AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES

Assemblymember Hector De La Torre, Chair

MONDAY, MAY 15, 2006, 4PM
STATE CAPITOL, ROOM 127

ITEMS TO BE HEARD

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ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 1: HIV SOCIAL MARKETING PROGRAM

The Latino Coalition Against AIDS (LCAA) proposes the Department of Health Services develop a competitive Spanish-language HIV social marketing demonstration project. The LCAA projects the Department of Health Services would require approximately $3 million to fund culturally and linguistically appropriate social marketing interventions to significantly increase early-testing, social disincentives to HIV testing, and connect HIV positive individuals to care and treatment. The initiative would work collaboratively with local Community Based Organizations and their existing HIV prevention services and would aim to leverage private resources and existing partnerships with Spanish-language media entities to ensure cost-effective investments for Spanish-dominant Latino/a populations that otherwise have little or no exposure to HIV information.

At numbers greater any other racial/ethnic group, Latinos are diagnosed late, approximately 8 to 10 years after first acquiring HIV. Yet public health experts agree that individuals who test HIV positive (and access treatment as early as possible) benefit from decreased morbidity and mortality. Researchers have linked Latinos' reluctance to test for HIV to social disincentives such as AIDS-related stigma, homophobia, and fear of being ostracized by family members and concerns over immigration status. A demonstration project would encourage testing and address social disincentives that deter Latinos from testing. Increases in early testing rates come with positive public health impacts. 70% of persons who learn they are HIV positive stop having unsafe sex with their partners. This occurs without any special interventions. Therefore, early HIV detection, and the social marketing interventions that prompt testing, is a critical approach to containing the spread of HIV among Spanish-speaking Latinos.

Latinos have accounted for the largest number of AIDS cases since 1997 in Los Angeles County. Currently, Los Angeles County has over 13,355 combined HIV and AIDS cases among Latinos/as. As of July 31, 2005, over 25,000 Latinos/as are living with HIV/AIDS in California. Among Latinos/as, men constitute the majority of AIDS cases and new HIV infections. Latinas, however, account for a growing share of reported HIV infections. In California, through July 31, 2005, Latinas represented 29% of reported HIV infections among women, second only to African-American women (37%). The vast majority of both men and women with HIV contracted the virus from sexual intercourse with another man.

The target audience for this initiative is sexually active, Spanish dominant Latino men. A secondary target includes the social affiliates of these men including their mothers, other family members, and female sexual partners, among others. We propose an emphasis on high density, urban Hispanic areas in Los Angeles County with significant

concentrations of new and recent immigrants. This population is more likely to have little or no knowledge about HIV/AIDS, limited information about HIV testing resources, and is likely to associate significant levels of social stigma with HIV disease. While Spanish-dominant Latinos are the primary target of this campaign, the actual reach will extend to more acculturated English-dominant and bilingual Latinos/as that may receive at least a portion of their information, media, and entertainment in Spanish.

Communication methods

- Billboards—Promotion would include use of 30-sheet billboards for high visibility and fast frequency in key high-density areas.

- Bus Exteriors and Interiors—as a secondary format, bus interiors, and exteriors would be used for broad reach in high-density Hispanic areas.

- One-Sheet Posters—Supplemental one-sheet posters for effective reach at grass roots level to lower income Hispanics. Targeted placement of posters at eye level is an effective means of reaching lower-income Latinos in liquor stores, laundromats, *carnicerias* (meat markets), on lunch trucks, in drug stores and in other commonly frequented venues in key neighborhoods.

- Radio—Spanish language radio is a powerful medium in Latino communities. Stations are increasingly diverse in format and genre, which assists with reaching the intended audience. The use of radio allows for a multi-sensory message by providing an audio component to the visual images seen on billboards and posters. In addition to radio spots, interviews and HIV themed programming that asks listeners to call-in with questions can be very effective.

- Spanish-language Newspapers—Articles, ads and feature stories project a supporting message by providing an explanatory text to the images. This allows for more in depth and elaborate explanation of key issues than can be communicated through other media

- Television—Interviews and airing of public service announcements on key Spanish-language television stations would provide for broader coverage of key social marketing messages.

The Coalition believes the project should be conducted within Los Angeles County; given the county's large number of people with HIV/AIDS and its significant Latino population. Depending on media employed, however, messages (through radio and cable TV for example) may reach neighboring counties of Orange, Riverside, San Bernardino, and Ventura County. However, placement of campaign visuals (such as print ads, billboards, and posters) would focus on Latino-centric public venues within the county that the target audience is known to frequent. Examples include swap meets, high traffic shopping corridors, markets, Latino festival sites, and parks, among others.

Evaluation of the campaign would entail various measures including but not limited to: the number of calls made to toll free number, the number of "hits" on website, increase in testing rates at area HIV testing providers, the number of reported sightings of and familiarity with campaign images and reported attitudinal changes. A post-campaign survey will be developed and disseminated to evaluate the reach and efficacy of the social marketing campaign.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 2: PROGRAM FOR ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

The Program of All-inclusive Care for the Elderly (PACE) began as a replication of the model of care developed by On Lok Senior Health Services in San Francisco, California. Since 1983, On Lok Senior Health Services has provided the full range of Medicare and Medi-Cal medical, social, and long-term care services within a capitated risk-based financing system. Congress authorized demonstrations to replicate the On Lok model nationwide. In 1986, state legislation passed authorizing the Department of Health Services to contract with up to 5 demonstration programs. These replication programs are known as PACE. In recognition of the success of the PACE demonstration, the "Balanced Budget Act of 1997" established PACE as a permanent provider under Medicare and a State option under Medicaid and greatly expanded the opportunity for increasing the number of PACE programs nationally. In 1998, State legislation passed authorizing DHS to contract with up to 10 PACE programs.

PACE offers and manages all medical, social, and long-term care services their enrollees need to preserve or restore their independence, to remain in their homes and communities, and to maintain their quality of life. One of PACE's most notable features is its use of an adult day health care center as the primary means of delivering the full range of medical and long term care services to enrollees. At the heart of the model is the interdisciplinary team, consisting of professional and paraprofessional staff, which assess enrollees' needs, develop care plans, and deliver and arrange for services, which are integrated for a seamless provision of total care.

To enroll in PACE, an individual must be 55 years of age or older, live within the program service area, meet California's state criteria for nursing home level of care and be able to live safely in the community without jeopardizing his or her health and safety. PACE programs, receive a monthly capitated payment from Medicare and Medicaid for all eligible enrollees. PACE also enrolls private pay participants. Currently, these programs are operational in Los Angeles, Sacramento, Alameda, San Francisco and Yolo counties.

The goal of PACE is to maintain enrollees as long as medically possible in the community. The Federal Government and the State both achieve savings through the PACE programs. Medicare saves an estimated 5 percent, while the State estimates a cost avoidance of 5 to15 percent.

Capitation rates for PACE programs are set by contract as a percentage of a fee-for-service equivalent (FFSE). The rate setting methodology yields a FFSE cost per person per month. DHS calculates the FFSE based on statewide Medi-Cal FFS costs for individuals who are in nursing homes, both those who are dually eligible for Medicare and those who are only eligible for Medi-Cal. The methodology then adjusts the FFSE for a variety of factors, including county cost differences, age, and gender of PACE participants at each site, Medi-Cal trends, and legislative adjustments, resulting in a program-specific, county specific FFSE. The capitation rate to be paid to each program is then set at a percentage of the FFSE, not to exceed 100 percent. This methodology ensures that PACE rates take into account changes in Medi-Cal rates and payments, both increases and decreases.

Historically, DHS pursued a policy of starting newer PACE sites at 95% of the FFSE in the first two years of each program, during their initial start-up. After two years, or once DHS determines that an individual program achieves "self-sufficiency," contract rates were typically reduced to 85% of FFSE costs. DHS deviated from this practice when in 1999, the rate for OnLok Senior Health Services was increased to 90 percent of the FFSE, primarily in response to significant labor market challenges OnLok was reporting, and to support OnLok in increasing the wages of its in-home care workers to match the wages of In-Home Supportive Services (IHSS) workers in San Francisco. DHS did not increase the rate for other sites during the same period. Since that time, other PACE sites have reported very similar labor market challenges in their communities and experienced difficulties in paying adequate wages to recruit and retain quality staff and providers.

In 2000-01, PACE capitation rates were frozen, thus locking in the differences among the PACE programs. As a result of the freeze, not only were there differences in the contracted percentage of the FFSE for each site, but all sites were actually paid less than their contracted FFSE. By 2004-05, actual rates paid to some PACE programs had dipped below 80% of the FFSE for some sites. For example, in 2004-05, the rate in one program for Medi-Cal eligible persons with HIV/AIDS was 58% of the FFSE. Current rates actually being paid to PACE sites for the period January 1, 2006 to September 30, 2006 range from a low of 72% of the FFSE for Medi-Cal only beneficiaries in Los Angeles to 83% in Sacramento/Yolo, and for dual eligibles from a low of 82% in Los Angeles to 93% in Sacramento/Yolo.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 3: MEDI-CAL MANAGED CARE

The Department is proposing to continue the Medi-Cal Managed Care expansion initiated in the 2005-06 budget. The Department is requesting 18 new positions, in addition to the 27 they received in the 2005-06 budget. The Department of Health Services is requesting additional resources to continue the expansion of Medi-Cal Managed Care into the 13 additional counties authorized in 2005-06.

The new staff would develop new county specific enrollment materials and oversee the health care options system changes. The staff would also plan and install the call center and fielding operations expansions in the designated counties. This includes: developing beneficiary informing packets for each of the counties; oversee enrollment changes; monitor health care options contractor, MAXIMUS; evaluating the soundness of the expansion related statistical analysis; overseeing the enrollment contractor; and conducting ongoing sampling and review of enrollment materials.

There are three models of Medi-Cal managed care in California. They are County Organized Health Systems; Two-Plan Model and Geographic Managed Care. Approximately 3.2 million Medi-Cal beneficiaries receive their health care from a managed care organization. Of those, nearly 300,000 are seniors or persons with disabilities. There are 12 counties with a Two-Plan model, five County Organized Health Systems operating in eight counties. There are two counties with Geographic Manage Care. Seniors and persons with disabilities are not required to be in Managed Care in the Two-Plan counties or the Geographic Managed Care counties. They are, however, required to be in managed care in the County Organized Health Systems counties. The mandatory enrollment of the aged, blind and disabled is to be delayed until performance measures specific to the special needs populations could be developed. The state must submit an amendment to its state plan to the CMS for its approval before the expansion could commence. It is not clear when the State Plan Amendment will be submitted to the feds.

The LAO recommends the deletion of 13 of the 18 positions. This would produce $1.1 million, $484,000 General Fund savings.

The Senate recommends approving six positions, the LAO's recommendation plus one position for the Office of the Ombudsman, savings of $1 million, $434 General Fund.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 4: MEDI-CAL OUTREACH

The Department of Health Services is requesting an increase of $932,000 ($466,000 General Fund) to support 10 new permanent positions, and to purchase office automation equipment for these employees. The positions are expected to be filled by July 1, 2006.

The 10 new permanent positions would include: a Staff Services Manager I; seven Associate Governmental Program Analyst's; a Nurse Consultant III; and 1 Accounting Technician. Roughly, 4.5 positions are for the County Allocation Program, 3.5 positions are for the media campaign, and two positions are for the CHDP follow-up component**.** The media follow-up positions were previously considered and rejected.

The LAO recommends approval of three positions (Staff Services Manager I and two AGPAs) for a reduction of $614,000 ($307,000 General Fund) from the remaining 6.5 positions.

The Subcommittee heard other components of the Medi-Cal Outreach Campaign in the May 8, 2006 hearing. The two CHDP positions were mistakenly left out of the motion. Therefore, the recommendation of this related item will be adjusted to reflect the action taken on May 8, 2006.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 5: LICENSING AND CERTIFICATION

The Department of Health Services proposes to increase staffing by 141 positions. The proposal includes $17.6 million to hire the staff and contract with Los Angeles County to perform the functions of licensing and certification. The LA County contract would be increased by $2.7 million in the budget year. The revenue would come from a special fund that is supported by the Licensing and Certification Fund. Finally, the proposal includes extensive Trailer Bill Language.

The Department has lost 166 positions as a result of unallocated reductions. Nearly half, 79 have been nursing related positions. In 2003-04, the Department lost 91 positions as a result of the position reductions. Of the total 32 were nursing classifications 15 of the other were in other professional classification. The travails of the Department were documented in a General Accounting Office report. The report discussed the serious deficiencies in nursing homes.

For facilities to receive reimbursement for services provided to Medicare and Medi-Cal beneficiaries, they must comply with federal certification and state licensing requirements. The Department states that as a result of the legislation enacted in 1993, Licensing and Certification is not required to conduct periodic licensing inspection but must conduct periodic federal certification surveys. The Department contends that it exempts all facility categories except hospitals. A bill is in the Senate is intended to clarify the existing law.

The proposed positions are to augment various Licensing and Certification functions:

1. Annual certification surveys for Medicare and Medi-Cal programs;
2. Complaint investigations under federal certification requirements and state licensing requirements;
3. Conduct surveys of state only licensed facilities, Adult Day Health Care Home Health Agencies and Surgery Clinics;
4. Review the implementation of medication error plans in general acute care hospitals and surgery clinics, pharmaceutical consultants; and
5. Expand review of skilled nursing facilities for pharmaceutical care and medication misuse.

The Department of Health Services will allocate the staffing to its responsibilities as follows;

1. The Department proposes to allocate 96 of the positions to conduct survey work, 23 of them are two-year limited term positions. The Department will evaluate whether the 23 limited-term positions can pass the federal test and whether the use of Licensed Vocational Nurses and Psychiatric Technicians can pass the

federal test and whether the quality of the survey and complaint investigations will be adversely affected;
2. The increased staff will require additional supervisorial staff, the Department is proposing to increase the staff by 33 positions
3. Other classifications include - three positions in the training section, seven for pharmaceutical consultation, and two additional support staff.

The program expansion is predicated on the scope of changes that will be necessary to finance the Department's activities. The Administration is considering the base of the fee and the amount of the fee. It is expected these changes will be part of the May Revision. Among the issues the Department will be addressing are : revising the methodology for assessing fees on an annual basis commensurate with the cost of the work performed; eliminate the exemption of certain public facilities from the exemption; and establish a special fund and authorize all fees collected to be placed in the fund. Currently the fees are deposited in the General Fund.

The program faces difficulties because of a court order that affects the state. The federal District Court ordered the state to implement recruitment and retention differentials for medical staff in all of the state's 33 prisons to address high vacancy rates or staff. The derivative effect of the Recruitment and Retention increases is that it places other state entities at a comparative disadvantage because they are unable to pay the same as the correctional facilities, thereby placing them at a competitive disadvantage.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 6: FINGERPRINT INVESTIGATION WORKLOAD

The proposal by the Department of Health Services requests 10 two-year limited term positions an 4.5 permanent positions and $1.3 million Licensing Certification Fund to address the backlog of investigations. Also, the staffing would help meet workload increases in the Professional Certification Branch that will result from technical upgrades to the Department of Justice's electronic systems, which generates subsequent criminal record information to the Fingerprint Investigation Unit. Additionally, the Department is requesting a one-time allocation of $65,000 to conduct a feasibility study to provide the Fingerprint Investigation unit with a long-term automation solution to provide efficiencies that will reduce the need for future staffing.

This initiative is part of the Health and Human Services Agency's multi-year effort to increase health and safety protections, modernize licensing business systems, and maximize use of program resources through more efficient practices and utilizing fees where appropriate. The agency has twenty-three reform strategies and 14 of them are proposed to be incorporated in to the Fingerprint Investigation initiative.

The Department processes 40,000 applications for certification or employment in facilities licensed by the Department of Health Services. The Department submits the fingerprints to the Department of Justice annually. The DOJ conducts a search of its automated database and provides Health Services with a notification that an individual has: either no criminal offender record information; a conviction or an arrest with no final disposition. The Fingerprint Investigation Unit receives 14,800 no criminal record responses (CORI) annually that must be processed, reviewed, and categorized by type of criminal activity shown on the record.

Approximately 5,200 of the CORI are reviewed contain conviction information. They represent the bulk of work being performed by the existing Fingerprint Investigation Unit. If the conviction is for a crime other than that requires denial or revocation the case is assigned to a staff person.

Over 24,000 "arrest only" CORI have been accumulated and the Department receives another 9,600 additional records annually. The number of cases in the projected backlog on 7/1/06 will be 33,600. The Department is requesting temporary staff to process the backlog. The permanent staff will be to process the conviction workload of 5,400 cases per year. In addition, the Department will receive 4,992 cases per year.

ITEM 4260 DEPARTMENT OF HEALTH SERVICES

ISSUE 7: AB 1629

The Department of Health Services requests 41 additional permanent full time positions and funding for 14.5 positions that were administratively established with no funding. DHS states the positions are needed to implement and administer the requirements of AB 1629. In addition, the BCP requests $1 million in contractor funding for completing and implementing the new rate system for Nursing Facilities and $500,000 for the follow-up comparison report on collection and evaluation of nursing facility data.

AB 1629 authorizes the Department of Health Services to:

- Impose a quality-related fee on nursing facilities retroactive to July of 2004. The Department of Health Services estimates the fee will be assessed on 1,100 of 1,324 facilities;

- Lift the rate freeze mandated in 2003;

- Implement, by August 2005 a new facility-specific Medi-Cal Reimbursement rate; and;

- Collect baseline information regarding citations, staffing levels, worker wages, benefits, residents care, and a report to the Legislature by January 2007.

Adopt the overall recommendation of the LAO. Fund the AGPA positions with the Licensing and Certification. Reduce the Legal Office staffing. Finally, retain all other financial aspects of the BCP.

ITEM 4440 DEPARTMENT OF MENTAL HEALTH

ISSUE 1: PATTON STATE HOSPITAL – CAPITAL PROJECT

The Department proposes to re-appropriate $28,982,000 for the construction phase of the project. At the time the authority was provided, the completion of design and approval too proceed-to-bid was not expected until spring 2006. A delay could push the encumbrance of construction authority into the new fiscal year.

During the evaluation of the seismic retrofit component, the Department learned the airflow would be out of balance and the HVAC system would need to be replaced. The Department deemed prudent to replace deteriorating 50-year old pipe work concurrent with the retrofit because of the ease of access to the pipes. These elements have caused an extended design period necessitating the request.

The renovation project combines three projects with the EB building for construction. It contains Phases 2 and 3 of the EB Building project with the renovation of the Admission Suite project, as well as adding seismic retrofit of the entire building.

According to the Legislative Analyst Office the rehabilitation of the building is approximately one-half the cost of building a new one.

ITEM 4440 DEPARTMENT OF MENTAL HEALTH

ISSUE 2: METROPOLITAN HOSPITAL – CAPITAL PROJECT

The Department is proposing to re-appropriate $22,426,000 for the construction cost of the main kitchen and satellite kitchens. The satellite kitchens are projected to cost $5,282,000, General Fund. The construction cost of the main kitchen is projected to be $17,144,000, bond funds.

The Department is proposing the re-appropriations because the State Architect and the State Fire Marshall required additional time as did the completion of design and approval to proceed-to-bid was expected in the Spring of 2006. The time needed to accomplish the tasks exceeded the planning horizon.

The Legislative Analyst had no objections to the request.

ITEM 4440 DEPARTMENT OF MENTAL HEALTH

ISSUE 3: ADVOCACY OFFICES AT STATE HOSPITALS

Protection and Advocacy request an additional Supervising Advocate Specialist at each of the three larger state hospitals, Napa, Patton and Atascadero and one Patients' Rights Specialist at the Central Office whose work will focus on state hospital services.

The total estimated annual costs for 3 Supervising Advocate Specialist and 1 additional Patients' Rights Specialist for the budget year is $ 341,288.

This additional staff could allow the on-site Patients' Rights Advocates to more proactively respond to patients' rights concerns and work with hospital staff to resolve these issues. Prompt resolution of patients' rights issues, additional staff training about patients' rights and proactive involvement in policies affecting patients' rights issues are essential to the effective implementation of the federal Department of Justice CRIPA remediation plan. The additional advocacy will allow Office of Patient's Rights (OPR) to:

1) More timely and effectively respond to patient complaints;

2) Participate in on-site workgroups and review and comment on hospital policies practices and identify patients rights concerns and possible solutions;

3) Monitor services that impact patients' rights;

4) Provide patients rights training to residents and hospital staff; and

5) Ensure consistent on-site patients rights coverage.

The additional Central Office Patients Rights' Specialist will ensure consistency and continuity in OPR's approach to patients rights issues and provide resources to research more complex systems issues.

Pursuant to the Civil Rights of Institutionalized Persons Act (CRIPA), the U.S. Department of Justice (DOJ) conducted on-site reviews at three state hospitals (Metropolitan, Patton, and Atascadero) and beginning in 2002 issued reports identifying deficiencies and requiring corrective action at Metropolitan and Napa state hospitals. The Department of Mental health has acknowledged that the conditions the DOJ found exist at all state hospitals, except Coalinga, which has been operational for less than a year.

The DOJ reports confirm wide-spread and systemic problems including: misdiagnosis, over-medication, lack of treatment planning, poly-pharmacy, aversive behavioral therapy, inappropriate or excessive use of restraint and seclusion, no discharge planning, failure to identify or address developmental disabilities and to notify or coordinate with the regional centers, failure to identify and treat organic or neurological conditions such as Huntington's disease or traumatic brain injuries. For children and youth, this extends to a failure to educate and prepare them for life in a non-institutionalized setting.

While the remediation plan is not yet public, the Legislative Analyst's Office report indicates that the proposed remediation plan includes agreements related to treatment planning, patient assessments, patient discharge planning, patient discipline, and documentation requirements. It also apparently addresses issues surrounding the use of seclusion and restraint of patients, incident management, quality improvement, and safety hazards in hospital facilities. The DMH is proposing extensive measurers to address the identified deficiencies including the hiring of additional staff, the hiring of expert consultants who are knowledgeable regarding CRIPA and mental health treatment services, and the implementation of special repairs to address potential safety hazards in hospital facilities.

To effectively implement the remediation plan and address the CRIPA deficiencies there needs to be an increased role and presence of advocates to include on-site monitoring of practices such as the use of restraint and seclusion, training to staff about patients' rights, and development of corrective action plans following a finding of a patients' rights violation. With the increased number of patients in the state hospitals and increased numbers of complaints, the complaint process has currently become the focus of the program, making it reactive instead of proactive. Increased advocacy presence would allow increased monitoring and training within each facility on a regular basis.

OPR's proactive involvement in policy issues raised in the DOJ and licensing reports, as well OPR staff's investigation of specific patient complaints, would assist the DMH in developing policies and procedures, which address identified deficiencies and comply with patients' rights. This level of response is only possible if adequate funding is made available for additional advocacy staff to meet needs of the increasing state hospital population.