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 Senate Budget & Fiscal Review

**OUTCOMES: Senate Subcommittee #3 on Health & Human Services  
 Thursday, May 21 (Room 4203)  
 Agenda Part A**

**VOTE ONLY**

**Multiple Departments**

**1. Health-Related General Fund Investments**

**Subcommittee Staff Recommendation—Approve.** Given the state’s fiscal situation and the Senate’s desire to help lift more people out of poverty, it is recommended to approve the following General Fund augmentations and to adopt placeholder trailer bill language to effectuate these proposals:

<b>Proposal</b>	<b>Description</b>	<b>Annual General Fund Amount (unless otherwise noted)</b>
1. Medi-Cal: Restore Full Adult Dental Benefits	The 2009 budget eliminated several Medicaid optional benefits from the Medi-Cal program. The 2013-14 budget partially restored adult dental benefits. It is proposed to fully restore these benefits effective October 1, 2015.  <b>Vote: 3-0</b>	\$67.5 million
2. Medi-Cal: Expand to Cover Remaining Uninsured Regardless of Immigration Status	Provide Medi-Cal coverage to undocumented immigrants.  <b>Vote: 2-1 (Senator Stone voting no.)</b>	\$40 million
3. Medi-Cal: Eliminate AB 97 Reductions for Dental Providers	Given the growing concerns of access to dental services in Medi-Cal, it is recommended to eliminate the AB 97 payment reduction for dental providers.  <b>Vote: 3-0</b>	\$30 million

<p>4. Medi-Cal: Restore Optional Benefits</p>	<p>The 2009 budget eliminated several Medicaid optional benefits from the Medi-Cal program. These benefits were eliminated for budgetary, not policy, reasons in response to the fiscal crisis. The following benefits are proposed to be restored:</p> <ul style="list-style-type: none"> <li>• Acupuncture</li> <li>• Audiology</li> <li>• Incontinence Cream and Washes</li> <li>• Optician / Optical Lab</li> <li>• Podiatry</li> <li>• Speech Therapy</li> </ul> <p>Chiropractic services are not proposed to be restored.</p> <p><b>Vote: 3-0</b></p>	<p>\$15.1 million</p>
<p>5. Public Health: Hepatitis C and HIV Prevention</p>	<p>In effort to prevent Hepatitis C (HCV) and HIV, funding for the following proposals is recommended:</p> <ul style="list-style-type: none"> <li>• State Syringe Exchange Program (\$3 million)</li> <li>• HCV Rapid Testing Kits (\$600,000)</li> <li>• HCV Linkage &amp; Retention in Care Demonstration Projects (\$2.2 million)</li> <li>• Pre-Exposure Prophylaxis (PrEP) Access &amp; Affordability Program (\$2.2 million)</li> </ul> <p><b>Vote: 3-0</b></p>	<p>\$8 million</p>
<p>6. Medi-Cal: AB 97 Payment Claw back for Distinct-Part Nursing Facilities</p>	<p>Provide one-time funding to exempt one-half of the collection of AB 97 retroactive recoupments for Distinct-Part Nursing Facilities in the budget year. Budget year recoupment amount is \$13.9 million General Fund and total retroactive recoupment from these facilities is \$114 million General Fund.</p> <p><b>Vote: 3-0</b></p>	<p>\$7 million (one-time)</p>
<p>7. Medi-Cal: Dental Anesthesia Rate</p>	<p>Increase the dental anesthesia rate to provide rate parity between general anesthesia and dental anesthesia providers. (The cost of equalizing facility fees and anesthesia to medical rate.)</p> <p><b>Vote: 3-0</b></p>	<p>\$4.3 million</p>

<p>8. Robert F. Kennedy Health Plan</p>	<p>In order to ensure the continuation of the United Farmworkers Union’s Robert F. Kennedy Health Plan, it is proposed to provide one-time \$2.5 million to this plan to purchase stop-loss coverage insurance.</p> <p><b>Vote: 2-1 (Senator Stone voting no.)</b></p>	<p>\$2.5 million (one-time)</p>
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**4260 Department of Health Care Services**

**1. Medi-Cal: Impact of President’s Executive Order (DOF ISSUE 521-MR)**

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Comment and Recommendation—Approve.** As the LAO noted at the Subcommittee hearing, there are significant uncertainties with regard to when and if the President’s actions may be implemented, how many eligible individuals will enroll in this immigration program, and then the number of these individuals who would proactively enroll into Medi-Cal. For this reason, it is recommended to approve the Administration’s estimate.

**2. Medi-Cal: Skilled Nursing Facility Quality Assurance Fee Extension**

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt the placeholder trailer bill language and to add provisions to require DHCS to (1) include direct care staff retention in the QASP and (2) require DHCS to report to the Legislature on the QASP, including if the level of QASP payments are adequate to sustain the program.

**3. Medi-Cal: Financial Audits Workload**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Recommendation—Approve.**

**4. Medi-Cal: Allied Dental Professionals Enrollment**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Recommendation—Approve.**

**5. Medi-Cal: Ground Emergency Medical Transportation - Trailer Bill Language**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.**

**6. Medi-Cal: Eliminate Cost-of-Living Adjustment for County Eligibility Administration**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Recommendation—Modify Trailer Bill Language.** It is recommended to modify the proposed placeholder trailer bill language by suspending the county COLA for the budget year only and not on a permanent basis. The May Revision proposes increased funding for county eligibility administration.

**7. Medi-Cal: County Administration Augmentation (DOF ISSUE 515-MR)**

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Comment and Recommendation.** Since Monday’s hearing, the Administration and counties have worked to identify alternative funding sources for this workload. It is estimated that current year CalFresh caseload will be lower than anticipated and it is proposed to reappropriate this unused funding (for current year caseload) to Medi-Cal county administration in the budget year. This would provide a \$95.3 million increase for this county administration workload, including \$31 million General Fund that would be reappropriated and would be used to draw down approximately \$64.3 million in federal funds. To implement this, it is recommended to adopt the following placeholder budget bill language:

5180-495—Reversion, Department of Social Services. As of June 30, 2015, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

(1) Item 5180-141-0001, Budget Act of 2014 (Ch. 25, Stats. 2014). \$31,000,000 appropriated for CalFresh administration in Program 16.75—County Administration and Automation Projects.

Provisional Language for Item 4260-101-0001

X. For the 2015-16 fiscal year only, notwithstanding any other provision of law, pursuant to Provision 1 of Item 5810-XXX, \$31,000,000 from the General Fund in Schedule (1) of this item

is available for the purpose of funding county administration efforts to support the federal Patient Protection and Affordable Care Act (P.L. 111-148).

#### **8. CCI: Multipurpose Senior Services Program Transition Timeline**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.**

#### **9. Drug Medi-Cal Residential Treatment Services**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation—Reduce by \$5 million General Fund (and by appropriate federal funds).** It is recommended to reduce this item by \$5 million General Fund because it is highly unlikely that this service will be available in 11 counties in September. The Administration’s timeline does not reflect that CMS has not yet approved this waiver amendment, counties have not submitted their implementation plans (and DHCS has not approved these plans), DHCS has not developed an American Society of Addiction Medicine (ASAM) designation program, and residential treatment providers do not yet have the ASAM designation. This reduction amount reflects that some counties may be able to start in the November-December time period, which is still uncertain.

#### **10. Pediatric Palliative Care Waiver Pilot Project Expansion**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Recommendation—Approve.**

#### **11. Major Risk Medical Insurance Program Reconciliations Trailer Bill Language**

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** In order to expedite this reconciliation process, it is recommended to adopt placeholder trailer bill language that specifies the following:

- DHCS and the plans consult on the reconciliations.
- If DHCS and a plan do not reach an agreement, DHCS has the authority to provide notification to the plan of the final determined amount.

- The plan has 60 days to repay DHCS.
- If the plan does not repay in 60 days:
  - Interest begins to accrue
  - DHCS can offset the repayment amount from other payments to the plan.
  - DHCS can enter into a repayment agreement with the plan and can choose to waive interest.

Additionally, given that the Subcommittee rejected the Administration’s proposed modifications to the MRMIP program, it is recommended to adopt placeholder trailer bill language to extend the period of time to reconcile payments for the GIP program from six to 18 months which is more consistent with historical timelines.

## **12. Suicide Prevention Hotlines – Supplemental Report Language**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Recommendation—Adopt supplemental report language.** It is recommended to adopt Supplemental Report Language regarding DHCS to assess suicide hotlines in the state. The report shall cover the accessibility of suicide hotlines throughout the state, deficiencies in accessibility or quality of the hotlines, an overview of the funding history of the hotlines, and information on potential future funding strategies. In the development of this report, DHCS shall confer with the Mental Health Services Oversight & Accountability Commission, the Office of Emergency Services, and counties. This report would be due January 10, 2016.

### **4265 Department of Public Health**

## **1. AIDS Drug Assistance Program (ADAP) – Increase in Federal Authority**

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Recommendation—Increase federal fund authority.** It is recommended to augment federal fund authority for these purposes, to ensure that federal funds are used, if available, to fund these proposals before rebate special funds are used.

## **2. California Clinical Laboratory Testing**

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt placeholder trailer bill language to authorize laboratories to use the federally

approved quality control testing approach until December 31, 2015. Proposed placeholder trailer bill language:

Business and Professions Code Section 1220(d)(2)(B): A quality control program, may include the laboratory's use of an alternative quality control testing procedure recognized by the Centers for Medicare and Medicaid Services (CMS). The program shall meet the requirements of CLIA in Subpart K (commencing with Section 493.1204 493.1200) of Title 42 of the Code of Federal Regulations (in effect as of 2003–2014). The following alternative quality control testing procedures recognized by CMS pursuant to this section may be used:

- (i) Equivalent Quality Control procedures may be used until December 31, 2015.
- (ii) An Individualized Quality Control Plan may be used as of January 1, 2016 according to Appendix C of the State Operations manual as adopted by CMS.

### 3. Licensing and Certification Fee Augmentation for LTC Ombudsman Program

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.** It is recommended to adopt placeholder trailer bill language to implement this proposal and allow the revenue generated by this fee increase to be directed to the Long Term Care Ombudsman Program.

### 4560 Mental Health Services Oversight and Accountability Commission (OAC)

#### 1. Competitive Bid Contracts for Mental Health Advocacy

- **Vote to approve staff recommendation: 3-0**

**Subcommittee Staff Comment and Recommendation.** The May Revision estimates that there could be about \$2 million in available Proposition 63 state administration funds in 2015-16. It is recommended to augment the OAC's budget by \$1 million in state administration funds for competitive bid contracts to support mental health advocacy on behalf of youth, veterans, and racial and ethnic minorities and adopt placeholder budget bill language to allow these funds to be made available provided that there is availability in the state administration cap.

### 4800 California Health Benefit Exchange

#### 1. Emergency Regulations and Rulemaking Authority

- **Vote to approve staff recommendation: 2-1 (Senator Stone voting no.)**

**Subcommittee Staff Comment and Recommendation—Adopt placeholder trailer bill language.**