agree to cover the enhanced set of community-based services, reinvest savings generated by federal matching funds into community-based care, and meet robust accountability requirements to ensure IMDs are used only when medically necessary and provide high quality care. DHCS would also establish an incentive program to help counties that opt in to prepare for and sustain implementation of demonstration related services.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 11: Withdrawal of Delay and Fund Source Change for Behavioral Health Bridge Housing

Local Assistance – May Revision. DHCS requests expenditure authority from the Mental Health Services Fund of $500 million and a reduction of General Fund expenditure authority of $250 million. If approved, these funding changes would allow DHCS to withdraw its January budget proposal to delay funding and implementation for Behavioral Health Bridge Housing.

Background. The 2022 Budget Act included General Fund expenditure authority of $1 billion in 2022-23 and $500 million in 2023-24 to support bridge housing projects to address the immediate housing and treatment needs of people experiencing unsheltered homelessness with serious behavioral health conditions. Funding will be administered through the Behavioral Health Continuum Infrastructure Program (BHCIP) process and used to purchase and install tiny homes with time-limited operational supports, as well as other bridge housing settings, such as assisted living. DHCS expects county behavioral health departments and Medi-Cal managed care plans to improve coordination to serve people with acute behavioral health challenges and those needing housing, treatment, and services, including medication, peer and family supports.

Due to the General Fund shortfall, the Governor's January budget proposed to delay $250 million the $500 million of funding, scheduled to be awarded in 2023-24, until 2024-25.

Local Assistance Request. DHCS requests expenditure authority from the Mental Health Services Fund of $500 million and a reduction of General Fund expenditure authority of $250 million to withdraw its January budget proposal to delay funding and implementation for Behavioral Health Bridge Housing. The resources from the Mental Health Services Fund would be allocated from the State Administration Account of the fund. These resources would offset General Fund expenditures of $250 million expected to be spent in 2023-24, as well as replacing and withdrawing the delay of $250 million proposed to be awarded in 2024-25 in the January budget.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 12: Fund Source Change for CalHOPE

Local Assistance – May Revision. DHCS requests expenditure authority from the Mental Health Services Fund of $50.5 million and a reduction of General Fund expenditure authority of $40 million in 2023-24. If approved, these changes would shift funding for CalHOPE from General Fund to Mental Health Services Fund.

Background. CalHOPE is a Crisis Counseling Assistance and Training Program that delivers crisis support for communities impacted by a national disaster. The program was originally supported by federal funds through the Federal Emergency Management Agency (FEMA) during the COVID-19 pandemic, and is currently supported by DHCS through General Fund resources. CalHOPE services include: 1)

individual and group crisis counseling and support; 2) individual and public education; 3) community networking and support; 4) connection to resources; and 5) media and public service announcements.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposed funding shift.

Issue 13: Behavioral Health Modernization

Budget Change Proposal – May Revision. DHCS requests expenditure authority of $40 million ($20 million General Fund and $20 million federal funds) in 2023-24. If approved, these resources would support modernization of the behavioral health system, consistent with reform to the Mental Health Services Act proposed by the Governor.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$20,000,000	$-
0890 – Federal Trust Fund	$20,000,000	$-
Total Funding Request:	**$40,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. In March 2023, the Governor announced an effort to modernize the state's behavioral health system, as well as the Mental Health Services Act (Proposition 63, 2004). The components of this modernization effort would be as follows:

1) A $3 to $5 billion general obligation bond to support funding for unlocked community behavioral health residential settings. The bond would support thousands of beds for Californians with mental illness and substance use disorders, as well as homeless veterans.

2) Make changes to the Mental Health Services Act, including changing the allocation of county funding, broadening the target population to include individuals with substance use disorders, increase fiscal accountability for county expenditures on behavioral health, and transfer the MHSOAC to CalHHS. The changes to county funding would include:

    a. 30 percent of funding would support housing and enhanced care in residential settings for individuals with serious mental illness, serious emotional disturbance, or substance use disorder.
    b. 35 percent would support full service partnerships (FSP).
    c. 35 percent would support existing categories including non-FSP community services and supports, prevention and early intervention, capital facilities and technological needs, workforce education and training, and a prudent reserve.

Resource Request. DHCS requests expenditure authority of $40 million ($20 million General Fund and $20 million federal funds) in 2023-24 to support modernization of the behavioral health system, consistent with reform to the Mental Health Services Act proposed by the Governor. As of the publication of this agenda, DHCS has not released details of this proposal.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal

Issue 14: Behavioral Health Payment Reform

Trailer Bill Language Update – May Revision. DHCS proposes amendments to its January budget trailer bill language proposal to implement behavioral health payment reform. In particular, these amendments would authorize DHCS, rather than the Department of Finance, to submit the offset and transfer schedule to the Controller, to transfer certain funds into the Medi-Cal County Behavioral Health Fund, and govern the process of providing the schedule to the Controller.

Background. The 2022 Budget Act included General Fund expenditure authority of $21.8 million in 2021-22 and $45.4 million in 2022-23 to support the Behavioral Health Quality Improvement Program (BH-QIP), as part of behavioral health payment reform efforts under the California Advancing and Innovating Medi-Cal (CalAIM) initiative. CalAIM seeks to reform behavioral health payment methodologies in a multi-step process from the current cost-based reimbursement process to a rate-based and value-based structure using intergovernmental transfers to fund the non-federal share of services. The first step in the process, supported by the BH-QIP, will transition behavioral health services from the current claims coding system, Healthcare Common Procedure Coding System (HCPCS) Level II, to HCPCS Level I. According to DHCS, this transition will allow for more granular claiming and reporting of services provided, as well as more accurate reimbursements.

DHCS expects that, concurrent with the transition to HCPCS Level I, DHCS will transition to a rate-setting process for behavioral health services by peer groups of counties with similar costs of doing business. The non-federal share of rates would be provided by counties via intergovernmental transfer (IGT), rather than the current, cost-based certified public expenditure (CPE) process. DHCS would make annual updates to established rates to ensure reimbursement reflects the costs of providing services. DHCS would, at first, make payments to counties on a monthly basis, and would eventually transition to a quarterly payment schedule.

CalAIM also modified the previous medical necessity criteria for behavioral health services to ensure behavioral health needs are being addressed and guided to the most appropriate delivery system as well as provide appropriate reimbursement to counties. These changes separate the concept of eligibility for services from that of medical necessity, allowing counties to provide services to meet a beneficiary's behavioral health needs prior to diagnosis of a covered condition, clarify that treatment in the presence of a co-occurring substance use disorder is appropriate and reimbursable when medical necessity is met, implement a standardized screening tool to facilitate accurate determinations of which delivery system

(specialty mental health, Medi-Cal managed care, or Medi-Cal fee-for-service) is most appropriate for care, implement a "no wrong door" policy to ensure beneficiaries receive medically necessary treatment regardless of the delivery system in which they seek care, and make other revisions and technical corrections. These changes will ensure that eligibility criteria, largely being driven by level of impairment as well as diagnosis or a set of factors across the bio-psycho-social continuum, will be the driving factor for determining the delivery system in which a beneficiary should receive services. DHCS has been phasing in these changes since January 1, 2022.

Trailer Bill Language Proposal – Behavioral Health Payment Reform. In the January budget, DHCS requested General Fund expenditure authority of $375 million in 2023-24 and proposed trailer bill language to authorize transition of county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGTs), and to establish the Medi-Cal County Behavioral Health Fund to receive IGTs from counties to serve as the non-federal share of Medi-Cal behavioral health services.

In the May Revision, DHCS proposes amendments to its January budget trailer bill language proposal to implement behavioral health payment reform. In particular, these amendments would authorize DHCS, rather than the Department of Finance, to submit the offset and transfer schedule to the Controller, to transfer certain funds into the Medi-Cal County Behavioral Health Fund, and govern the process of providing the schedule to the Controller.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal

Issue 15: Behavioral Health Federal Funds Adjustment

Technical Adjustment – May Revision. DHCS requests federal fund expenditure authority of $21.1 million in 2023-24. If approved, these resources would allow DHCS to administer the following grants:

- Item 4260-115-0890 - $15,209,000 to support an increase in the federal Community Mental Health Services Block Grant awarded in 2022-23.
- Item 4260-116-0890 - $5,848,000 to support an increase in the federal Substance Abuse Prevention and Treatment Block Grant awarded in 2022-23.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this adjustment.

Issue 16: Children and Youth BH Initiative – Fee Schedule Third Party Administrator

Local Assistance – May Revision. DHCS requests General Fund expenditure authority of $10 million in 2023-24 to create statewide infrastructure for provider management and to manage billing for behavioral health services furnished to student under the Children and Youth Behavioral Health Initiative statewide fee schedule.

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$10,000,000	$-
Total Funding Request:	**$10,000,000**	**$-**

Background. As part of the Children and Youth Behavioral Health Initiative, the Legislature approved trailer bill language to require DHCS to develop and maintain a school-linked statewide fee schedule for outpatient mental health or substance use disorder treatment provided to a student 25 years of age or younger at a school site. A health care service plan, including a Medi-Cal managed care plan, or an insurer will, commencing January 1, 2024, be required to reimburse school-based services provided to one of its members according to the fee schedule, regardless of whether the provider is within the plan's or insurer's contracted provider network.

According to DHCS, there are significant operational complexities around provider management and claims submission for school-based or school-linked providers, as well as credentialing and provider oversight. Many school-based providers have no experience with billing commercial or self-insured plans for services provided to students. These resources would support development and implementation of the infrastructure for provider, billing, and claiming management for the behavioral health services provided to students as part of the Children and Youth Behavioral Health Initiative.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal

Issue 17: 988 Suicide and Crisis Lifeline (AB 988)

Budget Change Proposal – May Revision. DHCS requests expenditure authority from the 988 State Suicide and Behavioral Health Crisis Services Fund of $15 million in 2023-24. If approved, these resources would support eligible 988 behavioral health crisis services.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
3414 – 988 State Suicide and BH Crisis Svcs Fund	$15,000,000	$-
Total Funding Request:	**$15,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The National Suicide Hotline Designation Act of 2020 designated 988 as the new three-digit number for the national suicide prevention and mental health crisis hotline. To support the 988 system, the act authorized states to impose a fee on access lines for providing 988 related services. Revenue from the fee must be held in a designated account to be spent only in support of 988 services, including 1) ensuring the efficient and effective routing of calls made to the 988 national suicide prevention and mental health crisis hotline to an appropriate crisis center; and 2) the provision of acute mental health crisis outreach and stabilization by directly responding to the 988 national suicide prevention and mental health crisis hotline.

AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022, implements the 988 system in California, establishing 988 as the three-digit number for the National Suicide Prevention Hotline, which is now known as the 988 Suicide and Crisis Lifeline. Among other provisions, AB 988 requires the following:

- Requires the California Governor's Office of Emergency Services (CalOES) to appoint a 988 system director and convene an advisory board to guide how 988 is implemented and made interoperable with 911, including the creation of a new surcharge for 988 to fund the crisis services.
- Requires CalHHS to participate in the State 988 Technical Advisory Board convened by CalOES no less than quarterly until December 31, 2028.
- Requires CalHHS to convene a state 988 policy advisory group to advise on a set of recommendations for the implementation and administration of the five-year implementation plan for the 988 System;
- Requires CalHHS to convene the state 988 policy advisory group at least quarterly until December 31, 2023. The advisory group may be disbanded at the discretion of the CalHHS, but shall not be disbanded before January 1, 2024.
- Requires health plan and insurer coverage of 988 center services when medically necessary and without prior authorization;
- Establishes a 988 surcharge for the 2023 and 2024 calendar years at $0.08 per access line per month, and for years beginning January 1, 2025, at an amount based on a specified formula, but not greater than $0.30 per access line per month;
- States the intent of the Legislature that, by June 30, 2024, CalHHS and CalOES develop a plan for the statewide coordination of 988, 911, and behavioral health crisis services.
- Specifies the plan will be based on a five-year implementation plan that includes a landscape analysis of existing services and describes how to expand, improve, and link services with the goal of fully implementing the 988 system by January 1, 2030.
- Appropriates $300,000 from the General Fund to the 988 State Suicide and Behavioral Health Crisis Services Fund (previously the State Mental Health and Crisis Services Special Fund) to the Department of Tax and Fee Administration (CDTFA) for purposes of implementing this bill, and
- Contains an urgency clause to verify that the provisions of this bill go into immediate effect upon enactment.

The January budget included a total of 17.5 positions (7.5 for DMHC and ten for DHCS), and total expenditure authority of $13.2 million ($10.3 million 988 State Suicide and Behavioral Health Crisis Services Fund or 988 Fund, $2.2 million Managed Care Fund, and $773,000 federal funds) in 2023-24, $16 million ($13.2 million 988 Fund, $2.1 million Managed Care Fund, and $728,000 federal funds) in 2024-25, and $16.3 million ($13.2 million 988 Fund, $2.3 million Managed Care Fund, and $728,000 federal funds) annually thereafter to support implementation of 988.

Resource Request. DHCS requests expenditure authority from the 988 State Suicide and Behavioral Health Crisis Services Fund of $15 million in 2023-24 to support eligible 988 behavioral health crisis services. These resources would support workforce expansion to handle increased call volume, efficient and effective routing of telephone calls, personnel, and the provision of acute mental health services through telephone call, text, and chat to the 988 Lifeline.

Combined with the January budget request, the total requested resources from the 988 Fund for this purpose would be $19 million in 2023-24 and $12.5 million annually thereafter.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal

Issue 18: Los Angeles County CARE Court Start-Up Funding

Budget Bill Language – May Revision. DHCS requests budget bill language to authorize the use of $15 million of existing General Fund expenditure authority to support Los Angeles County planning and preparation to implement the Community Assistance, Recovery, and Empowerment (CARE) Act.

Background. SB 1338 (Umberg and Eggman), Chapter 319, Statutes of 2022, the Community Assistance, Recovery, and Empowerment (CARE) Act, is a new civil court process to deliver community-based behavioral health services and supports to Californians living with untreated schizophrenia spectrum or other psychotic disorders. The CARE Act is intended to serve as an upstream intervention for the most severely impaired Californians to prevent avoidable psychiatric hospitalizations, incarcerations, and conservatorships under the Lanterman-Petris-Short (LPS) Act. The CARE Act connects a person in crisis with a court-ordered care plan for up to 12 months, with the possibility to extend for an additional 12 months.

The 2022 Budget Act included General Fund expenditure authority of $57 million to be distributed to counties to support implementation of the CARE Act, including hiring, training, development of policies and procedures, information technology costs, and new billing processes, consistent with SB 1338. Of this amount, $26 million is available for the first cohort of counties to implement the CARE Act. In January 2023, Los Angeles County announced it would accelerate its implementation of the CARE Act and would join the first cohort of counties and implement the act by December 1, 2023. These proposed resources are meant to support Los Angeles County as it implements the CARE Act, which was not previously reflected in the proposed January budget.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this budget bill language proposal.

Issue 19: Contingency Management Pilot Extension

Budget Change Proposal – May Revision. DHCS requests 11 positions and expenditure authority of $1.5 million ($755,000 General Fund and $755,000 federal funds) in 2023-24, $5 million ($2.5 million General Fund and $2.5 million federal funds) in 2024-25 and 2025-26, $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2026-27, and $2.2 million ($1.1 million General Fund and $1.1 million federal funds) in 2027-28. If approved, these positions and resources would support conversion of the contingency management program from a pilot project to a waiver demonstration benefit.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$755,000	$2,475,000
0890 – Federal Trust Fund	$755,000	$2,475,000
Total Funding Request:	**$1,510,000**	**$4,950,000**
Total Requested Positions:	**11.0**	**11.0**

* Additional fiscal year resources requested – 2025-26: $4,9750,000; 2026-27: $3,815,000; 2027-28: $2,180,000.

Background. The federal Centers for Medicare and Medicaid Services (CMS) approved the addition of contingency management as a new benefit to California's Drug Medi-Cal Organized Delivery System (DMC-ODS) demonstration. Contingency management uses small financial incentives combined with behavioral treatment and has been shown in repeated meta-analyses to be the most consistently effective treatment for stimulant use disorder. The launch of the pilot program was funded by the American Rescue Plan (ARP) Act of 2021, which provided qualifying states with a temporary 10 percent increase to the federal medical assistance percentage (FMAP) for certain Medicaid expenditures for home- and community-based services (HCBS) from April 1, 2021, through March 31, 2024. State funds equivalent to the amount of federal funds attributable to the increased FMAP were deposited in the Home and Community-Based Services American Rescue Plan (HCBS ARP) Fund pursuant to Section 11.95 of the 2021 Budget Act. Section 11.95 appropriates this funding to eligible HCBS activities identified in the HCBS Spending Plan including the costs associated with the contingency management program, proposed to begin services in the fall of 2022. DHCS is proposing to convert the pilot to a waiver benefit under the California Advancing and Innovating Medi-Cal (CalAIM) initiative through the end of the CalAIM waiver in December 2026.

Staffing and Resource Request. DHCS requests 11 positions and expenditure authority of $1.5 million ($755,000 General Fund and $755,000 federal funds) in 2023-24, $5 million ($2.5 million General Fund and $2.5 million federal funds) in 2024-25 and 2025-26, $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2026-27, and $2.2 million ($1.1 million General Fund and $1.1 million federal funds) in 2027-28 to support conversion of the contingency management program from a pilot project to a waiver demonstration benefit. Specifically, DHCS requests the following positions and resources:

Audits and Investigations – One position

- **One Health Program Auditor IV** position would develop various data analytic algorithms, evaluate algorithms to determine if the data identifies beneficiaries or providers that warrant further review, and lead investigation staff on preliminary investigations of beneficiaries or providers.

Business Operations Technology Services Division – Two positions

- **One Information Technology (IT) Specialist I** position and **one IT Specialist II** position would analyze changes needed to support data coming from the incentive management vendor and DMC-ODS counties, develop secure and complex code to support the initiative, and function as a technical analyst to translate data requirements to system requirements.

Data Analytics Division – One position

- **One Research Data Scientist II** position would perform analyses on data to assess completeness, accuracy, timeliness of submission, and other quality measures; develop a process for ongoing monitoring of data quality; analyze data used for evaluation and quality improvement; support ongoing monitoring and oversight of the program through identifying outliers and signs of fraud or abuse.

Health Information Management Division – One position

- **One IT Specialist I** position would monitor and evaluate requirements and system changes to support data quality reporting; develop data quality business rules requirements, metrics, and service level expectations; and ensure data processing by vendors meet departmental standards and programmatic requirements.

Local Government Financing Division – One position

- **One Associate Governmental Program Analyst (AGPA)** would analyze fiscal claim and invoice data from counties and the vendor; approve, monitor and track invoices; generate and monitor fiscal reports; work with the vendor and contract management team to ensure contract compliance and address contract issues.

Medi-Cal Behavioral Health Division – Three positions and $7.1 million contract resources

- **Two Health Program Specialist II** positions and **one AGPA** would perform oversight and monitoring of contractors; develop and implement policies, guidance, and procedures; lead intra-departmental collaboration on data collection, reporting, quality monitoring, program integrity, and payment functions; and provide clarification, training, and administrative support to internal and external stakeholders.
- $1.6 million over four years would support a contractor to implement training and technical assistance for counties and providers.
- $5.5 million over four years would support a contractor to manage the calculation, management, tracking, and distribution of incentives in the contingency management program.

Medi-Cal Enterprise System Modernization Division – One position

- **One IT Specialist II** position would lead ongoing product discovery to identify needed enhancements or fixes in response to changes in business need; articulate and ensure appropriate prioritization of

enhancements, fixes, or change requests; establish and monitor performance measures; and lead and ensure successful adoption and implementation of new functionality for users.

Quality and Population Health Management – One position and $1.7 million contract resources

- **One AGPA** would provide oversight and monitoring of the program evaluation contractor to determine compliance with deliverables and coordinate evaluation activities with other divisions and the external evaluation contractor.
- $1.7 million over five years would support a contractor to conduct an evaluation of the contingency management project, consistent with CMS requirements in the 1115 Waiver.

Enterprise Technology Services/IT Strategy Services Division - $743,000 contract resources

- $743,000 over four years would support a contractor to manage the implementation of a new system or modification of an existing system through the project lifecycle phases to support the contingency management program.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal

Issue 20: Naloxone Distribution Project Expansion

Budget Change Proposal – May Revision. DHCS requests expenditure authority from the Opioid Settlements Fund of $58 million in 2023-24, $28 million in 2024-25 and 2025-26, and $27.3 million in 2026-27. If approved, these resources would support expansion of the Naloxone Distribution Project.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$58,000,000	$28,000,000
Total Funding Request:	**$58,000,000**	**$28,00,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $28,000,000; 2026-27: $27,317,000.

Background. The Naloxone Distribution Project (NDP) was created in 2018 in response to a sharp in overdoses and aims to reduce opioid overdose deaths through the provision of free naloxone in the form of a spray that can be used by laypeople. Eligible entities for the distribution of naloxone include law enforcement, fire departments, first responders, schools and universities, county public health and behavioral health departments, and community based organizations, such as harm reduction organizations or community opioid coalitions. As of November 2022, DHCS reports the NDP has distributed more than 1.7 million units of naloxone to all 58 counties in the state. As of December 2022, more than 112,000 opioid overdose reversals have been reported to DHCS through the NDP. However, DHCS notes this number is likely underreported.

In the January budget, DHCS requested expenditure authority from the Opioid Settlements Fund of $32 million in 2023-24, $23 million in 2024-25, and $12 million in 2025-26 and 2026-27 to support the NDP. DHCS reports the NDP has a total of $61 million ($35.8 million General Fund, $10.5 million federal Substance Abuse Block Grant Funds, and $14.8 million Opioid Settlements Fund) available in 2022-23. In addition, the NDP has a total of $35.5 million General Fund available in 2023-24. However, DHCS indicates the demand for naloxone requested through the NDP continues to increase, resulting in the need for additional funding proposed in this request and the January budget request.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this proposal.

Issue 21: Virtual Services in Driving Under the Influence Programs

Trailer Bill Language – May Revision. DHCS proposes trailer bill language to clarify its authority to regulate Driving Under the Influence programs that offer services virtually.

Background. Existing law invests in DHCS the sole authority to issue, deny, suspend, or revoke the license of a driving-under-the-influence (DUI) program. A DUI program is defined as any firm, partnership, association, corporation, local governmental entity, agency, or place that is licensed to provide alcohol or drug recovery services to persons who have had their license suspended, revoked, or delayed, or who has been suspended, revoked, or convicted of various violations of the Vehicle Code.

The proposed trailer bill authorizes DHCS to regulate the program through all-county letters, plan letters, information notices, or other instructions until regulations are promulgated. The trailer bill requires DHCS to promulgate regulations by January 1, 2026, regarding provision of alcohol or drug recovery services in virtual settings.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

1. Please provide a brief overview of this trailer bill language proposal.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 1: COVID-19 Response – Reduced Resources

Budget Change Proposal – May Revision. CDPH requests reduction of General Fund expenditure authority of $50 million. These resources were previously requested in the January budget to support contingency for unanticipated costs related to the COVID-19 pandemic.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	($50,000,000)	$-
Total Funding Request:	**($50,000,000)**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. According to CDPH, its efforts during the COVID-19 pandemic have played a crucial role in slowing community transmission and saving the lives of many Californians by providing vaccinations, diagnostic testing, contact tracing, medical surge staff support for facilities in need, and emergency response activities at the border. The changing nature of the COVID-19 pandemic and the end of certain state and federal policies enacted in response to the pandemic, have resulted in evolution of the state's response, including implementation of the SMARTER Plan approach to COVID-19. The components of the SMARTER Plan are as follows:

- **Shots** – Individuals are recommended to stay up to date with COVID-19 vaccinations and boosters.
- **Masks** – Individuals are recommended to wear a good fitting mask with good filtration, according to masking recommendations based on COVID-19 Community Levels published by the federal Centers for Disease Control and Prevention (CDC).
- **Awareness** – The state will maintain the ability to promote vaccination, masking, and other mitigation measures in all 58 counties, while supporting engagement with at least 150 community-based organizations.
- **Readiness** – The state will maintain wastewater surveillance in all regions and enhance respiratory surveillance in the healthcare system while continuing to sequence at least 10 percent of positive COVID-19 test specimens. The state will also maintain the ability to add 3,000 clinical staff within two to three weeks of need across various healthcare facility types.
- **Testing** – The state will maintain commercial and local public health capacity statewide to perform at least 500,000 tests per day for COVID-19.
- **Education** – Expand school-based vaccination sites by 25 percent as eligibility for vaccines expands.
- **Rx -** Ensure local entities can order effective therapeutics within 48 hours.

According to CDPH, to continue the critical work of responding and maintaining preparedness, the state will continue to supply test kits to high-risk populations, promote the bivalent booster campaign with a focus on vulnerable individuals who are at risk for severe disease and hospitalizations, and work with healthcare systems to improve their incorporation of testing and treatment for their patients. Several efforts are winding down, such as the gradual demobilization of community testing sites as demand decreases, the Public Testing Lab Network, staffing deployments, and COVID-19 therapeutics initiatives as this work will eventually transition to the health care system. CDPH's 2023-24 budget request prioritizes the most

critical activities that need to continue, including vaccinations, testing, operations support, and information technology, so that California's most vulnerable populations are protected and to maintain a state of readiness.

In the January budget, CDPH requested General Fund expenditure authority of $101.3 million in 2023-24 to continue the state's efforts to protect public health and safety against the spread of COVID-19, including vaccinations, testing, and operations support, as well as implementing the state's SMARTER Plan. The specific allocations, compared to those adopted in the 2022 Budget Act, were as follows:

Areas of Expenditure	2022 Budget Act	2023-24 Proposal
Vaccinations (including boosters)	$93,000,000	$8,000,000
Testing	$530,000,000	$28,000,000
Operations Support	$165,133,000	$15,000,000
Public Health Readiness and Response	$18,284,000	$0
Enhanced Surveillance	$16,465,000	$0
Test to Treat Therapeutics	$158,129,000	$0
Border Operations	$411,025,000	$0
IT Pandemic Response	$0	$300,000
Staffing	$140,000,000	$0
Emergency Contingency Funds	$250,000,000	$50,000,000
TOTAL	**$1,782,036,000**	**$101,300,000**

CDPH requests reduction of General Fund expenditure authority of $50 million. These resources were previously requested in the January budget to support contingency for unanticipated costs related to the COVID-19 pandemic. Combined with the January budget request, CDPH requests a total of $51.3 million for COVID-19 pandemic response.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal.

Issue 2: Public Health Workforce Investments Reversion - Withdrawal

Local Assistance – May Revision. CDPH requests to withdraw its proposed reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments. These programs were originally proposed for reversion in the January budget to address the General Fund shortfall.

Background. The 2022 Budget Act included significant investments in health workforce development in the areas of behavioral health, primary care, public health, and reproductive health. The public health investments in the package were as follows:

- *Waive Public Health Nurse Certification Fees* - $3.3 million annually for three years to waive public health nurse certification fees for three years to reduce barriers to registered nurses entering the field of public health.

- *Public Health Incumbent Upskilling* - $3.2 million annually for four years to establish the Public Health Workforce Career Ladder Education and Development Program to provide education and training for existing employees within the public health workforce, including stipends to offset up to 12 hours per week to complete educational requirements and grants for local health departments for additional hiring.

- *California Public Health Pathways Training Corps* - $8 million annually for three years to expand the California Public Health Pathways Training Corps, which provides a workforce pathway for early-career public health professionals from diverse backgrounds and disproportionately impacted communities.

- *California Microbiologist Training* - $3.2 million annually for three years to increase the number of Public Health Microbiologist Trainee spots, which is a requirement to become certified in California as a public health microbiologist.

- *Public Health Lab Aspire* - $3.2 million annually for three years to restore funding for the Lab Aspire Program, to address the severe shortage of trained and qualified public health laboratory directors.

- *California Epidemiologic Investigation Service (Cal-EIS) Training* - $3.2 million annually for three years to increase the number of Cal-EIS fellows, which trains epidemiologists for public health leadership positions.

January Budget Reversion of Resources to Address General Fund Problem. In the January budget, CDPH requested reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments, to help address the state's General Fund problem. However, CDPH plans to utilize savings from reducing its COVID-19 Response request by $50 million General Fund for contingencies, to support the restoration of these workforce programs.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal.

Issue 3: AIDS Drug Assistance Program (ADAP) Estimate

AIDS Drug Assistance Program (ADAP) Estimate. The Office of AIDS within CDPH administers the AIDS Drug Assistance Program (ADAP), which provides access to life-saving medications for

Californians living with HIV and assistance with costs related to HIV pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) for Californians at risk of acquiring HIV. Clients are eligible for ADAP services if they meet the following criteria:

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

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

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

ADAP is funded by federal funds and the ADAP Rebate Fund (Fund 3080). The federal government began funding state programs to assist people living with HIV to purchase antiretroviral medications in 1987. Since 1990 with the passage of the Ryan White Comprehensive AIDS Resources Emergency Act, now known as the Ryan White Program, the federal Health Resources and Services Administration (HRSA) provides funding to states for ADAP programs. In addition to federal funds, ADAP receives significant funding from mandatory and voluntary manufacturer rebates for ADAP drug expenditures.

ADAP Estimate – May Revision. The May 2023 ADAP Local Assistance Estimate reflects revised 2022-23 expenditures of $372.3 million, a decrease of $68.2 million or 15.5 percent compared to the January budget. According to CDPH, this decrease is primarily due to lower than expected projected medication expenditures for medication-only clients and lower than expected premiums for insured client groups. For 2023-24, CDPH estimates ADAP expenditures of $398 million, a decrease of $42.1 million, or 9.6 percent compared to the January budget. According to CDPH, the continued relative reduction of expenditures between 2023-24 and 2022-23, compared to the January budget, is similarly due to lower than expected medication and premium expenditures.

ADAP Local Assistance Funding Summary		
Fund Source	**2022-23**	**2023-24**
0890 – Federal Trust Fund	$106,494,000	$102,102,000
3080 – AIDS Drug Assistance Program Rebate Fund	$265,778,000	$295,940,000
Total ADAP Local Assistance Funding	**$372,272,000**	**$398,042,000**

ADAP tracks caseload and expenditures by client group. CDPH estimates ADAP caseload and expenditures for 2022-23 and 2023-24 will be as follows:

Caseload by Client Group	**2022-23**	**2023-24**
Medication-Only	9,913	9,657
Medi-Cal Share of Cost	53	55
Private Insurance	9,893	9,901
Medicare Part D	7,244	7,246
PrEP Assistance Program	6,028	8,318
TOTAL	**33,132**	**35,179**

Expenditures by Client Group	**2022-23**	**2023-24**
Medication-Only	$255,816,221	$258,436,183
Medi-Cal Share of Cost	$395,481	$407,504
Private Insurance	$82,978,930	$83,607,076
Medicare Part D	$24,765,380	$26,784,768
PrEP Assistance Program	$11,009,028	$24,307,207
TOTAL	**$374,965,040**	**$393,542,738**

Costs for administration of ADAP are estimated to be $3.1 million in 2022-23 and $3.4 million in 2023-24. Costs for administration of PrEP-AP are estimated to be $620,741 in 2022-23 and $6.1 million in 2023-24. Enrollment costs are estimated to be $7 million in 2022-23 and $6.9 million in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open

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

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

Issue 4: Genetic Disease Screening Program (GDSP) Estimate

Genetic Disease Screening Program Estimate – May Revision. The May 2023 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of $166 million ($36.9 million state operations and $129.2 million local assistance) in 2022-23, and $187.6 million ($38.1 million state operations and $149.5 million local assistance) in 2023-24.

Genetic Disease Screening Program (GDSP) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0203 – Genetic Disease Testing Fund			
State Operations:	$36,856,000	$38,066,000	$1,210,000
Local Assistance:	$129,157,000	$149,542,000	$20,385,000
Total GDSP Expenditures	**$166,013,000**	**$187,608,000**	**$21,595,000**

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

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

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

Newborn Screening (NBS) Program. Newborn screening, recognized nationally as an essential preventive health measure, began in California in 1966 with the testing of infants for phenylketonuria (PKU). In 1980, the program was expanded to include galactosemia, primary congenital hypothyroidism, and included a more comprehensive follow-up system. In 1990, screening for sickle cell disease was added

to the screening program, which allows for identification of related non-sickling hemoglobin disorders, including beta-thalassemia major, and Hb E/beta thalassemia. In 1999, the program implemented screening for hemoglobin H and hemoglobin H - Constant Spring disease. In 2005 the screening panel was expanded to include additional metabolic disorders and congenital adrenal hyperplasia (CAH), and in 2007, the screening panel was expanded to include cystic fibrosis (CF) and biotinidase deficiency (BD). In 2010, Severe Combined Immunodeficiency (SCID) was added to the screening panel.

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

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

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

NBS Caseload Estimate: The May Revision estimates NBS program caseload of 421,863 in 2022-23, a decrease of 1,428 or 0.3 percent, compared to 2021-22 actual total caseload of 423,291. The May Revision estimates NBS program caseload of 425,620 in 2023-24, an increase of 3,757 or 0.9 percent, compared to the revised 2022-23 estimate. These estimates are based on state projections of the number of live births in California. CDPH assumes 100 percent of children born in California will participate in the NBS program annually.

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

- Cell-free DNA (cfDNA) Screening - Cell-free DNA (cfDNA) is a non-invasive screening test for fetal chromosomal abnormalities that relies on extraction of maternal and fetal cells from a pregnant individual's blood sample. cfDNA can detect chromosomal abnormalities and birth defects including trisomy 21 (Down syndrome), trisomy 18 (Edwards syndrome), and trisomy 13 (Patau syndrome). Compared to the metabolic screening methods previously used by PNS, cfDNA screening results in fewer false positives and better accuracy resulting in fewer pregnant individuals being referred for diagnostic follow-up services.

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

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

PNS Caseload Estimate: The May Revision estimates PNS program caseload of 199,571 cfDNA specimens and 185,591 Biochemical Screening test specimens in 2022-23. The May Revision estimates PNS program caseload of 313,920 cfDNA specimens and 291,282 Biochemical Screening test specimens in 2023-24. These estimates are based on state projections of the number of live births in California. CDPH estimates approximately 46 percent of projected births in California will participate in the PNS program in 2022-23 and 73 percent will participate in 2023-24.

Subcommittee Staff Comment and Recommendation—Hold Open

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

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

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

Issue 5: Women, Infants, and Children (WIC) Program Estimate

WIC Program Estimate – May Revision. The May 2023 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of $1.3 billion ($1.1 billion federal funds and $193.4 million

WIC manufacturer rebate funds) in 2022-23 and $1.4 billion ($1.2 billion federal funds and $217.3 million WIC manufacturer rebate funds) in 2023-24. The federal fund amounts include state operations costs of $64.5 million in 2022-23 and 2023-24.

Women, Infants, and Children (WIC) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0890 – Federal Trust Fund			
State Operations:	$64,502,000	$64,475,000	($22,000)
Local Assistance:	$1,066,203,000	$1,108,609,000	$42,406,000
3023 – WIC Manufacturer Rebate Fund			
Local Assistance:	$193,360,000	$217,313,000	$23,953,000
Total WIC Expenditures	**$1,324,065,000**	**$1,390,397,000**	**$66,332,000**

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

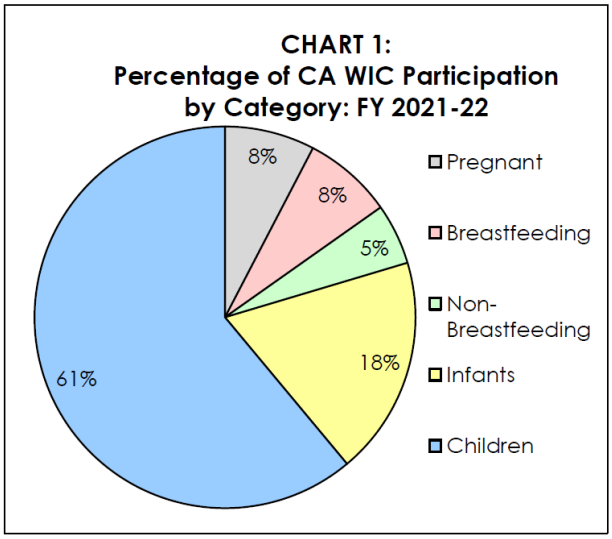
The WIC program's food expenditures are funded by a combination of federal grants and rebates from manufacturers of infant formula. Federal WIC regulations require that state WIC programs have sole supplier rebate contracts in place with infant formula manufacturers for milk-based and soy-based infant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

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

- **Pregnant individuals** are eligible for the WIC program at any point in their pregnancy, and receive supplemental foods high in protein, calcium, iron, vitamin A, and vitamin C to support optimal fetal development.
- **Breastfeeding individuals** are eligible for benefits up to their infant's first birthday, and receive an enhanced supplemental food package with foods high in protein, calcium, iron, vitamin A, and vitamin C to support caloric needs during breastfeeding.

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

According to the WIC program Estimate, WIC participation by category, as of 2021-22, was as follows:



Caseload Estimates. The May Revision assumes 956,319 average monthly WIC participants in 2022-23, an increase of 13,082 or 1.4 percent compared to the average monthly WIC participants estimated in the January budget. The budget assumes 991,619 average monthly WIC participants in 2023-24, an increase of 45,267 or 4.8 percent compared to the average monthly WIC participants estimated in the January budget.

Food Expenditures Estimate. The May Revision includes $937.6 million ($744.2 million federal funds and $193.4 million rebate fund) in 2022-23 for WIC program food expenditures, an increase of $16.2 million or 1.8 percent, compared to the January budget. According to CDPH, the increase in costs is due to an increase in participation, an increase in the estimated cost of the fruits and vegetables benefit increase, offset by a reduction in projected rebate revenue.

The May Revision includes $1 billion ($786.6 million federal funds and $217.3 million rebate funds) in 2023-24 for WIC program food expenditures, an increase of $59.7 million or 6.3 percent compared to the food expenditures estimate in the January budget. According to CDPH, this increase in costs is driven by

an increase in participants, a higher food inflation rate, and estimated costs for the fruits and vegetables benefit increase.

Nutrition Services and Administration (NSA) Estimate. The May Revision includes $322 million for other local assistance expenditures for the NSA budget in 2022-23 and 2023-24, unchanged from the January budget. The budget also includes $64.5 million for state operations expenditures in 2022-23 and 2023-24, also unchanged from the January budget.

Subcommittee Staff Comment and Recommendation—Hold Open.

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

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

Issue 6: Lead Renovation, Repair, and Painting Program (SB 1076)

Budget Change Proposal – May Revision. CDPH requests two positions and General Fund expenditure authority of $546,000. If approved, these positions and resources would support implementation of residential lead-based paint Renovation, Repair, and Painting Program required by SB 1076 (Archuleta), Chapter 507, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$546,000	$546,000
Total Funding Request:	**$546,000**	**$546,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

Background. Lead is a highly neurotoxic heavy metal which does not degrade or break down in the environment. Lead exposure can cause a wide range of health problems and can result in lifelong damaging effects. At very high levels of exposure, lead can cause seizures, coma, and death. Lower levels of lead exposure affect the nervous system, decrease intelligence, and create learning deficits. The federal Centers for Disease Control and Prevention (CDC) has determined there is no safe level of lead exposure.

The federal Environmental Protection Agency (EPA) established the lead Renovation, Repair, and Painting (RRP) Rule to regulate the renovation of homes and child-occupied buildings constructed before the ban on the use of lead-based paint in 1978. EPA currently administers the RRP Rule in California. According to CDPH, EPA has less than ten staff assigned to administer the rule in EPA Region 9, which comprises Arizona, California, Hawaii, Nevada, the Pacific Islands, and 148 Tribal Nations. According to the EPA's Office of the Inspector General, this level of staff has led to a reduced ability of the EPA to adequately implement, enforce, and evaluate the success of the RRP rule. Less than one tenth of one percent of the 40,000 to 60,000 residential renovation contractors in California are inspected by EPA each year and between five and ten enforcement cases a year are taken by EPA in the state.

SB 1076 (Archuleta), Chapter 507, Statutes of 2022, requires CDPH to review and amend its regulations to comply with the RRP Rule. To comply with the requirements of SB 1076, CDPH would seek authorization from EPA to take over administration of the RRP Rule in California. Fourteen states are currently authorized to implement the RRP Rule and successfully perform a higher rate of RRP certification, inspections, and enforcement than the federal program. CDPH would need to establish a new system of fees to replace those of the EPA to support the new state-administered program. CDPH's Childhood Lead Poisoning Prevention Branch (CLPPB) and Occupational Health Branch (OHB) would administer the program, requiring an increase in staffing needs for both branches supported by the new fees.

Once CDPH becomes an RRP authorized state, CLPPB would expand training opportunities to residential renovation contractors to learn about lead-safe work practices, create a lead-safe residential renovation workforce, increase awareness of the threat of lead poisoning and associated screening, and support compliance with and enforcement of RRP requirements. The program would also require RRP training providers to become accredited in California, be subject to more frequent audits and inspections, and submit course completion forms to track students and minimize the potential for fraudulent certification.

CDPH would also require individual renovators and renovation firms that perform RRP work to become certified in California by receiving regular training in lead-safe work practices to minimize lead exposure to themselves and their customers, and by employing at least one RRP-certified individual renovator.

According to CDPH, the new fees implemented by the program would be as follows:

1) A fee of $400 for five year accreditation of a training provider for each RRP-related class type. This fee would replace fees currently charged by EPA
2) A fee of $36 for accredited RRP training providers for each Course Completion Form submitted to verify that a student took the class and passed the exam. This would be a new fee.
3) A fee of $375 for five year certification of an RRP firm. This fee would replace fees currently charged by EPA.
4) A fee of $270 for a two year RRP certification of an individual. This would be a new fee.

Staffing and Resource Request. CDPH requests two positions and General Fund expenditure authority of $546,000. If approved, these positions and resources would support implementation of residential lead-based paint Renovation, Repair, and Painting Program required by SB 1076 (Archuleta), Chapter 507, Statutes of 2022. However, as of the publication of this agenda, CDPH has not released details of this proposal.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of this proposal.

Issue 7: Center for Health Care Quality Estimate

Center for Health Care Quality Program Estimate – May Revision. The May Revision includes expenditure authority for the Center for Health Care Quality of $481.5 million ($7.7 million General Fund, $143.1 million federal funds, and $330.7 million special funds and reimbursements) in 2022-23, an increase of $32.3 million or 7.3 percent compared to the January budget, and $462.1 million ($5.2 million General Fund, $132.6 million federal funds, and $324.3 million special funds and reimbursements) in 2023-24, an increase of $29.3 million or 6.9 percent compared to the January budget. According to CDPH, the increase in 2022-23 is attributed to an increase in federal fund authority related to various awards of funding from various federal programs, while the increase in 2023-24 is attributed primarily to various budget adjustments for staffing audits and other quality improvement measures.

CHCQ Funding Summary, November 2022 Estimate		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$7,677,000	$5,169,000
0890 – Federal Trust Fund	$143,080,000	$132,554,000
0942 – Special Deposit Fund		
Internal Departmental Quality Improvement Account	$3,686,000	$687,000
State Health Facilities Citation Penalty Account	$2,144,000	$2,144,000
Federal Health Facilities Citation Penalty Account	$7,141,000	$6,140,000
0995 – Reimbursements	$13,862,000	$14,789,000
3098 – Licensing and Certification Program Fund	$303,864,000	$300,581,000
Total CHCQ Funding	**$481,454,000**	**$462,064,000**
Total CHCQ Positions	**1536.4**	**1539.4**

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

Subcommittee Staff Comment and Recommendation—Hold Open

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

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

Issue 8: Various Technical Adjustments

Technical Adjustments – April Finance Letter and May Revision. CDPH requests the following technical adjustments at the May Revision:

- Internal Departmental Quality Improvement Account (April Finance Letter) – CDPH proposes budget bill language to authorize the Department of Finance to augment expenditure authority from the Internal Quality Improvement Account to support quality improvement activities in skilled nursing facilities, upon review of a request from CDPH. This account is supported by penalties paid by health facilities for violations that meet the definition of immediate jeopardy of death or serious harm to a patient, or administrative penalties associated with breaches of medical information.

- Information Technology, Data Science, and Informatics for a 21st Century Public Health System – CDPH proposes budget bill language to authorize General Fund augmentation of $15.9 million for planning activities associated with the Information Technology, Data Science, and Informatics for a 21st Century Public Health System proposal adopted in the 2022 Budget Act. The activities would be associated with Enterprise Planning and Strategy (Initiative 0), Dynamic Public Health Structure (Initiative 1), and Public Health Data Integration (Initiative 4). The expenditure of the funds would be contingent upon approval of enterprise planning and strategy documents by the California Health and Human Services Agency and the California Department of Technology.

- Public Health Regional Climate Planning Reversion – CDPH proposes budget bill language to specify the amounts associated with the reversion of Climate and Health Resilience Planning Grants proposed in the January budget. The language would specify reversion of General Fund expenditure authority of $1.3 million in the state operations item and $23.8 million in the local assistance item, for a total of $25 million.

- Domestic Violence Training and Education Fund Workload Adjustment – CDPH requests a net-zero shift between state operations and local assistance items of $135,000 in the Domestic Violence Training and Education Fund. These resources would fund community-based organizations and conduct community-level domestic violence primary prevention work.

- Increased Resources for the Vector-Borne Disease Section – CDPH requests expenditure authority of $68,000 from the Vectorborne Disease Account annually to right-size expenditures related to personnel who will oversee vector control technicians' certification criteria for public health pesticide applicators in California. According to CDPH, the program continues to experience increases in operational costs and expenditures, including higher employee salaries, indirect costs, and increasing overhead.

- Proposition 99 Adjustments – CDPH requests the following adjustments to accounts supported by the Proposition 99 tobacco tax:

    - Health Education Account – CDPH requests an increase of $5.3 million
    - Research Account – CDPH requests a decrease of $18,000
    - Unallocated Account – CDPH requests a decrease of $57,000

- Breast Cancer Research Account Adjustment – CDPH requests reduction in expenditure authority from the Breast Cancer Research Account of the Breast Cancer Fund of $27,000 to reflect available resources in the fund.

Subcommittee Staff Comment and Recommendation—Hold Open

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

1. Please provide a brief overview of these technical adjustments.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Wednesday, May 17, 2023
9:00 am
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt

PART B

PUBLIC COMMENT

Public Testimony Phone number: 877-226-8163

Access Code: 7362834

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.

5180 DEPARTMENT OF SOCIAL SERVICES – CHILD CARE

Issue 1: Overview of the May Revision – CDSS Child Care

Governor's May Revision—Child Care. The 2023 May Revision includes $5.6 billion ($1.9 billion General Fund) for child care and development in 2022-23, which reflects a net decrease of $801.2 million ($608.8 million General Fund decrease) from the 2023-24 Governor's Budget. The net decrease reflects adjustments to align with actual contract needs as well as a decline in CalWORKs Stage 2 and 3 caseloads.

CHILD CARE AND DEVELOPMENT

Funding (millions)	2023-24 Governor's Budget FY 2022-23	2023-24 Governor's Budget FY 2023-24	2023 May Revision FY 2022-23	2023 May Revision FY 2023-24	FY 2022-23 Change from Governor's Budget	FY 2023-24 Change from Governor's Budget	May Revision Year--to--Year Change
Total*	$6,422.8	$5,894.7	$5,621.6	$5,823.5	-$801.2	-$71.2	$201.9
Federal	3,587.0	2,890.5	3,394.6	2,622.4	-192.4	-268.0	-772.2
State	2,543.4	2,711.9	1,934.6	2,954.7	-608.8	242.8	1,020.1

*Total includes Proposition 64 Funds.

Source: CDSS

For direct service programs currently paid through the Standard Reimbursement Rate (SRR), the 2022-23 SRR is $54.93. Counties receive the greater of the SRR or the calculated Regional Market Rate (RMR) daily equivalent rate. Direct Service programs remain funded according to the SRR in all but sixteen counties in 2022-23, which are paid at an RMR equivalent rate. For voucher-based programs and direct service programs paid at an RMR equivalent rate, reimbursement levels are currently at the 75th percentile of the 2018 RMR survey.

The 2023 May Revision includes $5.8 billion ($2.9 billion General Fund) in 2023-24 for child care and development programs, which is a net decrease of $71.2 million ($242.8 million General Fund increase) from the 2023-24 Governor's Budget. The net decrease reflects a decline in CalWORKs Stage 2 and 3 caseloads and a reduction in Cost-of-Living Adjustment funding for direct service programs based on the application to contracts that serve counties on the SRR, offset by a General Fund increase due to the availability of one-time Federal COVID Relief funding in 2023-24.

Early Action Package. The May Revision reflects the recent early action package that allows CDSS to use $29.4 million in available federal funds to continue to waive family fees from July 1, 2023 to September 30, 2023, and authorizes CDSS to use roughly $169.2 million in available federal funds to provide temporary stipends to state-subsidized child care providers.

Collective Bargaining. The State continues to work with Child Care Providers United – California (CCPU) to negotiate a successor agreement to the current agreement expiring June 30, 2023.

Projected Current Year Savings for General Child Care Program. The May Revision reflects anticipated one-time 2022-23 savings of $588 million General Fund from the 2022 Budget Act, but

preserves expenditure authority should expenditures increase. These projected savings are based on estimated General Child Care expenditures that will go into contract by the end of fiscal year 2022-23.

Cost-of-Living Adjustment (COLA). The May Revision includes $183.3 million General Fund for Child Care and Development Programs and $840,000 for the Child and Adult Care Food Program to reflect a statutory COLA of 8.22 percent.

Preschool Development Grant Reimbursement Authority. The May Revision requests increased reimbursement authority of $892,000 one-time for CDSS to assist the California Health and Human Services Agency with the administration of the federal Preschool Development Grant.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of the Governor's May Revision proposals for CDSS child care.

2. Please describe the projected current year savings in the general child care program.

3. Please provide an update on the status of unspent federal relief funds for child care, including ARPA funds, in the child care budget.

Issue 2: Use of an Alternative Methodology for Child Care and Development Programs

Trailer Bill Language—Governor's May Revision. This proposal would amend various references to the regional market rate survey within the Welfare and Institutions Code (WIC) to allow the California Department of Social Services (CDSS) to proceed with developing an alternative methodology in accordance with rate reform recommendations made by the rate and quality stakeholder workgroup and the Joint Labor Management Committee (JLMC) consisting of the State and Child Care Providers United Union – California (CCPU). These amendments are necessary as existing statutes preclude CDSS from being able to adopt an alternative methodology in lieu of use of the market rate survey, in accordance with the allowance under federal regulations.

Background. Consistent with the current memorandum of understanding between the state and CCPU, and the requirements of Chapter 116, Statutes of 2021 (AB 131), the JLMC consisting of the State and CCPU presented a single rate reimbursement structure to the Department of Finance on November 14, 2022. The JLMC's joint presentation was informed by a stakeholder workgroup convened by CDSS, in consultation with the California Department of Education (CDE), in the summer and fall of 2022. The presented approach toward a future single rate structure consists of (1) an alternative methodology that considers a cost estimation model; (2) base rates; (3) incentives/enhancement rate-setting metrics; and (4) evaluation of the rate structure. The State will rely on the presented approach as it continues to develop a single rate structure.

Use of an Alternative Methodology. This proposal will amend existing statutes that require the State to conduct a market rate survey to set reimbursement rates for subsidized child care, while allowing the department to continue using the existing rate structure until an alternative methodology is developed and approved by the federal Administration for Children and Families (ACF). In doing so, this proposal lays the groundwork to move toward a single rate structure.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide an overview of this proposal.

2. What is the department's timeframe to move toward a single rate structure?

Issue 3: Public Records Act (PRA) Exemption for CCPU Collective Bargaining

Trailer Bill Language – Governor's May Revision. This trailer bill language proposal would provide a Public Records Act (PRA) exemption for collective bargaining related to child care.

Background. Chapter 385, Statutes of 2019 (AB 378) authorized family childcare providers to form, join, and participate in the activities of an exclusive representative, as defined to collectively bargain for family childcare providers on matters related to child care subsidy programs. Chapter 116, Statutes of 2021 (AB 131) moved statute from the Education Code to Welfare and Institutions Code to effectuate the transition of child care and development programs from the California Department of Education to the Department of Social Services. Chapter 614, Statutes of 2021 (AB 473) reorganized the Public Records Act.

PRA Exemption for CCPU Collective Bargaining. According to CDSS, AB 473 did not take into account that AB 131 moved statute from Education Code to the Welfare and Institutions Code, and the Public Records Act (PRA) exemption for collective bargaining related to child care was not updated, and Government Code section 7928.405 should be amended to reference the correct statute that appropriately provides the PRA exemption for collective bargaining related to child care.

Staff Recommendation. Hold Open.

Questions. The Subcommittee requests CDSS respond to the following:

1. Please provide a brief overview of this proposal.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Tuesday, May 23rd, 2023
9:00 am
1021 O Street – Room 1200

Consultants: Elizabeth Schmitt and Scott Ogus

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ISSUES FOR VOTE ONLY

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Gender Affirming Care (SB 923)

Budget Change Proposal – Governor's Budget. CalHHS, DMHC, and DHCS requests a total of 16 positions and expenditure authority of $4.3 million ($1.7 million General Fund, $1.3 million federal funds, and $1.2 million Managed Care Fund) in 2023-24, 18.5 positions and expenditure authority of $5.3 million ($1.8 million General Fund, $1.8 million federal funds, and $1.7 million Managed Care Fund) in 2024-25, 20.5 positions and expenditure authority of $4.4 million ($1 million General Fund, $1 million federal funds, and $2.3 million Managed Care Fund) in 2025-26, 20.5 positions and expenditure authority of $3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.3 million Managed Care Fund) in 2026-27, and 20 positions and expenditure authority of 3.8 million ($788,000 General Fund, $787,000 federal funds, and $2.2 million Managed Care Fund) annually thereafter. If approved, these positions and resources would allow CalHHS, DMHC and DHCS to implement reforms to improve cultural competence for health plan staff and access to care for transgender, gender diverse, or intersex (TGI) health care services, pursuant to the requirements of SB 923 (Wiener), Chapter 822, Statutes of 2022.

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

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$400,000	$-
Total Funding Request:	**$400,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary (DMHC)		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$1,196,000	$1,732,000
Total Funding Request:	**$1,196,000**	**$1,732,000**
Total Requested Positions:	**5.0**	**7.5**

***** Additional fiscal year resources requested: 2025-26: 7.5 positions and $1,732,000; 2026-27: 9.5 positions and $2,284,000; 2027-28: 9.5 positions and $2,251,000; 2028-29 and ongoing: 9 positions and $2,233,000.

Program Funding Request Summary (DHCS)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,348,000	$1,785,000
0890 – Federal Trust Fund	$1,348,000	$1,785,000

Total Funding Request:	**$2,696,000**	**$3,570,000**
Total Requested Positions:	**11.0**	**11.0**

***** Additional fiscal year resources requested: 2025-26: $1,035,000; 2026-27 and ongoing: $1,575,000. Positions ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd and May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES

Issue 2: State Council on Developmental Disabilities – Reimbursement Authority Increase

Reimbursement Authority Increase—May Revision. The State Council on Developmental Disabilities (SCDD) proposes to increase reimbursement authority by $106,000 on a one-time basis to provide sufficient expenditure authority for a contract with the University of Southern California's University Center for Excellence in Developmental Disabilities (USC UCEDD).

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 3: State Council on Developmental Disabilities – Reappropriation of Federal Funds

Reappropriation of Federal Funds and Reimbursements—May Revision. SCDD requests Item 4100-491 be added to reappropriate up to $232,000 from Item 4100-001-0890, Budget Act of 2020, and up to $365,000 from Item 4100-001-0001, Budget Act of 2022. This will allow the Council to fully expend the vaccine access grant provided by the federal Administration for Community Living and the Centers for Disease Control, as well as the wildfire relief grant funded by the California Community Foundation

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 4: EMS Personnel Human Trafficking Training Implementation (AB 2130)

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $84,000 in 2023-24 through 2025-26. If approved, these resources would allow EMSA to coordinate and support implementation of emergency medical technician and paramedic training on human trafficking, pursuant to the requirements of AB 2130 (Cunningham), Chapter 256, Statutes of 2022.

Program Funding Request Summary

Fund Source	2023-24	2024-25*
0001 – General Fund	$84,000	$84,000
Total Funding Request:	**$84,000**	**$84,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $84,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

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

Issue 5: Transfer Administration for Affordable Drug Manufacturing Act (SB 852)

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

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

* Position and resources ongoing after 2024-25.

Program Funding Request Summary - HCAI		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,184000	$184,000
Total Funding Request:	**$1,184,000**	**$184,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 6: Skilled Nursing Facilities: Backup Power Source (AB 2511)

Budget Change Proposal – Governor's Budget. HCAI requests six positions and expenditure authority from the Hospital Building Fund of $1.5 million annually. If approved, these positions and resources would oversee implementation of requirements that skilled nursing facilities maintain alternative power sources in the event of a power outage, pursuant to AB 2511 (Irwin), Chapter 788, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0121 – Hospital Building Fund	$1,452,000	$1,452,000
Total Funding Request:	**$1,452,000**	**$1,452,000**
Total Requested Positions:	**6.0**	**6.0**

* Positions and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 7: Hospitals: Seismic Safety (SB 1882)

Budget Change Proposal – Governor's Budget. HCAI requests one position and expenditure authority from the Hospital Building Fund of $120,000 annually. If approved, this position and resources would allow HCAI to identify on its website hospital buildings that may not be repairable or functional following an earthquake, pursuant to the requirements of AB 1882 (Rivas), Chapter 584, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0121 – Hospital Building Fund	$120,000	$120,000
Total Funding Request:	**$120,000**	**$120,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 8: Abortion Practical Support Fund (SB 1142)

Budget Change Proposal – Governor's Budget. HCAI requests General Fund expenditure authority of $100,000 annually until 2027-28. If approved, these resources would allow HCAI to contract with an external organization to conduct annual evaluations of the Abortion Practical Support Fund, pursuant to the requirements of SB 1142 (Caballero), Chapter 566, Statutes of 2022.

Program Funding Request Summary

Fund Source	2023-24	2024-25*
0001 – General Fund	$100,000	$100,000
Total Funding Request:	**$100,000**	**$100,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing until 2027-28.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 9: Information Security Resources

Budget Change Proposal – Governor's Budget. DMHC requests five positions and expenditure authority from the Managed Care Fund of $3.5 million in 2023-24, $3.4 million in 2024-25, $3.5 million in 2025-26, $3.5 million in 2026-27, and $3.6 million annually thereafter. If approved, these positions and resources would allow DMHC address critical information technology (IT) gaps, develop a roadmap for implementing and maintaining required IT security, remediate recent audit findings, assist with security monitoring and enhancement, and achieve alignment with statewide security planning efforts.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$3,459,000	$3,432,000
Total Funding Request:	**$3,459,000**	**$3,432,000**
Total Requested Positions:	**5.0**	**5.0**

* Additional fiscal year resources requested: 2025-26: $3,467,000; 2026-27: $3,482,000; 2027-28 and ongoing: $3,608,000.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation— Approve as budgeted. No concerns have been raised with this proposal.

Issue 10: Office of Legal Services – Department of Justice (DOJ) Legal Fees

Budget Change Proposal – Governor's Budget. DMHC requests expenditure authority from the Managed Care Fund of $400,000 annually. If approved, these resources would support legal representation by the California Attorney General's Office in litigation to which DMHC is a party or in which DMHC is called as a witness.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0933 – Managed Care Fund	$400,000	$400,000
Total Funding Request:	**$400,000**	**$400,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation— Approve as budgeted. No concerns have been raised with this proposal.

Issue 11: Office of Financial Review Workload

Budget Change Proposal – Governor's Budget. DMHC requests 14.5 positions and expenditure authority from the Managed Care Fund of $2.7 million in 2023-24 and $2.6 million annually thereafter. If approved, these positions and resources would allow DMHC to conduct more frequent financial examinations of health plans and risk-bearing organizations and to address additional workload related to an increase in licensed health plans.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$2,676,000	$2,553,000
Total Funding Request:	**$2,676,000**	**$2,553,000**
Total Requested Positions:	**14.5**	**14.5**

* Positions and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 12: Health Care Coverage: Abortion Services Cost Sharing (SB 245)

Budget Change Proposal – Governor's Budget. DMHC requests expenditure authority from the Managed Care Fund of $499,000 in 2023-24 and $483,000 in 2024-25 through 2027-28. If approved, these resources would allow DMHC to develop legal memoranda and regulations related to the prohibition on cost-sharing or utilization management for abortion and abortion-related services pursuant to SB 245 (Gonzalez), Chapter 11, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$499,000	$483,000
Total Funding Request:	**$499,000**	**$483,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26 through 2027-28: $483,000.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 13: Health Care Coverage: Mental Health and Substance Use Disorders (AB 2581)

Budget Change Proposal – Governor's Budget. DMHC requests 0.5 position and expenditure authority from the Managed Care Fund of $27,000 in 2023-24, $186,000 in 2024-25, and $177,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with mental health and substance use disorder provider credentialing requirements, pursuant to AB 2581 (Salas), Chapter 533, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$27,000	$186,000
Total Funding Request:	**$27,000**	**$186,000**
Total Requested Positions:	**0.5**	**0.5**

*Additional fiscal year resources requested – 2025-26 and ongoing: $177,000.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 14: Health Care Coverage: Prescription Drugs (AB 2352)

Budget Change Proposal – Governor's Budget. DMHC requests two positions and expenditure authority from the Managed Care Fund of $343,000 in 2023-24, 323,000 in 2024-25, and $333,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with requirements to provide information to enrollees about prescription drug benefits, pursuant to AB 2352 (Nazarian), Chapter 590, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$343,000	$323,000
Total Funding Request:	**$343,000**	**$323,000**
Total Requested Positions:	**2.0**	**2.0**

* Additional fiscal year resources requested – 2025-26 and ongoing: $333,000.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 15: Health Information (SB 1419)

Budget Change Proposal – Governor's Budget. DMHC requests three positions and expenditure authority from the Managed Care Fund of $572,000 in 2023-24 and $547,000 annually thereafter. If approved, these positions and resources would allow DMHC to ensure health plan compliance with health information application programming interface (API) requirements, pursuant to SB 1419 (Becker), Chapter 888, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$572,000	$547,000
Total Funding Request:	**$572,000**	**$547,000**
Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 16: Health Care Service Plans: Discipline: Civil Penalties (SB 858)

Budget Change Proposal – Governor's Budget. DMHC requests 40.5 positions and expenditure authority from the Managed Care Fund of $12.6 million in 2023-24, $9.5 million in 2024-25, $9.6 million in 2026-27, $9.7 million in 2027-28, and $9.7 million annually thereafter. If approved, these positions and resources would allow DMHC to implement revision of administrative and civil penalty provisions of the Knox-Keene Act, pursuant to the provisions of SB 858 (Wiener), Chapter 985, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$12,570,000	$9,510,000
Total Funding Request:	**$12,570,000**	**$9,510,000**
Total Requested Positions:	**40.5**	**40.5**

* Additional fiscal year resources requested – 2025-26: $9,562,000; 2026-27: $9,618,000; 2027-28: $9,678,000; 2028-29 and ongoing: $9,715,000

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 17: Add Position Authority for Workload Funded in the Governor's Budget

Budget Change Proposal – April Finance Letter. DMHC requests 18.5 positions, supported with resources requested in other January budget proposals. If approved, these positions would support closing

information technology gaps, and conducting investigations and more frequent financial examinations for risk bearing organizations.

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

* Positions ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 18: Augment Behavioral Health Focused Investigations Workload

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

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

* Positions and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 19: Technical Adjustment Position Display Error

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

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0933 – Managed Care Fund	$-	$-

Total Funding Request:	**$-**	**$-**
Total Requested Positions:	**(62.6)**	**0.0**

This issue was heard by the subcommittee during its hearing on May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 20: Mandatory Use of Standardized Forms for Oversight

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

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

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

This issue was heard by the subcommittee during its hearing on May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill** consistent with the Administration's proposal**.** No concerns have been raised with this proposal.

Issue 21: Withdrawal of Duplicate Enforcement Investigation and eDiscovery Software Application

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

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

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

This issue was heard by the subcommittee during its hearing on May 4th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with withdrawing this January budget proposal.

4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

Issue 22: Health Insurance Counseling and Advocacy Program Modernization

Budget Change Proposal – Governor's Budget. The California Department of Aging (CDA) requests a one-time authority increase of $1.819 million from the Health Insurance Counseling and Advocacy Program (HICAP) Special Fund to continue to support HICAP modernization efforts, including increased funding for local HICAPs.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 23: Administrative Efficiencies for Area Agency on Aging Funding

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 24: CalFresh Healthy Living Program Expansion

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 25: Statewide No Wrong Door Assessment

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 26: Health Care Coverage: Contraceptives (SB 523)

Budget Change Proposal – Governor's Budget. DHCS requests three positions and expenditure authority of $455,000 ($228,000 General Fund and $227,000 federal funds) in 2023-24 and $428,000 ($214,000 General Fund and $214,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to identify contraceptive-related services that must be carved out of managed care and into a fee-for-service, state-only program, due to unavailability of federal matching funds, consistent with the requirements of the Contraceptive Equity Act of 2022, SB 523 (Leyva), Chapter 630, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$228,000	$214,000
0890 – Federal Trust Fund	$227,000	$214,000
Total Funding Request:	**$455,000**	**$428,000**
Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 27: California Cancer Care Equity Act (SB 987)

Budget Change Proposal – Governor's Budget. DHCS requests three positions and expenditure authority of $1.1 million ($458,000 General Fund and $604,000 federal funds) in 2023-24, $726,000 ($292,000 General Fund and $434,000 federal funds) in 2024-25 through 2026-27, and $581,000 ($219,000 General Fund and $362,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to ensure Medi-Cal managed care plans make good faith efforts to

contract with cancer centers or related programs, pursuant to the requirements of SB 987 (Portantino), Chapter 608, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$458,000	$292,000
0890 – Federal Trust Fund	$604,000	$434,000
Total Funding Request:	**$1,062,000**	**$726,000**
Total Requested Positions:	**3.0**	**3.0**

* Additional fiscal year resources requested – 2025-26 and 2026-27: $726,000; 2027-28 and ongoing: $581,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal

Issue 28: Maternal and Pandemic-Related Mental Health Conditions (SB 1207)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $310,000 ($155,000 General Fund and $155,000 federal funds) in 2023-24 and $292,000 ($146,000 General Fund and $146,000 federal funds) annually thereafter. If approved, these positions and resources would allow DHCS to expand requirements for Medi-Cal managed care plans to develop a maternal mental health program, pursuant to SB 1207 (Portantino), Chapter 618, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$155,000	$146,000
0890 – Federal Trust Fund	$155,000	$146,000
Total Funding Request:	**$310,000**	**$292,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 29: Community Assistance, Recovery, and Empowerment (CARE) Act

Budget Change Proposal – Governor's Budget. DHCS requests two positions and General Fund expenditure authority of $5 million annually. If approved, these positions and resources would support implementation of the Community Assistance, Recovery, and Empowerment (CARE) Court Supporter Programs, pursuant to SB 1338 (Umberg and Eggman), Chapter 319, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$5,000,000	$5,000,000
Total Funding Request:	**$5,000,000**	**$5,000,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 30: Enhanced Lanterman-Petris-Short Act Data and Reporting (SB 929)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests ten positions and expenditure authority of $2.4 million ($1.2 million General Fund and $1.2 million federal funds) in 2023-24 and $1.6 million ($780,000 General Fund and $780,000 federal funds) annually thereafter. If approved, these positions and resources would support expansion of data collection and reporting requirements for involuntary detentions under the Lanterman-Petris-Short (LPS) Act, pursuant to the requirements of SB 929 (Eggman), Chapter 539, Statutes of 2022.

DHCS also proposes trailer bill language to require treatment facilities to report expanded LPS data to counties, instead of directly to DHCS, and impose civil money penalties for non-compliance with data reporting requirements.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,200,000	$780,000
0890 – Federal Trust Fund	$1,200,000	$780,000
Total Funding Request:	**$2,400,000**	**$1,560,000**
Total Requested Positions:	**10.0**	**10.0**

***** Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill language** consistent with the Administration's proposal.

Issue 31: Care Coordination for Individuals Exiting Temporary Holds/Conservatorships (AB 2242)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $304,000 ($152,000 General Fund and $152,000 federal funds) in 2023-24 and $286,000 ($143,000 General Fund and $143,000 federal funds) annually thereafter. If approved, these positions and resources would support a statewide model care coordination plan for implementation by all facilities designated by counties and approved by DHCS for involuntary detainment, evaluation, and treatment of adults and minors, pursuant to the requirements of AB 2242 (Santiago), Chapter 867, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$152,000	$143,000
0890 – Federal Trust Fund	$152,000	$143,000
Total Funding Request:	**$304,000**	**$286,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 32: Medi-Cal Managed Care Plans – Mental Health Benefits (SB 1019)

Budget Change Proposal – Governor's Budget. DHCS requests five positions and expenditure authority of $1.4 million ($722,000 General Fund and $721,000 federal funds) in 2023-24 and $2.1 million ($1 million General Fund and $1 million federal funds) annually thereafter. If approved, these positions and resources would support annual mental health benefits outreach and education requirements by Medi-Cal managed care plans, pursuant to SB 1019 (Gonzalez), Chapter 879, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$722,000	$1,049,000
0890 – Federal Trust Fund	$721,000	$1,049,000
Total Funding Request:	**$1,443,000**	**$2,098,000**
Total Requested Positions:	**5.0**	**5.0**

***** Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 33: Public Social Services – Hearings (AB 1355)

Budget Change Proposal – Governor's Budget. DHCS requests two positions and expenditure authority of $523,000 ($193,000 General Fund and $330,000 federal funds) in 2023-24 and $505,000 ($187,000 General Fund and $318,000 federal funds) annually thereafter. If approved, these positions and resources would provide clinical and legal expertise in reviewing proposed State Fair Hearing decisions, and assist the director in drafting alternative decisions, as required by AB 1355 (Levine), Chapter 944, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$193,000	$187,000
0890 – Federal Trust Fund	$330,000	$318,000
Total Funding Request:	**$523,000**	**$505,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 34: Behavioral Health Federal Funds Adjustment

Technical Adjustment – May Revision. DHCS requests federal fund expenditure authority of $21.1 million in 2023-24. If approved, these resources would allow DHCS to administer the following grants:

- Item 4260-115-0890 - $15,209,000 to support an increase in the federal Community Mental Health Services Block Grant awarded in 2022-23.
- Item 4260-116-0890 - $5,848,000 to support an increase in the federal Substance Abuse Prevention and Treatment Block Grant awarded in 2022-23.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4265 DEPARTMENT OF PUBLIC HEALTH

Issue 35: California Immunization Registry (AB 1797)

Budget Change Proposal – Governor's Budget. CDPH requests three positions and General Fund expenditure authority of $915,000 in 2023-24 and $453,000 annually thereafter. If approved, these positions and resources would allow CDPH to ensure health care providers and agencies provide required information to, and certain education and human services entities have access to, the California Immunization Registry (CAIR), pursuant to AB 1797 (Weber), Chapter 582, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$915,000	$453,000
Total Funding Request:	**$915,000**	**$453,000**

Total Requested Positions:	**3.0**	**3.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 36: BabyBIG Infant Botulism Treatment and Prevention Program

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Infant Botulism Treatment and Prevention Fund of $7.4 million in 2023-24, $11.6 million in 2024-25, $7 million in 2025-26, $4.9 million in 2026-27, and $3.9 million annually thereafter. If approved, these resources would allow CDPH to meet manufacturing costs associated with the production of the most recent lot of its licensed orphan drug, BabyBIG (Human Botulism Immune Globulin), the only treatment for infant botulism.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0272 – Infant Botulism Treatment and Prevention Fund	$7,400,000	$11,600,000
Total Funding Request:	**$7,400,000**	**$11,600,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $7,000,000; 2026-27: $4,900,000; 2027-28 and ongoing: $3,900,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 37: Licensure of Clinical Lab Geneticists and Clinical Reproductive Biologists (SB 1267)

Budget Change Proposal – Governor's Budget. CDPH requests one position and expenditure authority from the Clinical Laboratory Improvement Fund of $210,000 in 2023-24 and $176,000 annually thereafter. If approved, this position and resources would allow CDPH to implement the licensure of clinical laboratory geneticists and clinical reproductive biologists, pursuant to SB 1267 (Pan), Chapter 473, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0098 – Clinical Laboratory Improvement Fund	$210,000	$176,000
Total Funding Request:	**$210,000**	**$176,000**
Total Requested Positions:	**1.0**	**1.0**

* Position and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 38: CA Integrated Vital Records System Upgrades for Death Certificate Content (AB 2436)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $563,000 in 2023-24. If approved, these resources would allow CDPH to make changes to information on death certificates, pursuant to AB 2436 (Bauer-Kahan), Chapter 966, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$563,000	$-
Total Funding Request:	**$563,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 39: Extreme Heat – Statewide Extreme Heat Ranking System (AB 2238)

Budget Change Proposal – Governor's Budget. CDPH requests two positions and General Fund expenditure authority of $369,000 annually. If approved, these positions and resources would support creation of a statewide extreme heat ranking system, including a public communication plan, statewide guidance for preparing and planning for extreme heat events, and recommendations on local heat adaptation, preparedness and resilience measures, pursuant to the requirements of AB 2238 (Luz Rivas), Chapter 264, Statues of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$369,000	$369,000
Total Funding Request:	**$369,000**	**$369,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 40: Childhood Drowning Data Collection Pilot Program (SB 855)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $260,000 in 2023-24, $632,000 in 2024-25 and 2025-26, and $316,000 in 2026-27. If approved, these

resources would allow CDPH to establish and administer a three-year Childhood Drowning Data Collection Pilot Program pursuant to SB 855 (Newman), Chapter 817, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$260,000	$632,000
Total Funding Request:	**$260,000**	**$632,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $632,000, 2026-27: $316,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 41: Restroom Access – Medical Conditions (AB 1632)

Budget Change Proposal – Governor's Budget. CDPH requests nine positions and General Fund expenditure authority of $1.4 million annually. If approved, these positions and resources would support creation of a new program to implement and oversee appropriate access to restrooms in places of business for certain medical conditions, pursuant to the requirements of AB 1632 (Weber), Chapter 893, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,426,000	$1,426,000
Total Funding Request:	**$1,426,000**	**$1,426,000**
Total Requested Positions:	**9.0**	**9.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 42: Reduction of Human Remains and the Disposition of Reduced Human Remains (AB 351)

Budget Change Proposal – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $357,000 in 2023-24, $403,000 in 2024-25, $335,000 in 2025-26, and $193,000 annually thereafter. If approved, these position and resources would support adoption of rules and regulations prescribing standards for human reduction chambers, pursuant to the provisions of AB 351 (Cristina Garcia), Chapter 399, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$357,000	$403,000
Total Funding Request:	**$357,000**	**$403,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested – 2025-26: $335,000, 2026-27 and ongoing: $193,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 43: Recreational Water Use – Regulation of Wave Basins (AB 2298)

Budget Change Proposal – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $193,000 in 2023-24, $290,000 in 2024-25 and 2025-26, $380,000 in 2026-27, and $193,000 annually thereafter. If approved, these position and resources would support adoption of regulations on the sanitation and safety of wave basins, pursuant to the provisions of AB 2298 (Mayes), Chapter 461, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$193,000	$290,000
Total Funding Request:	**$193,000**	**$290,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested – 2025-26: $290,000, 2026-27: $380,000, 2027-28 and ongoing: $193,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 44: Limited Podiatric Radiography Permit (AB 1704)

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $425,000 in 2023-24. If approved, these resources would support implementation of a new limited podiatric radiography permit, pursuant to the requirements of AB 1704 (Chen), Chapter 580, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$425,000	$-
Total Funding Request:	**$425,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 45: Facilitating Projects to Benefit Nursing Home Residents – Federal Penalties Account

Budget Change Proposal and Trailer Bill Language – Governor's Budget. CDPH requests expenditure authority from the Federal Health Facilities Citation Penalties Account of $5 million in 2023-24, $5 million in 2024-25, and $3 million in 2025-26. If approved, these resources would support projects benefitting nursing home residents. CDPH also requests provisional budget bill language allowing for encumbrance and expenditure through June 30, 2027, and trailer bill language to eliminate the cap on funding for projects from the Federal Health Facilities Citation Penalties Account.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0942 – Federal Health Facilities Citation Penalties Acct.	$5,000,000	$5,000,000
Total Funding Request:	**$5,000,000**	**$5,000,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resource requested – 2025-26: $3,000,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill language.** No concerns have been raised with this proposal.

Issue 46: SNFs Change of Ownership and Change of Management Application (AB 1502)

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Licensing and Certification Fund of $286,000 annually for three years. If approved, these resources would support implementation of new licensing requirements following changes in ownership or management of skilled nursing facilities, pursuant to AB 1502 (Muratsuchi), Chapter 578, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$286,000	$286,000
Total Funding Request:	**$286,000**	**$286,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $286,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 47: Hospice Facility Licensure and Oversight (AB 2673)

Budget Change Proposal – Governor's Budget. CDPH requests three positions and expenditure authority from the Licensing and Certification Fund of $926,000 in 2023-24, $759,000 in 2024-25, $698,000 in 2025-26, and $615,000 annually thereafter. If approved, these positions and resources would support implementation of hospice facilities licensing requirements, pursuant to AB 2673 (Irwin), Chapter 797, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$926,000	$759,000
Total Funding Request:	**$926,000**	**$759,000**
Total Requested Positions:	**3.0**	**3.0**

* Additional fiscal year resources requested – 2025-26: $698,000, 2026-27 and ongoing: $615,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 48: Gender Affirming Health Care (SB 107)

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Licensing and Certification Fund of $321,000 annually for three years. If approved, these resources would expand protections for a child receiving gender-affirming health care under the Confidentiality of Medical Information Act (CMIA), pursuant to SB 107 (Wiener), Chapter 810, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3098 – Licensing and Certification Fund	$321,000	$321,000
Total Funding Request:	**$321,000**	**$321,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $321,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 49: Industrial Hemp Licensing and Compliance Program Reappropriation

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

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 50: Protecting Children from the Damaging Effects of Lead Exposure

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

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

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

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted.

Issue 51: Skilled Nursing Facility Staffing Requirements Compliance (AB 81) Technical Adjustment

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

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

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

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 52: Protective Proceedings (AB 1663)

Budget Change Proposal- Governor's Budget. DDS requests $1.5 million ($1.2 million General Fund) in 2023-24 and 2024-25 and six (6.0) permanent positions, and $1.2 million ($1.0 million General Fund) beginning in 2025-26 and ongoing, to address the requirements of Chapter 894, Statutes of 2022 (AB 1663), which revises various procedures in the conservatorship process.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 53: Disparities within the Developmental Services System (AB 1957)

Budget Change Proposal – Governor's Budget. DDS requests $2.7 million ($1.8 million General Fund) annually through fiscal year 2025-26 and three permanent positions and $450,000 ($360,000 General Fund) ongoing to address the requirements of Chapter 314, Statutes of 2022 (AB 1957). The statutory changes require specified public reporting on Individual Program Plans and purchase of services (POS) for individuals with intellectual and developmental disabilities.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 54: Reduced Caseload Ratio for Children Ages 0-5

Governor's Budget. DDS proposes $102.1 million ($68.5 million General Fund) to reflect updated caseload estimates and a revised methodology to support reduced caseload ratios of 1:40 for children ages 0-5. This adjustment is driven by an updated coordinator cost assumption and an increase of approximately 15,000 children. DDS estimates the 0-5 caseload reaching approximately 106,000 children in 2023-24.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 55: Rate Adjustments for Mileage

Governor's Budget. DDS proposes a $10.1 million ($6 million General Fund) increase of ongoing funding to adjust service provider rates for mileage based on updates to the federal Internal Revenue Service mileage rate.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 56: Porterville Developmental Center Facility Support

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 57: DDS Headquarters Position Authority

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing. Note that the request is only for position authority. The department has identified existing funding for these positions.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 58: State-Operated Facilities Enhanced Federal Funding

State-Operated Facilities Enhanced Federal Funding - May Revision. DDS requests that Item 4300-001-0001 be decreased by $681,000 and reimbursements by increased by $681,000 one-time to reflect the estimated receipt of additional federal funds associated with the final extension of the federal public health emergency related to the COVID-19 Pandemic.
This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 59: Regional Centers Provisional Eligibility for Ages 0-2

Regional Centers Provisional Eligibility for Ages 0-2 – May Revision. DDS requests that Item 4300-101-0001 be decreased by $13 million and reimbursements be increased by $13 million to reflect General Fund savings due to the anticipated approval of a federal waiver for services provided to children ages zero to four who are determined provisionally eligible for full services provided through the Lanterman Developmental Disabilities Services Act. This proposal includes trailer bill language.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 60: Regional Centers Caseload and Utilization Update

Regional Centers–Caseload and Utilization: May Revision. DDS requests that Item 4300-101-0001 be decreased by $5,375,000 and reimbursements be decreased by $197,027,000 ongoing. These adjustments reflect updated expenditure estimates in operations and purchase of services driven by caseload and

utilization. The majority of the decrease in reimbursements is attributed to one-time technical cleanup shifting estimated General Fund reimbursements related to Service Provider Rate Reform to estimated Home and Community-Based Services American Rescue Plan Fund reimbursements. It is also requested that Item 4300-101-0890 be increased by $3,412,000 ongoing. This adjustment reflects receipt of increased federal grant funding to support the Early Start program.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 61: Regional Centers Enhanced Federal Funding

Regional Centers Enhanced Federal Funding - May Revision. DDS requests that Item 4300-101-0001 be decreased by $71,950,000 and reimbursements be increased by $71,950,000 one-time to reflect the estimated receipt of additional federal funds associated with the final extension of the federal public health emergency related to the COVID-19 Pandemic.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 62: Regional Centers Minimum Wage Adjustments

Regional Centers Minimum Wage Adjustments – May Revision. DDS requests that Item 4300-101-0001 be decreased by $657,000 and reimbursements be decreased by $358,000 ongoing to reflect updated expenditure estimates associated with the projected increase in the statewide minimum wage on January 1, 2024.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 63: General Fund Loan Authority

General Fund Loan Authority – May Revision. DDS requests that Provision 2 of Item 4300-101-0001 be amended to change General Fund loan authority from $1,233,464,000 to $1,239,880,000 to reflect revised estimates regarding federal reimbursements.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 64: Regional Center Operations Policy Update

Regional Center Operations Policy Update- May Revision. DDS proposes $11.6 million ($8.4 million General Fund) to update service coordinators' and supervisors' salaries to the state equivalent salary level in Enhanced Service Coordination, Performance Incentives, and Early Start Eligibility.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 65: START Training

START Training – May Revision. DDS requests $330,000 ($231,000 General Fund) for service provider network fees supporting the certified Systemic, Therapeutic, Assessment, Resources and Treatment (START) teams.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 66: HCBS Final Rule Directive Authority Cross-Reference Correction

Trailer Bill Language – May Revision. This trailer bill language makes a technical change to update the department's ability to adopt regulations to implement and comply with the Home and Community-Based Services (HCBS) Final Rule.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION

Issue 67: Information Technology and Security Unit

Budget Change Proposal – Governor's Budget. MHSOAC requests two positions and expenditure authority from the Mental Health Services Fund of $435,000 annually. If approved, these positions and resources would support creation of an Information Technology (IT) and Security unit to address increased IT and security workload.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3085 – Mental Health Services Fund	$435,000	$435,000
Total Funding Request:	**$435,000**	**$435,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 68: Reappropriations – Allcove, Early Psychosis Intervention, and Mental Health Wellness

Reappropriation – Governor's Budget and April Finance Letter. MHSOAC requests reappropriation of the following previously authorized expenditures:

Allcove Youth Drop-In Centers Program – MHSOAC requests reappropriation of up to $2 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Allcove Youth Drop-In Centers Program.

The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of $15 million, available for four years, for a grant program to establish youth drop-in centers that provide integrated mental health services for individuals between 12 and 25 years of age and their families, with a focus on vulnerable and marginalized youth and disparity populations including, but not limited to, LGBTQ, homeless, and indigenous youth. According to MHSOAC, the program experienced delays related to transfer of the trademark for "Allcove" from the Center for Youth and Mental Health and Wellbeing at Stanford University, which developed the Allcove model as an integrated mental health youth drop-in center designed by youth and for youth. Due to these delays, MHSOAC requests reappropriation of up to $2 million of the original 2019 Budget Act appropriation.

Early Psychosis Intervention Plus Program – MHSOAC requests reappropriation of $1.7 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2019 Budget Act, to support the Early Psychosis Intervention Plus Program.

The 2019 Budget Act included expenditure authority from the Mental Health Services Fund of $20 million in 2019-20 to support the Early Psychosis Intervention (EPI) Plus program, established by AB 1315 (Mullin), Chapter 414, Statutes of 2017, but never previously funded. The EPI Plus program administers competitive grants for counties to expand access to evidence-based early psychosis and mood disorder detection and intervention services for transition-aged youth and young adults at high risk for, or experiencing, psychotic symptoms. According to MHSOAC, program grantee implementation was delayed due to the impact of the COVID-19 public health emergency. As a result, MHSOAC requests reappropriation of up to $1.7 million from the original 2019 Budget Act appropriation.

Mental Health Wellness Program – MHSOAC requests reappropriation of a total of $16.5 million of expenditure authority from the Mental Health Services Fund, previously authorized in the 2017 Budget Act, 2019 Budget Act, and 2020 Budget Act, to support the Mental Health Wellness Program.

The Investment in Mental Health Wellness Act of 2013 authorized Mental Health Service Fund expenditure authority of $32 million annually to add 600 triage personnel in select rural, urban, and suburban regions. The 2016 Budget Act included an additional $3 million to provide a complete continuum of crisis intervention services and supports for children age 21 and under and their families

and caregivers. Triage personnel provide intensive case management and linkage to services for individuals with mental health disorders at various points of access. Targeted case management services may be provided face to face, by telephone, or by telehealth with the individual in need of assistance or his or her significant support person, and may be provided anywhere in the community. These service activities may include, but are not limited to: 1) communication, coordination, and referral; 2) monitoring service delivery to ensure the individual accesses and receives services; 3) monitoring the individual's progress; 4) providing placement service assistance and service plan development. The 2018 Budget Act reduced the annual triage program allocation to $20 million annually.

According to MHSOAC, the triage program, know referred to as the Mental Health Wellness Program, received additional program flexibility in SB 184 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2022, due to delays related to the COVID-19 pandemic. MHSOAC requests reappropriation of ongoing funding authorized in the 2017, 2019, and 2020 Budget Acts to expand hospital emergency psychiatric assessment, treatment, and healing units which reduce unnecessary emergency department utilization and hospitalizations.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with these proposals.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Issue 69: Reappropriation of Greenhouse Gas Reduction Funds for Low-Income Weatherization Program

Reappropriation of Greenhouse Gas Reduction Funds for Low-Income Weatherization Program-May Revision. Department of Community Services and Development (CSD) requests that Item 4700-492 be added to extend the liquidation period for encumbrances from Item 4700-101-3228, Budget Act of 2019, by an additional year to June 30, 2024. This will allow the Department to complete existing projects in the Low-Income Weatherization Program funded by this appropriation.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

5160 DEPARTMENT OF REHABILITATION

Issue 70: Disability Innovation Fund – California Subminimum Wage to CIE Project

Budget Change Proposal – April Finance Letter. The Department of Rehabilitation (DOR) requests $11.2 million in federal fund authority over four years (approximately $2.8 million each year through 2026-27) to perform project activities and provide program oversight for the California Subminimum

Wage to Competitive Integrated Employment Project (CSP). The CSP will provide a comprehensive set of interventions and supports to increase competitive integrated employment outcomes, economic self-sufficiency, independence, and inclusion for individuals with the most significant disabilities currently in, or contemplating entering into, subminimum wage employment. This federal grant from the Disability Innovation Fund does not require a state match. In addition, the Department is requesting provisional language to make the grant funds available for encumbrance or expenditure through September 30, 2027.

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 71: Additional Federal Fund Authority for the Vocational Rehabilitation Program

Budget Change Proposal – May Revision. The Department of Rehabilitation requests an increase of $180 million in federal fund authority over the next three fiscal years ($60 million each year beginning in 2023-24 through 2025-26) to provide additional Vocational Rehabilitation (VR) services to individuals with disabilities to achieve competitive integrated employment, independent living, and equality. This request does not require additional General Fund.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 72: AB 2832 - Whole Child Community Equity

Budget Change Proposal – Governor's Budget. California Department of Social Services (CDSS) requests $549,000 General Fund in 2022-23 and $535,000 General Fund ongoing for one (1.0) Associate Governmental Program Analyst, one (1.0) Staff Services Manager I (Specialist), and one (1.0) Research Data Specialist II to support the development of the Whole Child Equity Framework and Whole Child Community Equity Screening Tool, mandated by Chapter 699, Statutes of 2022 (AB 2832). The framework and screening tool will utilize community-level data to target efforts toward the communities with the highest needs.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 73: CalFresh Employment and Training Increased Engagement and Technical Assistance

Budget Change Proposal – Governor's Budget. CDSS requests eight federally funded positions totaling $1.4 million to sustain the department's oversight of the CalFresh Employment and Training (CalFresh E&T) program and expand program access in compliance with federal law.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 74: CalWORKs Pregnancy and Homeless Assistance Implementation (SB 1083)

Budget Change Proposal – Governor's Budget. CDSS requests $524,000 general fund in 2023-24 and $510,000 ongoing for two Associate Governmental Program Analysts (AGPAs) and one (1.0) Staff Services Manager I (SSM I) to implement the policy changes associated with SB 1083 (Chapter 715, Statutes of 2022), and to provide ongoing county technical assistance and oversight of the new requirements within the Homeless Assistance (HA) program.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 75: AB 2806 - Childcare and developmental services: preschool: expulsion and suspension

Budget Change Proposal – Governor's Budget. AB 2806 (McCarty, 2022) made statutory changes to requirements related to child care expulsion, suspension, and mental health consultation. CDSS requests $1.1 million ongoing for two (2.0) Associate Governmental Program Analysts, three (3.0) Staff Services Manager I (Specialists), and one (1.0) Research Data Specialist III, to support workload associated with this legislation.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 76: Veterans Foster Home Support (AB 2119)

Budget Change Proposal – Governor's Budget. CDSS requests $1.3 million in ongoing funding and eight permanent positions to implement the requirements of AB 2119, which requires medical foster homes authorized by the United States Department of Veterans Affairs (USDVA) to be licensed as medical foster homes for veterans by the Community Care Licensing Division (CCLD). CCLD requests 3.0 Licensing Program Analysts (LPA),1.0 Associate Governmental Program Analyst (AGPA), 1.0 Nurse Evaluator II (NE II), and 1.0 Research Data Analyst II (RDA II); Legal Division requests 1.0 Attorney III in the CCL Legal Policy Branch; Information Services Division (ISD) requests 1.0 Information Technology Specialist II.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 77: Safe Use of Outdoor Play Spaces

Budget Change Proposal – Governor's Budget. CDSS requests 1.0 permanent Associate Governmental Program Analyst (AGPA) to revise child care regulations to allow children with exceptional needs to use outdoor play spaces simultaneously with nondisabled children without obtaining a waiver. The AGPA would also assist with the implementation of the regulations through written directives on or before January 1, 2024, as mandated by AB 2827. CDSS requests $162,000 in 2023-34 and $149,000 ongoing for this proposal.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 78: The Foster Youth Bill of Rights Translation (AB 1735)

Budget Change Proposal – Governor's Budget. The CDSS Office of the Foster Care Ombudsperson (OFCO) requests one-time $500,000 General Fund, with $300,000 made available in 2023-24, and the remaining $200,000 budgeted in 2024-25 to translate, design, publish, and disseminate the Foster Youth Bill of Rights to counties and licensed children's residential facilities statewide as mandated by existing statute and AB 1735. The requested funding schedule will allow the OFCO to meet its obligations to engage with counties, advocates, and foster youth in the design of the materials.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 79: In-Home Supportive Services Wage Supplement

Trailer Bill Language – Governor's Budget. This trailer bill language would clarify the application of wage supplements created as a part of In-Home Supportive Services (IHSS) Memorandum of Understandings (MOUs) between counties and IHSS provider unions.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

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

Issue 80: Children's Crisis Continuum Pilot Program

Trailer Bill Language – Governor's Budget. This proposed trailer bill language would extend the timeframe for the implementation of the Children's Crisis Continuum Pilot Program for five years from the date grant recipients are selected.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

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

Issue 81: Home Safe Program Technical Clean-Up

Trailer Bill Language – Governor's Budget. This trailer bill language makes the following technical statutory clean-up to Home Safe program statute: (1) Clarifies tribal eligibility language in tribal Home Safe programs; (2) Clarifies the definitions of "elder" and "dependent adult" to align the terms "elder" with the definition used in the Adult Protective Services (APS) program and any definition used in a tribal program for similar programs for adults experiencing abuse or neglect; and (3) Extends the sunset date for the grantee-match exemption for one-time funds from June 30, 2024 to June 30, 2025.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

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

Issue 82: Housing and Disability Advocacy Program Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes technical statutory changes to the Housing and Disability Advocacy Program (HDAP) related statute to (1) extend the sunset date for the grantee-match exemption and the waiver of the requirement to collect Interim Assistance Reimbursement (IAR) to align with the expenditure timeline of the one-time funds appropriated in 2022-23 and (2) clarify CDSS's obligation to develop regulations corresponding to the entirety of the HDAP statute.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

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

Issue 83: Bringing Families Home Program Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes technical changes to Bringing Families Home (BFH) related statute to provide equity, tribal engagement, and maximize impact of state investments towards ending homelessness. The proposed changes also align BFH statute with housing best practices, enabling CDSS to provide guidance on housing best practices that do not conflict with statute.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

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

Issue 84: Grant option for Deaf Access Program

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to allow grants as an option (in addition to contracts) for awarded Deaf Access Program funds to public agencies or private nonprofits.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

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

Issue 85: Extension of Flexibility in Allocation of Federal Refugee Resettlement Funds

Trailer Bill Language – Governor's Budget. CDSS requests trailer bill language to extend the flexibility provided in 2022 to allocate federal funds for refugee social services to private for-profit organizations. This proposal additionally requires CDSS to track report to the Legislature the funding provided to each type of service provider, and to prioritize funding qualified nonprofit organizations and counties over for-profit organizations, when practicable.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

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

Issue 86: Immigration Legal Services Clean-up

Trailer Bill Language- Governor's Budget. CDSS requests trailer bill language to make the following technical changes to immigration legal services programs: (1) Expand the types of reimbursements CDSS may fund a qualified nonprofit legal services organization for immigration related legal services; (2) Clarify the definition of "immigration benefits" related to legal services grants under the program; (3) Make non-substantive technical changes to strike out outdated language from statute.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

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

Issue 87: Home Visiting Program Pregnancy Eligibility Alignment

Trailer Bill Language – Governor's Budget. CDSS proposes clean-up trailer bill language to remove unnecessary eligibility criteria for the CalWORKs Home Visiting Program, as a result of changes enacted in 2022 that streamline CalWORKs eligibility for pregnant applicants.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

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

Issue 88: Reminder Notice of CalWORKs Redetermination

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to require a county provide an additional reminder notice to a CalWORKs recipient to complete their annual redetermination certificate for CalWORKs eligibility.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

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

Issue 89: Child Care and Development: Inter-agency contract adjustments and Preschool alignment

Trailer Bill Language – Governor's Budget. This trailer bill language would provide technical clean-up to align California State Preschool Programs (CSPP) requirements with child care and development program requirements by amending Welfare and Institutions Code 10300.5 to include authority parallel to what already exists in the Education Code for "inter-agency adjustments between different contractors with the same type of contract." This authority promotes utilization of child care and development funding and allows for matching of available unused funds with identified service needs.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

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

Issue 90: Child Care Reimbursement Rate Categories and Documentation

Trailer Bill Language – Governor's Budget. This trailer bill language would amend Welfare and Institutions Code 10228 to provide clarification regarding Alternative Payment Program (APP) provider rate sheets and reimbursement rate categories. The language would specify that a license-exempt provider is not required to submit a copy of their rate sheet along with a statement confirming that the rates charged for the care of a child receiving a subsidy are equal to or less than the rates charged for a child who is not receiving a subsidy. In addition, this language would clarify how to calculate a licensed provider's reimbursement when the reimbursement category could be considered either full-time weekly or full-time monthly in accordance with regulations. This language would make clear that reimbursement for licensed providers would be based on the category that matches what the provider charges private-pay families as indicated on their rate sheet, and that reimbursement for license-exempt providers shall be based on the category that results in higher reimbursement. This language also provides other technical amendments, including to clarify a cross-reference in statute.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

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

Issue 91: Facility Management System Project Planning Resources

Budget Change Proposal – April Finance Letter. CDSS requests to augment funding for project resources and vendor costs to align the budgetary authority with the updated Facility Management System (FMS) project budget. CDSS also requests funding for one additional position to support the FMS project and the extension of 16 limited-term positions to ensure CDSS completes stages 3 and 4 of the Project Approval Lifecycle (PAL). This request includes the re-appropriation of $21.1 million in unspent funds from the Facility Management System Budget Change Proposal (BCP) approved in 2020-21 and the Migrating Data from Legacy Systems BCP from 2022-23 and one Information Technology Manager II.

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 92: Promise Neighborhood State Operations Funding

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 93: Child and Adult Care Food Program Resources

Budget Change Proposal – April Finance Letter. CDSS requests position authority for 16 positions ongoing to support program administration and oversight functions of the Child and Adult Care Food Program (CACFP), which provides cash reimbursements for nutritious meals that are served to infants, children, and adults in care settings.

This proposal was heard at the Subcommittee's May 4, 2023 hearing. Note that the request is only for position authority. The department has identified existing funding for these positions.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 94: Preschool Development Grant Reimbursement Authority

Preschool Development Grant Reimbursement Authority- May Revision. The May Revision requests increased reimbursement authority of $892,000 one-time for CDSS to assist the California Health and Human Services Agency with the administration of the federal Preschool Development Grant.

This proposal was heard at the Subcommittee's May 17, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 95: Department of Social Services – Caseload Updates

May Revision Caseload Adjustments. The May Revision proposes a net increase of $1,931,478,000 ongoing ($528,783,000 General Fund and $1,472,243,000 reimbursements), partially offset by a net decrease of $69,548,000 ($69,458,000 federal funds and $90,000 special funds), primarily resulting from updated caseload estimates since the Governor's Budget.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 96: CalWORKs Family Reunification Automation and County Administration Funding

CalWORKs Family Reunification Automation and County Administration Funding – May Revision. CDSS requests that Item 5180-101-0001 be increased by $1,877,000 ongoing for county administration needed to provide CalWORKs payments to families who have had children removed from the home and are in court-ordered family reunification. CDSS also requests that Item 5180-141-0001 be increased by $1,937,000 one-time for automation costs necessary to implement this program.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 97: Federal Reimbursement of Food Benefit Theft

Federal Reimbursement of Food Benefit Theft – May Revision. CDSS requests that Item 5180-101-0890 be increased by $30,954,000 one-time and Item 5180-141-0890 be increased by $11,946,000 one-time to reflect new federal financial participation for food benefit theft and necessary automation changes. The federal Consolidated Appropriations Act of 2023 mandates federal reimbursement of stolen federal Supplemental Nutrition Assistance Program benefits.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 98: Work Number Contract

Work Number Contract – May Revision. CDSS requests that Item 5180-101-0890 be increased by $3.3 million ongoing, Item 5180-141-0001 be increased by $3,849,000 ongoing, and Item 5180-141-0890 be increased by $3,849,000 ongoing to provide funding for counties for updated contract costs associated

with the third-party employment phone verification services used to assist county welfare departments with eligibility determinations.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 99: BenefitsCal Enhancements

BenefitsCal Enhancements – May Revision. CDSS requests that Item 5180-141-0001 be increased by $1.5 million in 2023-24 and that Item 5180-141-0890 be increased by $1.5 million in 2023-24 and $1,750,000 in 2024-25 to migrate features of GetCalFresh.org to BenefitsCal.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 100: Reappropriations of Unspent Funds

Reappropriation of Unspent Funds – May Revision. The May Revision proposes reappropriations of unspent funds for the following programs:

- **Afghan Integration and Resettlement Support Project Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $7.6 million from Item 5180-151-0001 of the 2021 Budget Act to continue the Afghan Integration and Resettlement Support Project.

- **Enhanced Services Programs for Asylees Reappropriation**. CDSS requests that Item 5180-494 be added to reappropriate $6 million from Item 5180-151-0001 of the 2021 Budget Act to continue the Enhanced Services Programs for Asylees program.

- **Tribal Dependency Representation Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $4,145,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Tribal Dependency Representation Program.

- **Tribally Approved Homes Compensation Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $4,777,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Tribal Approved Homes Compensation Program.

- **Tribal Technical Assistance Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $100,000 from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for Tribal Technical Assistance.

- **California Newcomer Education and Well-Being Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $901,000 from Item 5180-161-0001 of the 2021 Budget Act to continue the California Newcomer Education and Well-Being program.

- **CalWORKs County Staff Training Racial Equity and Implicit Bias Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $10 million from Item 5180-101-0001 of the 2022 Budget Act to continue the development of county staff training on racial equity and implicit bias.

- **Child Welfare Training Reappropriation.** CDSS requests that Item 5180-494 be added to reappropriate $7 million from Item 5180-151-0001 of the 2022 Budget Act to extend the availability of resources for the Child Welfare Training Program.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 101: Special Fund Abolishment

Special Fund Abolishment – May Revision. CDSS requests that Fund 8065 (Safely Surrendered Baby Fund) and Fund 8106 (Special Olympics Fund) be abolished due to voluntary tax contributions coming in below the required minimum contribution as determined by the Franchise Tax Board. It is also requested that Item 5180-001-8065 be eliminated to conform to this action.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 102: Kin-GAP Program Alignment and Technical Clarifications

Trailer bill language: Kin-GAP Program Alignment and Technical Clarifications. This trailer bill language would update Welfare and Institutions Code sections to (1) ensure Kin-GAP eligibility is in alignment with recent law and policy changes, including court authorized placement changes made pursuant to SB 354 (Skinner, Chapter 687, Statutes of 2021), and (2) make technical and clarifying amendments to remove outdated and unnecessary language.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

Issue 103: State Supplementary Payment

Trailer Bill Language—May Revision. The administration's May Revision continues to include $186 million General Fund in 2023-24 ($292 million ongoing) for an increase in State Supplementary Payment (SSP) grants. Currently, the administration estimates that this funding could support an 8.6 percent increase in SSP grants. The May Revision includes trailer bill language to codify this increase.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

ISSUES FOR DISCUSSION

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 1: Managed Care Organization Tax and Provider Rate Increases

Local Assistance and Trailer Bill Language – May Revision. DHCS proposes trailer bill language to implement a multi-year tax on managed care organizations (MCO) beginning April 1, 2023, through December 31, 2026. If approved, the tax would provide net General Fund benefit of $4.4 billion in 2023-24, $5.1 billion in 2024-25, $5.3 billion in 2025-26, and $4.6 billion in 2026-27 to: 1) support the General Fund shortfall and achieve a balanced budget, 2) support Medi-Cal investments to ensure access, quality and equity over an eight to ten year period.

In addition, DHCS requests expenditure authority of $214.7 million ($89.6 million General Fund and $125.1 million federal funds) and proposes trailer bill language to increase provider rates to 87.5 percent of the rate paid by the Medicare program, beginning January 1, 2024, for the following provider types: 1) primary care services and nonphysician professional services, 2) obstetric care services, and 3) outpatient, non-specialty mental health services.

MCO Tax Renewal – Cash Basis by Fiscal Year					
(dollars in thousands)	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**Total**
Total Revenue[1]	$8,269,212	$8,526,680	$8,761,784	$6,703,584	$32,261,260
Medi-Cal Capitation Rates[2]	$3,859,656	$3,414,943	$3,507,447	$2,077,488	$12,859,534
State's Net Benefit[3]	$4,409,556	$5,111,737	$5,254,337	$4,626,096	$19,401,726
General Fund Backfill[4]	$3,388,600	$1,857,914	$2,019,341	$1,050,027	$8,315,882
Proposed Rate Increases[5]	$98,232	$240,140	$240,639	$240,639	$819,650
Medi-Cal Provider Payment Reserve Fund[6]	$922,724	$3,013,683	$2,994,357	$3,335,430	$10,266,194

1 – Total Revenue is the total amount of revenue received by the state from the tax on managed care organizations.
2 – Medi-Cal Capitation Rates is the amount paid to Medi-Cal managed care plans in their capitation rates to account for the amount of tax paid to the state. Federal regulations require capitation payments to be actuarial sound and include the cost of taxes.
3 – State's Net Benefit is the amount of revenue received by the state, net of capitation payments paid to managed care plans.
4 – General Fund Backfill is the amount that addresses the General Fund shortfall in 2023-24 and subsequent years.
5 – Proposed Rate Increases include the increase to 87.5 percent of Medicare for primary care, obstetrics and non-specialty mental health
6 – Medi-Cal Provider Payment Reserve Fund would receive deposits of the remaining MCO tax revenue for future allocation to provider payments, according to the Administration's proposal.

Background. Federal Medicaid regulations allow states to impose certain provider-related taxes on health care service providers as long as certain conditions are met. The revenue from these taxes may serve as the non-federal share of spending for health care services in a state's Medicaid program, which allows the state to draw down additional federal funding for those services. California imposes three provider-related taxes: a fee on certain general acute-care hospitals (Hospital Quality Assurance Fee or HQAF), a fee on free-standing skilled nursing facilities (AB 1629 Quality Assurance Fee), and a tax on enrollment in health care service plans in the state of California (Managed Care Organization or MCO Tax).

Quality Improvement Fee (AB 1762 - 2003)

AB 1762 (Committee on Budget), Chapter 230, Statutes of 2003, authorized the state's first provider fee on Medi-Cal managed care organizations. The fee was implemented in July 2005 as a quality improvement fee of 5.5 percent of a plan's revenue. The 2005 Governor's Budget assumed net General Fund savings of $37.7 million as a result of the fee. The fee was allowed to expire in October 2009, as the federal government disallowed the fee because it was not sufficiently broad-based and, therefore, in violation of the relevant Medicaid regulations (see section below on "Federal Medicaid Requirements")

Gross Premiums Tax (AB 1422 - 2009)

AB 1422 (Bass), Chapter 157, Statutes of 2009, replaced the previous quality improvement fee with an extension of the state's existing gross premiums tax of 2.35 percent to Medi-Cal managed care plans. The tax had previously only been levied on insurance products, but taxation of Medi-Cal managed care plans under this existing tax regime was sufficient to comply with federal Medicaid regulations that the tax be broadbased. AB 1422 provided that revenue from the tax would serve as the non-federal share for expenditures in both the Medi-Cal program and the state's program for the federal Children's Health Insurance Program, known as the Healthy Families Program. The 2010 Budget Act assumed the gross premiums tax would provide $99.8 million to Medi-Cal and $82 million to Healthy Families in the 2009-10 fiscal year. The gross premiums tax was extended by Chapter 717, Statutes of 2010 (SB 853), and again by Chapter 11, Statutes of 2011 (ABX1 21), until June 30, 2012.

Managed Care Organization Tax (SB 78 - 2013)

SB 78 (Committee on Budget and Fiscal Review), Chapter 33, Statutes of 2013 (SB 78), extended the gross premiums tax at its previous rate of 2.35 percent until June 30, 2013. SB 78 then authorized a tax of 3.9375 percent, equal to the state's portion of the sales and use tax, on the operating revenue of Medi-Cal managed care organizations, known as the MCO tax. The tax was authorized for three years, until June 30, 2016. The 2013 Budget Act assumed a General Fund savings of $304.6 million for the Medi-Cal program from the MCO tax. Over subsequent years, additional populations began to enroll in Medi-Cal managed care, particularly related to the Optional Expansion of Medi-Cal pursuant to the federal Affordable Care Act. As a result, General Fund savings from the MCO tax grew significantly because the tax was a percentage of overall expenditures on Medi-Cal managed care. The 2016 Budget Act assumed $971.2 million of annual General Fund savings in the 2015-16 fiscal year, the last year of operation of this version of the MCO tax.

Managed Care Enrollment Tax (SBX2 2 - 2016)

In 2014, the federal government released guidance indicating that the structure of the state's MCO tax did not comply with federal Medicaid regulations. The state was instructed to make any necessary statutory changes to bring the tax into compliance by the end of the next scheduled legislative session, or the end of 2016. SBX2 2 (Hernandez), Chapter 2, Statutes of 2016, 2nd Extraordinary Session, authorized a tax on enrollment of managed care plans statewide, along with certain tax reform provisions. SBX2 2 created a tiered tax on the enrollment of health care service plans based on their enrollment as reported to the Department of Managed Health Care for the 12 month period of October 1, 2014 through September 30, 2015, known as the "base year". There were three sets of tiers: 1) Medi-Cal enrollees, 2) Alternate Health Care Service Plan enrollees (such as Kaiser), and 3) all other enrollees. Each tier, based on the number of member months, had a different tax rate per enrollee. The 2017 Governor's Budget assumed General Fund savings of $1.07 billion in 2016-17 and $1.63 billion in 2017-18 from the new MCO enrollment tax. SBX2

2 also contained tax reform components that exempted payers of the MCO tax from liability for the state's gross premiums tax and from the corporation tax. The 2017 Governor's Budget assumed a total annual General Fund revenue reduction of $370 million ($280 million gross premiums tax and $90 million corporation tax) for each of the three years of the tax.

Reauthorized MCO Enrollment Tax (AB 112 – 2019)

AB 112 (Committee on Budget), Chapter 348, Statutes of 2019, reauthorized a tax on managed care organizations operating in California, based on enrollment, beginning July 1, 2019, and ending January 1, 2023. The "base year" for enrollment was the cumulative enrollment for each plan between January 1, 2018, and December 31, 2018. The tiered tax rates were set as follows:

	Medi-Cal Tier 1	**Medi-Cal Tier 2**	**Medi-Cal Tier 3**	**Other Tier 1**	**Other Tier 2**	**Other Tier 3**
Enrollment:	*Less than 4,000,001*	*4,000,001-8,000,000*	*More than 8,000,000*	*Less than 4,000,001*	*4,000,001-8,000,000*	*More than 8,000,000*
2019-20	$40.00	$0.00	$0.00	$0.00	$1.00	$0.00
2020-21	$45.00	$0.00	$0.00	$0.00	$1.00	$0.00
2021-22	$50.00	$0.00	$0.00	$0.00	$1.50	$0.00
2022-23	$55.00	$0.00	$0.00	$0.00	$1.50	$0.00

The 2019 Budget Act assumed net revenue of $1.7 billion in 2019-20, $1.9 billion in 2020-21, $2.1 billion in 2021-22, and $2.4 billion in 2022-23. The tax authorized by AB 112 was allowed to expire at the end of 2023.

Federal Requirements for Health Care Related Taxes. Section 433.68 of Title 42 of the Code of Federal Regulations (42 CFR 433.68) authorizes state Medicaid programs to receive federal financial participation (FFP) for expenditures using health care-related taxes, as long as certain conditions are met. The MCO Enrollment tax qualifies as a health care-related tax. Taxes must be:

1) Broad-based – For a health care related tax to be considered broad based, it must be imposed on all non-federal (e.g. Medicare) and non-public providers in the state or jurisdiction imposing the tax (e.g. local government).
2) Uniformly imposed – For a health care related tax to be considered uniform, it must be applied at the same rate for all affected providers
3) No hold-harmless provisions – A taxpayer cannot be held harmless for the amount of the tax. A taxpayer is considered to be held harmless if there is a correlation between their Medicaid payments and the tax amount, all or any portion of the Medicaid payment varies based only on the tax amount, or the state or other taxing jurisdiction provides for any direct or indirect payment or other offset for all or any portion of the tax amount.

States may apply for waivers to both the broad-based and uniform requirements. For a waiver of the broad-based requirements, a state must demonstrate that the tax is "generally redistributive" by calculating the proportion of tax revenue applicable to Medicaid under a broad-based tax (P1) and comparing it to the same proportion under the proposed tax (P2). A waiver may be approved if the ratio of P1/P2 is at least 0.95, and the excluded providers are in a list of providers defined in the regulation. For a waiver of the uniform requirements, a state must measure the ratio of the slope of a linear regression equation of a broad-based and uniform tax (B1) compared to the proposed tax (B2). The ratio of B1/B2 must be at least 0.95, and the excluded providers are in a list of providers defined in the regulation. The most recent MCO enrollment tax received a waiver of the uniform requirement, and was designed to comply with the required B1/B2 ratio.

Proposed 2023 MCO Enrollment Tax Renewal. DHCS proposes trailer bill language to implement a multi-year tax on managed care organizations (MCO) beginning April 1, 2023, through December 31, 2026. If approved, the tax would provide net General Fund benefit of $4.4 billion in 2023-24, $5.1 billion in 2024-25, $5.3 billion in 2025-26, and $4.6 billion in 2026-27 to: 1) support the General Fund shortfall and achieve a balanced budget, 2) support Medi-Cal investments to ensure access, quality and equity over an eight to ten year period.

In addition, DHCS requests expenditure authority of $214.7 million ($89.6 million General Fund and $125.1 million federal funds) and proposes trailer bill language to increase provider rates to 87.5 percent of the rate paid by the Medicare program, beginning January 1, 2024, for the following provider types: 1) primary care services and nonphysician professional services, 2) obstetric care services, and 3) outpatient, non-specialty mental health services.

According to DHCS, the proposed tax would establish three tiers of enrollment. Tier 1 would include enrollment up to 1,250,000. Tier 2 would include enrollment between 1,250,001 and 4,000,000. Tier 3 would include enrollment over 4,000,001. The tax would only apply to enrollment in Tier 2 and would be $182.50 per enrollee for Medi-Cal managed care plans and $1.75 per enrollee for non-Medi-Cal plans in 2023-24 and 2024-25. In 2025-26, the tax would rise to $187.50 per enrollee for Medi-Cal managed care plans and $2.00 per enrollee for non-Medi-Cal plans. In 2026-27, the tax would rise again to $192.50 per enrollee for Medi-Cal managed care plans and $2.25 per enrollee for non-Medi-Cal plans.

	Medi-Cal Tier 1	**Medi-Cal Tier 2**	**Medi-Cal Tier 3**	**Other Tier 1**	**Other Tier 2**	**Other Tier 3**
Enrollment:	*Less than 1,250,000*	*1,250,001-4,000,000*	*More than 4,000,001*	*Less than 1,250,000*	*1,250,001-4,000,000*	*More than 4,000,001*
2023-24	$0.00	$182.50	$0.00	$0.00	$1.75	$0.00
2024-25	$0.00	$182.50	$0.00	$0.00	$1.75	$0.00
2025-26	$0.00	$187.50	$0.00	$0.00	$2.00	$0.00
2026-27	$0.00	$192.50	$0.00	$0.00	$2.25	$0.00

According to DHCS, the total impact of the tax on non-Medi-Cal plans would be $20.2 million in calendar year 2023, $26.9 million in 2024, $30.7 million in 2025, and $34.6 million in 2026. For reference, the impact of non-Medi-Cal plans of the previous MCO enrollment tax in calendar year 2022 was $33.8 million.

Federal Approval of the Tax and Use for Provider Rate Increases. DHCS indicates, during its discussions with the federal Centers for Medicare and Medicaid Services (CMS), the design of the proposed tax utilizes ambiguities in current federal Medicaid regulations regarding the relative amounts of taxation between Medicaid and non-Medicaid plans to maximize federal funds and General Fund benefits. CMS has indicated to DHCS it intends to promulgate regulations to eliminate the ambiguity that allows this differential taxation to occur. However, CMS indicates it is willing to approve this version of the tax, including a significant allocation to support the General Fund shortfall, as long as the remaining General Fund savings are utilized to improve access, quality, and equity in the Medi-Cal program.

As a result of these discussions with CMS, DHCS is proposing to utilize tax revenue as follows:

1) General Fund Backfill - $3.4 billion in 2023-24, $1.9 billion in 2024-25, $2 billion in 2025-26, and $1.1 billion in 2026-27 would be used to support the General Fund.
2) Rate Increases - $98.2 million in 2023-24, $240.1 million in 2024-25, $240.7 million in 2025-26, and $240.7 million in 2026-27 would support an increase in reimbursement rates for primary care, obstetric care, and non-specialty mental health care to 87.5 percent of the rate paid by the Medicare program, beginning January 1, 2024.
3) Medi-Cal Provider Payment Reserve Fund - $922.7 million in 2023-24, $3 billion in 2024-25, $3 billion in 2025-26, and $3.3 billion in 2026-27 would be deposited in a reserve fund to support additional rate increases or other investments, to be included in the Governor's January budget for 2024-25.

Panel Discussion. The subcommittee has requested representatives from the following organizations to serve as panelists to discuss the Administration's proposed MCO tax and provider rate increases:

- **Local Health Plans of California**
- **California Primary Care Association**
- **California Medical Association**
- **Service Employees International Union**
- **California Hospital Association**
- **California Association of Health Plans**
- **Planned Parenthood Affiliates of California**

Subcommittee Staff Comment and Recommendation—Hold Open.

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

DHCS

1. Please provide an overview of the proposed reauthorization of the MCO tax, including the changes to the tax model and expected revenue by fiscal year.

2. Please describe the Administration's proposed provider rate increases for primary care, obstetrics, and non-specialty mental health care, including the current rates paid to these providers as a percentage of Medicare payments.

3. The Administration's proposed provider rate increases for these specific providers also eliminates the 10 percent rate reductions imposed pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011. Please provide a list of the remaining providers still subject to AB 97, including the expected annual savings from these remaining reductions.
4. How would the department ensure the proposed provider rate increases impact providers that are part of Medi-Cal managed care plan networks? Would providers benefit that are part of plans that already pay more than the 87.5 percent of Medicare rate?

5. What is the Administration's rationale for spreading the provider payments over eight to ten years, rather than providing a higher reimbursement during the nearly four years of the tax period?

6. What types of additional investments is the Administration considering using the remaining net revenue from the MCO tax?

Local Health Plans of California

1. Please describe how local health plans set reimbursement rates for Medi-Cal providers. How close to Medicare rates do local health plans currently pay for primary care, obstetrics, and non-specialty mental health? How close to Medicare rates do local health plans pay for specialty care?

2. How would increased reimbursement rates available from a reauthorized MCO tax help local health plans maintain adequate provider networks?

3. How would plans ensure providers in their networks are benefitting from provider rate reimbursements available from the MCO tax?

California Primary Care Association

1. How would community clinics benefit from a reauthorized MCO tax? What types of clinic providers would be impacted and how does this interact with community clinic reimbursement structures?

2. What types of investments or payment reforms might the state make from the tax to improve access, quality, and equity in community clinics?

California Medical Association

1. Please describe any barriers to participation in the Medi-Cal program experienced by physicians due to challenging reimbursement rates.

2. How could revenue from the MCO tax support reimbursement rate increases that would improve physician participation in Medi-Cal and access to care for beneficiaries? In particular, what level of

rate increase is needed in both primary care and specialty care to ensure adequate access to necessary medical care?

3. What other investments might the state make with MCO tax revenue that would improve access, quality, and equity in the Medi-Cal program?

Service Employees International Union (SEIU)

1. How are SEIU members impacted by reimbursement rates in the Medi-Cal program, either through direct reimbursement, or as employees of a reimbursable provider entity?

2. What type of investments from a reauthorized MCO tax would help ensure access, quality, and equity in the Medi-Cal program? How would these investments achieve those goals?

California Hospital Association

1. Please describe how Medi-Cal reimbursement rates and policies contribute to the financial distress experienced by many hospitals in California.

2. What reforms or changes to Medi-Cal reimbursement are necessary to ensure the financial stability of hospitals and maintain access to care for Medi-Cal beneficiaries?

California Association of Health Plans

1. Please describe how Medi-Cal managed care plans set reimbursement rates for Medi-Cal providers. How close to Medicare rates do plans currently pay for primary care, obstetrics, and non-specialty mental health? How close to Medicare rates do plans pay for specialty care?

2. How would increased reimbursement rates available from a reauthorized MCO tax help plans maintain adequate provider networks?

3. How would plans ensure providers in their networks are benefitting from provider rate reimbursements available from the MCO tax?

Planned Parenthood Affiliates of California

1. How would Planned Parenthood clinics benefit from reimbursement rate increases available from a reauthorized MCO tax?

2. What other investments might the state make that would preserve access to reproductive health care services, particularly abortion services?

APPENDIX A – VOTE ONLY ITEMS (TABLE DISPLAY)

KEY TO ACRONYMS:

GB: Governor's Budget
MR: May Revision
SFL: Spring Finance Letter
BBL: Budget Bill Language
TBL: Trailer Bill Language
SRL: Supplemental Report Language
AAB: Approve as budgeted

Issue	Org Code	Department	Title of Proposal	Staff Comment/ Recommendation
0530 California Health and Human Services Agency (CalHHS)				
1	0530	CalHHS	Gender Affirming Care (SB 923)	This issue was heard by the subcommittee during its hearings on March 2nd and May 4th, 2023.
				AAB
4100 State Council on Developmental Disabilities (SCDD)				
2	4100	SCDD	Reimbursement Authority Increase (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
3	4100	SCDD	Reappropriation of federal funds and reimbursements (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
4120 Emergency Medical Services Authority				
4	4120	EMSA	EMS Personnel Human Trafficking Training Implementation (AB 2130)	This issue was heard by the subcommittee during its hearing on March 16, 2023.
				AAB
0530 California Health and Human Services Agency (CalHHS) 4140 Department of Health Care Access and Informaiton (HCAI)				
5	0530 4140	CalHHS HCAI	Transfer Administration for Affordable Drug Manufacturing Act (SB 852)	This issue was heard during the subcommittee's May 4th hearing.
				AAB
4140 Department of Health Care Access and Information (HCAI)				
6	4140	HCAI	Skilled Nursing Facilities: Backup Power Source (AB 2511)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
7	4140	HCAI	Hospital Seismic Safety (SB 1882)	This issue was heard during the subcommittee's March 2nd hearing.

				AAB
8	4140	HCAI	Abortion Practical Support Fnd (SB 1142)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
4150 Department of Managed Health Care (DMHC)				
9	4150	DMHC	Information Security Resources	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
10	4150	DMHC	Office of Legal Services - Department of Justice (DOJ) Legal Fees	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
11	4150	DMHC	Office of Financial Review Workload	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
12	4150	DMHC	Health Care Coverage: Abortion Services Cost Sharing (SB 245)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
13	4150	DMHC	Health Care Coverage: Mental Health and Substance Use Disorders (AB 2581)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
14	4150	DMHC	Health Care Coverage: Prescription Drugs (AB 2352)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
15	4150	DMHC	Health Information (SB 1419)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
16	4150	DMHC	Health Care Service Plans: Discipline: Civil Penalties (SB 858)	This issue was heard during the subcommittee's March 2nd hearing.
				AAB
17	4150	DMHC	Add Position Authority for Workload Funded in the Governor's Budget	This issue was heard during the subcommittee's May 4th hearing.
				AAB
18	4150	DMHC	Augment Behavioral Health Focused Investigations Workload	This issue was heard during the subcommittee's May 4th hearing.
				AAB
19	4150	DMHC	Technical Adjustment Position Display Error	This issue was heard during the subcommittee's May 4th hearing.
				AAB

20	4150	DMHC	Mandatory Use of Standardized Forms for Oversight	This issue was heard during the subcommittee's May 4th hearing. AAB and Adopt Placeholder TBL consistent with Administration proposal
21	4150	DMHC	Withdrawal of Duplicate Enforcement Investigation and eDiscovery Software Application	This issue was heard during the subcommittee's May 4th hearing. AAB
4170 California Department of Aging (CDA)				
22	4170	CDA	Health Insurance Counseling and Advocacy Program Modernization (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing. AAB
23	4170	CDA	Administrative Efficiencies for local Area Agencies on Aging funding (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
24	4170	CDA	CalFresh Healthy Living Program (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
25	4170	CDA	Statewide No Wrong Door Assessment (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
4260 Department of Health Care Services (DHCS)				
26	4260	DHCS	Health Care Coverage: Contraceptives (SB 523)	This issue was heard during the subcommittee's March 16th hearing. AAB
27	4260	DHCS	California Cancer Care Equity Act (SB 987)	This issue was heard during the subcommittee's March 16th hearing. AAB
28	4260	DHCS	Maternal and Pandemic-Related Mental Health Conditions (SB 1207)	This issue was heard during the subcommittee's March 16th hearing. AAB
29	4260	DHCS	Community Assistance, Recovery, and Empowerment (CARE) Act	This issue was heard during the subcommittee's April 20th hearing. AAB
30	4260	DHCS	Enhanced Lanterman-Petris-Short Act Data and Reporting (SB 929)	This issue was heard during the subcommittee's April 20th hearing.

				AAB and Adopt Placeholder TBL consistent with Administration proposal
31	4260	DHCS	Care Coordination for Individuals Exiting Temporary Holds/Conservatorships (AB 2242)	This issue was heard during the subcommittee's April 20th hearing. AAB
32	4260	DHCS	Medi-Cal Managed Care Plans - Mental Health Benefits (SB 1019)	This issue was heard during the subcommittee's April 20th hearing. AAB
33	4260	DHCS	Public Social Services - Hearings (AB 1355)	This issue was heard during the subcommittee's April 20th hearing. AAB
34	4260	DHCS	Behavioral Health Federal Funds Adjustment	This issue was heard during the subcommittee's May 17th hearing. AAB
4265 Department of Public Health (CDPH)				
35	4265	CDPH	California Immunization Registry (AB 1797)	This issue was heard during the subcommittee's March 16th hearing. AAB
36	4265	CDPH	BabyBIG Infant Botulism Treatment and Prevention Program	This issue was heard during the subcommittee's March 16th hearing. AAB
37	4265	CDPH	Licensure of Clinical Lab Geneticists and Clinical Reproductive Biologists (SB 1267)	This issue was heard during the subcommittee's March 16th hearing. AAB
38	4265	CDPH	CA Integrated Vital Records System Upgrades for Death Certificate Content (AB 2436)	This issue was heard during the subcommittee's March 16th hearing. AAB
39	4265	CDPH	Extreme Heat - Statewide Extreme Heat Ranking System (AB 2238)	This issue was heard during the subcommittee's March 30th hearing. AAB
40	4265	CDPH	Childhood Drowning Data Collection Pilot Program (SB 855)	This issue was heard during the subcommittee's March 30th hearing. AAB
41	4265	CDPH	Restroom Access - Medical Conditions (AB 1632)	This issue was heard during the subcommittee's March 30th hearing. AAB

42	4265	CDPH	Reduction of Human Remains and Disposition of Human Remains (AB 351)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
43	4265	CDPH	Recreational Water Use - Regulation of Wave Basins (AB 2298)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
44	4265	CDPH	Limited Podiatric Radiography Permit (AB 1704)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
45	4265	CDPH	Facilitating Projects to Benefit Nursing Home Residents - Federal Penalties Account	This issue was heard during the subcommittee's March 30th hearing.
				AAB and Adopt Placeholder TBL consistent with Administration proposal
46	4265	CDPH	SNFs Change of Ownership and Change of Management Application (AB 1502)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
47	4265	CDPH	Hospice Facility Licensure and Oversight (AB 2673)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
48	4265	CDPH	Gender Affirming Health Care (SB 107)	This issue was heard during the subcommittee's March 30th hearing.
				AAB
49	4265	CDPH	Industrial Hemp Licensing and Compliance Program Reappropriation	This issue was heard during the subcommittee's May 4th hearing.
				AAB
50	4265	CDPH	Protecting Children from the Damaging Effects of Lead Exposure	This issue was heard during the subcommittee's May 4th hearing.
				AAB
51	4265	CDPH	Skilled Nursing Facility Staffing Requirements Compliance (AB 81) Technical Adjustment	This issue was heard during the subcommittee's May 4th hearing.
				AAB
4300 Department of Developmental Services (DDS)				
52	4300	DDS	Protective Proceedings (AB 1663) (GB)	This proposal was heard at the Subcommittee's March 23, 2023, hearing.
				AAB

53	4300	DDS	Disparities within the Developmental Services System (AB 1957) (GB)	This proposal was heard at the Subcommittee's March 23, 2022, hearing. AAB
54	4300	DDS	Reduced Caseload Ratio for Children Ages 0-5 (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB.
55	4300	DDS	Rate Model Assumptions for mileage (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB
56	4300	DDS	Porterville Developmental Center Facility Support (SFL)	This proposal was heard at the Subcommittee's May 4, 2023, hearing. AAB
57	4300	DDS	Headquarters Position Authority (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. Note that the request is only for position authority. The department has identified existing funding for these positions. AAB
58	4300	DDS	State-Operated Facilities-Enhanced Federal Funding (MR)	This proposal was heard at the Subcommittee's May 16, 2023, hearing. AAB
59	4300	DDS	Regional Centers-Provisional Eligibility for Ages 0-2 (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
60	4300	DDS	Caseload and Utilization Update (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
61	4300	DDS	Regional Centers - Enhanced Federal Funding (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				AAB
62	4300	DDS	Regional Centers - Minimum Wage Adjustments January 2024 (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
63	4300	DDS	General Fund Loan Authority (MR)	This proposal was heard at the Subcommitee's May 16, 2023 hearing. AAB.
64	4300	DDS	Regional Center Operations Policy Update (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB.
65	4300	DDS	START Training (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
66	4300	DDS	TBL: Cleanup - HCBS Final Rule Directive Authority Cross-Reference Correction (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
4560 Mental Health Services Oversight and Accountability Commission				
67	4560	MHSOAC	Information Technology and Security Unit	This issue was heard during the subcommittee's April 20th hearing. AAB
68	4560	MHSOAC	Reappropriations - Allcove, Early Psychosis Intervention, and Mental Health Wellness	This issue was heard during the subcommittee's April 20th hearing. AAB
4700 Department of Community Services and Development				
69	4700	CSD	Reappropriation of Greenhouse Gas Reduction Funds for Low-Income Weatherization Program (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB.
5160 Department of Rehabilitation				
70	5160	DOR	Disability Innovation Fund - California Subminimum Wage to Competitive Integrated Employment Project (SFL)	This proposal was heard at the Subcommittee's May 4, 2023, hearing. AAB

71	5160	DOR	Additional Federal Fund Authority for Vocational Rehabilitation Program (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
5180 California Department of Social Services (CDSS)				
72	5180	CDSS	While Child Community Equity (AB 2832) (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. AAB
73	5180	CDSS	CalFresh Employment and Training Increased Engagement and Technical Assistance (GB)	This proposal was heard at the Subcommittee's April 27, 2023, hearing. AAB
74	5180	CDSS	CalWORKs: Pregnancy and Homeless Assistance (SB 1083) (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing. AAB
75	5180	CDSS	Child care and developmental services: preschool expulsion and suspension (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. AAB
76	5180	CDSS	Veterans Medical Foster Homes (AB 2119) (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing. AAB
77	5180	CDSS	Safe Use of Outdoor Play Spaces (AB 2827) (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing. AAB
78	5180	CDSS	The Foster Youth Bill of Rights Translation (AB 1735) (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. AAB.
79	5180	CDSS	TBL: Adults: IHSS Wage Supplement (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
80	5180	CDSS	TBL: Children's Crisis Continuum Program (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing.

				Adopt placeholder TBL consistent with the Administration's proposal.
81	5180	CDSS	TBL: Home Safe Program Technical Clean-up (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
82	5180	CDSS	TBL: Housing and Disability Advocacy Technical Changes (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
83	5180	CDSS	TBL: Bringing Families Home Program Technical Changes (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
84	5180	CDSS	TBL: Grant Option for Deaf Access Program (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
85	5180	CDSS	TBL: Extension of Flexibility in Allocation and Award of Federal Refugee Resettlement Funds (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
86	5180	CDSS	TBL: Immigration Legal Services Clean-up (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
87	5180	CDSS	TBL: Home Visiting Program (HVP) Pregnancy Eligibility Alignment (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
88	5180	CDSS	TBL: Reminder Notice of CalWORKs Redetermination (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.

89	5180	CDSS	TBL: Child care and development - Interagency contract adjustments and California State Preschool Program Alignment (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
90	5180	CDSS	TBL: Child care and development - alternative payment programs reimbursement categories and documentation (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
91	5180	CDSS	Facility Management System (FMS) Project Planning Resources - Reappropriation (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
92	5180	CDSS	Promise Neighborhoods State Operations Funding (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
93	5180	CDSS	Child and Adult Food Program Position Authority (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. Note that the request is only for position authority. The department has identified existing funding for these positions. AAB
94	5180	CDSS	Preschool Development Grant Reimursement Authority (MR)	This proposal was heard at the Subcommittee's May 17, 2023 hearing. AAB
95	5180	CDSS	May Revision Caseload Adjustments (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
96	5180	CDSS	CalWORKs Family Reunification Automation and County Administration Funding (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
97	5180	CDSS	Federal Reimbursement for Food Benefit Theft (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
98	5180	CDSS	Work Number Contract: funding for counties for	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

			updated contract costs associated with third-party employment phone verification (MR)	AAB
99	5180	CDSS	BenefitsCal Enhancements to migrate features of GetCalFresh.org to BenefitsCal. (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB.
100	5180	CDSS	Various Reappropriations of unspent funds for the following programs: CalWORKs County Staff Training Racial Equity and Implicit Bias; Rapid Response program; Afghan Integration and Resettlement Support Project; Enhanced Services Program for Asylees; Child Welfare Training Program; Tribal Dependency Program; Tribally Approved Homes Compensation Program; Tribal Technical Assistance Reappropriation, California Newcomer Education and Well-Being (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
101	5180	CDSS	Special Fund Abolishment (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
102	5180	CDSS	TBL: Kin-GAP Program Alignment and Technical Clarifications (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
103	5180	CDSS	TBL: State Supplementary Payment (SSP) 2024 Grant Increase (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.

Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

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

Thursday, May 25th, 2023
1:00 pm, or upon adjournment of session
1021 O Street – Room 1200

Consultant: Elizabeth Schmitt and Scott Ogus

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

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

Issue 1: Case Management Information and Payrolling System

Budget Change Proposal – Governor's Budget. The Office of Systems Integration (OSI) requests two permanent positions and an increase of $10.7 million in expenditure authority in 2023-24 and ongoing for the implementation and support of the Case Management Information and Payrolling System. This proposal reflects a requested increase in reimbursement authority (California Health and Human Service Automation Fund), General Funds for which were previously approved in the Department of Social Services' (CDSS) budget.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24**	**2024-25***
9745 – California Health and Human Services Automation Fund	$10,691,000	$10,691,000
Total Funding Request:	**$10,691,000**	**$10,691,000**
Total Requested Positions:	**2.0**	**2.0**

***** Positions and resources ongoing after 2023-24.

This proposal was heard at the Subcommittee's March 2, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 2: Statewide Automated Welfare System Ongoing Support

Budget Change Proposal – Governor's Budget. This joint proposal requests $852,000 ($328,000 General Fund) for the conversion of five full-time positions (three Department of Health Care Services, one Department of Social Services, and one Office of Systems Integration) from limited term to permanent to support the Statewide Automated Welfare System (CalSAWS) consolidation. The requested position resources will continue to direct, govern, and oversee the planning and implementation of the CalSAWS.

This proposal was heard at the Subcommittee's March 2, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt Supplemental Report Language regarding improved stakeholder engagement related to the California Statewide Automated Welfare System (CalSAWS) public-facing technology.

Issue 3: Electronic Visit Verification Phase II

Budget Change Proposal – Governor's Budget. The Office of Systems Integration (OSI), the Department of Health Care Services (DHCS), and the Department of Developmental Services (DDS) request three positions (within DHCS) and total expenditure authority of $2.5 million ($832,000 General Fund and $1.6 million federal funds) in 2023-24. If approved, these positions and resources would

continue the multi-departmental effort for the second phase (Phase II) of implementation of Electronic Visit Verification for personal care services and home health care services.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24***	**2024-25****
9745 – CHHS Automation Fund	$1,481,000	$1,770,000
Total Funding Request:	**$1,481,000**	**$1,770,000**
Total Requested Positions:	**0.0**	**0.0**

***** Transfers from other Departments (included below): DHCS: $741,000; DDS: $740,000
** Additional fiscal year resources requested for OSI: 2025-26: $1,770,000; 2026-27: $2,012,000; 2027-28: $2,012,000

Program Funding Request Summary (DHCS)		
Fund Source	**2023-24**	**2024-25****
0001 – General Fund	$340,000	$371,000
0890 – Federal Trust Fund*	$1,791,000	$1,966,000
Total Funding Request:	**$2,131,000**	**$2,337,000**
Total Requested Positions:	**3.0**	**3.0**

***** Federal Trust Fund appropriation includes transfer of federal Medicaid matching funds to DDS, reflected below as Reimbursements.
** Additional fiscal year resources requested for DHCS: 2025-26 and ongoing: $503,000.

Program Funding Request Summary (DDS)		
Fund Source	**2023-24**	**2024-25****
0001 – General Fund	$335,000	$335,000
0995 – Reimbursements*	$405,000	$405,000
Total Funding Request:	**$740,000**	**$740,000**
Total Requested Positions:	**0.0**	**0.0**

***** Reimbursements are the result of federal matching funds transferred from DHCS and are included in the totals attributed to the DHCS request.
** Resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 4: California Emergency Medical Services Data Resource System (CEDRS)

Budget Change Proposal – Governor's Budget. The CalHHS Office of Systems Integration (OSI) requests six positions and expenditure authority from the California Health and Human Services Automation Fund of $1.1 million annually. If approved, these positions and resources would allow OSI to provide project management support to the Emergency Medical Services Authority (EMSA) for the California Emergency Medical Services (EMS) Data Resource System Project.

Program Funding Request Summary (CalHHS-OSI)		
Fund Source	**2023-24**	**2024-25***
9745 – CHHS Automation Fund	$1,129,000	$1,129,000
Total Funding Request:	**$1,129,000**	**$1,129,000**

Total Requested Positions:	**6.0**	**6.0**

***** Positions and resources ongoing after 2024-25.

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

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

***** Positions ongoing after 2024-25.

This issue was heard during the subcommittee's March 2nd and May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with these proposed resources.

Issue 5: Equity-Centered Programs – Transfer to Department of Public Health

Budget Change Proposal – Governor's Budget. CalHHS requests transfer of one position and General Fund expenditure authority of $182,000 to the California Department of Public Health (CDPH) to perform a retrospective analysis of the intersection of the COVID-19 pandemic and health disparities and equity.

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	($182,000)	($182,000)
Total Funding Request:	**($182,000)**	**($182,000)**
Total Requested Positions:	**(1.0)**	**(1.0)**

***** Positions and resource changes ongoing after 2024-25.

Program Funding Request Summary (CDPH)		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$182,000	$182,000
Total Funding Request:	**$182,000**	**$182,000**
Total Requested Positions:	**1.0**	**1.0**

***** Positions and resource changes ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve and **adopt modified placeholder budget bill language.** Subcommittee staff recommends approving the proposed transfer of resources

from CalHHS to CDPH, and adopting modified placeholder budget bill language to require the retrospective analysis conducted by CDPH with these resources to include recommendations on how to address the health disparities and inequities exposed and exacerbated by the COVID-19 pandemic.

Issue 6: OSI Reorganization Name Change – Trailer Bill Language

Trailer Bill Language – Governor's Budget. CalHHS proposes trailer bill language to rename the Office of Systems Integration the Office of Technology and Solutions Integration.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve and **adopt placeholder trailer bill language** consistent with the Administration's proposal.

Issue 7: Office of the Agency Information Officer and Office of Systems Integration Resources

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

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

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

* Position and resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill language** consistent with the Administration's proposal.

Issue 8: Various Reappropriations and Technical Adjustments

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

Children and Youth Behavioral Health Initiative Reappropriation. CalHHS requests reappropriation of up to $8.8 million of General Fund expenditure authority, originally approved in the 2021 Budget Act,

for the Children and Youth Behavioral Health Initiative. The 2021 Budget Act included General Fund expenditure authority of $50 million over five years for CalHHS to provide subject matter expertise and evaluation for the initiative.

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

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

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

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

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

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends modifying the Children and Youth Behavioral Health Initiative reappropriation to instead reappropriate and reallocate those funds to the Mental Health Oversight and Accountability Commission to conduct an evaluation of the impact of the initiative on the behavioral health needs and status of children and youth in California. Subcommittee staff recommends approving the other reappropriations and technical adjustments in this item as budgeted.

Issue 9: Health Innovations Initiative

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

Program Funding Request Summary (CalHHS)		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$10,000,000	$-
Total Funding Request:	**$10,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Reject. While this is a worthwhile project for CalHHS to accelerate the introduction of new innovations to safety net programs, the current General Fund shortfall requires a prioritization of projects in the context of relative benefits. Subcommittee staff recommends rejecting this proposal.

Issue 10: Home and Community-Based Services Spending Plan

Multiple Departments: 4140 Health Care Access and Information (HCAI)
4170 California Department of Aging (CDA)
4260 Department of Health Care Services (DHCS)
4300 Department of Developmental Services (DDS)
5160 Department of Rehabilitation (DOR)
5180 Department of Social Services (CDSS)

Home and Community-Based Spending Plan – May Revision. The May Revision proposes a limited six-month extension of the federal Home and Community-Based Services (HCBS) Spending Plan for specified programs under CDA, CDSS, DDS, and DHCS.

This issue was heard at the Subcommittee's March 2, 2023 hearing, May 16, 2023, hearing, and other Subcommittee hearings.

Subcommittee Staff Comment and Recommendation – Modify. Extend the timeline for all programs in the HCBS Spending Plan to the maximum time allowed by the federal government, with expenditures permitted through and until December 30, 2024, making corresponding changes to the Budget Bill Language.

Issue 11: Child Welfare Services - California Automated Response and Engagement System Project

Child Welfare Services - California Automated Response and Engagement System Project – May Revision. The Office of Systems Integration requests a total of $163.7 million ($83.4 million General Fund, $79.2 million federal funds, and $1.2 million reimbursements) for 2023-24, along with 5.0 new permanent Office of Systems Integration positions, 5.0 new permanent California Department of Social Services positions, and permanent position authority for 5.0 current California Department of Social Services state operations positions to be moved to the project budget as dedicated resources. Additionally, provisional language is requested to increase project expenditure authority up to an additional $36.6 million ($18.3 million General Fund). The requested funding and positions provide the resources to

continue the design, development, and implementation activities of the Child Welfare Services – California Automated Response and Engagement System.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation - Approve as Budgeted. Additionally, adopt modified Budget Bill Language to reference a definition of "verified satisfactory progress" that will be defined in the Trailer Bill Language and increase the amount of project funding subject to Department of Finance's approval and written notification to the Joint Legislative Budget Committee (JLBC) based on verification of satisfactory progress made on project development and implementation. Adopt corresponding placeholder Trailer Bill Language.

Issue 12: Progress Review Hearing Technical Clarification – Office of Youth and Community Restoration

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

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

Issue 13: Legislative Proposal to Expand Responsibilities of the Office of Youth and Community Restoration

Legislative Proposal – Office of Youth and Community Restoration (OYCR). This legislative proposal would require to OYCR to collect and publish quarterly county data on youth committed to Secure Youth Track Facilities (SYTFs) and youth transferred to adult criminal courts.

Oversight issues regarding OYCR were heard at the Subcommittee's March 2, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

Issue 14: Diversity, Equity, and Inclusion Strategic Plan Development

Budget Change Proposal – Governor's Budget. EMSA requests General Fund expenditure authority of $100,000 in 2023-24. If approved, these resources would allow EMSA to contract with a consultant to develop a Diversity, Equity, and Inclusion Strategic Plan that aligns with CalHHS initiatives to reduce health inequities and disparities.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$100,000	$-
Total Funding Request:	**$100,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 15: California POLST eRegistry Act – Trailer Bill Language

Trailer Bill Language – Governor's Budget. EMSA requests trailer bill language to repeal the requirement that the California POLST eRegistry incorporate the Advanced Health Care Directive Registry administered by the California Secretary of State.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language consistent with the Administration's proposal. The Administration has indicated a willingness to make adjustments to the POLST form to inform consumers about the differences between a POLST and an advanced health care directive, and other information to ensure consumers can appropriately memorialize their directives for health care decision-making in the absence of the ability to provide informed consent. However, subcommittee staff recommends the Administration and the Legislature evaluate and pursue future policy changes to further protect consumers from the potential for confusion from a lack of coordination between these two systems.

Issue 16: EMSA Director and Chief Medical Officer

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

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

* Resources ongoing after 2024-25.

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

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

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

* Resources ongoing after 2024-25.

This issue was heard during the subcommittee's May 16th hearing.

Trailer Bill Language – Governor's Budget. EMSA requests trailer bill language to repeal the requirement that the EMSA Director be a medical doctor (MD) and establish the position of Chief Medical Officer within EMSA's leadership team.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **Adopt modified placeholder trailer bill language** to:

- More comprehensively update statute to assign all clinical and medical aspects of the state's EMS system to the Chief Medical Officer.
- Require the EMSA Director to have extensive experience in EMS, health, public health, or a related field.

Issue 17: California Emergency Medical Services Information System Maintenance and Operations

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

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

* Resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 18: Staffing Allocation Resources

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

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

* Positions and resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 19: California Emergency Medical Services Central Registry

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation— Approve as budgeted. No concerns have been raised with this proposal.

4140 DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

Issue 20: Support for Health Workforce Education and Training Council

Budget Change Proposal – Governor's Budget. HCAI requests two positions annually, supported by previously approved state operations resources. If approved, these positions would support administration of the Health Workforce Education and Training Council.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$-	$-
Total Funding Request:	**$-**	**$-**
Total Requested Positions:	**2.0**	**2.0**

* Positions ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 21: Budget Solution: Healthcare Workforce Delays

Trailer Bill Language and Budget Solution – Governor's Budget. HCAI requests to delay expenditure authority approved in the 2022 Budget Act for several health care workforce development programs. The programs that would be delayed are as follows:

- *Comprehensive Nursing Initiative.* $15 million from 2022-23 and $55 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Community Health Workers.* $130 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Social Work Initiative.* $3.5 million from 2022-23 and $48.4 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Addiction Psychiatry and Addiction Medicine Fellowships.* $23.5 million from 2022-23 and $25 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *University and College Training Grants for Behavioral Health Professionals.* $26 million from 2022-23 and $26 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Expand Masters in Social Work Slots at Public Schools of Social Work.* $30 million from 2023-24 would be delayed until 2024-25 and 2025-26.
- *Nursing in Song-Brown.* $15 million from 2023-24 would be delayed until 2024-25 and 2025-26.

HCAI proposes trailer bill language to revert expenditure authority approved in the 2022 Budget Act to the General Fund and express the intent of the Legislature to appropriate these amounts to HCAI in the 2024 Budget Act and 2025 Budget Act.

Health Care Workforce Investments Delays and Repayments			
Comprehensive Nursing Initiative			
2022-23	**2023-24**	**2024-25**	**2025-26**
$ (15,000,000)	**$ (55,000,000)**	**$ 35,000,000**	**$ 35,000,000**

Community Health Workers			
2022-23	2023-24	2024-25	2025-26
$ -	$ (130,000,000)	$ 65,000,000	$ 65,000,000
Social Work Initiative			
2022-23	2023-24	2024-25	2025-26
$ (3,500,000)	$ (48,400,000)	$ 25,950,000	$ 25,950,000
Addiction Psychiatry and Addiction Medicine Fellowships			
2022-23	2023-24	2024-25	2025-26
$ (23,500,000)	$ (25,000,000)	$ 24,250,000	$ 24,250,000
University and College Training Grants for Behavioral Health Professionals			
2022-23	2023-24	2024-25	2025-26
$ (26,000,000)	$ (25,000,000)	$ 26,000,000	$ 26,000,000
Expand Masters in Social Work Slots at Public Schools of Social Work			
2022-23	2023-24	2024-25	2025-26
$ -	$ (30,000,000)	$ 15,000,000	$ 15,000,000
Nursing in Song-Brown			
2022-23	2023-24	2024-25	2025-26
$ -	$ (15,000,000)	$ 7,500,000	$ 7,500,000

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends rejecting the Administration's proposed delays to the following programs, using expenditure authority from the Mental Health Services Fund State Administration Account:

- Social Work Initiative
- Addiction Psychiatry and Addiction Medicine Fellowships
- University and College Training Grants for Behavioral Health Professionals

Subcommittee staff recommends rejecting the Administration's delays to the following programs using General Fund expenditure authority:

- Comprehensive Nursing Initiative
- Expand Masters in Social Work Slots at Public Schools of Social Work
- Nursing in Song-Brown

Subcommittee staff recommends partially rejecting the Administration's delays to the following program using General Fund expenditure authority as follows:

- Community Health Workers – $37.4 million General Fund expenditure authority in 2023-24 to support the community health workers program. Allow delay of $92.6 million General Fund expenditure authority scheduled for 2023-24 until 2024-25 ($46.3 million) and 2025-26 ($46.3 million).

Issue 22: CalRx Reproductive Health Drug Procurement

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

This issue was heard by the subcommittee during its hearing on May 16th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill language** consistent with the Administration's proposal**.** No concerns have been raised with this proposal.

Issue 23: CalRx Naloxone Initiative

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

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

* Position and resources ongoing after 2024-25.

This issue was heard by the subcommittee during its hearing on May 16th, 2023.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 24: Reproductive Health Workforce - Pharmacists

Trailer Bill Language – May Revision. HCAI proposes trailer bill language to conform California law to new federal Food and Drug Administration (FDA) policy that permits pharmacists to dispense mifepristone. The change to the statute would allow HCAI to use existing reproductive health workforce funds to contract to train pharmacists to dispense mifepristone.

The Department of Finance provided this proposal to the subcommittee on May 17th, so it has not been heard in a subcommittee hearing. However, this is a technical change to statute.

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

4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

Issue 25: Modernizing the Older Californians Act

Budget Solution – Governor's Budget. The 2022 Budget Act included $186 million general fund ($59.3 million in 2022-23, $86.9 million in 2023-24, and $39.8 million in 2024-25) to restore supports and services for older adults that were reduced in the last recession. This included budget bill language authorizing the CDA to work with local Area Agencies on Aging to allocate the funding between the following: 1) senior nutrition programs, 2) family caregiver supports, 3) volunteer development programs, and 4) aging in place programs.

The Governor's Budget proposes to spend this $186 million investment over five years instead of three. This amounts to $37.2 million in each of the five years.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 26: Master Plan for Aging, Phase III Infrastructure and Capacity

Budget Change Proposal – Governor's Budget. CDA requests 10 positions and a General Fund augmentation of $1.758 million in 2023-24 and $1.728 million ongoing to support continued implementation of the Master Plan for Aging, with dedicated resources for data and information technology (IT) capacity, security, project management, and IT procurement and contracting expertise.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt Budget Bill Language that specifies how this investment will advance equity goals in the Master Plan for Aging.

Issue 27: Advancing Older Adult Behavioral Health

Budget Change Proposal—Governor's May Revision. The California Department of Aging requests General Fund authority of $20 million in 2023-24 and $20 million in 2024-25, and $10 million in 2025-26 to continue Master Plan for Aging work on behavioral health needs for older adults. Specifically, this request includes (1) $30.3 million to local partners to continue local community older adult behavioral health capacity building, (2) $15 million to allow for continued operation of a statewide Older Adult

Friendship Line ($4.5 million) and an older adult behavioral health stigma reduction media campaign ($10.5 million); and (3) $4.7 million for state operations to provide support and oversight to local partners and fund three-year limited-term resources equivalent to 6.0 positions.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Approve $30.302 million General Fund for local community capacity building for older adult behavioral health; approve $4.5 million for the continuation of the Older Adult Friendship Line; approve $4.7 million state operations; reject $10.5 million for media and outreach campaign.

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
4260 DEPARTMENT OF HEALTH CARE SERVICES
4150 DEPARTMENT OF MANAGED HEALTH CARE

Issue 28: 988 Suicide and Crisis Lifeline (AB 988)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. CalHHS, DMHC, and DHCS requests a total of 17.5 positions (7.5 for DMHC and ten for DHCS), and total expenditure authority of $13.2 million ($10.3 million 988 State Suicide and Behavioral Health Crisis Services Fund or 988 Fund, $2.2 million Managed Care Fund, and $773,000 federal funds) in 2023-24, $16 million ($13.2 million 988 Fund, $2.1 million Managed Care Fund, and $728,000 federal funds) in 2024-25, and $16.3 million ($13.2 million 988 Fund, $2.3 million Managed Care Fund, and $728,000 federal funds) annually thereafter. If approved, these positions and resources would support implementation of 988 Crisis Support, pursuant to the requirements of AB 988 (Bauer-Kahan), Chapter 747, Statutes of 2022.

Program Funding Request Summary - CalHHS		
Fund Source	**2023-24**	**2024-25**
3414 – 988 State Suicide and BH Crisis Services Fund	$5,500,000	$-
Total Funding Request:	**$5,500,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary - DMHC		
Fund Source	**2023-24**	**2024-25***
0933 – Managed Care Fund	$2,197,000	$2,085,000
Total Funding Request:	**$2,197,000**	**$2,085,000**
Total Requested Positions:	**7.5**	**7.5**

* Additional fiscal year resources requested – 2025-26 and ongoing: $2,302,000.

Program Funding Request Summary - DHCS		
Fund Source	**2023-24**	**2024-25***
0890 – Federal Trust Fund	$773,000	$728,000

3414 – 988 State Suicide and BH Crisis Services Fund	$4,773,000	$13,228,000
Total Funding Request:	**$5,546,000**	**$13,956,000**
Total Requested Positions:	**10.0**	**10.0**

* Positions and resources ongoing after 2024-25.

Budget Change Proposal – May Revision. DHCS requests expenditure authority from the 988 State Suicide and Behavioral Health Crisis Services Fund of $15 million in 2023-24. If approved, these resources would support eligible 988 behavioral health crisis services.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
3414 – 988 State Suicide and BH Crisis Svcs Fund	$15,000,000	$-
Total Funding Request:	**$15,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's April 20th and May 17th hearings.

Subcommittee Staff Comment and Recommendation— Approve as budgeted and **reject trailer bill language.** Subcommittee staff recommends approving the requested resources to implement AB 988, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Issue 29: May 2023 Medi-Cal Local Assistance Estimate

Local Assistance Estimate – May Revision. The May 2023 Medi-Cal Local Assistance Estimate includes $135.4 billion ($30.9 billion General Fund, $91.2 billion federal funds, and $13.3 billion special funds and reimbursements) for expenditures in 2022-23, and $151.2 billion ($37.6 billion General Fund, $90.5 billion federal funds, and $23.1 billion special funds and reimbursements) for expenditures in 2023-24.

Medi-Cal Local Assistance Funding Summary			
Fiscal Year:	**2022-22 (CY)**	**2023-24 (BY)**	**CY to BY**
Benefits			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$29,491,225,000	$35,770,521,000	$6,279,296,000
Federal Funds	$86,497,317,000	$85,286,563,000	($1,210,754,000)
Special Funds/Reimbursements	$13,142,601,000	$22,945,415,000	$9,802,814,000
Total Expenditures	**$129,131,143,000**	**$144,002,499,000**	**$14,871,356,000**
County Administration			

Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$1,225,544,000	$1,683,150,000	$457,606,000
Federal Funds	$4,384,623,000	$4,758,803,000	$374,180,000
Special Funds and Reimbursements	$126,520,000	$175,277,000	$48,757,000
Total Expenditures	**$5,736,687,000**	**$6,617,230,000**	**$880,543,000**
Fiscal Intermediary			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$179,357,000	$157,076,000	($22,281,000)
Federal Funds	$315,884,000	$432,818,000	$116,934,000
Special Funds and Reimbursements	$0	$0	$0
Total Expenditures	**$495,241,000**	**$589,894,000**	**$94,653,000**
TOTAL MEDI-CAL LOCAL ASSISTANCE EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$30,896,126,000	$37,610,747,000	$6,714,621,000
Federal Funds	$91,197,824,000	$90,478,184,000	($719,640,000)
Special Funds and Reimbursements	$13,269,121,000	$23,120,692,000	$9,851,571,000
Total Expenditures	**$135,363,071,000**	**$151,209,623,000**	**$15,846,552,000**

Caseload. In 2022-23, the May Revision assumes annual Medi-Cal caseload of 15.3 million, an increase of 0.3 percent compared to assumptions in the January budget. The department estimates 89 percent of Medi-Cal beneficiaries, or 13.6 million, will receive services through the managed care delivery system while 11.2 percent, or 1.7 million, will receive services through the fee-for-service delivery system.

In 2023-24, the May Revision assumes annual Medi-Cal caseload of 14.2 million, a decrease of 1.7 percent compared to assumptions in the January budget, and a decrease of 7.2 percent compared to the revised caseload estimate for 2022-23. The department estimates 93.7 percent of Medi-Cal beneficiaries, or 13.3 million, will receive services through the managed care delivery system while 6.3 percent, or 897,342, will receive services through the fee-for-service delivery system.

This issue was heard during the subcommittee's March 16th and May 17th hearings.

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

Issue 30: May 2023 Family Health Local Assistance Estimate

Local Assistance Estimate – May Revision. The May 2023 Family Health Local Assistance Estimate includes $238 million ($197.1 million General Fund, $5 million federal funds, and $35.9 million special funds and reimbursements) for expenditures in 2022-23, and $253.1 million ($220 million General Fund,

$5.5 million federal funds, and $27.7 million special funds and reimbursements) for expenditures in 2023-24.

Family Health Local Assistance Funding Summary			
Fiscal Year:	**2022-23 (CY)**	**2023-24 (BY)**	**CY to BY**
California Children's Services (CCS)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$78,195,000	$83,133,000	$4,938,000
Special Funds/Reimbursements	$7,692,000	$7,692,000	$0
County Funds [non-add]	[$82,590,000]	[$86,365,000]	[$3,775,000]
Total CCS Expenditures	**$85,887,000**	**$90,825,000**	**$4,938,000**
Genetically Handicapped Persons Program (GHPP)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$112,223,000	$128,739,000	$16,516,000
Special Funds and Reimbursements	$8,312,000	$393,000	($7,919,000)
Total GHPP Expenditures	**$120,535,000**	**$129,132,000**	**$8,597,000**
Every Woman Counts Program (EWC)			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$6,726,000	$8,079,000	$1,353,000
Federal Funds	$4,970,000	$5,513,000	$543,000
Special Funds and Reimbursements	$19,913,000	$19,598,000	($315,000)
Total EWC Expenditures	**$31,609,000**	**$33,190,000**	**$1,581,000**
TOTAL FAMILY HEALTH EXPENDITURES			
Fund Source	***Revised***	***Proposed***	***Change***
General Fund	$197,144,000	$219,951,000	$22,807,000
Federal Funds	$4,970,000	$5,513,000	$543,000
Special Funds and Reimbursements	$35,917,000	$27,683,000	($8,234,000)
County Funds [non-add]	[$82,590,000]	[$86,365,000]	[$7,988,000]
Total Family Health Expenditures	**$238,031,000**	**$253,147,000**	**$15,116,000**

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

The programs included in the Family Health Estimate are:

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

  Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal CCS caseload of 198,920 in 2022-23 and 188,521 in 2023-24.
  Caseload Estimate (State-Only): The May Revision estimates state-only CCS caseload of 9,682 in 2022-23 and 12,134 in 2023-24.

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

  Caseload Estimate (Medi-Cal): The May Revision estimates Medi-Cal GHPP caseload of 944 in 2022-23 and 936 in 2023-24.
  Caseload Estimate (State-Only): The May Revision estimates state-only GHPP caseload of 668 in 2022-23 and 674 in 2023-24.

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

  Caseload Estimate: The May Revision estimates EWC caseload of 19,835 in 2022-23, and 20,561 in 2023-24.

This issue was heard during the subcommittee's March 16th and May 17th hearings.

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

Issue 31: Post Eligibility Treatment of Income – Trailer Bill Language

Trailer Bill Language – Governor's Budget. DHCS requests trailer bill language to align state law with federal guidelines regarding Medi-Cal eligibility cost-sharing provisions for individuals subject to post-eligibility treatment of income and spend-down of excess income.

This issue was heard during the subcommittee's March 16th hearing.

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

Issue 32: Whole Child Model – Trailer Bill Language

Trailer Bill Language– Governor's Budget. DHCS proposes trailer bill language to expand the Whole Child Model for California Children's Services (CCS) to the 15 counties converting to County Organized Health System or Single Plan models, and to mandatorily enroll foster children in Single Plan counties in the Whole Child Model.

Trailer Bill Language Update – May Revision. DHCS requests to update its trailer bill language proposal, included in the January budget, to expand the Whole Child Model (WCM) for California Children's Services (CCS) beneficiaries, to only expand to County Organized Health System counties. The updated language would not expand to Single Plan Counties, such as Alameda, Contra Costa, and Imperial Counties.

This issue was heard during the subcommittee's March 16th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Reject. The evaluation conducted of the Whole Child Model pilot identified significant challenges for CCS beneficiaries enrolled in pilot counties, including reduced overall enrollment and issues accessing specialty care. While some metrics on access to primary care and behavioral health services improved relative to fee-for-services counties, these metrics are not as important as ensuring children with CCS-eligible conditions are having their needs met for care related to their condition. These results suggest expansion of the Whole Child Model pilot is certainly not warranted and the department should strongly consider re-evaluating its service delivery system for CCS-eligible children in the existing pilot counties.

Issue 33: Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)

Local Assistance – Governor's Budget. DHCS requests expenditure authority of $5.7 million ($311,000 General Fund, $3.5 million federal funds, and $1.8 million county funds) in 2023-24, growing to $1.9 billion ($49.4 million General Fund, $1.2 billion federal funds, $50 million Mental Health Services Fund, and $674.7 million county funds) by 2027-28. Over the five years of the demonstration, expenditure authority for DHCS would total $6 billion ($180.5 million General Fund, $3.5 billion federal funds, $175 million Mental Health Services Fund, and $2.1 billion county funds). If approved, these resources would support the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT), previously known as the California Behavioral Health Community-Based Continuum Demonstration, to expand access and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance.

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**Five Year Total**
0001 – General Fund	$311,000	$180,491,000

0890 – Federal Trust Fund	$3,532,000	$3,497,034,000
3085 – Mental Health Services Fund	$-	$175,000,000
3420 – Medi-Cal County Behavioral Health Fund	$1,808,000	$2,102,300,000
Total Funding Request:	**$5,651,000**	**$5,954,825,000**

Local Assistance – May Revision. DHCS requests updates to expenditure authority for the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) over five years, as follows:

- General Fund – increased expenditure authority of $4.5 million
- Federal Funds – increased expenditure authority of $104.1 million
- Mental Health Services Fund – decreased expenditure authority of $87.5 million.

This issue was heard during the subcommittee's April 20th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with these proposals.

Issue 34: Budget Solution – Delay Behavioral Health Continuum Infrastructure and Bridge Housing

Budget Solution – Governor's Budget. DHCS requests to delay implementation of previously approved funding for the Behavioral Health Continuum Infrastructure Program and Behavioral Health Bridge Housing.

Local Assistance – May Revision. In the May Revision, DHCS requests expenditure authority from the Mental Health Services Fund of $500 million and a reduction of General Fund expenditure authority of $250 million. If approved, these funding changes would allow DHCS to withdraw its January budget proposal to delay funding and implementation for Behavioral Health Bridge Housing.

This issue was heard during the subcommittee's April 20th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Modify as follows:

1) **BHCIP Delay - Approve delay as budgeted.**

2) **Behavioral Health Bridge Housing – Modify** to allow $250 million of expenditure authority from the Mental Health Services Fund to replace the 2023-24 General Fund allocation for Behavioral Health Bridge Housing, but reject the use of an additional $250 million of Mental Health Services Fund, allowing the one-year delay proposed in the January budget to occur.

While the state is currently experiencing a shortage of behavioral health infrastructure, the previous five rounds of the Behavioral Health Continuum Infrastructure Program have resulted in the investment of $1.2 billion to date, with another $480 million expected to be awarded in 2023. In addition to the resources invested through BHCIP, $1.2 billion is expected to be awarded for the Behavioral Health Bridge Housing program through 2023-24. While the need for this vital

infrastructure is acute, these projects often require significant needs analysis and navigation of local planning processes well in advance of beginning construction or acquisition of a behavioral health facility. Delay of the last rounds of funding for these two programs may allow for a more thoughtful approach to addressing gaps in the behavioral health continuum, as well as acquiring necessary resources and engaging with the community.

Subcommittee staff recommends utilizing the additional $250 million Mental Health Services Fund to restore behavioral health workforce programs proposed for delay in the January budget, as well as allocating approximately $100 million to support new and expand existing partnerships between county behavioral health departments and schools under the Mental Health Student Services Act. (see related issues under HCAI and MHSOAC)

Issue 35: CalAIM Behavioral Health Payment Reform

Local Assistance and Trailer Bill Language – Governor's Budget. DHCS requests General Fund expenditure authority of $45.4 million in 2022-23 and $19.5 million in 2023-24. If approved, these resources would allow DHCS to support county implementation of Behavioral Health Payment Reform system changes as part of the California Advancing and Innovating Medi-Cal (CalAIM) initiative. DHCS also requests General Fund expenditure authority of $375 million in 2023-24 and proposes trailer bill language to authorize transition of county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGTs), and to establish the Medi-Cal County Behavioral Health Fund to receive IGTs from counties to serve as the non-federal share of Medi-Cal behavioral health services.

Program Funding Request Summary – BH-QIP System Changes		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$45,396,000	$19,456,000
Total Funding Request:	**$45,396,000**	**$19,456,000**
Total Requested Positions:	**0.0**	**0.0**

Program Funding Request Summary – Transfer to Medi-Cal County Behavioral Health Fund		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$-	$375,000,000
Total Funding Request:	**$-**	**$375,000,000**
Total Requested Positions:	**0.0**	**0.0**

Trailer Bill Language Update – May Revision. DHCS proposes amendments to its January budget trailer bill language proposal to implement behavioral health payment reform. In particular, these amendments would authorize DHCS, rather than the Department of Finance, to submit the offset and transfer schedule to the Controller, to transfer certain funds into the Medi-Cal County Behavioral Health Fund, and govern the process of providing the schedule to the Controller.

This issue was heard during the subcommittee's April 20th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Modify and **adopt placeholder trailer bill language.** Subcommittee staff recommends approving as budgeted the requested resources to implement Behavioral Health Payment Reform system changes, and the transfer of $375 million from the General Fund to the Medi-Cal County Behavioral Health Fund to address cashflow challenges at the outset of the new intergovernmental transfer structure. However, subcommittee staff also recommends requiring county behavioral health departments to repay the state's General Fund investment within the 2023-24 fiscal year. Subcommittee staff also recommends adopting placeholder trailer bill language consistent with the Administration's trailer bill proposal, as updated at May Revision.

Issue 36: Specialty Mental Health Services – Foster Youth Presumptive Transfer (AB 1051)

Budget Change Proposal – Governor's Budget. DHCS requests five positions and expenditure authority of $764,000 ($382,000 General Fund and $382,000 federal funds) in 2023-24 and $719,000 ($360,000 General Fund and $359,000 federal funds) annually thereafter. If approved, these positions and resources would support assistance to foster children placed outside of their county of original jurisdiction to access specialty mental health services, consistent with the requirements of AB 1051 (Bennett), Chapter 402, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$382,000	$360,000
0890 – Federal Trust Fund	$382,000	$359,000
Total Funding Request:	**$764,000**	**$719,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Modify. As the author and sponsors of AB 1051 are currently requesting a one-year delay of implementation of this bill, as reflected in AB 551 (Bennett), subcommittee staff recommend modifying this proposal to account for this delay and adopting modified placeholder trailer bill language to implement the one-year delay proposed in AB 551.

Issue 37: Children's Psychiatric Treatment Facilities (AB 2317)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests 15 positions and expenditure authority of $2.6 million ($1.2 million General Fund and $1.3 million federal funds) in 2023-24 and $2.6 million ($1.3 million General Fund and $1.4 million federal funds) annually thereafter. If approved, these positions and resources would support establishment and oversight of a new licensing category, a Psychiatric Residential Treatment Facility, pursuant to the requirements of AB 2317 (Ramos), Chapter 589, Statutes of 2022. DHCS also proposes trailer bill language to align interdisciplinary team member requirements with federal statutes and other technical changes.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$1,223,000	$1,262,000
0890 – Federal Trust Fund	$1,342,000	$1,377,000
Total Funding Request:	**$2,565,000**	**$2,639,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **reject trailer bill language.** Subcommittee staff recommends approving the requested resources to implement AB 2317, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.

Issue 38: Strengthening Oversight for Substance Use Disorder Licensing and Certification

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DHCS requests 12 positions and expenditure authority from the Residential Outpatient Licensing Fund (ROPLF) of $2 million in 2023-24 and $1.9 million annually thereafter. If approved, these positions and resources would support strengthening compliance and oversight, as well as establishing mandatory certification for outpatient substance use disorder programs. DHCS also proposes trailer bill language to implement these provisions and authorize an increase in the ROPLF fee to support this new workload.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3113 – Residential Outpatient Program Licensing Fund	$2,012,000	$1,904,000
Total Funding Request:	**$2,012,000**	**$1,904,000**
Total Requested Positions:	**12.0**	**12.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt modified placeholder trailer bill language** consistent with the Administration's proposal, but phasing in the fee increase no more than 20 percent per year, and adjusted for inflation after fully phased-in.

Issue 39: Opioid Settlements Fund State Directed Programs

Budget Change Proposal – Governor's Budget. DHCS requests expenditure authority from the Opioid Settlements Fund of $32 million in 2023-24, $23 million in 2024-25, and $12 million in 2025-26 and 2026-27. If approved, these resources would support the Naloxone Distribution Project.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$32,000,000	$23,000,000
Total Funding Request:	**$32,000,000**	**$23,000,000**

Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $12,000,000, 2026-27: $12,000,000.

Budget Change Proposal – May Revision. DHCS requests expenditure authority from the Opioid Settlements Fund of $58 million in 2023-24, $28 million in 2024-25 and 2025-26, and $27.3 million in 2026-27. If approved, these resources would support expansion of the Naloxone Distribution Project.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$58,000,000	$28,000,000
Total Funding Request:	**$58,000,000**	**$28,00,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $28,000,000; 2026-27: $27,317,000.

This issue was heard during the subcommittee's April 20th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends reducing the allocation of expenditure authority from the Opioid Settlements Fund of $15.3 million annually over four years, and reallocating to the Department of Public Health to support harm reduction programs for staff and costs related to delivery of naloxone, fentanyl test strips, overdose prevention and response training, and drug treatment provision and navigation. (*see related issue under DPH).* Subcommittee staff also recommends adopting modified placeholder budget bill language authorizing the Department of Finance to augment this item by $15.3 million for the Naloxone Distribution Project if sufficient resources are available in the Opioid Settlements Fund to support this additional expenditure.

Issue 40: Drug Medi-Cal Claiming Timelines

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to extend the claiming timeline for Drug Medi-Cal services from six months to twelve months to create parity and be consistent with timelines for Medi-Cal fee-for-service, specialty mental health services, and federal regulations.

This issue was heard during the subcommittee's April 20th hearing.

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

Issue 41: CalAIM – Designated State Health Programs and Delay Facility Carve-ins

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to increase Medi-Cal reimbursement rates for primary care and obstetric services, consistent with the terms and conditions of the CalAIM 1115 Waiver related to designated state health programs, and to delay the integration of intermediate care facilities for individuals with developmental disabilities and subacute facilities into the managed care delivery system under CalAIM's long-term care integration component.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language consistent with the Administration's proposal and consistent with additional rate adjustments adopted by the Legislature as part of the Managed Care Organization tax proposal.

Issue 42: Local Educational Agency Medi-Cal Billing Option Program Withhold Return

Budget Change Proposal – Governor's Budget. DHCS requests expenditure authority from the Special Deposit Fund of $7.5 million in 2023-24. If approved, these resources would allow DHCS to reimburse local educational agencies for excess administrative withholds associated with the Local Educational Agency Medi-Cal Billing Option Program (LEA BOP).

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**2024-25**
0942 – Special Deposit Fund	$7,450,000	$-
Total Funding Request:	**$7,450,000**	**$-**

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 43: Medical Provider Interim Payment Loan Authority

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to set the Medical Provider Interim Payment Loan Authority amount at ten percent of the amount appropriated from the General Fund and six percent of the amount appropriated from the Federal Trust Fund for Medi-Cal benefit costs in the most recent Budget Act.

This issue was heard during the subcommittee's April 20th hearing.

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

Issue 44: Nursing Facility Financing Reform

Budget Change Proposal – April Finance Letter. DHCS requests two positions and expenditure authority of $1.3 million ($666,000 General Fund and $666,000 federal funds) in 2023-24 and $1.3 million ($657,000 General Fund and $657,000 federal funds) annually thereafter. If approved, these positions and resources would support skilled nursing facility financing programs authorized by AB 186 (Committee on Budget), Chapter 46, Statues of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$666,000	$657,000
0890 – Federal Trust Fund	$666,000	$657,000
Total Funding Request:	**$1,332,000**	**$1,314,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 45: PACE Monitoring and Program Operations

Budget Change Proposal – Governor's Budget. DHCS requests ten positions and expenditure authority of $1.7 million ($713,000 General Fund and $965,000 federal funds) in 2023-24 and $1.6 million ($674,000 General Fund and $914,000 federal funds) annually thereafter. If approved, these positions and resources would support administration, operation, monitoring, and oversight of Programs of All Inclusive Care for the Elderly (PACE).

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$713,000	$674,000
0890 – Federal Trust Fund	$965,000	$914,000
Total Funding Request:	**$1,678,000**	**$1,588,000**
Total Requested Positions:	**10.0**	**10.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 46: Program Workload

Budget Change Proposal – Governor's Budget. DHCS requests 19 positions and expenditure authority of $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2023-24, $3.7 million ($1.8 million General Fund and $1.8 million federal funds) in 2024-25 through 2027-28, and $3 million ($1.5 million General Fund and $1.5 million federal funds) annually thereafter. If approved, these positions and resources would support ongoing workload for the following DHCS programs:

- Medi-Cal Health Enrollment Navigators Project
- Strengthening Preventive Services for Children in Medi-Cal
- Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight, and Monitoring
- Administration

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,904,000	$1,827,000
0890 – Federal Trust Fund	$1,904,000	$1,827,000
Total Funding Request:	**$3,807,000**	**$3,654,000**
Total Requested Positions:	**19.0**	**19.0**

* Additional fiscal year resources requested – 2025-26 through 2027-28: $3,654,000, 2027-28 and ongoing: $2,959,000.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 47: Delay Two-Week Checkwrite Hold Buyback

Local Assistance and Budget Solution – Governor's Budget. DHCS requests to delay elimination of the practice of withholding provider reimbursement checkwrites during the last two weeks of the fiscal year, authorized by the 2022 Budget Act, until 2024-25. DHCS estimates total savings of $1.1 billion ($378 million General Fund) in 2022-23 from this proposed delay.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 48: Conform Statutory Estimate Requirements to Recent Program Changes

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to conform the requirements for the semi-annual Medi-Cal Local Assistance Estimate and scheduling of Medi-Cal programs in the annual Budget Act with recent changes to the Medi-Cal program.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Adopt modified placeholder trailer bill language consistent with the Administration's proposal, but requiring fee-for-service rates to continue to be displayed separately in the Medi-Cal Local Assistance Estimate.

Issue 49: Newborn Hospital Gateway

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to require all Medi-Cal providers participating in presumptive eligibility programs to report the births of any Medi-Cal eligible infant born in their facilities, including hospitals and birthing centers or other birthing settings, within 24 hours after birth through the Newborn Hospital Gateway.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Adopt modified placeholder trailer bill language consistent with the Administration's proposal, but allowing facilities to report 72 hours after birth or one business day after discharge, as well as other technical changes.

Issue 50: Acute Inpatient Intensive Rehabilitation Services

Trailer Bill Language – Governor's Budget. DHCS proposes trailer bill language to eliminate statutory provisions requiring initial evaluation and trial programs for acute inpatient intensive rehabilitation services, consistent with evidence-based practice and Medicare policy.

This issue was heard during the subcommittee's April 20th hearing.

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

Issue 51: Medi-Cal Enterprise System Modernization

Budget Change Proposal – Governor's Budget. DHCS and the Office of the Agency Information Officer request eight total positions and expenditure authority of $7.8 million ($1.4 million General Fund and $6.4 million federal funds) in 2023-24, $4.5 million ($716,000 General Fund and $3.8 million federal funds) in 2024-25 and $1.6 million ($337,000 General Fund and $1.2 million federal funds) annually thereafter. If approved, these positions and resources would support ongoing modernization efforts for the Medi-Cal Enterprise System, including the following projects: 1) Behavioral Health Modernization, 2) Federal Draw and Reporting System, 3) California Accounts Receivable Management, and 4) Medi-Cal Enterprise System Modernization Strategy and Architecture Planning.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,379,000	$716,000
0890 – Federal Trust Fund	$6,418,000	$3,793,000
Total Funding Request:	**$7,797,000**	**$4,509,000**
Total Requested Positions:	**8.0**	**8.0**

* Additional fiscal year resources requested – 2025-26 and ongoing: $1,580,000.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 52: Interoperability Federal Rule Implementation

Budget Change Proposal – April Finance Letter. DHCS requests expenditure authority of $1.5 million ($148,000 General Fund and $1.3 million federal funds) in 2023-24 and 2024-25. If approved, these

positions and resources would support implementation and additional planning for new interoperability rules required by the federal Centers for Medicare and Medicaid Services (CMS).

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$148,000	$148,000
0890 – Federal Trust Fund	$1,335,000	$1,335,000
Total Funding Request:	**$1,483,000**	**$1,483,000**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 53: Doula Services Implementation Evaluation

Trailer Bill Language – May Revision. DHCS requests trailer bill language to align workgroup timelines for examination of implementation of the doula benefit in Medi-Cal with an anticipated one-year delay in implementation of the benefit.

This issue was heard during the subcommittee's May 17th hearing.

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

Issue 54: Medical Interpreters Pilot Project - Extension

Trailer Bill Language – May Revision. DHCS requests trailer bill language to extend availability of funding and extend the sunset date for the Medical Interpreter Pilot Project (MIPP), a pilot project for interpretation services in the Medi-Cal program, pursuant to SB 635 (Atkins), Chapter 600, Statutes of 2016.

This issue was heard during the subcommittee's May 17th hearing.

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

Issue 55: Long-Term Care Facilities Rate Year Shift

Trailer Bill Language – May Revision. DHCS requests trailer bill language to shift reimbursement for certain long-term care facilities from a rate year that begins in August to a calendar year rate year, beginning January 1, 2024.

This issue was heard during the subcommittee's May 17th hearing.

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

Issue 56: Assisted Living Waiver Expansion Permanent Workload

Budget Change Proposal – May Revision. DHCS requests 15 positions and expenditure authority of $933,000 ($308,000 General Fund and $625,000 federal funds) in 2023-24 and $2.3 million ($772,000 General Fund and $1.6 million federal funds) annually thereafter. If approved, these positions and resources would support administrative, operational, and monitoring and oversight needs for the expansion of the Assisted Living Waiver Program.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$308,000	$772,000
0890 – Federal Trust Fund	$625,000	$1,566,000
Total Funding Request:	**$933,000**	**$2,338,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 57: Control Section 4.05 Adjustment, Budget Act of 2021

Technical Adjustment – May Revision. DHCS requests a net-zero shift of expenditure authority from federal funds to the Special Deposit Fund of $650,000, associated with Control Section 4.05 of the 2021 Budget Act. Control Section 4.05 allows items of appropriation provided outside of the Budget Act to be adjusted to reflect net savings achieved through operational efficiencies and other cost-reduction measures.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 58: Dental Procurement

Budget Change Proposal – Governor's Budget. DHCS requests six positions (conversion of four limited-term to permanent and two new positions) and expenditure authority of $1.8 million ($443,000 General Fund and $1.3 million federal funds) in 2023-24 and $1.7 million ($438,000 General Fund and $1.3 million federal funds) annually thereafter. If approved, these positions and resources would support

a procurement effort, contract transition, and other workload to secure a new Fiscal Intermediary Dental Information Technology Maintenance and Operations contract in support of dental services for Medi-Cal.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$443,000	$438,000
0890 – Federal Trust Fund	$1,323,000	$1,310,000
Total Funding Request:	**$1,766,000**	**$1,748,000**
Total Requested Positions:	**6.0**	**6.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 59: Fund Source Change for CalHOPE

Local Assistance – May Revision. DHCS requests expenditure authority from the Mental Health Services Fund of $50.5 million and a reduction of General Fund expenditure authority of $40 million in 2023-24. If approved, these changes would shift funding for CalHOPE from General Fund to Mental Health Services Fund.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends rejecting the shift of funding for CalHOPE to Mental Health Services Fund, but instead reallocating $50.5 million of the $355 million General Fund authority supporting the Behavioral Health Services and Supports Platform to support CalHOPE. Subcommittee staff also recommends adopting modified placeholder trailer bill language to require the department to report data on the impact of CalHOPE since its implementation during the pandemic.

Issue 60: Behavioral Health Modernization

Budget Change Proposal – May Revision. DHCS requests expenditure authority of $40 million ($20 million General Fund and $20 million federal funds) in 2023-24. If approved, these resources would support modernization of the behavioral health system, consistent with reform to the Mental Health Services Act proposed by the Governor.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$20,000,000	$-
0890 – Federal Trust Fund	$20,000,000	$-
Total Funding Request:	**$40,000,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Reject. Subcommittee staff recommends rejecting these proposed resources. Because the Behavioral Health Modernization proposal has not yet been approved by the Legislature, and the resulting initiative would not be put before the voters until November 2024, approval of these resources is premature.

Issue 61: Children and Youth BH Initiative – Fee Schedule Third Party Administrator

Local Assistance – May Revision. DHCS requests General Fund expenditure authority of $10 million in 2023-24 to create statewide infrastructure for provider management and to manage billing for behavioral health services furnished to student under the Children and Youth Behavioral Health Initiative statewide fee schedule.

Program Funding Request Summary – Local Assistance		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$10,000,000	$-
Total Funding Request:	**$10,000,000**	**$-**

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends approving the Administration's proposal, but utilizing expenditure authority from the Managed Care Fund, rather than the General Fund, under an interagency agreement with the Department of Managed Health Care.

Issue 62: Los Angeles County CARE Court Start-Up Funding

Budget Bill Language – May Revision. DHCS requests budget bill language to authorize the use of $15 million of existing General Fund expenditure authority to support Los Angeles County planning and preparation to implement the Community Assistance, Recovery, and Empowerment (CARE) Act.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 63: Contingency Management Pilot Extension

Budget Change Proposal – May Revision. DHCS requests 11 positions and expenditure authority of $1.5 million ($755,000 General Fund and $755,000 federal funds) in 2023-24, $5 million ($2.5 million General Fund and $2.5 million federal funds) in 2024-25 and 2025-26, $3.8 million ($1.9 million General Fund and $1.9 million federal funds) in 2026-27, and $2.2 million ($1.1 million General Fund and $1.1

million federal funds) in 2027-28. If approved, these positions and resources would support conversion of the contingency management program from a pilot project to a waiver demonstration benefit.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$755,000	$2,475,000
0890 – Federal Trust Fund	$755,000	$2,475,000
Total Funding Request:	**$1,510,000**	**$4,950,000**
Total Requested Positions:	**11.0**	**11.0**

* Additional fiscal year resources requested – 2025-26: $4,9750,000; 2026-27: $3,815,000; 2027-28: $2,180,000.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 64: Virtual Services in Driving Under the Influence Programs

Trailer Bill Language – May Revision. DHCS proposes trailer bill language to clarify its authority to regulate Driving Under the Influence programs that offer services virtually.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 65: Managed Care Organization Tax and Provider Rate Increases

Local Assistance and Trailer Bill Language – May Revision. DHCS proposes trailer bill language to implement a multi-year tax on managed care organizations (MCO) beginning April 1, 2023, through December 31, 2026. If approved, the tax would provide net General Fund benefit of $4.4 billion in 2023-24, $5.1 billion in 2024-25, $5.3 billion in 2025-26, and $4.6 billion in 2026-27 to: 1) support the General Fund shortfall and achieve a balanced budget, 2) support Medi-Cal investments to ensure access, quality and equity over an eight to ten year period.

In addition, DHCS requests expenditure authority of $214.7 million ($89.6 million General Fund and $125.1 million federal funds) and proposes trailer bill language to increase provider rates to 87.5 percent of the rate paid by the Medicare program, beginning January 1, 2024, for the following provider types: 1) primary care services and nonphysician professional services, 2) obstetric care services, and 3) outpatient, non-specialty mental health services.

MCO Tax Renewal – Cash Basis by Fiscal Year					
(dollars in thousands)	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**Total**
Total Revenue[1]	$8,269,212	$8,526,680	$8,761,784	$6,703,584	$32,261,260
Medi-Cal Capitation Rates[2]	$3,859,656	$3,414,943	$3,507,447	$2,077,488	$12,859,534

State's Net Benefit[3]	$4,409,556	$5,111,737	$5,254,337	$4,626,096	$19,401,726
General Fund Backfill[4]	$3,388,600	$1,857,914	$2,019,341	$1,050,027	$8,315,882
Proposed Rate Increases[5]	$98,232	$240,140	$240,639	$240,639	$819,650
Medi-Cal Provider Payment Reserve Fund[6]	$922,724	$3,013,683	$2,994,357	$3,335,430	$10,266,194

1 – Total Revenue is the total amount of revenue received by the state from the tax on managed care organizations.
2 – Medi-Cal Capitation Rates is the amount paid to Medi-Cal managed care plans in their capitation rates to account for the amount of tax paid to the state. Federal regulations require capitation payments to be actuarial sound and include the cost of taxes.
3 – State's Net Benefit is the amount of revenue received by the state, net of capitation payments paid to managed care plans.
4 – General Fund Backfill is the amount that addresses the General Fund shortfall in 2023-24 and subsequent years.
5 – Proposed Rate Increases include the increase to 87.5 percent of Medicare for primary care, obstetrics and non-specialty mental health
6 – Medi-Cal Provider Payment Reserve Fund would receive deposits of the remaining MCO tax revenue for future allocation to provider payments, according to the Administration's proposal.

This issue was heard during the subcommittee's May 23rd hearing.

Subcommittee Staff Comment and Recommendation—Modify. Subcommittee staff recommends adopting placeholder trailer bill language consistent with the Administration's proposed tax on managed care organizations, but adopting modified placeholder trailer bill language regarding expenditure of tax proceeds on investments in the Medi-Cal program, as follows:

- **Expenditure Timeframe.** Subcommittee staff recommends modifying the trailer bill language to expend the available funding of $10.3 billion over the course of the tax period, until December 31, 2026, rather than the eight to ten years proposed by the Administration.

- **Categories of Expenditure.** Subcommittee staff recommends modifying the trailer bill language to, in addition to the investments proposed by the Administration for reimbursement rate increases for primary care, obstetrics, and non-specialty mental health, provide for additional Medi-Cal investments in the following categories:

    - Primary care reimbursement rates
    - Specialty care reimbursement rates
    - Community health workers
    - Family planning and women's health
    - Access to abortion services
    - Clinic quality improvement and access
    - Ground emergency transfers
    - Emergency department access
    - Inpatient psychiatric bed capacity
    - Same day visits for community clinics
    - Graduate medical education
    - Allied loan repayment
    - Medi-Cal workforce
    - Loan repayment through the CalHealthCares program

- Elimination of the trigger for continuous coverage for children zero to five adopted in the 2022 Budget Act
- Elimination of the trigger for share of cost reform adopted in the 2022 Budget Act
- Various investments in mental health
- Reimbursement rate increases for: 1) private duty nursing, 2) pediatric day health centers, 3) air ambulance providers, 4) community-based adult services (CBAS) centers, 5) non-emergency medical transportation (NEMT) providers.

- **Workforce Issues.** Subcommittee staff recommends modifying the trailer bill language to address workforce issues.

Issue 66: Pediatric Subacute Facilities

Legislative Proposal. Totally Kids Sun Valley and the California Association of Health Facilities (CAHF) request expenditure authority of $2.2 million ($1.1 million General Fund and $1.1 million federal funds) in 2023-24 and $454,000 ($227,000 General Fund and $227,000 federal funds) in 2024-25 to include free-standing pediatric subacute facilities in the current Medi-Cal rate "hold harmless" statutory language. According to the advocates, these facilities were not included in the current statute, but should be treated the same as other homes and facilities and have assurance their Medi-Cal rates do not fall below current levels with the ending of the public health emergency.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$1,100,000	$227,000
0890 – Federal Trust Fund	$1,100,000	$227,000
Total Funding Request:	**$2,200,000**	**$454,000**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve Legislative Proposal.

Issue 67: Let California Kids Hear – Hearing Aids for Children

Legislative Proposal. Let California Kids Hear and Children Now request General Fund expenditure authority of $3.5 million in 2023-24 and $3.4 million annually thereafter, and placeholder trailer bill language, to support a requirement that health care service plans or health insurance policies include coverage for hearing aids for enrollees or insureds under 21 years of age.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$3,500,000	$3,400,000
Total Funding Request:	**$3,500,000**	**$3,400,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

This issue was heard during the subcommittee's April 20th hearing.

Subcommittee Staff Comment and Recommendation—Approve Legislative Proposal and **adopt modified placeholder trailer bill language.** The Administration's Hearing Aid Coverage for Children Program (HACCP) was implemented to replace the benefit mandate included in AB 598 (Bloom), approved by the Legislature in 2019. Instead of requiring health plans to cover hearing aids for children, the Administration proposed to implement a similar program utilizing the Medi-Cal delivery system. However, despite several attempts by the Legislature to improve this program, the HACCP has failed to deliver an adequate hearing aid benefit to California's children. As a result, subcommittee staff recommend eliminating the HACCP effective January 1, 2024, and replacing it with the benefit mandate originally imposed by AB 598. As this mandate would incur costs with Covered California for the additional impacts of the mandate on exchange coverage, subcommittee staff recommends approval of General Fund expenditure authority of $3.5 million in 2023-24 and $3.4 million annually thereafter to support these costs.

Issue 68: Comprehensive Perinatal Services Program – 12 Month Postpartum Extension

Legislative Proposal. Maternal and Child Health Access, the March of Dimes, and the Children's Partnership request expenditure authority of $7.5 million ($2.4 million General Fund and $5.1 million federal funds) annually to extend the Comprehensive Perinatal Services Program (CPSP) benefit from 60 to 365 days postpartum and to reimburse for Comprehensive Perinatal Health Workers (CPHWs) services when rendered in the community instead of only at a medical facility during pregnancy or the postpartum period.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$2,400,000	$2,400,000
0890 – Federal Trust Fund	$5,100,000	$5,100,000
Total Funding Request:	**$7,400,000**	**$7,400,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve Legislative Proposal.

Issue 69: Asset Limit Elimination Cleanup

Legislative Proposal. The 2021 Budget Act included expenditure authority of $394 million ($197 million General Fund and $197 million federal funds) annually beginning in 2022-23, and the Legislature approved trailer bill language, to increase the Medi-Cal asset limit to $130,000 for an individual (plus $65,000 for each additional household member) no sooner than July 1, 2022, and to fully eliminate the asset limit no sooner than January 1, 2024. However, the 2021 Budget Act trailer bill language did not fully eliminate references to the asset limit in statute. As a result, cleanup trailer bill language is necessary

to make those necessary changes to statute, effective January 1, 2024, when the complete elimination of the asset limit takes effect.

Subcommittee Staff Comment and Recommendation—Approve Legislative Proposal and **adopt modified placeholder trailer bill language** consistent with the proposal**.**

Issue 70: Supplemental Reporting Language – Medi-Cal Coverage of Diapers and Period Products

Supplemental Reporting Language. The subcommittee proposes supplemental reporting language for DHCS to provide information on the following:

- 1115 Waiver Amendment for Coverage of Diapers for Children – Other state's Medicaid programs, such as in Tennessee, have implemented an 1115 Waiver provision that allows Medicaid reimbursement for diapers for children covered by the Medicaid program. Currently, Medi-Cal covers diapers for children if a provider determines the diapers are medically necessary. Under the 1115 Waiver, this requirement would no longer apply. Supplemental reporting language would request DHCS to explore options for California's Medi-Cal program to apply for an 1115 Waiver to provide reimbursement for diapers for children in the Medi-Cal program, and report on those options to the Legislature.

- 1115 Waiver Amendment for Coverage of Period Products – While there is currently no model in other states for coverage of period products, supplemental reporting language would request DHCS to explore options for California's Medi-Cal program to apply for an 1115 Waiver to provide reimbursement for period products for beneficiaries of the Medi-Cal program, and report on those options to the Legislature.

Subcommittee Staff Comment and Recommendation—Approve supplemental reporting language, consistent with these proposals.

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Issue 71: COVID-19 Response

Budget Change Proposal – Governor's Budget. In the January budget, CDPH requested General Fund expenditure authority of $101.3 million in 2023-24. If approved, these resources would allow CDPH to continue the state's efforts to protect public health and safety against the spread of COVID-19, including vaccinations, testing, and operations support, as well as implementing the state's SMARTER Plan.

Budget Change Proposal – May Revision. In the May Revision, CDPH requests reduction of General Fund expenditure authority of $50 million. These resources were previously requested in the January budget to support contingency for unanticipated costs related to the COVID-19 pandemic.

The total request after May Revision is $51.3 million.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$51,300,000	$-
Total Funding Request:	**$51,300,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 16th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, updated for May Revision.

Issue 72: Public Health Workforce Investments Reversion - Withdrawal

Budget Solution – Governor's Budget. In the January budget, CDPH requested reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments.

Local Assistance – May Revision. In the May Revision, CDPH requests to withdraw its proposed reversion of General Fund expenditure authority of $49.8 million over four years, approved in the 2022 Budget Act, to support public health workforce investments. These programs were originally proposed for reversion in the January budget to address the General Fund shortfall.

This issue was heard during the subcommittee's March 16th and May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, updated for May Revision, the withdrawal of the originally proposed reversion of resources.

Issue 73: Maintenance and Operations of Infectious Disease Data Systems - SMARTER Plan

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $74.4 million in 2023-24. If approved, these resources would allow CDPH to support the maintenance and operations of critical infectious disease data systems established during the COVID-19 pandemic and will continue to support the state's emergency preparedness and response efforts, consistent with the SMARTER Plan.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$74,400,000	$-
Total Funding Request:	**$74,400,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 74: COVID-19 Website Information Technology Resources

Budget Change Proposal – Governor's Budget. CDPH requests General Fund expenditure authority of $900,000 in 2023-24, 2024-25, and 2025-26. If approved, these resources would support security and translation services to optimize maintenance of the COVID-19 website.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$900,000	$900,000
Total Funding Request:	**$900,000**	**$900,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $900,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 75: AIDS Drug Assistance Program (ADAP) Estimate

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

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

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

1. *Medication-only clients* are people living with HIV who do not have private insurance and are not enrolled in Medi-Cal or Medicare. ADAP covers the full cost of prescription medications on the ADAP formulary for these individuals, who only receive services associated with medication costs.
2. *Medi-Cal Share of Cost clients* are persons living with HIV enrolled in Medi-Cal who have a share of cost for Medi-Cal services. ADAP covers the share of cost for medications for these clients, who only receive services associated with medication costs.

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

ADAP is funded by federal funds and the ADAP Rebate Fund (Fund 3080). The federal government began funding state programs to assist people living with HIV to purchase antiretroviral medications in 1987. Since 1990 with the passage of the Ryan White Comprehensive AIDS Resources Emergency Act, now known as the Ryan White Program, the federal Health Resources and Services Administration (HRSA) provides funding to states for ADAP programs. In addition to federal funds, ADAP receives significant funding from mandatory and voluntary manufacturer rebates for ADAP drug expenditures.

ADAP Estimate – May Revision. The May 2023 ADAP Local Assistance Estimate reflects revised 2022-23 expenditures of $372.3 million, a decrease of $68.2 million or 15.5 percent compared to the January budget. According to CDPH, this decrease is primarily due to lower than expected projected medication expenditures for medication-only clients and lower than expected premiums for insured client groups. For 2023-24, CDPH estimates ADAP expenditures of $398 million, a decrease of $42.1 million, or 9.6 percent compared to the January budget. According to CDPH, the continued relative reduction of expenditures between 2023-24 and 2022-23, compared to the January budget, is similarly due to lower than expected medication and premium expenditures.

ADAP Local Assistance Funding Summary		
Fund Source	**2022-23**	**2023-24**
0890 – Federal Trust Fund	$106,494,000	$102,102,000
3080 – AIDS Drug Assistance Program Rebate Fund	$265,778,000	$295,940,000
Total ADAP Local Assistance Funding	**$372,272,000**	**$398,042,000**

ADAP tracks caseload and expenditures by client group. CDPH estimates ADAP caseload and expenditures for 2022-23 and 2023-24 will be as follows:

Caseload by Client Group	**2022-23**	**2023-24**
Medication-Only	9,913	9,657

Medi-Cal Share of Cost	53	55
Private Insurance	9,893	9,901
Medicare Part D	7,244	7,246
PrEP Assistance Program	6,028	8,318
TOTAL	**33,132**	**35,179**

Expenditures by Client Group	**2022-23**	**2023-24**
Medication-Only	$255,816,221	$258,436,183
Medi-Cal Share of Cost	$395,481	$407,504
Private Insurance	$82,978,930	$83,607,076
Medicare Part D	$24,765,380	$26,784,768
PrEP Assistance Program	$11,009,028	$24,307,207
TOTAL	**$374,965,040**	**$393,542,738**

Costs for administration of ADAP are estimated to be $3.1 million in 2022-23 and $3.4 million in 2023-24. Costs for administration of PrEP-AP are estimated to be $620,741 in 2022-23 and $6.1 million in 2023-24. Enrollment costs are estimated to be $7 million in 2022-23 and $6.9 million in 2023-24.

This issue was heard during the subcommittee's March 16th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, as updated for May Revision.

Issue 76: Fentanyl Program Grants (AB 2365)/Availability of Fentanyl Test Strips and Naloxone

Budget Change Proposal – Governor's Budget. CDPH requests expenditure authority from the Opioid Settlements Fund of $7.5 million in 2023-24, $3.5 million in 2024-25, and $1.5 million in 2025-26 and 2026-27. If approved, these resources would support six one-time competitive grants to reduce fentanyl overdoses and use, pursuant to AB 2365 (Patterson), Chapter 783, Statutes of 2022, and two one-time competitive grants to support innovative approaches to make fentanyl test strips and naloxone more widely available.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$7,500,000	$3,500,000
Total Funding Request:	**$7,500,000**	**$3,500,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26 and 2026-27: $1,500,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder trailer bill language** consistent with the Administration's proposal**.** No concerns have been raised with this proposed use of Opioid Settlements Fund resources.

Issue 77: California Harm Reduction Initiative

Legislative Proposal. The End the Epidemics Coalition, National Harm Reduction Coalition, Drug Policy Alliance, and AIDS Project Los Angeles request expenditure authority from the Opioid Settlement Fund of $61 million, available over four years, to support harm reduction programs for staff and costs related to delivery of naloxone, fentanyl test strips, overdose prevention and response training, and drug treatment provision and navigation. This proposal builds on a successful pilot and is urgently needed for implementation of the Governor's January budget proposal and to support programs and services prioritized by the Legislature.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
3397 – Opioid Settlements Fund	$15,250,000	$15,250,000
Total Funding Request:	**$15,250,000**	**$15,250,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26 and 2026-27: $15,250,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve Legislative Proposal. While the Administration's proposed investments in the Naloxone Distribution Project at DHCS and the fentanyl and naloxone grants at CDPH are worthwhile, more must be done to bring resources and expertise for overdose prevention and reversal closer to those in need. As harm reduction programs are performing a disproportionate share of overdose reversals in the state, it is critical for the state to continue to support these programs in this essential work.

Issue 78: Lead Renovation, Repair, and Painting Program (SB 1076)

Budget Change Proposal and Trailer Bill Language – Governor's Budget. CDPH requests one position and General Fund expenditure authority of $615,000 in 2023-24 and 2024-25, an additional 32 positions and expenditure authority from the Lead-Related Construction Fund of $5.5 million in 2025-26 and $5.2 million annually thereafter. If approved, these positions and resources would allow CDPH to implement the lead-based paint Renovation, Repair, and Painting program, pursuant to the requirements of SB 1076 (Archuleta), Chapter 507, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$615,000	$615,000
Total Funding Request:	**$615,000**	**$615,000**
Total Requested Positions:	**1.0**	**1.0**

* Additional fiscal year resources requested (Lead-Related Construction Fund) – 2025-26: 32 positions and $5,511,000; 2026-27 and ongoing: $5,188,000.

Budget Change Proposal – May Revision. CDPH requests an additional two positions and General Fund expenditure authority of $546,000. If approved, these positions and resources would support implementation of residential lead-based paint Renovation, Repair, and Painting Program required by SB 1076 (Archuleta), Chapter 507, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$546,000	$546,000
Total Funding Request:	**$546,000**	**$546,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th and May 17th hearings.

Subcommittee Staff Comment and Recommendation— Approve as budgeted and **reject trailer bill language.** Subcommittee staff recommends approving the requested resources to implement SB 1076, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.

Issue 79: Genetic Disease Screening Program (GDSP) Estimate

Genetic Disease Screening Program Estimate – May Revision. The May 2023 Genetic Disease Screening Program Estimate includes expenditure authority from the Genetic Disease Testing Fund of $166 million ($36.9 million state operations and $129.2 million local assistance) in 2022-23, and $187.6 million ($38.1 million state operations and $149.5 million local assistance) in 2023-24.

Genetic Disease Screening Program (GDSP) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0203 – Genetic Disease Testing Fund			
State Operations:	$36,856,000	$38,066,000	$1,210,000
Local Assistance:	$129,157,000	$149,542,000	$20,385,000
Total GDSP Expenditures	**$166,013,000**	**$187,608,000**	**$21,595,000**

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

- Screens newborns and pregnant individuals for genetic and congenital disorders in a cost-effective and clinically effective manner. The screening programs provide testing, follow-up, and early diagnosis of disorders to prevent adverse outcomes or minimize clinical effects.
- Ensures quality of analytical test results and program services by developing standards and quality assurance procedures, and monitoring compliance.

- Fosters informed participation in its programs in an ethical manner through a combination of patient, professional, and public education, and accurate and up-to-date information and counseling.
- Provides ongoing critical review, testing, and evaluation of existing programs to ensure program objectives and goals are being met.
- Develops programs to adopt new methods and implement new services that further enhance the effectiveness and efficiency of current and future prevention programs.
- Promotes use of high-quality consumer education materials on genetic disorders, screening for birth defects and genetic services.

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

Newborn Screening (NBS) Program. Newborn screening, recognized nationally as an essential preventive health measure, began in California in 1966 with the testing of infants for phenylketonuria (PKU). In 1980, the program was expanded to include galactosemia, primary congenital hypothyroidism, and included a more comprehensive follow-up system. In 1990, screening for sickle cell disease was added to the screening program, which allows for identification of related non-sickling hemoglobin disorders, including beta-thalassemia major, and Hb E/beta thalassemia. In 1999, the program implemented screening for hemoglobin H and hemoglobin H - Constant Spring disease. In 2005 the screening panel was expanded to include additional metabolic disorders and congenital adrenal hyperplasia (CAH), and in 2007, the screening panel was expanded to include cystic fibrosis (CF) and biotinidase deficiency (BD). In 2010, Severe Combined Immunodeficiency (SCID) was added to the screening panel.

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

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

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

NBS Caseload Estimate: The May Revision estimates NBS program caseload of 421,863 in 2022-23, a decrease of 1,428 or 0.3 percent, compared to 2021-22 actual total caseload of 423,291. The May Revision estimates NBS program caseload of 425,620 in 2023-24, an increase of 3,757 or 0.9 percent, compared to the revised 2022-23 estimate. These estimates are based on state projections of the number of live births in California. CDPH assumes 100 percent of children born in California will participate in the NBS program annually.

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

- Cell-free DNA (cfDNA) Screening - Cell-free DNA (cfDNA) is a non-invasive screening test for fetal chromosomal abnormalities that relies on extraction of maternal and fetal cells from a pregnant individual's blood sample. cfDNA can detect chromosomal abnormalities and birth defects including trisomy 21 (Down syndrome), trisomy 18 (Edwards syndrome), and trisomy 13 (Patau syndrome). Compared to the metabolic screening methods previously used by PNS, cfDNA screening results in fewer false positives and better accuracy resulting in fewer pregnant individuals being referred for diagnostic follow-up services.

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

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

PNS Caseload Estimate: The May Revision estimates PNS program caseload of 199,571 cfDNA specimens and 185,591 Biochemical Screening test specimens in 2022-23. The May Revision estimates PNS program caseload of 313,920 cfDNA specimens and 291,282 Biochemical Screening test specimens in 2023-24. These estimates are based on state projections of the number of live births in California.

CDPH estimates approximately 46 percent of projected births in California will participate in the PNS program in 2022-23 and 73 percent will participate in 2023-24.

This issue was heard during the subcommittee's March 30th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, as updated for May Revision.

Issue 80: California Newborn Screening Program Expansion

Budget Change Proposal – Governor's Budget. CDPH requests four positions and expenditure authority from the Genetic Disease Testing Fund of $3.5 million in 2023-24, $3.3 million in 2024-25 and 2025-26, and $2.7 million annually thereafter. If approved, these positions and resources would support expansion of newborn screening to include mucopolysaccharidosis type II (MPS II) and guanidinoacetate methyltransferase (GAMT) deficiency, pursuant to the requirements of SB 1095 (Pan), Chapter 393, Statutes of 2016.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0203 – Genetic Disease Testing Fund	$3,454,000	$3,254,000
Total Funding Request:	**$3,454,000**	**$3,254,000**
Total Requested Positions:	**4.0**	**4.0**

* Additional fiscal year resources requested – 2025-26: $3,254,000, 2026-27 and ongoing: $2,699,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

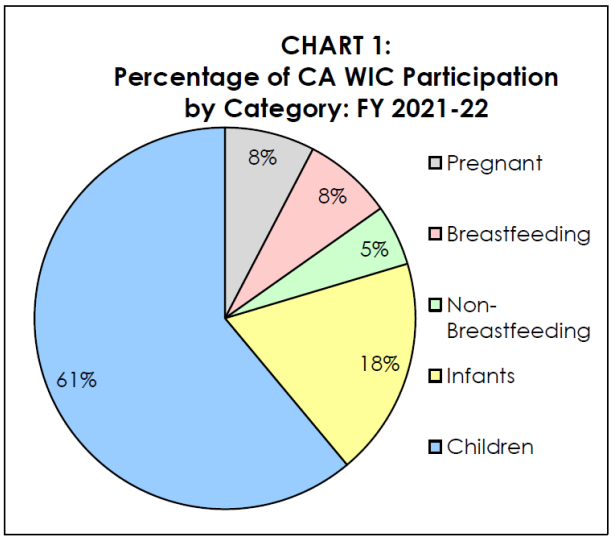
Issue 81: Women, Infants, and Children (WIC) Program Estimate

WIC Program Estimate – May Revision. The May 2023 Women, Infants, and Children (WIC) Program Estimate includes total expenditure authority of $1.3 billion ($1.1 billion federal funds and $193.4 million WIC manufacturer rebate funds) in 2022-23 and $1.4 billion ($1.2 billion federal funds and $217.3 million WIC manufacturer rebate funds) in 2023-24. The federal fund amounts include state operations costs of $64.5 million in 2022-23 and 2023-24.

Women, Infants, and Children (WIC) Funding Summary			
	2022-23	**2023-24**	**BY to CY**
Fund Source	***Revised***	***Proposed***	***Change***
0890 – Federal Trust Fund			
State Operations:	$64,502,000	$64,475,000	($22,000)
Local Assistance:	$1,066,203,000	$1,108,609,000	$42,406,000
3023 – WIC Manufacturer Rebate Fund			

Local Assistance:	$193,360,000	$217,313,000	$23,953,000
Total WIC Expenditures	**$1,324,065,000**	**$1,390,397,000**	**$66,332,000**

According to the WIC program Estimate, WIC participation by category, as of 2021-22, was as follows:



Caseload Estimates. The May Revision assumes 956,319 average monthly WIC participants in 2022-23, an increase of 13,082 or 1.4 percent compared to the average monthly WIC participants estimated in the January budget. The budget assumes 991,619 average monthly WIC participants in 2023-24, an increase of 45,267 or 4.8 percent compared to the average monthly WIC participants estimated in the January budget.

Food Expenditures Estimate. The May Revision includes $937.6 million ($744.2 million federal funds and $193.4 million rebate fund) in 2022-23 for WIC program food expenditures, an increase of $16.2 million or 1.8 percent, compared to the January budget. According to CDPH, the increase in costs is due to an increase in participation, an increase in the estimated cost of the fruits and vegetables benefit increase, offset by a reduction in projected rebate revenue.

The May Revision includes $1 billion ($786.6 million federal funds and $217.3 million rebate funds) in 2023-24 for WIC program food expenditures, an increase of $59.7 million or 6.3 percent compared to the food expenditures estimate in the January budget. According to CDPH, this increase in costs is driven by an increase in participants, a higher food inflation rate, and estimated costs for the fruits and vegetables benefit increase.

Nutrition Services and Administration (NSA) Estimate. The May Revision includes $322 million for other local assistance expenditures for the NSA budget in 2022-23 and 2023-24, unchanged from the January budget. The budget also includes $64.5 million for state operations expenditures in 2022-23 and 2023-24, also unchanged from the January budget.

This issue was heard during the subcommittee's March 30th and May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, as updated for May Revision**.**

Issue 82: Center for Health Care Quality Estimate

Center for Health Care Quality Program Estimate – May Revision. The May Revision includes expenditure authority for the Center for Health Care Quality of $481.5 million ($7.7 million General Fund, $143.1 million federal funds, and $330.7 million special funds and reimbursements) in 2022-23, an increase of $32.3 million or 7.3 percent compared to the January budget, and $462.1 million ($5.2 million General Fund, $132.6 million federal funds, and $324.3 million special funds and reimbursements) in 2023-24, an increase of $29.3 million or 6.9 percent compared to the January budget. According to CDPH, the increase in 2022-23 is attributed to an increase in federal fund authority related to various awards of funding from various federal programs, while the increase in 2023-24 is attributed primarily to various budget adjustments for staffing audits and other quality improvement measures.

CHCQ Funding Summary, November 2022 Estimate		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	$7,677,000	$5,169,000
0890 – Federal Trust Fund	$143,080,000	$132,554,000
0942 – Special Deposit Fund		
Internal Departmental Quality Improvement Account	$3,686,000	$687,000
State Health Facilities Citation Penalty Account	$2,144,000	$2,144,000
Federal Health Facilities Citation Penalty Account	$7,141,000	$6,140,000
0995 – Reimbursements	$13,862,000	$14,789,000
3098 – Licensing and Certification Program Fund	$303,864,000	$300,581,000
Total CHCQ Funding	**$481,454,000**	**$462,064,000**
Total CHCQ Positions	**1536.4**	**1539.4**

This issue was heard during the subcommittee's March 30th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, as updated for May Revision**.**

Issue 83: Skilled Nursing Facilities Staffing Audits

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

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

* Resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 84: Radiologic Health Branch Licensing and Certification

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

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

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

Issue 85: Budget Solution – Public Health Regional Climate Planning Reversion

Budget Solution – Governor's Budget. CDPH requests reversion of $25 million General Fund expenditure authority, originally approved in the 2022 Budget Act, for the Climate Change and Health Resilience Planning Grant Program. Of these amounts, $1.3 million was allocated for state operations and $23.7 million was allocated for local assistance. CDPH also indicates that if the Department of Finance determines there is sufficient General Fund to support this program, it would be restored in January 2024.

Program Funding Request Summary		
Fund Source	**2022-23**	**2023-24**
0001 – General Fund	($25,000,000)	$-
Total Funding Request:	**($25,000,000)**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Technical Adjustment – May Revision. At the May Revision, CDPH proposes budget bill language to specify the amounts associated with the reversion of Climate and Health Resilience Planning Grants proposed in the January budget. The language would specify reversion of General Fund expenditure authority of $1.3 million in the state operations item and $23.8 million in the local assistance item, for a total of $25 million.

This issue was heard during the subcommittee's March 30th and May 17th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder budget bill language** consistent with the Administration's proposed technical adjustments.

Issue 86: Various Technical Adjustments

Technical Adjustments – April Finance Letter and May Revision. CDPH requests the following technical adjustments at the May Revision:

- Internal Departmental Quality Improvement Account (April Finance Letter) – CDPH proposes budget bill language to authorize the Department of Finance to augment expenditure authority from the Internal Quality Improvement Account to support quality improvement activities in skilled nursing facilities, upon review of a request from CDPH. This account is supported by penalties paid by health facilities for violations that meet the definition of immediate jeopardy of death or serious harm to a patient, or administrative penalties associated with breaches of medical information.

- Information Technology, Data Science, and Informatics for a 21st Century Public Health System – CDPH proposes budget bill language to authorize General Fund augmentation of $15.9 million for planning activities associated with the Information Technology, Data Science, and Informatics for a 21st Century Public Health System proposal adopted in the 2022 Budget Act. The activities would be associated with Enterprise Planning and Strategy (Initiative 0), Dynamic Public Health Structure (Initiative 1), and Public Health Data Integration (Initiative 4). The expenditure of the funds would be contingent upon approval of enterprise planning and strategy documents by the California Health and Human Services Agency and the California Department of Technology.

- Domestic Violence Training and Education Fund Workload Adjustment – CDPH requests a net-zero shift between state operations and local assistance items of $135,000 in the Domestic Violence Training and Education Fund. These resources would fund community-based organizations and conduct community-level domestic violence primary prevention work.

- Increased Resources for the Vector-Borne Disease Section – CDPH requests expenditure authority of $68,000 from the Vectorborne Disease Account annually to right-size expenditures related to personnel who will oversee vector control technicians' certification criteria for public health pesticide applicators in California. According to CDPH, the program continues to experience increases in operational costs and expenditures, including higher employee salaries, indirect costs, and increasing overhead.

- Proposition 99 Adjustments – CDPH requests the following adjustments to accounts supported by the Proposition 99 tobacco tax:

    - Health Education Account – CDPH requests an increase of $5.3 million
    - Research Account – CDPH requests a decrease of $18,000
    - Unallocated Account – CDPH requests a decrease of $57,000

- Breast Cancer Research Account Adjustment – CDPH requests reduction in expenditure authority from the Breast Cancer Research Account of the Breast Cancer Fund of $27,000 to reflect available resources in the fund.

This issue was heard during the subcommittee's May 17th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted and **adopt placeholder budget bill language** consistent with the Administration's proposed technical adjustments.

Issue 87: Hepatitis C Virus (HCV) Equity – Access to the Cure

Legislative Proposal. The End the Epidemics Coalition requests General Fund expenditure authority of $5 million annually in 2023-24, 2024-25, and 2025-26. If approved, these resources would support expansion of HCV public health services, including outreach, testing, linkage and engagement in care to support young people who use drugs (PWUD), Black, Indigenous, and People of Color (BIPOC) communities, and those experiencing homelessness in curing HCV. The Office of Viral Hepatitis Prevention in CDPH's STD Control Branch would administer funding to Local Health Jurisdictions (LHJ) using the current funding formula, or an updated version as appropriate. At least 50 percent of the award would support the maintenance and expansion of community-based services in priority settings, such as syringe exchange sites, mobile health vans, emergency rooms, and county jails.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$5,000,000	$5,000,000
Total Funding Request:	**$5,000,000**	**$5,000,000**
Total Requested Positions:	**0.0**	**0.0**

* Additional fiscal year resources requested – 2025-26: $5,000,000.

This issue was heard during the subcommittee's March 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve Modified Legislative Proposal. Subcommittee staff recommends approving expenditure authority of $10 million in 2023-24, available over three years, for HCV Equity.

Issue 88: Health Equity and Racial Justice Fund

Legislative Proposal. A coalition of 13 public health organizations requests General Fund expenditure authority of $25 million in 2023-24 and $25 million in 2024-25 to support the Health Equity and Racial Justice Fund, which would support projects proposed by nonprofit organizations, clinics, and tribal organizations that serve disproportionately impacted communities of color and the low income, to address the social determinants of physical health and behavioral health and reduce the unequal burden of the leading causes of death and illness, in children and in adults, would be eligible. This request would establish the fund, which can receive future appropriations. It requests funding for an initial pilot. Pilot projects of the Health Equity Fund will focus on addressing food security and healthy food systems; health education (including vaccine hesitancy); community violence, including gender-based violence, intimate partner violence, and hate crimes; youth criminal justice; and environmental justice. Projects that receive investments in the Racial Justice Innovation Program must have a direct intended impact on racial equity or racial justice. Projects should seek to transform the behaviors, institutions, and systems that disproportionately harm historically marginalized communities and create barriers to opportunity, in order to empower communities of color to thrive and reach their full potential.

Subcommittee Staff Comment and Recommendation—Adopt modified placeholder trailer bill language. Subcommittee staff recommends adopting modified placeholder trailer bill language to establish the fund, including the parameters around the operation of the grant program, as well as authorize the fund to collect philanthropic donations and future state investments appropriated by the Legislature in future budget years.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Issue 89: Autism Services Branch

Budget Change Proposal – Governor's Budget. DDS requests $1 million ($826,000 General Fund) and six (6.0) permanent positions in 2023-24 and ongoing to establish an Autism Services Branch within the Office of Statewide Clinical Services to support the growing population of individuals with autism spectrum disorder eligible for regional center services.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt budget bill language that includes goals, milestones, and reporting on outcomes to the Legislature on a periodic basis.

Issue 90: HIPPA and Information Deidentification (AB 1957)

Trailer Bill Language – Governor's Budget. DDS proposes trailer bill language to specify that data reported pursuant to the Welfare and Institutions Code (WIC) 4519.5, inclusive of the additional data added under AB 1957 (Wilson, 2022), must be deidentified in accordance with HIPPA.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to add requirements for the department to aggregate purchase of service data on a statewide basis and establish a collaborative process for stakeholder engagement regarding data de-identification.

Issue 91: Enhancements to Risk Management Data Collection and Tracking

Budget Change Proposal – Governor's Budget. DDS requests $839,000 ($671,000 General Fund) in 2023-24 and ongoing and six positions to enhance data collection, review, tracking, oversight, and response to special incident reports, high-risk incidents, and trends. The positions also will provide training and technical assistance to regional centers in their oversight and review of special incident data.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt

placeholder trailer bill language requiring the department to provide annual updates on special incident trends as part of quarterly legislative updates pursuant to Welfare and Institutions Code 4474.17.

Issue 92: Information Security Office Support

Budget Change Proposal- Governor's Budget. DDS requests $895,000 ($716,000 General Fund) and five permanent positions to support federal and state information technology risk and compliance requirements and the maintenance and operation of the Department's security system infrastructure to support the increasingly complex technology and data needs of Department programs.

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

This proposal was heard at the Subcommittee's March 23, 2023 and May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 93: Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project Planning

Budget Change Proposal – Governor's Budget. The Department of Developmental Services (DDS) requests $12.7 million ($12.2 million General Fund) including one-year limited-term resources equivalent to 17 departmental positions and two positions per regional center in 2023-24 to support continued planning efforts for the Uniform Fiscal System Modernization (UFSM) and Consumer Electronic Records Management System (CERMS) projects. The requested resources will allow DDS to move through the state's required California Department of Technology (CDT) Project Approval Lifecycle Stages 2 and 3 processes.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt Supplemental Report Language requiring the department to provide quarterly written updates to the Legislature on (1) project development, scope, goals, and timelines; (2) engagement with stakeholders, including individuals and families served by the Regional Center system; (3) how the projects will work with the Regional Centers to prepare for any potential business process changes and resources they will need to incorporate the new systems into their current operations; and (4) what project risks and issues the department has identified, and how it plans to mitigate them to ensure development and implementation progresses on time and within budget.

Issue 94: Extension of 10 Beds at Porterville Developmental Center

Trailer Bill Language – Governor's Budget. DDS proposes trailer bill language to extend 10 Incompetent to Stand Trial (IST) Beds at Porterville Developmental Center for one year. Current law caps

the Porterville Developmental Center Secure Treatment Program (STP) at 211 persons starting on July 1, 2023. This proposal would extend the cap to 221 persons until July 1, 2024.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Reject trailer bill language. Additionally, reduce Item 4300-001-0001 by $4.9 million consistent with this action.

Issue 95: Extension of 10 Beds at Canyon Springs

Trailer Bill Language – Governor's Budget. DDS proposes statutory changes to extend 10 crisis beds at Canyon Springs Community Facility. The 2022 Budget Act permits admissions to the 10-bed acute crisis unit within Canyon Springs Community Facility (CSCF) through June 30, 2023. This trailer bill language would extend admissions to the 10-bed acute crisis unit, known as Desert STAR, until the three Complex Needs Residential Homes proposed in the Governor's Budget are open.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Reject trailer bill language.

Issue 96: Adjusting Rate Models to Reflect Increases in the Minimum Wage

Trailer Bill Language – Governor's Budget. DDS requests trailer bill language to adjust DDS rate models to reflect increases to the minimum wage.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal. Additionally, adopt placeholder trailer bill language clarifying implementation of quality incentives for DDS rate models.

Issue 97: Delay of Preschool Inclusion Grants

Budget Solution – Governor's Budget. The 2022-23 Budget Act included $20 million General Fund over two years for grants to enable preschool programs to include more children with exceptional needs. The Governor proposes delaying the implementation of this two-year program until 2024-25.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 98: Fairview Warm Shutdown

Governor's Budget. DDS requests $11.3 million General Fund for an additional year of funding to support the warm shutdown of Fairview Developmental Center. This includes 52 positions, primarily

groundskeepers, electricians, engineers, maintenance, and security staff, and $2.8 million for utilities and facility costs necessary to maintain the property.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 99: STAR Home Staff Adjustments and Intermediate Care Facility Licensure

Governor's Budget. DDS proposes ongoing staffing resources, including 41 positions, to convert two of its seven STAR homes, which are currently licensed as Adult Residential Facilities through the Department of Social Services, to Intermediate Care Facilities (ICFs) licensed through the Department of Public Health.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt placeholder trailer bill language to specify the components of the STAR Home model that will be carried over into the Intermediate Care Facility licensure, including addressing policies around the use of mechanical restraints.

Issue 100: Complex Needs Residential Program

Governor's Budget. DDS proposes $10.5 million General Fund for start-up resources to develop three 5-person residential homes for individuals with highly complex needs, for a total of five new homes which would be licensed as intermediate care facilities.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt placeholder trailer bill language to define the Complex Needs Residential Program consistent with Issue 114.

Issue 101: Trauma-informed care for dually served youth in foster care

Governor's Budget. DDS proposes ongoing funding of $1.6 million ($1.1 million General Fund) to provide an additional 15 additional Regional Center specialists statewide who will focus on the requirements related to youth in foster care with complex needs and multi-system involvement. These 15 Regional Center Specialists would join 15 current Regional Center specialists who are responsible for implementing recommendations pursuant to the AB 2083 System of Care Multiyear Plan, which establishes a framework for improving cross-agency coordination to improve services for foster youth with complex needs. These positions have a defined scope of work and responsibility to implement recommendations to address timelines for youth in foster care who are also eligible for regional center services.

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 102: Compliance with Federal Home and Community-Based Services Requirements

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

This proposal was heard at the Subcommittee's March 23, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 103: Coordinated Family Support Services

Coordinated Family Support Services – May Revision. DDS requests that that Item 4300-101-0001 be increased by $10.8 million and reimbursements be increased by $7.2 million one-time to continue funding the Coordinated Family Support service pilot program through the end of fiscal year 2023-24. The program is currently funded through the Home and Community-Based Services (HCBS) Spending Plan.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 104: Independent Living Services

Independent Living Services - May Revision. DDS requests that Item 4300-101-0001 be increased by $8.5 million and reimbursements be increased by $6.5 million ongoing to fund adjusted rate model assumptions for Independent Living Services. These resources increase to an estimated $60 million ($34 million General Fund) beginning in 2024-25.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt budget bill language specifying that these funds are appropriated for the purpose of adjusting Independent Living Services rate model assumptions, by January 2024, to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors.

Issue 105: HCBS Spending Plan Allocation May Revision Adjustment

Home and Community-Based Services (HCBS) Spending Plan Adjustment – May Revision. DDS requests that that Item 4300-101-0001 be increased by $7,555,000 and reimbursements be increased by $117,380,000 one-time to reflect spending adjustments of Home and Community-Based Services American Rescue Plan Fund expenditures on Service Provider Rate Reform acceleration in 2022-23, requiring net General Fund resources in 2023-24 related to continued funding of Department of Developmental Services policy initiatives, including: Language Access and Cultural Competency, Social Recreation and Camping Services, and Service Provider Rate Reform.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt Budget Bill Language to extend the timeline for all programs in the HCBS Spending Plan to the maximum time allowed by the federal government, with expenditures permitted through and until December 30, 2024, pursuant to action in Issue 10.

Issue 106: Reappropriation of Community Placement Plan Funding

Reappropriation of 2021-21 Community Placement Plan Funding – May Revision. DDS requests that Item 4300-490 be added to reappropriate $10,750,000 from Item 4300-101-0001, Budget Act of 2020, to support housing projects under development with units set aside for individuals with intellectual and developmental disabilities. Funds were awarded for these purposes through the Department's Community Placement Plan.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt budget bill language requiring written reporting to the Legislature by April 1, 2024 and at least annually thereafter, through the full expenditure of these funds, on activities funded, including the use of any vendor or other contracted service, details on housing projects and units in development and completed, and impacts for persons served, including demographic and ethnic/racial breakdowns. These updates may be conveyed to Legislative staff as part of the quarterly briefings conducted by the department pursuant to Welfare and Institutions Code 4474.17.

Issue 107: Parent Participation Requirement in ABA or Intensive Behavioral Intervention

Trailer Bill Language – May Revision. This Trailer Bill Language proposes to modify the requirements on providers and families for applied behavioral analysis (ABA) services or intensive behavioral intervention services, by encouraging, but not requiring, parent participation in these services.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to clarify that lack of parent participation shall not be a basis for denial or delay of ABA or intensive behavioral intervention services.

Issue 108: Remote Individual Program Plan Meetings Extension

Trailer Bill Language – May Revision. Existing law, until June 30, 2023, requires an individualized family service plan meeting to be held by remote electronic communications, and allows an individual program plan (IPP) meeting to be held by remote electronic communications if requested by the individual served or their family. This proposal extends both requirements until December 31, 2023.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to allow for these remote meetings through the 2023-24 fiscal year, until June 30, 2024, assuming no additional cost, as the Governor's proposal for half of the fiscal year did not assume a cost.

Issue 109: Rate Study Update – Family Home Agencies

Trailer Bill Language – May Revision. This proposal stipulates that regional center reimbursement to family home agencies for services in a family home shall not exceed rates for individuals who reside in a Community Care Facility vendored for four beds or less.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

Issue 110: Extended Suspension of Family Cost Participation Program and Annual Family Program Fee

Trailer Bill Language – May Revision. This trailer bill language proposal would provide a six-month extension of the new assessments and reassessments for the family cost participation program and the annual family program fee, until December 31, 2023.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to continue the suspension of the fees in question through the 2023-24 fiscal year, until June 30, 2024, assuming no additional cost, as the Governor's proposal for half of the fiscal year did not assume a cost.

Issue 111: Expanding Participant Directed Services to include social recreation and camping

Trailer Bill Language – May Revision. This trailer bill language proposal would give DDS the authority to implement, by way of written directive, the provision of participant-directed options for social recreation services.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language.

Issue 112: Regional Center Oversight – Directive Authority

Trailer Bill Language – May Revision. This trailer bill language provides DDS with the authority to issue directives to regional centers as the director deems necessary to establish standard statewide procedures relating to the intake process for eligibility determination, community engagement, and vendorization.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to do the following:

(1) Require DDS, in consultation with stakeholders, to develop, and regional centers to adopt, standardized statewide procedures relating to initial intake, assessment, individual program planning, and vendorization;

(2) Improve collection of racial and ethnic data;

(3) Evaluate the availability of common services and supports across regional centers;

(4) Require regional centers to periodically report on intake outcomes and timelines, and

(5) Require regional centers to provide individuals and families with adequate notice if a determination of ineligibility is made.

Issue 113: Federal Education Grant Funding Distribution

Trailer Bill Language – May Revision. This trailer bill language proposes various changes to federal education grant funding distribution. In 1980, when the state began implementing the Education for All Handicapped Children's Act of 1975, now the Individuals with Disabilities Education Act (IDEA), the Legislature established Special Education Programs for Individuals with Exceptional Needs Residing in State Hospitals (AB 1202). The Department of Developmental Services (DDS) is currently responsible for the administration of federal education grants for both DDS and the Department of State Hospitals (DSH) and is responsible for passing AB 1202 funds to DSH. DDS and DSH are coordinating with the California Department of Education to transition the administration of DSH federal education grant

funding, including the IDEA, Part B and the Workforce Innovation and Opportunity Act (WIOA), Title II: Adult Education and Family Literacy Act (AEFLA) grants, from DDS to DSH effective July 1, 2023. DDS and DSH intend to continue its Interagency Agreement with a limited scope through July 1, 2024, to facilitate a seamless transition of administrative responsibilities for education programs. The proposed language clarifies the process related to AB 1202 and provides technical amendments.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

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

Issue 114: Complex Needs Residential Program Trailer Bill

Trailer Bill Language – May Revision. This trailer bill language proposes to define the Complex Needs Residential Program proposed in the 2023 Safety Net Plan as part of the Governor's January Budget.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to further define the Complex Needs Residential Program, including the limit of three homes; clarify that existing state buildings will not be used for these homes; and reject associated extensions of acute crisis unit at Canyon Springs.

Issue 115: Access to Generic Services

Trailer Bill Language – May Revision. DDS proposes trailer bill language to clarify existing statute permitting regional centers to purchase medical services by adding that an IPP or IFSP team may determine that a generic service identified in the IPP or IFSP is not currently available within 60 days and therefore may be funded by the regional center while the provisions of Welfare and Institutions Code section 4659(d)(1) are exhausted.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to (1) repeal the requirement that an individual or family must appeal a denial of a generic service until a regional center can purchase the service, and (2) require the department to submit a plan for removing barriers to access generic resources.

4440 DEPARTMENT OF STATE HOSPITALS

Issue 116: Program and Caseload Updates

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

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

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

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

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

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

Program Update – Patient-Driven Operating Expenses and Equipment. DSH requests additional General Fund expenditure authority of $2.5 million in 2022-23 and $6.1 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients. In the January budget, DSH requested redirection of General Fund savings of $20.3 million in 2022-23 and General Fund expenditure authority of $20.5 million in 2023-24 and annually thereafter to support operating expenses and equipment (OE&E) related to the care and treatment of DSH patients. These adjustments result in a request for total General Fund expenditure authority of $22.8 million in 2022-23 and $26.6 million in 2023-24.

Program Update – Contracted Patient Services Incompetent to Stand Trial (IST) Solutions. In the January budget, DSH requested one position and estimates General Fund savings of $27.4 million in 2022-23 and $3.1 million in 2023-24 and annually thereafter, due to changes in jail-based competency treatment

program (JBCT) implementation. DSH also requested reappropriation of General Fund resources, previously authorized in the 2021 Budget Act, to support contracts for Community Inpatient Facilities. These resources would be available for an additional 12 months.

Program Update – County Bed Billing Reimbursement Authority. At the May Revision, DSH estimates a reduction of reimbursements of $27.5 million annually from county bed billing reimbursement authority based on updated patient census and bed rates. According to DSH, an expected decline in the census of LPS patients in 2023-24 would result in a reduction of expected reimbursements from counties for these patients of $27.7 million. The current reimbursement authority is $191.6 million for 2023-24 and DSH expects actual costs to be $164 million. For non-restorable IST patients, DSH expects reimbursement from counties of $269,000 in 2023-24.

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

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

Program and Caseload Update: Forensic Conditional Release Program (CONREP) – General/Non-Sexually Violent Predator (Non-SVP) Program. At the May Revision, DSH estimates General Fund savings of $13.5 million in 2022-23 due to program activation adjustments. In the January budget, DSH requested two positions and General Fund expenditure authority of $2.6 million in 2023-24 and annually thereafter to fund its contracted CONREP caseload of 1,020 clients in 2022-23 and 2023-24. According to DSH, this caseload includes 655 regular CONREP clients currently placed in settings which do not offer dedicated beds to the program. In addition, CONREP's contracted caseload includes the following current and planned specialized beds:

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

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

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

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

This issue was heard during the subcommittee's March 30th and May 16th hearings.

Subcommittee Staff Comment and Recommendation—Approve as budgeted, updated for May Revision**.**

Issue 117: Department of General Services Statewide Surcharge Adjustments

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1.9 million annually. If approved, these resources would address ongoing increased costs due to support services provided by the Department of General Services.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$1,900,000	$1,900,000
Total Funding Request:	**$1,900,000**	**$1,900,000**
Total Requested Positions:	**0.0**	**0.0**

* Resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 118: Teleservices – Visitation and Court Hearings

Budget Change Proposal – Governor's Budget. DSH requests 15 positions and General Fund expenditure authority of $2.1 million annually. If approved, these positions and resources would allow

DSH to permanently continue management of teleservices for patient visitation and court hearings implemented during the COVID-19 pandemic.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$2,050,000	$2,050,000
Total Funding Request:	**$2,050,000**	**$2,050,000**
Total Requested Positions:	**15.0**	**15.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 119: Psychiatry Workforce Pipeline, Recruitment, Hiring, and Retention

Budget Change Proposal – Governor's Budget. DSH requests seven positions and General Fund expenditure authority of $6.5 million in 2023-24, $7.1 million in 2024-25, $7.3 million in 2025-26, $7.7 million in 2026-27, and $8.3 million annually thereafter. If approved, these positions and resources would support development and implementation of pipeline, recruitment, and retention initiatives to sustain and grow DSH's psychiatric workforce.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$6,505,000	$7,105,000
Total Funding Request:	**$6,505,000**	**$7,105,000**
Total Requested Positions:	**7.0**	**7.0**

* Additional fiscal year resources requested – 2025-26: $7,305,000; 2026-27: $7,705,000; 2027-28 and ongoing: $8,305,000.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 120: Electronic Health Records Implementation and Operation

Budget Change Proposal – Governor's Budget. DSH requests 40.2 positions and General Fund expenditure authority of $21.5 million in 2023-24 and 58 positions and General Fund expenditure authority of $22.3 million annually thereafter. If approved, these positions and resources would support the completion of remaining planning activities, System Integrator procurement, and transition into implementation of the Continuum Electronic Health Record (EHR) System.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***

0001 – General Fund	$21,501,000	$22,311,000
Total Funding Request:	**$21,501,000**	**$22,311,000**
Total Requested Positions:	**40.2**	**58.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 121: Sexually Violent Predators (SB 1034)

Budget Change Proposal – Governor's Budget. DSH requests two positions and General Fund expenditure authority of $598,000 annually. If approved, these positions and resources would allow DSH to convene county representatives regarding suitable housing for sexually violent predators, as well as other requirements imposed pursuant to SB 1034 (Atkins), Chapter 880, Statutes of 2022.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$598,000	$598,000
Total Funding Request:	**$598,000**	**$598,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2024-25.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 122: Increased Court Appearances and Public Records Act Requests – Continuation of Funding

Budget Change Proposal – Governor's Budget. DSH requests 5.5 positions and General Fund expenditure authority of $847,000 annually. If approved, these positions and resources would allow DSH to permanently extend limited-term resources approved in the 2021 Budget Act to address a sustained increase in workload for court hearings and responding to Public Records Act requests.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25***
0001 – General Fund	$847,000	$847,000
Total Funding Request:	**$847,000**	**$847,000**
Total Requested Positions:	**5.5**	**5.5**

* Positions and resources ongoing after 2023-24.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 123: Criminal Record Information (CORI) Data – Trailer Bill Language

Trailer Bill Language – Governor's Budget. DSH requests trailer bill language to provide access to Criminal Offender Record Information (CORI) to DSH for the purposes of Incompetent to Stand Trial (IST) Solutions and other mental health policy research and program evaluations.

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve and **adopt placeholder trailer bill language.** No concerns have been raised with this proposal.

Issue 124: Metropolitan – Central Utility Plant Replacement

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1.9 million in 2023-24. If approved, these resources would support the working drawings phase of the project at Metropolitan State Hospital to replace the Central Utility Plant.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$1,863,000	$-
Total Funding Request:	**$1,863,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 125: Metropolitan – Fire Water Line Connection to Water Supply

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $536,000 in 2023-24. If approved, these resources would support the working drawings phase of the project at Metropolitan State Hospital to provide the capacity of water required for its fire sprinkler system to comply with current fire code requirements.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$536,000	$-
Total Funding Request:	**$536,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 126: Atascadero – Sewer and Wastewater Treatment Plant

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $1 million in 2023-24. If approved, these resources would support the working drawings phase for the project at Atascadero State Hospital to provide upgrades to the sewer collection system, installation of a screening system, and connection to the City of Atascadero's wastewater treatment system.

Program Funding Request Summary		
Fund Source	**2023-24**	**2024-25**
0001 – General Fund	$1,038,000	$-
Total Funding Request:	**$1,038,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

This issue was heard during the subcommittee's March 30th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 127: Extend Funding for HIPAA Compliance and Accounting Workload

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

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

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 128: Shift Funding for Patient Education from Reimbursements to Federal Funds

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

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

* Funding shift ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 129: Coalinga – Hydronic Loop Replacement Reappropriation

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

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 130: Incompetent to Stand Trial Program Reappropriations

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

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with these proposals.

Issue 131: Budget Solution – COVID-19 Workers Compensation

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 132: Napa Memorial Project Reappropriation

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 133: SB 1223 Chaptering Clean-up

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve and **adopt placeholder trailer bill language** consistent with the Administration's proposal.

Issue 134: Metropolitan – Consolidation of Police Operations

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

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

Issue 135: Atascadero – Potable Water Booster Pump System

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

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

This issue was heard during the subcommittee's May 16th hearing.

Subcommittee Staff Comment and Recommendation—Approve as budgeted. No concerns have been raised with this proposal.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

Issue 136: Reversion of Unspent California Arrearage Payment Program Funding

Governor's Budget. The Governor's 2023-24 Budget proposes to revert $400 million in unspent CAPP funds appropriated to CSD for the CAPP. Under the 2022 California Arrearage Payment Program (CAPP), the Department of Community Services and Development (CSD) distributed $647 million in state funding to eliminate past due Pandemic Emergency energy utility debt of over 1.4 million residential customers. 2022 CAPP funding was disbursed in November 2022 to energy utilities. The program addressed 100 percent of the eligible arrearages reported by the energy utilities that applied for 2022 CAPP funds. Eligible arrearages under 2022 CAPP were defined as past due residential customer energy bill balances accrued during the COVID-19 Pandemic Bill Relief Period of March 4, 2020 through December 31, 2021.

May Revision. CSD requests that Item 4700-495 be added to revert the unexpended balance of the local assistance appropriation made for the California Arrearage Payment Program in the 2022 Budget Act. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department/agency level by shifting the reversions from the statewide control section to the applicable departmental budget. To effectuate this change, it is requested that Item 4700-495 be added. This reversion item also applies to an additional $149,358,000 in unexpended funds beyond the initial $400 million included in Control Section 4.06 for the California Arrearage Payment Program. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes to revert these additional funds to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

This proposal was heard at the Subcommittee's April 13, 2023 and May 16, 2023 hearings.

Subcommittee Staff Comment and Recommendation – Approve as budgeted, with modification to the Administration's budget bill language to specify the amount of the reverted funds.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE (COVERED CALIFORNIA)

Issue 137: Budget Solution - California Premium Subsidy Program Reversion to General Fund

Trailer Bill Language and Budget Solution – Governor's Budget. The Administration proposes trailer bill language to transfer $333.4 million from the Health Care Affordability Reserve Fund to the General Fund, while stating the intent of the Legislature to restore funding when federal subsidies expire in the 2025-26 fiscal year.

This issue was heard by the subcommittee during its hearing on March 2nd, 2023.

Subcommittee Staff Comment and Recommendation—Modify and **adopt modified placeholder trailer bill language.** Subcommittee staff recommends rejecting the Administration's proposed transfer of $333.4 million from the Health Care Affordability Reserve Fund to the General Fund and instead:

- Transfer an additional $714.1 million into the Health Care Affordability Reserve Fund from the General Fund to reflect the cumulative unspent portion of individual mandate penalties received to date of just over $1 billion.
- Adopt modified placeholder trailer bill language to: 1) require individual mandate penalty revenue to be annually deposited in the Health Care Affordability Reserve Fund, 2) continuously appropriate resources in the fund to Covered California, and 3) require Covered California to use these resources for the purpose of supporting a program of financial assistance, as approved by the Covered California Board of Directors, beginning in the 2024 coverage year. For the 2024 coverage year, $166.7 million would be available for the program of financial assistance. For subsequent coverage years, the amount available would be the average annual amount received by the state from the individual mandate penalty for the previous three years.

- Adopt modified placeholder budget bill language to authorize the appropriation of up to $2 million from the Health Care Affordability Reserve Fund to support a health care program for striking workers, pursuant to AB 2530 (Wood), Chapter 695, Statutes of 2022.
- Adopt modified placeholder trailer bill language to authorize a loan of no more than $880.8 million from the Health Care Affordability Reserve Fund to support the General Fund shortfall.

Issue 138: One Dollar Premium Subsidy Augmentation

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

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

* Resources ongoing after 2024-25.

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

Subcommittee Staff Comment and Recommendation—Approve as budgeted.

5160 DEPARTMENT OF REHABILITATION

Issue 139: Extend Cal-LEAP Program

Legislative Proposal – Limited Examination and Appointment Program (LEAP). The LEAP program provides a pathway for individuals with intellectual and developmental disabilities to obtain work in state service. This proposal would remove the sunset to allow this program to continue.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

Issue 140: Funding Increase for Local Child Support Agencies

Governor's Budget. The Governor's budget includes $35.8 million ($12.2 million General Fund) to increase support for local child support agencies.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 141: Cyber Security: Department of Child Support Services

Budget Change Proposal – Governor's Budget. The California Department of Child Support Services (DCSS) requests a budget augmentation of $1,059,000 ($360,000 General Fund) and six positions, for 2023-24 and ongoing to comply with recent requirements in IRS Publication 1075. This funding enables DCSS to respond to the increasing sophistication in cybersecurity attacks and allows DCSS to comply with the goals of the Governor's Cal-Secure Multi-Year Information Security Maturity Roadmap to achieve compliance with state information security policies, as well as address information security and privacy risks.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 142: Local Assistance Expenditures - Department of Child Support Services

May Revision. The May Revision includes a revised implementation date of April 2024 for the child support pass-through to formerly assisted families, due to a greater degree of system change complexity than previously anticipated in the Child Support Enforcement System. The revised implementation date results in approximately $70 million General Fund revenue. DCSS requests that that Item 5175-101-0890 be decreased by $64,382,000 ongoing to update federal fund local assistance expenditures based on additional child support collections data becoming available. It is estimated there will be a corresponding increase in collections received for the federal government's share of child support recoupment. DCSS additionally requests that Item 5175-101-8004 be increased by $64,382,000 ongoing to reflect an estimated increase in collections received for the federal government's share of child support recoupment based on updated child support collections information.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

5180 DEPARTMENT OF SOCIAL SERVICES

Issue 143: Adoption Facilitator Unit

Budget Change Proposal – Governor's Budget. CDSS requests $1.2 million in 2023-24 and $1.1 million ongoing for five (5.0) permanent positions to fully implement the Adoption Facilitator Program activities pursuant to Chapter 754, Statutes of 2006 (SB 1758) and Chapter 1135, Statutes of 1996 (SB 2035). These activities include developing a process for complaints and investigation of complaints, consistent with requisite due process, for those individuals registered as an adoption facilitator. The requested positions include two (2.0) Staff Services Manager Is (SSM I), two (2.0) Associate Governmental Program Analysts (AGPA), and one (1.0) Research Data Specialist II (RDS II).

Provisional Language – May Revision. CDSS requests that Item 5180-001-3422 be amended to revise the fund title from "Adoption Facilitator Program Civil Penalty Fund" to "Adoption Facilitator Program Fund" and to correctly cite the statutory reference under Provision 1.

This proposal was heard at the Subcommittee's April 13, 2023 and May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve with modifications, corresponding to changes in the related trailer bill language.

Issue 144: Adoption Facilitator Program

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to strengthen the department's authority to exercise necessary oversight of adoption facilitators to protect birth parents, children, and prospective adoptive parents from adoption facilitators who commit fraud or violate the law. This proposal would also establish a special fund to receive registration and annual renewal fees and civil penalty revenue from adoption facilitators.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Modify.** Adopt placeholder trailer bill language to prohibit adoption facilitators and create an enforcement mechanism.

Issue 145: CalFresh Federally Mandated Workloads

Budget Change Proposal – Governor's Budget. CDSS requests five permanent positions and $883,000 in 2023-24 and $859,000 ongoing to oversee the operations of county management evaluations and quality control, meet new federally mandated reporting requirements, and implement critical policy changes to CalFresh program administration.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 146: CalFresh for College Students Act

Budget Change Proposal – Governor's Budget. CDSS requests one full-time, limited term Staff Services Analyst/Associate Governmental Program Analyst (SSA/AGPA) to continue implementation of SB 641 (Skinner, Chapter 874, Statutes of 2022), at a cost of $174,000 first year, and $170,000 in 2023-24. CDSS must submit information on steps to increase CalFresh student participation and the estimated costs association with implementing those respective steps.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.** Additionally, adopt Budget Bill Language requiring the department to explore and implement methods toward either state and

campus data-sharing to identify potentially CalFresh eligible students; or facilitate, to the extent possible and within existing resources and authority, similar county data-sharing with campuses.

Issue 147: California Food Assistance Program Expansion

Budget Change Proposal – Governor's Budget. CDSS requests $3.3 million and 18 permanent positions to provide state-level administration for the expansion of the California Food Assistance Program (CFAP).

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 148: CalWORKs Federal Compliance and New Policy Support for Domestic Abuse Survivors

Budget Change Proposal – Governor's Budget. CDSS requests four permanent positions and $689,000 General Fund 2023-24 and $671,000 General Fund annually thereafter to support the CalWORKs Program to address new workload associated with implementing federal rules pertaining to domestic abuse survivors.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 149: Equity Programs: Workload Rightsizing

Budget Change Proposal – Governor's Budget. CDSS requests seven permanent positions and $893,000 in 2023-24 and $853,000 ongoing, to right size staff resources for implementation of new and expanded legislative initiatives to support immigrant and refugee children in California, tribal food assistance, and related human service programs.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 150: Home Care Fund Stabilization

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests 15 positions and $2.8 million in ongoing funding to stabilize and provide responsible oversight and enforcement of the home care system in California through the Home Care Program.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 151: Home Care Program

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language related to the Home Care Fund Stabilization budget proposal.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal. Additionally adopt placeholder trailer bill language to monitor progress of the Home Care program.

Issue 152: Housing and Homelessness Expanded Programs and Permanent Position Funding

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests $3.5 million ongoing to convert 17 limited-term position funding to permanent resources in the Housing and Homeless Division to fulfill its legislative mandates and provide critical services to individuals experiencing homelessness.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.** Additionally, adopt placeholder trailer bill language requiring comprehensive reporting on trends in homelessness in major safety net programs and projected, and approximate outstanding housing needs unaddressed in the caseload.

Issue 153: Preventing Trauma During Facility Closure

Budget Change Proposal – Governor's Budget. CDSS requests $5.1 million in ongoing funding and permanent authority for one position to support temporary manager contracts. The request is critical to take quick and effective action to protect the health and safety of residents of Residential Care Facilities for the Elderly (RCFE) and Adult Residential Facilities (ARF) and minimize the effects of transfer trauma that accompanies the abrupt transfer of residents. These resources are also necessary to implement the statutory requirement to provide a 60-day eviction notice to residents should there be a need to relocate residents. As a part of critical division restructuring, CDSS is also requesting permanent position authority for two Career Executive Assignment positions for Assistant Deputy Directors.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.**

Issue 154: Reinforce the Caregiver Background Check System and Background Check Resources

Budget Change Proposal – Governor's Budget. The California Department of Social Services (CDSS) requests contract funding of $900,000 of which $300,000 is for three year limited-term funding to support the existing Guardian background check system for ongoing IT maintenance and $600,000 is for two year limited-term funding to initiate planning activities to develop a replacement to the Guardian system.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve as budgeted.** Additionally, adopt budget bill language requiring regular updates to Legislative staff on the status of the Guardian backlog.

Issue 155: Housing Investment Power and Duties Technical Changes

Trailer Bill Language – Governor's Budget. This trailer bill language makes the following technical statutory changes: (1) Clarifies the California Department of Social Services (CDSS) is authorized to expend no more than $10.5 million General Fund of the total amount of funds included in the 2022 Budget Act for housing and homeless programs data collection, data tracking, and technical assistance; (2) Authorizes CDSS to modify or waive at its discretion any CDSS housing or homelessness program requirements that conflict with tribal law or custom, in line with equity-focused best practices established within the California Department of Housing and Community Development (HCD); and (3) Authorizes CDSS to implement program guidance through the All-County Letter process.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – **Approve placeholder trailer bill language.**

Issue 156: CalWORKs Unrelated Adult Disclosure Requirements

Trailer Bill Language – Governor's Budget. CDSS proposes trailer bill language to apply gender neutrality to the household composition and family reporting requirements that currently only apply to unrelated adult males.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language, repealing the entire Section 11351.5 of the Welfare and Institutions Code that addresses this issue.

Issue 157: SAWS Automated Welfare System Migration and Ongoing Support

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

its role as a sponsor department in providing policy interpretation and system enhancement reflective of eligibility and policy for CDSS programs in CalSAWS forums.

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 158: CalSPARK Core Project Planning Resources

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

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 159: Statewide Verification Hub Staff and Technical Resources

Budget Change Proposal – April Finance Letter. CDSS requests $1.9 million ($1.6 million General Fund) to support the continued planning, design, development, and implementation of the Statewide Verification Hub project. Of the requested resources, approximately $2 million ($1.6 million General Fund) is requested one-time available over two fiscal years for vendor contracts related to Stages 3 and 4 of the California Department of Technology's (CDT) Project Approval Lifecycle (PAL) process and $12,000 ($11,000 General Fund) ongoing is necessary for the reclassification of an existing permanent, full-time, IT Specialist II to an Information Technology Manager I. CDSS and DHCS, in conjunction with the California Health and Human Services (CHHS) Agency, seek to streamline and modernize the processes of obtaining required eligibility verifications for means-tested human services programs, improve accuracy of benefit calculation, improve client experience, enhance reporting capabilities, and simplify the verification process across departments and programs as part of its ongoing commitment to continuously improve access to public benefits.

This proposal was heard at the Subcommittee's May 4, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 160: CDSS CalWORKs Maximum Aid Payment Increase

CalWORKs AB 85 Maximum Aid Payment Increase – May Revision. CDSS requests that Item 5180-101-0001 be increased by $111.2 million ongoing to reflect a 3.6 percent increase to the CalWORKs

Maximum Aid Payment levels. The increased grant costs are funded entirely by 1991 Realignment revenue in the Child Poverty and Family Supplemental Support Subaccount.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt placeholder trailer bill language removing parts of Welfare and Institutions Code 11450.027 that make the 10 percent grant increase that took effect on October 1, 2022 short-term and subject to a cut on September 30, 2024. Additionally require the display on grants against federal poverty levels to account for households where the Assistance Unit does not account for all of the people in the family, which applies to 60 percent of CalWORKs households.

Issue 161: In-Home Supportive Services: improve access to services for IHSS minor recipients

Budget Change Proposal – May Revision. The May Revision includes $60.7 million ($27.9 million General Fund) ongoing to increase access to IHSS for minor recipients and their families.

Trailer Bill Language – May Revision. CDSS proposes statutory changes to amend Welfare and Institutions Code 12300 (e) to eliminate provider eligibility requirements that only apply to minor recipients to better serve the IHSS Program's minor recipients and their families. This change will allow IHSS-eligible minor recipients to select a parent or a non-parent as their provider.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt trailer bill language consistent with the Administration's proposal.

Issue 162: CalSAWS Bi-Directional Interface with CWS-CARES

May Revision. CDSS requests that Item 5180-141-0001 be increased by $25 million one-time, to be available over two years beginning in 2023-24, and accompanying provisional language be added to Item 5180-141-0001 for the development of a bi-directional interface between the California Statewide Automated Welfare System (CalSAWS) and Child Welfare Services-California Automated Response and Engagement System C(WS-CARES) systems.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 163: County CalFresh Administration Rebase

May Revision. The May Revision includes $406.5 million ($159 million General Fund) to reflect a revised budget methodology for county CalFresh administration activities, pursuant to the 2022 Budget Act.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 164: California Food Assistance Program: automation and outreach

May Revision. The May Revision moves the timeline for expanding the California Food Assistance Program to adults age 55 and over regardless of immigration status to October 2025, representing a shortened timeline compared to the January 1, 2027 implementation date proposed in the Governor's January budget. This includes an increase of $40 million one-time to support a revised automation and program outreach timeline for the expansion.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 165: CalFresh Oral Notice of Work Rules: county administration workload to comply with federal requirements

May Revision. CDSS requests that that Item 5180-141-0001 be increased by $3,396,000 ongoing and that Item 5180-141-0890 be increased by $4,852,000 ongoing, for county administration workload to comply with new federal CalFresh Oral Notice of Work Rules requirements.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt Supplemental Report Language requiring meetings between Legislative staff, client representatives, counties, anti-poverty/anti-hunger stakeholders, and the Administration to review implementation details toward understanding how the state is ensuring that the rules are being read only to the subset of CalFresh recipients to whom the federal rule applies, to avoid a chilling effect, and that this implementation is conducted in a trauma-informed manner, and not biased, offensive, or berating to the recipient population impacted.

Issue 166: Summer EBT: Outreach and Automation

May Revision. The May Revision includes $47 million ($23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals beginning summer 2024.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt placeholder trailer bill language directing CDSS to maximize participation in the federal Summer EBT program, directing CDSS to report to the Legislature on the additional administrative cost, if any, to add an additional state supplement to the $40 monthly per child benefit, and allowing CDSS and the

Department of Education to share data for the purpose of identifying eligible students and evaluating program outcomes.

Issue 167: Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (CONNECT)

May Revision. CDSS requests that Item 5180-151-0001 be decreased by $7,897,000 and Item 5180-151-0890 be decreased by $2,945,000 to reflect the shift in costs associated with full implementation of the Child and Family Teams component of the Behavioral Health CONNECT waiver, formerly known as Behavioral Health Community-Based Continuum Demonstration, from January 2024 to January 2025.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 168: Rapid Response Program – Southern Border Humanitarian Support

May Revision. The May Revision includes $150 million General Fund one-time for the Rapid Response program, which funds sheltering for migrants and supports their safe passage through border regions in partnership with local providers.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted. Additionally, adopt budget bill language requiring the department to provide quarterly written updates to the Legislature on expenditures made to support rapid response services and supports, the remaining available funding, and the plan to expend the remaining funds.

Issue 169: Support for Community-Based Organizations for hate incidents response

May Revision. CDSS requests that Item 5180-151-0001 be increased by $10 million and provisional language be amended to support community-based organizations to provide services for survivors and victims of hate incidents.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 170: CalWORKs Single Allocation Partial Reversion

May Revision. The May Revision proposes to revert approximately $280 million General Fund from 2021-22 that is projected to go unexpended in the CalWORKs Single Allocation.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 171: Guaranteed Income Pilot Program CalWORKs Exemption

Trailer Bill Language – May Revision. The May Revision includes trailer bill language that exempts guaranteed income payments from consideration as income and resources in determining CalWORKs eligibility. This trailer bill language will also allow CDSS to accept funds from any public or private source to administer the Guaranteed Income pilot program, and enable CDSS to award funds to tribal entities.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal, that additionally requires recommendations on how the outcomes and evaluation of the Guaranteed Income Pilot Program may be utilized toward the improvement of the CalWORKs program to assist families as they seek to break the cycle of poverty for themselves and their children.

Issue 172: Tribal Dependency Representation Program Revised Methodology

Trailer Bill Language – May Revision. Welfare and Institution Code section 10553.14(d) requires any adjusted allocation of funds to California Indian Tribes for the Tribal Dependency Representation Program above $15,000 per eligible Tribe to consider "the number of Indian children in foster care or prospective adoptive placements through the juvenile court." In tribal consultations with CDSS, Tribes have indicated that this adjusted allocation methodology data requirement does not contribute to the equity goals of the program. This trailer bill language proposal removes the placement data requirement for the adjusted allocation methodology to allow Tribes to determine their own factors to be considered for the distribution of remaining funding after the initial allocation, whether that be equal distribution among all eligible Tribes or some other methodology, without requiring the use of a specific piece of data that is not tracked reliably across all Tribes.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal, pending consultation with key stakeholders, including legislative leadership and tribal representatives.

Issue 173: Safety Net Withdrawal

Trailer Bill Language – May Revision. This proposal would transfer $450 million from the Safety Net Reserve Fund to the General Fund in 2023-24. Chapter 42, Statutes of 2018 (AB 1830), established the Safety Net Reserve Fund for the purposes of maintaining existing program benefits and services for the CalWORKs and Medi-Cal programs during economic downturns.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Reject.

Issue 174: Public Records Act Exemption for Child Care Providers United Collective Bargaining

Trailer Bill Language –May Revision. This trailer bill language proposal would provide a Public Records Act (PRA) exemption for collective bargaining related to child care. Chapter 385, Statutes of 2019 (AB 378) authorized family childcare providers to form, join, and participate in the activities of an exclusive representative, as defined to collectively bargain for family childcare providers on matters related to child care subsidy programs. Chapter 116, Statutes of 2021 (AB 131) moved statute from the Education Code to Welfare and Institutions Code to effectuate the transition of child care and development programs from the California Department of Education to the Department of Social Services. Chapter 614, Statutes of 2021 (AB 473) reorganized the Public Records Act. According to CDSS, AB 473 did not take into account that AB 131 moved statute from Education Code to the Welfare and Institutions Code, and the Public Records Act (PRA) exemption for collective bargaining related to child care was not updated, and Government Code section 7928.405 should be amended to reference the correct statute that appropriately provides the PRA exemption for collective bargaining related to child care.

This proposal was heard at the Subcommittee's May 17, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal.

Issue 175: Community Care Licensing: Administrator Certification Section Training Updates

Trailer Bill Language –May Revision. CDSS proposes to modify the initial certification and continuing education training requirements for the Administrator Certification Program (ACP) to continue to offer online training options that were available throughout the COVID-19 pandemic under statewide waivers. In addition, CDSS is proposing to clarify administrator certification requirements for Adult Residential Facilities for Persons with Special Healthcare Needs (ARFPSHN). The California Department of Developmental Services (CDDS) recently requested clarification on the requirements for ARFPSHN administrators, specifically whether the full certification including training, application and exam are necessary. We would like to use this opportunity to confirm the licensing requirements for ARFPSHN facility administrators.

This proposal was heard at the Subcommittee's May 16, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language consistent with the Administration's proposal.

Issue 176: Child Care Hold Harmless Expiration

Governor's Budget. The Governor's budget includes the expiration of the "hold harmless" policy, which provided reimbursement flexibility for child care providers to receive more predictable payments instead of being paid based on a child's attendance, given absences and instability caused by COVID-19. This policy will end on June 30, 2023, and providers will return to the previous reimbursement policy.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language to revise policies to allow for reimbursement flexibility.

Issue 177: Delay of 20,000 Subsidized Child Care Slots

Budget Solution – Governor's Budget. The Governor's budget proposes to delay the planned child care slot increases by one year, resulting in $134 million in General Fund savings in 2023-24. The administration intends to resume adding new slots in 2024-25, reaching the overall 200,000 new slots goal by 2026-27 instead of 2025-26.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Delay slot expansion only to July 1, 2024 for the 2024-25 fiscal year at no additional cost.

Issue 178: Child Care 8.22 percent Cost of Living Adjustment (COLA)

Governor's Budget and May Revision. The May Revision includes $183.3 million General Fund for Child Care and Development Programs and $840,000 for the Child and Adult Care Food Program to reflect a statutory COLA of 8.22 percent. This is a modification from the Governor's January Budget, which included $301.7 million General Fund for Child Care and Development Programs and $1.5 million for the Child and Adult Care Food Program to support an 8.13 percent COLA.

This proposal was heard at the Subcommittee's May 17, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Reject, and repurpose the $183.3 million for General Child Care and Development Programs to provide a rate increase for all subsidized child care providers, inclusive of ongoing collective bargaining, as described in Issue 180. Approve $840,000 COLA for Child and Adult Care Food Program.

Issue 179: Projected Current Year Savings for General Child Care Program

May Revision. The May Revision reflects anticipated one-time 2022-23 savings of $588 million General Fund from the 2022 Budget Act, but preserves expenditure authority should expenditures increase. These projected savings are based on estimated General Child Care expenditures that will go into contract by the end of fiscal year 2022-23.

This proposal was heard at the Subcommittee's May 17, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve as budgeted.

Issue 180: Legislative Proposal – Child Care Rate Increase

Legislative Proposal – Child Care Rate Increase. This proposal would repurpose up to $893 million in one-time funding and approximately $222 million in ongoing funding from various sources, including from the Governor's proposed 2023-24 COLA, to provide a rate increase for all subsidized child care providers, inclusive of ongoing collective bargaining between the state and Child Care Providers United.

This issue was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal. Repurpose savings from various sources, including (1) projections of unexpended funds associated with General Child Care slots and rates, 2021-22 California Alternative Payment Program, 2022-23 family fee waiver costs, and 2022-23 COLA; (2) remaining Proposition 64 carryover; and (3) remaining CARES Act, ARPA Discretionary, ARPA Stabilization, CRRSA funding, and one-time and ongoing federal Child Care and Development Fund grant to provide a reimbursement rate increase for all subsidized child care providers, inclusive of ongoing collective bargaining between the state and Child Care Providers United. Additionally, adopt placeholder trailer bill language to make the statutory changes necessary to implement this change and prevent the reversion of any federal relief funds.

Issue 181: Legislative Proposal – Child Care Family Fee Reform

Legislative Proposal – Child Care Family Fees. As part of the ongoing pandemic response, the state waived family fees through 2021-22 and again through 2022-23 and backfilled the cost to providers. This policy provided additional support to low-income families as pandemic-related health and economic costs impacted families. Stakeholders have been requesting changes to the family fee structure for some time to limit the impact to low-income families. Families enrolled in child care will face an increase in costs when family fees return in 2023-24. Early action extended the family fee waiver through September 30, 2023. This proposal would provide $56 million in 2023-24, increasing to approximately $75 million to $134 million ongoing to overhaul the family fee schedule to limit family fees to one percent of family income, and additionally forgive family fee debt from prior to the family fee suspension.

This proposal was heard at the Subcommittee's April 13, 2023 hearing.

Subcommittee Staff Comment and Recommendation- Approve legislative proposal. Repurpose $56 million in 2023-24 and approximately $75 million to $134 million ongoing Child Care and Development Fund and repurposed 2023-24 COLA funds to cap family fees at or below one percent of family income for low-income families; and forgive family fee debt from prior to the family fee suspension. Additionally, adopt placeholder trailer bill language to streamline family income verification for voucher-based programs.

Issue 182: Use of an Alternative Methodology for Child Care and Development Programs

Trailer Bill Language – May Revision. This proposal would amend various references to the regional market rate survey within the Welfare and Institutions Code (WIC) to allow the California Department of Social Services (CDSS) to proceed with developing an alternative methodology in accordance with rate reform recommendations made by the rate and quality stakeholder workgroup and the Joint Labor Management Committee (JLMC) consisting of the State and Child Care Providers United Union – California (CCPU). These amendments are necessary as existing statutes preclude CDSS from being able to adopt an alternative methodology in lieu of use of the market rate survey, in accordance with the allowance under federal regulations.

This proposal was heard at the Subcommittee's May 17, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Modify. Adopt placeholder trailer bill language to specify the timeline for adopting an alternative methodology to set child care rates and allow for the Regional Market Rate to be used to set child care rates in the interim. Specify that the alternative methodology shall be aligned with the recommendations of the Joint Labor Management Committee established pursuant to WIC Section 10280.2, and is subject to JLBC approval.

Issue 183: Legislative Proposal – Extend Child Care Pilot Sunsets

Legislative Proposal – Extend Child Care Pilot Sunsets. This proposal would extend the sunset date for all child care pilot programs to July 2026, to allow for CDSS to review timeline for pilot programs.

Subcommittee Staff Comment and Recommendation – Adopt placeholder trailer bill language.

Issue 184: Legislative Proposal – Resources to Address the Caregiver Background Check Backlog

Legislative Proposal – Caregiver Background Check Backlog. This proposal would provide $4 million over four years for six limited-term staff at the Department's Community Care Licensing Division (CCLD) to process background checks while the state plans for a permanent replacement for the Guardian background check system. Issues with Guardian are leading to serious delays in hiring staff in all settings licensed by CCLD, including child care programs, Foster Family Agencies and resource families, short-term residential therapeutic programs, social rehabilitation programs, residential care facilities for the elderly, home care organizations, and other adult and senior care facilities that serve vulnerable individuals. These additional staff resources will help process clearances within three days; process simplified exemptions in a timely manner; manually review and clear the Guardian backlog; and extend the current hotline hours.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal.

Issue 185: Legislative Proposal – Supplemental Nutrition Benefits and Transitional Nutrition Benefits

Legislative Proposal – Supplemental Nutrition Benefits (SNB) and Transitional Nutrition Benefits (TNB) Parity. The SNB and TNB programs are state-funded nutrition benefits created for households who lost CalFresh benefits when CalFresh was expanded to individuals on SSI. This proposal would provide $10 million in 2023-24 and $2.4 million ongoing to increase SNB and TNB benefits in line with the federal Thrifty Food Plan update in 2021 and create an annual adequacy update process to prevent future inequity between SNB and TNB benefits and the CalFresh benefits they are meant to replace. The Thrifty Food Plan update in 2021 led to an approximate increase of about $36 in CalFresh benefits per household per month.

This proposal was heard at the Subcommittee's March 9, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal.

Issue 186: Legislative Proposal – Remove CalFresh 3-Month Time Limit

Legislative Proposal – Remove CalFresh 3-Month Time Limit. Under the rule in place since the implementation of federal welfare reform in 1996, someone receiving CalFresh and determined to have "Able-Bodied Adults Without Dependents" (ABAWD) status is time-limited to just three months of CalFresh within a 36-month period unless they meet an exemption. California has a statewide ABAWD waiver in place, but this waiver is set to expire on October 31, 2024, which would lead to many individuals losing eligibility for CalFresh benefits. This proposal would provide $3 million one-time to create the infrastructure for state-funded California Anti-Hunger Response (CARE) benefits to prevent hunger among people who could lose eligibility for federally funded CalFresh benefits if the ABAWD time limit takes effect.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal.

Issue 18:7 Legislative Proposal – Infrastructure for CalFresh $50 Minimum Benefit

Legislative Proposal – Infrastructure for CalFresh $50 Minimum Benefit. This proposal would provide $914,250 in one-time costs for automation needed to create a state funded CalFresh minimum benefit of $50, in order to raise the minimum CalFresh benefit from $23 to $50.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal.

Issue 188: Legislative Proposal – Extend the CalFresh Safe Drinking Water Pilot

Legislative Proposal – CalFresh Safe Drinking Water. The CalFresh Safe Drinking Water pilot program provides a $50 supplement to CalFresh benefits in select zip codes where residents lack access to safe drinking water. This pilot was initially funded in the 2017-18 budget and began in March 2022. The approximately 4,000 households who lack access to safe drinking water will lose this $50 monthly supplement when the funding expires in October 2023. This proposal would provide an additional $3 million to extend the program and prevent individuals from experiencing a drop in benefits they rely on to purchase safe drinking water.

This proposal was heard at the Subcommittee's April 27, 2023 hearing.

Subcommittee Staff Comment and Recommendation – Approve legislative proposal. Additionally, adopt placeholder trailer bill language.

APPENDIX A – VOTE ONLY ITEMS (TABLE DISPLAY)

Issue	Org Code	Department	Title of Proposal	Staff Comment/ Recommendation
0530 Health and Human Services Agency (CalHHS)				
1	0530	CalHHS	Case Management Information and Payrolling System (GB)	This proposal was heard at the Subcommittee's March 2, 2023 hearing. AAB
2	0530	CalHHS	Statewide Automated Welfare System Ongoing Support (GB)	This proposal was heard at the Subcommittee's March 2, 2023 hearing. AAB. Additionally, adopt SRL regarding improved stakeholder engagement related to the California Statewide Automated Welfare System (CalSAWS) public-facing technology.
3	0530	CalHHS	Electronic Visit Verification Phase II	This proposal was heard at the Subcommittee's March 2, 2023 hearing. AAB
4	0530	CalHHS	California Emergency Medical Services Data Resource System (CEDRS)	This proposal was heard at the Subcommittee's March 2, 2023, and May 16th, 2023 hearings. AAB
5	0530	CalHHS	Equity-Centered Programs - Transfer to Department of Public Health	This proposal was heard at the Subcommittee's March 2, 2023 hearing. Approve and adopt modified placeholder budget bill language. Subcommittee staff recommends approving the proposed transfer of resources from CalHHS to CDPH, and adopting modified placeholder budget bill language to require the retrospective analysis conducted by CDPH with these resources to include recommendations on how to address the health disparities and

				inequities exposed and exacerbated by the COVID-19 pandemic.
6	0530	CalHHS	OSI Reorganization Name Change - Trailer Bill Language	This proposal was heard at the Subcommittee's March 2, 2023 hearing. Adopt placeholder trailer bill language consistent with the Administration's proposal.
7	0530	CalHHS	Office of the Agency Information Officer and Office of Systems Integration Resources	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB and Adopt placeholder trailer bill language consistent with the Administration's proposal.
8	0530	CalHHS	Various Reappropriations and Technical Adjustments	This proposal was heard at the Subcommittee's May 4, 2023 hearing. Modify. Subcommittee staff recommends modifying the Children and Youth Behavioral Health Initiative reappropriation to instead reappropriate and reallocate those funds to the Mental Health Oversight and Accountability Commission to conduct an evaluation of the impact of the initiative on the behavioral health needs and status of children and youth in California. Subcommittee staff recommends approving the other reappropriations and technical adjustments in this item as budgeted.

				This proposal was heard at the Subcommittee's May 16th, 2023 hearing.
9	0530	CalHHS	Health Innovations Initiative	Reject
				This proposal was heard during the Subcommittee's March 9, 2023 hearing and subsequent Subcommittee hearings.
10	Multiple: 4140 4170 4260 4300 5160 5180	HCAI, CDA, DHCS, DDS, DOR, CDSS	Home and Community-Based Services Spending Plan: Limited Six Month Extension (MR)	Modify. Extend the timeline for all programs in the HCBS Spending Plan to the maximum time allowed by the federal government, with expenditures permitted through and until December 30, 2024, making corresponding changes to the Budget Bill Language.
				This proposal was heard at the Subcommittee's May 16, 2023 hearing.
11	0530	CalHHS	Child Welfare Services - California Automated Response and Engagement System Project (MR)	AAB. Additionally, adopt modified BBL to reference a definition of "verified satisfactory progress" that will be defined in the TBL and increase the amount of project funding subject to Department of Finance's approval and written notification to the Joint Legislative Budget Committee based on verification of satisfactory progress made on project development and implementation. Adopt corresponding placeholder TBL.
				This proposal was heard at the Subcommittee's May 16, 2023 hearing.
12	0530	CalHHS	TBL: WIC 875 - Progress Review Hearing Technical Clarification (MR)	Adopt placeholder TBL consistent with the Administration's proposal.
			Legislative proposal to expand responsibilities of Office of Youth and	This issue was heard at the Subcommittee's March 2, 2023 hearing.
13	0530	CalHHS (OYCR)	Community Restoration	Adopt placeholder TBL.

4120 Emergency Medical Services Authority (EMSA)				
14	4120	EMSA	Diversity, Equity, and Inclusion Strategic Plan Development	This proposal was heard at the Subcommittee's March 16, 2023, hearing.
				AAB
15	4120	EMSA	California POLST eRegistry Act - Trailer Bill Language	This proposal was heard at the Subcommittee's March 16, 2023, hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
16	4120	EMSA	EMSA Director and Chief Medical Officer	This proposal was heard at the Subcommittee's May 4, 2023 hearing.
				Approve as budgeted and Adopt modified placeholder TBL to: 1) More comprehensively update statute to assign all clinical and medical aspects of the state's EMS system to the Chief Medical Officer, and 2) Require the EMSA Director to have extensive experience in EMS, health, public health, or a related field.
17	4120	EMSA	California Emergency Medical Services Information System Maintenance and Operations	This proposal was heard at the Subcommittee's May 4, 2023, hearing.
				AAB
18	4120	EMSA	Staffing Allocation Resources	This proposal was heard at the Subcommittee's May 4, 2023 hearing.
				AAB
19	4120	EMSA	California Emergency Medical Services Central Registry	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
4140 Department of Health Care Access and Information (HCAI)				
20	4140	HCAI	Support for Health Workforce Education and Training Council	This proposal was heard at the Subcommittee's March 2, 2023, hearing.
				AAB

				This proposal was heard at the Subcommittee's March 2, 2023, hearing.
21	4140	HCAI	Budget Solution: Healthcare Workforce Delays	Modify. Subcommittee staff recommends rejecting the Administration's proposed delays to the following programs, using expenditure authority from the Mental Health Services Fund State Administration Account or General Fund: 1) Social Work Initiative, 2) Addiction Psychiatry and Addiction Medicine Fellowships, 3) University and College Training Grants for Behavioral Health Professional, 4) Comprehensive Nursing Initiative, 5) Expand Masters in Social Work Slots at Public Schools of Social Work, 6) Nursing in Song-Brown Subcommittee staff recommends partially rejecting the Administration's delays for Community Health Workers ($37.4 million in 2023-24, delay of $92.6 million until 2024-25 and 2025-26)
22	4140	HCAI	CalRx Reproductive Health Drug Procurement	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB and Adopt placeholder TBL consistent with the Administration's proposal.
23	4140	HCAI	CalRx Naloxone Initiative	This proposal was heard at the Subcommittee's May 16, 2023, hearing.
				AAB
24	4140	HCAI	Reproductive Health Workforce - Pharmacists	The Department of Finance provided this proposal to the subcommittee on May 17th, so it has not been heard in a subcommittee hearing.

				However, this is a technical change to statute.
				Adopt placeholder TBL consistent with the Administration's proposal.
4170 California Department of Aging (CDA)				
25	4170	CDA	Modernizing the Older Californians Act: Extend funding period to five years (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing.
				AAB
26	4170	CDA	Master Plan for Aging Infrastructure and Capacity (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				AAB. Additionally, adopt BBL that specifies how this investment will advance equity goals in the Master Plan for Aging.
27	4170	CDA	Advancing Older Adult Behavioral Health (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				Modify. Approve $30.302 million General Fund for local community capacity building for older adult behavioral health; Approve $4.5 million for the continuation of the Older Adult Friendship Line; approve $4.7 million state operations; reject and redirect $10.5 million for media and outreach campaign.
0530 California Health and Human Services Agency (CalHHS) 4260 Department of Health Care Services (DHCS) 4150 Department of Managed Health Care (DMHC)				
28	0530 4260 4150	CalHHS DHCS DMHC	988 Suicide and Crisis Lifeline (AB 988)	This proposal was heard at the Subcommittee's April 20, 2023, and May 17th, 2023, hearings.

				AAB and reject TBL. Subcommittee staff recommends approving the requested resources to implement AB 988, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.
4260 Department of Health Care Services (DHCS)				
29	4260	DHCS	May 2023 Medi-Cal Local Assistance Estimate	This proposal was heard at the Subcommittee's March 16th and May 17th hearings. Approve the balance of the technical adjustments to the Medi-Cal Local Assistance Estimate, as updated for the May Revision, with any changes necessary to conform to other actions that have been, or will be, taken.
30	4260	DHCS	May 2023 Family Health Local Assistance Estimate	This proposal was heard at the Subcommittee's March 16th and May 17th hearings. Approve the balance of the technical adjustments to the Family Health Estimate, as updated for the May Revision, with any changes necessary to conform to other actions that have been, or will be, taken.
31	4260	DHCS	Post Eligibility Treatment of Income - Trailer Bill Language	This proposal was heard at the Subcommittee's March 16th hearing. Adopt placeholder TBL consistent with the Administration's proposal.
32	4260	DHCS	Whole Child Model - Trailer Bill Language	This proposal was heard at the Subcommittee's March 16th and May 17th hearings. Reject

33	4260	DHCS	Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT)	This proposal was heard at the Subcommittee's April 20th and May 17th hearings. AAB
34	4260	DHCS	Budget Solution - Delay BH Continuum Infrastructure and Bridge Housing	This proposal was heard at the Subcommittee's April 20th and May 17th hearings. Modify as follows: 1) BHCIP Delay - Approve delay as budgeted. 2) Behavioral Health Bridge Housing – Modify to allow $250 million of expenditure authority from the Mental Health Services Fund to replace the 2023-24 General Fund allocation for Behavioral Health Bridge Housing, but reject the use of an additional $250 million of Mental Health Services Fund, allowing the one-year delay proposed in the January budget to occur.
35	4260	DHCS	CalAIM Behavioral Health Payment Reform	This proposal was heard at the Subcommittee's April 20th and May 17th hearings.

				Modify and adopt placeholder trailer bill language. Subcommittee staff recommends approving as budgeted the requested resources to implement Behavioral Health Payment Reform system changes, and the transfer of $375 million from the General Fund to the Medi-Cal County Behavioral Health Fund to address cashflow challenges at the outset of the new intergovernmental transfer structure. However, subcommittee staff also recommends requiring county behavioral health departments to repay the state's General Fund investment within the 2023-24 fiscal year. Subcommittee staff also recommends adopting placeholder trailer bill language consistent with the Administration's trailer bill proposal, as updated at May Revision.
36	4260	DHCS	Specialty Mental Health Services - Foster Youth Presumptive Transfer (AB 1051)	This proposal was heard at the Subcommittee's April 20th hearing. Modify. As the author and sponsors of AB 1051 are currently requesting a one-year delay of implementation of this bill, as reflected in AB 551 (Bennett), subcommittee staff recommend modifying this proposal to account for this delay and adopting modified placeholder trailer bill language to implement the one-year delay proposed in AB 551.
37	4260	DHCS	Children's Psychiatric Treatment Facilities (AB 2317)	This proposal was heard at the Subcommittee's April 20th hearing.

				Approve as budgeted and reject trailer bill language. Subcommittee staff recommends approving the requested resources to implement AB 2317, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.
38	4260	DHCS	Strengthening Oversight for Substance Use Disorder Licensing and Certification	This proposal was heard at the Subcommittee's April 20th hearing. Approve as budgeted and adopt modified placeholder trailer bill language consistent with the Administration's proposal, but phasing in the fee increase no more than 20 percent per year, and adjusted for inflation after fully phased-in.
39	4260	DHCS	Opioid Settlements Fund State Directed Programs	This proposal was heard at the Subcommittee's April 20th and May 17th hearings.

				Modify. Subcommittee staff recommends reducing the allocation of expenditure authority from the Opioid Settlements Fund of $15.3 million annually over four years, and reallocating to the Department of Public Health to support harm reduction programs for staff and costs related to delivery of naloxone, fentanyl test strips, overdose prevention and response training, and drug treatment provision and navigation. (see related issue under DPH). Subcommittee staff also recommends adopting modified placeholder budget bill language authorizing the Department of Finance to augment this item by $15.3 million for the Naloxone Distribution Project if sufficient resources are available in the Opioid Settlements Fund to support this additional expenditure.
40	4260	DHCS	Drug Medi-Cal Claiming Timelines	This proposal was heard at the Subcommittee's April 20th hearing. Adopt placeholder TBL consistent with the Administration's proposal.
41	4260	DHCS	CalAIM Designated State Health Programs and Delay Facility Carve-ins	This proposal was heard at the Subcommittee's April 20th hearing. Adopt placeholder TBL consistent with the Administration's proposal and consistent with additional rate adjustments adopted by the Legislature as part of the MCO tax proposal.
42	4260	DHCS	Local Educational Agency Medi-Cal Billing Option Program Withhold Return	This proposal was heard at the Subcommittee's April 20th hearing.

				AAB
43	4260	DHCS	Medi-Cal Provider Interim Payment Loan Authority	This proposal was heard at the Subcommittee's April 20th hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
44	4260	DHCS	Nursing Facility Financing Reform	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
45	4260	DHCS	PACE Monitoring and Program Operations	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
46	4260	DHCS	Program Workload	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
47	4260	DHCS	Delay Two-Week Checkwrite Hold Buyback	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
48	4260	DHCS	Conform Statutory Estimate Requirements to Recent Program Changes	This proposal was heard at the Subcommittee's April 20th hearing.
				Adopt modified placeholder TBL consistent with the Administration's proposal, but requiring FFS rates to continue to be displayed separately.
49	4260	DHCS	Newborn Hospital Gateway	This proposal was heard at the Subcommittee's April 20th hearing.
				Adopt modified placeholder TBL consistent with the Administration's proposal, but allowing facilities to report 72 hours after birth or one business day after discharge, as well as other technical changes.
50	4260	DHCS	Acute Inpatient Intensive Rehabilitation Services	This proposal was heard at the Subcommittee's April 20th hearing.

				Adopt placeholder TBL consistent with the Administration's proposal.
51	4260	DHCS	Medi-Cal Enterprise System Modernization	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
52	4260	DHCS	Interoperability Federal Rule Implementation	This proposal was heard at the Subcommittee's April 20th hearing.
				AAB
53	4260	DHCS	Doula Services Implementation Evaluation	This proposal was heard at the Subcommittee's May 17th hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
54	4260	DHCS	Medical Interpreters Pilot Project - Extension	This proposal was heard at the Subcommittee's May 17th hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
55	4260	DHCS	Long-Term Care Facilities Rate Year Shift	This proposal was heard at the Subcommittee's May 17th hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
56	4260	DHCS	Assisted Living Waiver Expansion Permanent Workload	This proposal was heard at the Subcommittee's May 17th hearing.
				AAB
57	4260	DHCS	Control Section 4.05 Adjustment, Budget Act of 2021	This proposal was heard at the Subcommittee's May 17th hearing.
				AAB
58	4260	DHCS	Dental Procurement	This proposal was heard at the Subcommittee's May 17th hearing.
				AAB
59	4260	DHCS	Fund Source Change for CalHOPE	This proposal was heard at the Subcommittee's May 17th hearing.

				Modify. Subcommittee staff recommends rejecting the shift of funding for CalHOPE to Mental Health Services Fund, but instead reallocating $50.5 million of the $355 million General Fund authority supporting the Behavioral Health Services and Supports Platform to support CalHOPE. Subcommittee staff also recommends adopting modified placeholder trailer bill language to require the department to report data on the impact of CalHOPE since its implementation during the pandemic.
60	4260	DHCS	Behavioral Health Modernization	This proposal was heard at the Subcommittee's May 17th hearing. Reject
61	4260	DHCS	Children and Youth Behavioral Health Initiative - Fee Schedule Third Party Administrator	This proposal was heard at the Subcommittee's May 17th hearing. Modify. Subcommittee staff recommends approving the Administration's proposal, but utilizing expenditure authority from the Managed Care Fund, rather than the General Fund, under an interagency agreement with the Department of Managed Health Care.
62	4260	DHCS	Los Angeles County CARE Court Start-Up Funding	This proposal was heard at the Subcommittee's May 17th hearing. AAB
63	4260	DHCS	Contingency Management Pilot Extension	This proposal was heard at the Subcommittee's May 17th hearing. AAB
64	4260	DHCS	Virtual Services in Driving Under the Influence Program	This proposal was heard at the Subcommittee's May 17th hearing.

				AAB
65	4260	DHCS	Managed Care Organization Tax and Provider Rate Increases	This proposal was heard at the Subcommittee's May 23rd hearing. Modify. Subcommittee staff recommends adopting placeholder TBL consistent with the proposed tax on managed care organizations, but adopting modified placeholder TBL to: 1) spend all $10.3 billion available during the tax period; 2) make additional investments in primary care rates, specialty care rates, community health workers, family planning and women's health, access to abortion services, clinic quality improvement and access, ground emergency transfers, emergency department access, inpatient psychiatric bed capacity, same day visits for community clinics, graduate medical education, allied loan repayment, Medi-Cal workforce, loan repayment, elimination of the trigger for continuous coverage for children zero to five and share of cost, various investments in mental health, private duty nursing, pediatric day health centers, air ambulance providers, community-based adult services (CBAS) centers, and non-emergency medical transportation (NEMT) providers; and 3) to address workforce issues.
66	4260	DHCS	Pediatric Subacute Facilities	This proposal was heard at the Subcommittee's April 20th hearing. Approve legislative proposal.
67	4260	DHCS	Let California Kids Hear - Hearing Aids for Children	This proposal was heard at the Subcommittee's April 20th hearing.

				Approve Legislative proposal and adopt modified placeholder TBL
68	4260	DHCS	Comprehensive Perinatal Services Program - 12 Month Postpartum Extension	This proposal was heard at the Subcommittee's March 16th hearing.
				Approve Legislative Proposal
69	4260	DHCS	Asset Limit Elimination Cleanup	
				Approve Legislative proposal and adopt modified placeholder TBL
70	4260	DHCS	Supplemental Reporting Language - Medi-Cal Coverage of Diapers and Period Products	
				Approve supplemental reporting language.
4265 Department of Public Health (CDPH)				
71	4265	CDPH	COVID-19 Response	This proposal was heard at the Subcommittee's March 16th and May 17th hearings.
				AAB
72	4265	CDPH	Public Health Workforce Investments Reversion - Withdrawal	This proposal was heard at the Subcommittee's March 16th and May 17th hearings.
				AAB, updated for May Revision, the withdrawal of the originally proposed reversion of resources.
73	4265	CDPH	Maintenance and Operations of Infectious Disease Data Systems - SMARTER Plan	This proposal was heard at the Subcommittee's March 16th hearing.
				AAB
74	4265	CDPH	COVID-19 Website Information Technology Resources	This proposal was heard at the Subcommittee's March 16th hearing.
				AAB
75	4265	CDPH	AIDS Drug Assistance (ADAP) Estimate	This proposal was heard at the Subcommittee's March 16th and May 17th hearings.
				AAB, as updated for May Revision
76	4265	CDPH	Fentanyl Program Grants (AB 2365)/Availability of	This proposal was heard at the Subcommittee's March 16th hearing.

			Fentanyl Test Strips and Naloxone	AAB and Adopt placeholder TBL consistent with the Administration's proposal.
77	4265	CDPH	California Harm Reduction Initiative	This proposal was heard at the Subcommittee's March 30th hearing.
				Approve Legislative Proposal.
78	4265	CDPH	Lead Renovation, Repair, and Painting Program (SB 1076)	This proposal was heard at the Subcommittee's March 30th and May 17th hearings.
				AAB and reject TBL. Subcommittee staff recommends approving the requested resources to implement SB 1076, rejecting the Administration's proposed changes to statute, and instructing the Administration to work with the author's office to negotiate changes to this chaptered legislation.
79	4265	CDPH	Genetic Disease Screening Program (GDSP) Estimate	This proposal was heard at the Subcommittee's March 30th and May 17th hearings.
				AAB, as updated for May Revision
80	4265	CDPH	California Newborn Screening Program Expansion	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
81	4265	CDPH	Women, Infants, and Children (WIC) Program Estimate	This proposal was heard at the Subcommittee's March 30th and May 17th hearings.
				AAB, as updated for May Revision
82	4265	CDPH	Center for Health Care Quality Estimate	This proposal was heard at the Subcommittee's March 30th and May 17th hearings.
				AAB, as updated for May Revision
83	4265	CDPH	Skilled Nursing Facilities Staffing Audits	This proposal was heard at the Subcommittee's May 4th hearing.
				AAB

84	4265	CDPH	Radiologic Health Branch Licensing and Certification	This proposal was heard at the Subcommittee's May 4th hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
85	4265	CDPH	Budget Solution - Public Health Regional Climate Planning Reversion	This proposal was heard at the Subcommittee's March 30th and May 17th hearings.
				AAB and Adopt placeholder TBL consistent with the Administration's proposal.
86	4265	CDPH	Various Technical Adjustments	This proposal was heard at the Subcommittee's May 17th hearing.
				AAB and Adopt placeholder TBL consistent with the Administration's proposal.
87	4265	CDPH	Hepatitis C Virus (HCV) Equity - Access to the Cure	This proposal was heard at the Subcommittee's March 16th hearing.
				Approve Modified Legislative Proposal.
88	4265	CDPH	Health Equity and Racial Justice Fund	This proposal was heard at the Subcommittee's March 30th hearing.
				Adopt modified placeholder TBL to establish the fund
4300 Department of Developmental Services (DDS)				
89	4300	DDS	Autism Services Branch (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing.
				AAB. Additionally, adopt budget bill language that includes goals, milestones, and reporting on outcomes to the Legislature on a periodic basis.
90	4300	DDS	TBL: HIPPA and Information Deidentification (AB 1957) (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing.

				Modify. Adopt placeholder TBL to add requirements for the department to aggregate purchase of service data on a statewide basis and establish a collaborative process for stakeholder engagement regarding data deidentification.
91	4300	DDS	Enhancements to Risk Management Data Collection and Tracking (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB. Additionally, adopt placeholder trailer bill language requiring the department to provide annual updates on special incident trends as part of quarterly legislative updates pursuant to WIC 4474.17.
92	4300	DDS	Information Security Office Support (GB) (SFL)	This proposal was heard at the Subcommittee's March 23, 2023 and hearing and May 4, 2023 hearing. AAB
93	4300	DDS	Uniform Fiscal System Modernization and the Consumer Electronic Records Management System Project (GB)	This proposal was heard at the Subcommittee's March 23, 2023, hearing. AAB. Additionally, adopt SRL requiring the department to provide quarterly written updates to the Legislature on (1) project development, scope, goals, and timelines; (2) engagement with stakeholders, including individuals and families served by the Regional Center system; (3) how the projects will work with the Regional Centers to prepare for any potential business process changes and resources they will need to incorporate the new systems into their current operations; and (4) what project risks and issues the department has identified, and how it plans to mitigate them to ensure development and

				implementation progresses on time and within budget.
94	4300	DDS	TBL: Extension of 10 Crisis beds at Porterville Developmental Center (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. Reject TBL. Additionally, reduce Item 4300-001-0001 by $4.9 million consistent with this action.
95	4300	DDS	TBL: Extension of 10 Crisis Beds at Canyon Springs (GB)	This proposal was heard at the Subcommittee's March 23, 2023, hearing. Reject TBL.
96	4300	DDS	TBL: Adjusting Rate Models to Reflect Increases in the Minimum Wage (GB)	This proposal was heard at the Subcommittee's March 23, 2023, hearing. Adopt placeholder TBL consistent with the Administration's proposal. Additionally, adopt placeholder trailer bill language clarifying implementation of quality incentives for DDS rate models.
97	4300	DDS	Delay of Preschool Inclusion Grants (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing.

				AAB.
98	4300	DDS	Fairview Warm Shutdown (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB
99	4300	DDS	STAR Home Staffing Adjustments and Intermediate Care Facility Licensure (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB. Additionally, adopt placeholder TBL to specify the components of the STAR Home model that will be carried over into the Intermediate Care Facility licensure, including addressing policies around the use of mechanical restraints.
100	4300	DDS	Complex Needs Residential Program (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing. AAB. Additionally, adopt placeholder TBL to define the Complex Needs Residential Program.
101	4300	DDS	Trauma-informed care for dually served youth in foster care (GB)	This proposal was heard at the Subcommittee's March 23, 2023 hearing.
102	4300	DDS	Compliance with Federal Home and Community-Based Services Requirements (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing. AAB
103	4300	DDS	Regional Centers - Coordinated Family Support Services (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB
104	4300	DDS	Regional Centers-Independent Living Services (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				AAB. Additionally, adopt BBL specifying that these funds are appropriated for the purpose of adjusting Independent Living Services rate model assumptions, by January 2024, to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors.
105	4300	DDS	HCBS Allocation May Revision Adjustment (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB. Additionally, adopt Budget Bill Language to extend the timeline for all programs in the HCBS Spending Plan to the maximum time allowed by the federal government, with expenditures permitted through and until December 30, 2024, pursuant to action in Issue 10.
106	4300	DDS	Reappropriation - 2020-21 Community Placement Plan Funding (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB. Additionally, adopt BBL requiring written reporting to the Legislature by April 1, 2024 and at least annually thereafter, through the full expenditure of these funds, on activities funded, including the use of any vendor or other contracted service, details on housing projects and units in development and completed, and impacts for persons served, including demographic and ethnic/racial breakdowns. These updates may be conveyed to Legislative staff as part of the quarterly briefings conducted by the department pursuant to WIC 4474.17.

107	4300	DDS	TBL: Parent Participation Requirement on ABA or Intensive Behavioral Intervention (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Modify. Adopt placeholder TBL to clarify that lack of parent participation shall not be a basis for denial or delay of ABA or intensive behavioral intervention services.
108	4300	DDS	TBL: Remote Individual Program Plan Meetings Extension (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Modify. Adopt placeholder TBL to allow for these remote meetings through the 2023-24 fiscal year, until June 30, 2024, assuming no additional cost, as the Governor's proposal for half of the fiscal year did not assume a cost.
109	4300	DDS	TBL: Rate Study Update - Family Home Agencies (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
110	4300	DDS	TBL: Extended Suspension of Family Cost Participation Program and Annual Family Program Fee (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Modify. Adopt placeholder TBL to continue the suspension of the fees in question through the 2023-24 fiscal year, until June 30, 2024, assuming no additional cost, as the Governor's proposal for half of the fiscal year did not assume a cost.
111	4300	DDS	TBL: Expanding Participant Directed Services to include social recreation and camping services (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL.
112	4300	DDS	TBL: Regional Center Oversight - Directive Authority (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				Modify. Adopt placeholder TBL to (1) require DDS, in consultation with stakeholders, to develop, and regional centers to adopt, standardized statewide procedures relating to intake, assessment, individual program planning, and vendorization, (2) improve collection of racial and ethnic data, (3) evaluate the availability of common services and supports across regional centers, (4) require regional centers to periodically report on intake outcomes and timelines, and (5) require regional centers to provide individuals and families with adequate notice if a determination of ineligibility is made.
113	4300	DDS	TBL: Federal Education Grant Funding Distribution (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Adopt placeholder TBL consistent with the Administration's proposal.
114	4300	DDS	TBL: Complex Needs Residential Program (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. Modify. Adopt placeholder TBL to further define the Complex Needs Residential Program, including the limit of three homes; clarify that existing state buildings will not be used for these homes; and reject associated extensions of acute crisis unit at Canyon Springs.
115	4300	DDS	TBL: Access to Generic Resources (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				Modify. Adopt placeholder TBL to (1) repeal the requirement that an individual or family must appeal a denial of a generic service until a regional center can purchase the service, and (2) require the department to submit a plan for removing barriers to access generic resources.
4440 Department of State Hospitals (DSH)				
116	4440	DSH	Program and Caseload Adjustments	This proposal was heard at the Subcommittee's March 30th and May 16th hearings.
				AAB, as updated for May Revision
117	4440	DSH	Department of General Services Statewide Surcharge Adjustments	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
118	4440	DSH	Teleservices - Visitation and Court Hearings	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
119	4440	DSH	Psychiatry Workforce Pipeline, Recruitment, Hiring, and Retention	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
120	4440	DSH	Electronic Health Records Implementation and Operation	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
121	4440	DSH	Sexually Violent Predators (SB 1034)	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
122	4440	DSH	Increased Court Appearances and Public Records Act Requests - Continuation of Funding	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
123	4440	DSH	Criminal Record Information (CORI) Data - Trailer Bill Language	This proposal was heard at the Subcommittee's March 30th hearing.

				Adopt placeholder TBL consistent with the Administration's proposal.
124	4440	DSH	Metropolitan - Central Utility Plant Replacement	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
125	4440	DSH	Metropolitan - Fire Water Line Connection to Water Supply	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
126	4440	DSH	Atascadero - Sewer and Wastewater Treatment Plant	This proposal was heard at the Subcommittee's March 30th hearing.
				AAB
127	4440	DSH	Extend Funding for HIPAA Compliance and Accounting Workload	This proposal was heard at the Subcommittee's May 4th hearing.
				AAB
128	4440	DSH	Shift Funding for Patient Education from Reimbursements to Federal Funds	This proposal was heard at the Subcommittee's May 4th hearing.
				AAB
129	4440	DSH	Coalinga - Hydronic Loop Replacement Reappropriation	This proposal was heard at the Subcommittee's May 4th hearing.
				AAB
130	4440	DSH	Incompetent to Stand Trial Program Reappropriations	This proposal was heard at the Subcommittee's May 16th hearing.
				AAB
131	4440	DSH	Budget Solution - COVID-19 Workers Compensation	This proposal was heard at the Subcommittee's May 16th hearing.
				AAB
132	4440	DSH	Napa Memorial Project Reappropriation	This proposal was heard at the Subcommittee's May 16th hearing.
				AAB
133	4440	DSH	SB 1223 Chaptering Clean-up	This proposal was heard at the Subcommittee's May 16th hearing.

				Adopt placeholder TBL consistent with the Administration's proposal.
134	4440	DSH	Metropolitan - Consolidation of Police Operations	This proposal was heard at the Subcommittee's May 16th hearing.
				AAB
135	4440	DSH	Atascadero - Potable Water Booster Pump System	This proposal was heard at the Subcommittee's May 16th hearing.
				AAB
4700 Department of Community Services and Development (CSD)				
136	4700	CSD	Reversion of Unspent California Arrearage Payment Program (CAPP) Funding (GB)	This proposal was heard at the Subcommittee's April 13, 2023, and May 16, 2023 hearing.
				AAB. Approve reversion of $549,358,000 total unexpended funds, with modification to the Administration's Budget Bill Language to specify the amount of the reverted funds.
4800 California Health Benefit Exchange (Covered CA)				
137	4800	Covered CA	Budget Solution - California Premium Subsidy Program Reversion to General Fund	This proposal was heard at the Subcommittee's March 2nd hearing.
				Modify and adopt modified placeholder TBL. Subcommittee staff recommends rejecting transfer of $333.4 million from the fund, instead transferring $714.1 million into the fund from the General Fund to reflect unspent penalty revenue, require funding to be used for subsidies in Covered California, support health care for striking workers, and authorize a loan of no more than $880.8 million to the General Fund.
138	4800	Covered CA	One Dollar Premium Subsidy Augmentation	This proposal was heard at the Subcommittee's May 4th hearing.
				AAB

5160 Department of Rehabilitation (DOR)				
139	5160	DOR	Extend Cal-LEAP program	Adopt placeholder TBL.
5175 Department of Child Support Services (DCSS)				
140	5175	DCSS	Funding Increase for local child support agencies (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. AAB.
141	5175	DCSS	Cyber Security (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing. AAB.
142	5175	DCSS	Update local assistance expenditures to reflect estimated increase in collections received for the federal government's share of child support recoupment (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB.
5180 Department of Social Services (CDSS)				
143	5180	CDSS	Adoption Facilitator Unit (GB) (MR)	This proposal was heard at the Subcommittee's April 13, 2023, hearing. Approve with modifications, corresponding to changes in the related TBL.
144	5180	CDSS	TBL:Adoption Facilitator Program Updates (GB)	This proposal was heard at the Subcommittee's April 13, 2023, hearing. Modify. Adopt placeholder TBL to prohibit adoption facilitators and create an enforcement mechanism.
145	5180	CDSS	CalFresh Federally Mandated Workloads (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing. AAB
146	5180	CDSS	CalFresh for College Students Act (SB 641) (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.

				AAB. Additionally, adopt BBL requiring the department to explore and implement methods toward either state and campus data-sharing to identify potentially CalFresh eligible students or facilitate, to the extent possible and within existing resources and authority, similar county data-sharing with campuses.
147	5180	CDSS	California Food Assistance Program Expansion (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				AAB.
148	5180	CDSS	CalWORKs Federal Compliance and New Policy Support for Domestic Abuse Survivors (GB)	This proposal was heard at the Subcommittee's April 27, 2023, hearing.
				AAB
149	5180	CDSS	Equity Programs Workload Rightsizing (GB)	This proposal was heard at the Subcommittee's April 27, 2023, hearing.
				AAB
150	5180	CDSS	Home Care Fund Stabilization (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				AAB.
151	5180	CDSS	TBL: Home Care Fund Stabilization (GB)	This proposal was heard at the Subcommitee's March 9, 2023 hearing.
				Adopt placeholder TBL to monitor progress of the Home Care program.
152	5180	CDSS	Housing and Homelessness Expanded Programs and Permanent Position Funding (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing.
				AAB. Additionally, adopt placeholder TBL requiring comprehensive reporting on trends in homelessness in major safety net programs and projected, and approximate outstanding housing needs unaddressed in the caseload.

153	5180	CDSS	Preventing Transfer Trauma During Facility Closure (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				AAB
154	5180	CDSS	Reinforce the Caregiver Background Check System and Background Check Resources (GB)	This proposal was heard at the Subcommittee's March 9, 2023, hearing.
				AAB. Additionally, adopt BBL requiring regular updates to legislative staff on the status of the Guardian backlog.
155	5180	CDSS	TBL: Housing Investment Power and Duties Technical Changes (GB)	This proposal was heard at the Subcommittee's March 9, 2023 hearing.
				Adopt placeholder TBL.
156	5180	CDSS	TBL: CalWORKs Unrelated Adult Disclosure Requirements (GB)	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Modify. Adopt placeholder TBL to repeal Section 11351.5 of the Welfare and Institutions Code that addresses this issue.
157	5180	CDSS	California Statewide Automated Welfare System Migration and Ongoing Support (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing.
				AAB
158	5180	CDSS	CalSPARK Core Project Planning Resources (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing.
				AAB
159	5180	CDSS	Statewide Verification Hub Staff and Technical Resources (SFL)	This proposal was heard at the Subcommittee's May 4, 2023 hearing.
				AAB.
160	5180	CDSS	CalWORKs AB 85 Maximum Aid Payment 3.6 percent increase (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				AAB. Additionally, adopt placeholder TBL removing parts of Welfare and Institutions Code 11450.027 that make the 10 percent grant increase that took effect on October 1, 2022 short-term and subject to a cut on September 30, 2024. Additionally require the display on grants against federal poverty levels to account for households where the Assistance Unit does not account for all of the people in the family, which applies to 60 percent of CalWORKs households.
161	5180	CDSS	In-Home Supportive Services: improve access to services for IHSS minor recipients (MR) (includes TBL)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB. Additionally, adopt placeholder TBL consistent with the Administration's proposal.
162	5180	CDSS	CalSAWS Bi-Directional Interface with Child Welfare Services - California Automated Response and Engagement System (MR)	This propsal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
163	5180	CDSS	County CalFresh Administration Rebase to reflect a revised budgeting methodology for county CalFresh administration (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
164	5180	CDSS	California Food Assistance Program: automation and outreach (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
165	5180	CDSS	CalFresh Oral Notice of Work Rules: county administration workload to	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

			comply with federal requirements (MR)	AAB. Additionally, adopt SRL requiring meetings between Legislative staff, client representatives, counties, anti-poverty/anti-hunger stakeholders, and the Administration to review implementation details toward understanding how the state is ensuring that the rules are being read only to the subset of CalFresh recipients to whom the federal rule applies, to avoid a chilling effect, and that this implementation is conducted in a trauma-informed manner, and not biased, offensive, or berating to the recipient population impacted.
166	5180	CDSS	Summer EBT: outreach and automation necessary to provide federally funded summer EBT benefits to school children beginning Summer 2024 (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB. Additionally, adopt placeholder TBL directing CDSS to maximize participation in the federal Summer EBT program, directing CDSS to report to the Legislature on the additional administrative cost, if any, to add an additional state supplement to the $40 monthly per child benefit, and allowing CDSS and the Department of Education to share data for the purpose of identifying eligible students and evaluating program outcomes.
167	5180	CDSS	Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment: reflect the shift in costs associated with the full cost of the Child and Family Teams component of the Behavioral Health	This proposal was heard at the Subcommittee's May 16, 2023 hearing. AAB

			CONNECT Waiver, to January 2025. (MR)	
168	5180	CDSS	Rapid Response Program Augmentation to support Southern Border Humanitarian efforts (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB. Additionally, adopt BBL requiring the department to provide quarterly written updates to the Legislature on expenditures made to support rapid response services and supports, the remaining available funding, and the plan to expend the remaining funds.
169	5180	CDSS	Support for community-based organizations for services for hate incidents response (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
170	5180	CDSS	CalWORKs Single Allocation Partial Reversion (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				AAB
171		CDSS	TBL: Guaranteed Income Pilot Program: CalWORKs exemption for guaranteed income payments (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal, that additionally requires recommendations on how the outcomes and evaluation of the Guaranteed Income Pilot Program may be utilized toward the improvement of the CalWORKs program to assist families as they seek to break the cycle of poverty for themselves and their children.
172	5180	CDSS	TBL: Tribal Dependency Representation Program Revised Methodology (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.

				Adopt placeholder TBL consistent with the Administration's proposal, pending consultation with key stakeholders, including legislative leadership and tribal representatives.
173	5180	CDSS	TBL: Safety Net Withdrawal (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				Reject.
174	5180	CDSS	TBL: Public Records Act Exemption for Child Care Providers United Collective Bargaining (MR)	This proposal was heard at the Subcommittee's May 17, 2023 hearing.
				Adopt placeholder TBL consistent with the Administration's proposal.
175	5180	CDSS	TBL: Community Care Licensing: Administrator Certification Section Training Updates (MR)	This proposal was heard at the Subcommittee's May 16, 2023 hearing.
				Adopt placeholder TBL.
176	5180	CDSS	Child Care Hold Harmless Expiration on June 30, 2023 (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing.
				Modify. Approve placeholder TBL to revise policies to allow for reimbursement flexibility.
177	5180	CDSS	Delay of 20,000 slots (GB)	This proposal was heard at the Subcommittee's April 13, 2023 hearing.
				Modify. Delay slot expansion to July 1, 2024 for the 2024-25 fiscal year at no additional cost.
178	5180	CDSS	Child Care 8.22 percent COLA (GB and MR)	This proposal was heard at the Subcommittee's April 13, 2023 and May 17, 2023 hearings.
				Reject and repurpose funds to fund rate increase for all subsidized child care providers, inclusive of ongoing collective bargaining. Approve $840,000 COLA for Child and Adult Care Food Program.

179	5180	CDSS	Projected Current Year Savings for General Child Care Program (MR)	This proposal was heard at the Subcommittee's May 17, 2023 hearing. AAB
180	5180	CDSS	Legislative Proposal: Child Care Rate Increase	This issue was heard at the Subcommittee's April 13, 2023 hearing. Repurpose savings from various sources, including (1) projections of unexpended funds associated with General Child Care slots and rates, 2021-22 California Alternative Payment Program, 2022-23 family fee waiver costs, and 2022-23 COLA; (2) remaining Proposition 64 carryover; and (3) remaining CARES Act, ARPA Discretionary, ARPA Stabilization, CRRSA funding, and one-time and ongoing federal Child Care and Development Fund grant to provide a reimbursement rate increase for all subsidized child care providers, inclusive of ongoing collective bargaining between the state and Child Care Providers United. Additionally, adopt placeholder trailer bill language to make the statutory changes necessary to implement this change and prevent the reversion of any federal relief funds.
181	5180	CDSS	Legislative Proposal: Child Care Family Fee Reform	This proposal was heard at the Subcommittee's April 13, 2023 hearing.

				Repurpose $56 million in 2023-24 and approximately $75 million to $134 million ongoing Child Care and Development Fund and repurposed 2023-24 COLA funds to cap family fees at or below one percent of family income for low-income families; and forgive family fee debt from prior to the family fee suspension. Additionally, adopt placeholder trailer bill language to streamline family income verification for voucher-based programs.
182	5180	CDSS	TBL: Use of an Alternative Methodology for Child care and development programs (MR)	This proposal was heard at the Subcommittee's May 17, 2023 hearing. Modify. Adopt placeholder TBL to specify the timeline for adopting an alternative methodology to set child care rates and allow for the Regional Market Rate to be used to set child care rates in the interim. Specify that the alternative methodology shall be aligned with the recommendations of the Joint Labor Management Committee established pursuant to WIC Section 10280.2, and is subject to JLBC approval.
183	5180	CDSS	Legislative Proposal: Extend Child care pilot sunsets	Adopt placeholder trailer bill language.
184	5180	CDSS	Legislative Proposal: Resources to Address the Caregiver Background Check Backlog	This proposal was heard at the Subcommittee's March 9, 2023 hearing. Approve legislative proposal.
185	5180	CDSS	Legislative Proposal: SNB/TNB Parity	This proposal was heard at the Subcommittee's March 9, 2023 hearing. Approve legislative proposal.
186	5180	CDSS	Legislative Proposal: Remove CalFresh 3-month Time limit	This proposal was heard at the Subcommittee's April 27, 2023 hearing.

				Approve legislative proposal.
187	5180	CDSS	Legislative Proposal: Infrastructure for $50 CalFresh Minimum	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Approve legislative proposal.
188	5180	CDSS	Legislative Propsoal: Extend CalFresh Safe Drinking Water Pilot	This proposal was heard at the Subcommittee's April 27, 2023 hearing.
				Approve legislative proposal.