California State Assembly

Assembly Budget Agenda

Subcommittee No. 1
on Health

Assemblymember Dr. Akilah Weber, Chair

Monday, March 4, 2024
2:30 P.M. – 1021 O Street, Room 1100

Items To Be Heard		
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Public Comment will be taken in person after the completion of each panel and any discussion from the Members of the Subcommittee.

Items To Be Heard

4265 California Department of Public Health

Issue 1: Annual State of the State's Public Health Report

As required in statute, the California Department of Public Health (CDPH) developed and submitted to the Legislature its inaugural written State of Public Health report (report) this year. This comprehensive report provides data on key public health indicators, health disparities, leading causes of morbidity and mortality in California, and more. The summary and full report can be accessed here: Summary Report and Full Report.

In order to make the most efficacious public health policy and budgetary choices, the Legislature must be knowledgeable about the most up-to-date data on morbidity and mortality statistics and trends in California. To this end, the 2022 health budget trailer bill required the State Public Health Officer to provide written reports on public health statistics to the Legislature and Governor every other year, beginning in 2024, and also to provide annual updates to the Budget Committees.

The Legislature's primary interests are in knowing what the leading causes of morbidity and mortality are, for Californians overall, as well as for various subpopulations, such as by age, race, socioeconomic status, geography, etc. It is also important that these reports cover significant increasing or decreasing trends in the prevalence of any health conditions. This report covers these key elements thoroughly, as statutorily required, and includes the following:

Achievements in Public Health

"Over the past 20 years, there has been significant improvement in health and well-being among Californians, as reflected in longer life expectancy and improvement in key population health outcomes, such as:

- Reducing the lung cancer death rate by 59% (between 2001 and 2022) and achieving the second lowest smoking rates in the country due to comprehensive tobacco control and prevention efforts including laws and regulations, cessation support, and education.

- Reducing the ischemic heart disease death rate by 60% (between 2001 and 2022) through medical advances and continuous efforts in public health education, prevention, and intervention such as increasing access to care, nutritious foods, and promoting healthy eating and exercise.

- Reducing the HIV death rate by 72% (between 2001 and 2022) for all groups, and by 74% among Black individuals, through stigma reduction, increased routine testing, expanded awareness of prevention tools (e.g., pre-exposure prophylaxis [PrEP]), and improvements in access to care and treatment.

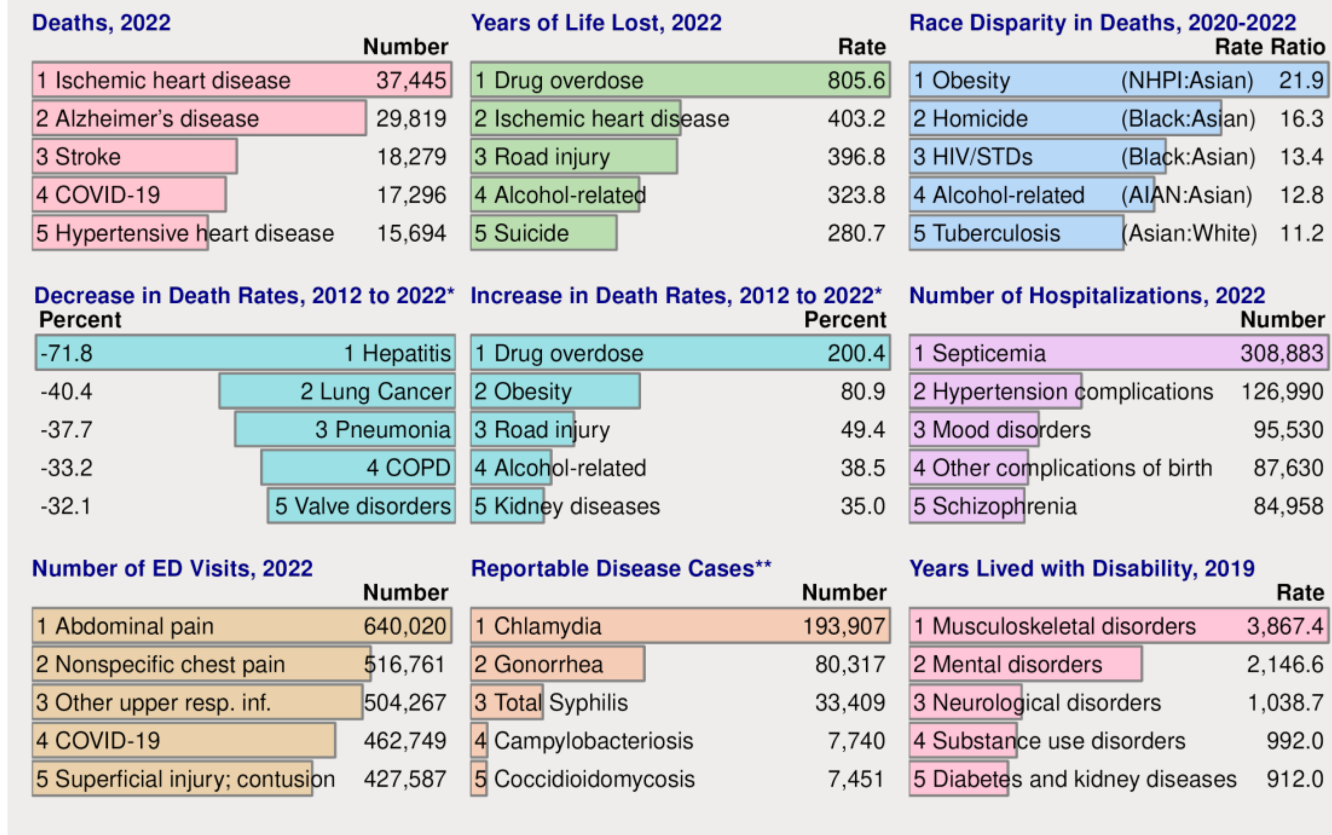
- Reducing infant mortality rates to among the lowest in the country through maternal and child health programs including nutritional support and genetic disease screening.

- Reducing the adolescent birth rate by 72% (between 2007 and 2021), due to improved access to public health prevention strategies, including comprehensive sexual health education, clinical and social support services, and promotion of healthy relationships and communication practices."

Leading Causes of Mortality, Premature Death, and Morbidity in 2022

"Many conditions rank high on more than one health outcome measure (Figure 3).

- Ischemic heart disease caused the most deaths in California, as well as high rates of years of life lost (also called premature death).
- Behavioral health related conditions such as drug overdose and mental health conditions caused high rates of premature death, hospitalization, and years lived with disability.
- COVID-19 remained a key issue contributing to deaths and emergency department visits.



Trends in Leading Causes of Death

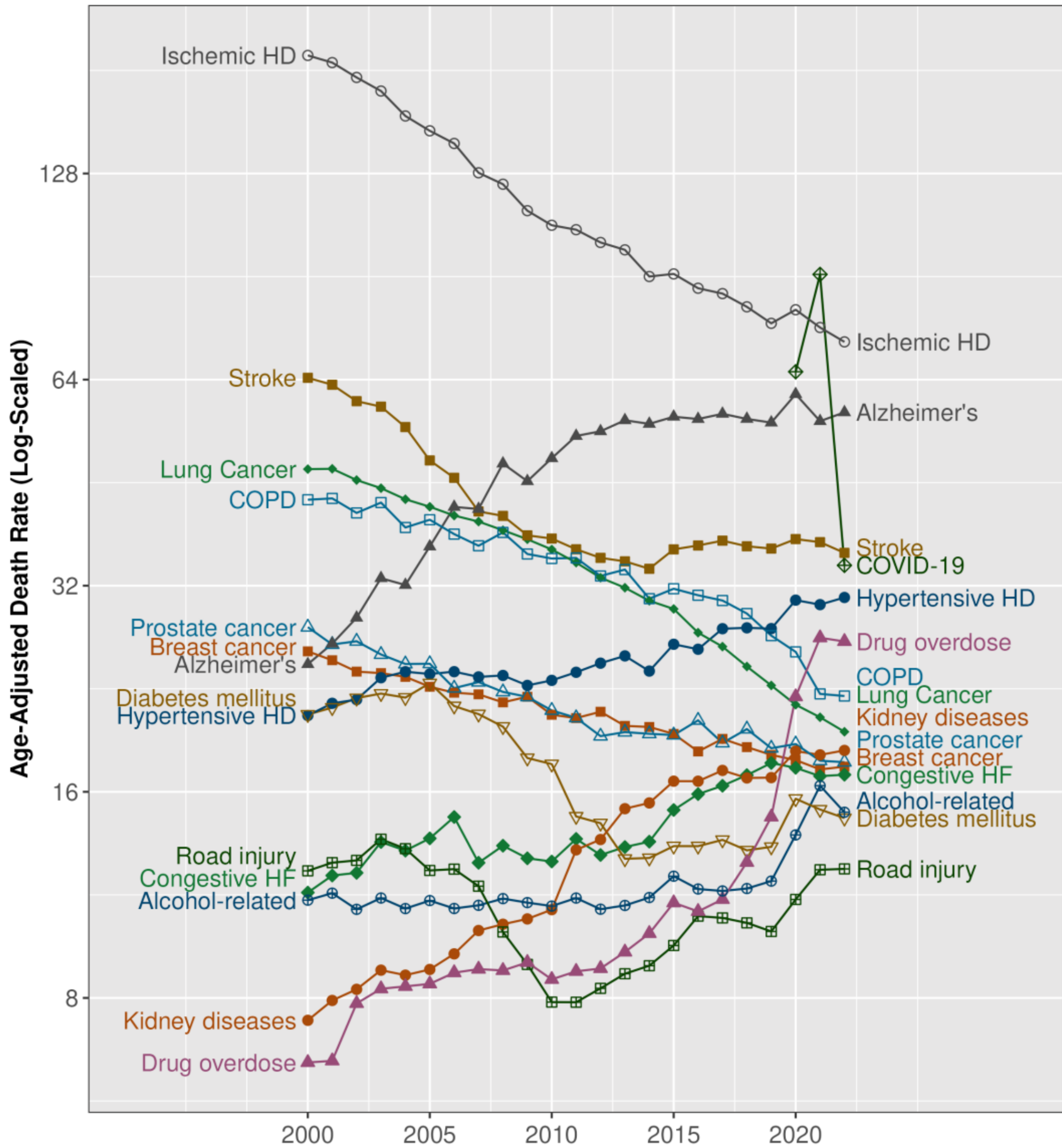
- "Encouraging decreases in death rates were seen in several chronic conditions including ischemic heart disease, stroke, lung cancer, chronic obstructive pulmonary disease (COPD), prostate cancer, and breast cancer.

- In contrast, significant long-term increases were seen in deaths due to Alzheimer's disease, hypertensive heart disease, and drug overdose.

- COVID-19 emerged in 2020 and became the leading cause of death in 2021 at the height of the pandemic. Death rates dropped sharply in 2022."

Figure 4

Trends in Age-Adjusted Death Rates for Top 15 Conditions, 2000–2022



Abbreviations: HD - heart diseases; HF - heart failure

Panel

- Dr. Tomás Aragón, Director & State Public Health Officer, California Department of Public Health

Staff Comments

Sub 1 would like to offer its congratulations and gratitude to CDPH for this excellent inaugural State of Public Health report, which undoubtedly has the potential to significantly increase the quality of policy-making and fiscal decision-making by state and legislative leaders.

For Director Aragón:

1. Do you think that CDPH and, the administration generally, has and will continue to benefit from the development of this report?

2. How will CDPH and the administration use this report to help shape state policies and priorities in the long-term?

3. Would it be possible, and useful, to create a crosswalk between state funding and leading causes of morbidity and mortality?

4. Based on this report, do you believe that California's largest investments in public health are misaligned with the leading causes of morbidity and mortality?

5. Were you surprised by any of the findings in the report?

6. Is there anything in particular in the report that you recommend the Administration and Legislature start paying more attention to?

Staff Recommendation: No action recommended.

Issue 2: Overview of Department Budget

For 2024-25, the Governor's Budget provides $5 billion for the support of CDPH's programs and services, a decrease of 10.2 percent from the 2023 Budget Act. Of the total Governor's Budget proposal, $1.8 billion is for State Operations and $3.1 billion is for Local Assistance. State General Fund makes up only approximately 16 percent of the total CDPH budget, which is a much higher percentage than it was for many years prior to the pandemic. Most funding for this department is federal funding of over $2.2 billion.

In response to the pandemic, the 2022 Budget Act included first-ever "Future of Public Health Funding" of $300 million annually to support and enhance California's public health infrastructure and readiness for major public health emergencies. Of this amount, $200 million is for California's 61 local health jurisdictions (LHJs) and $100 million is for state level infrastructure through CDPH. Both the 2023 Budget Act and the 2024 Governor's Budget include this funding.

As can be seen in the chart below, the Governor's Budget reflects a $692.4 million (18%) reduction in General Fund, which is driven primarily by a large amount (approximately $507 million) of carryover/re-appropriations of funding from prior years. This funding is represented in 2023-24 but is not projected forward into 2024-25 in the Governor's Budget. The carryover/re-appropriations from prior years span a variety of programs, but are primarily from the Future of Public Health funding and the Children and Youth Behavioral Health Initiative. The remaining reductions in General Fund from 2023-24 to 2024-25 are mostly due to the ending of one-time and limited-term funding, primarily the COVID-19 response funding and the maintenance and operations funding for certain public health IT systems.

Total Departmental Budget at 2024-25 Governor's Budget

Dollars in thousands*

The charts below and the narrative that follows describe the specific budget adjustments.

Fund Source	2023-24 Enacted Budget	2023-24 Revised Budget	2024-25 Governor's Budget	% Change from 2023-24 Enacted Budget
General Fund	$997,168	$1,507,755	$815,317	-18.2%
Federal Funds	$2,249,494	$2,301,540	$2,200,573	-2.2%
Special Funds & Reimbursements	$2,288,817	$2,393,217	$1,955,278	-14.6%
Total Funds	**$5,535,479**	**$6,202,512**	**$4,971,168**	**-10.2%**

* Amounts do not include loan from the ADAP Rebate Fund to the General Fund.

3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
4040010	Emergency Preparedness	140.7	184.6	184.6	$1,530,887	$452,942	$254,716
4045010	Healthy Communities	563.5	627.0	627.0	500,460	709,001	492,615
4045013	Media Campaign	-	-	-	11,119	11,787	10,641
4045015	Evaluation and Committee	-	-	-	2,738	4,026	2,702
4045017	State Administration	-	-	-	3,827	6,134	5,976
4045019	Local Lead Agency	-	-	-	10,560	9,150	9,150
4045021	Competitive Grants	-	-	-	9,136	13,051	11,578
4045023	Infectious Diseases	452.5	515.8	515.8	1,518,940	2,292,866	1,489,438
4045032	Family Health	526.5	639.9	657.9	1,720,251	1,887,346	1,929,298
4045041	Health Statistics and Informatics	295.5	251.5	251.5	30,565	105,104	61,920
4045050	County Health Services	2.4	3.1	3.1	-	-	-
4045059	Environmental Health	455.4	473.6	473.6	116,194	121,503	118,780
4045068	Laboratory Sciences	-	193.3	193.3	-	68,492	77,726
4050010	Health Facilities	1,245.2	1,690.6	1,698.4	395,865	481,796	473,725
4050019	Laboratory Field Services	85.8	113.7	113.7	17,199	39,314	32,903
9900100	Administration	372.9	446.5	446.5	109,784	107,542	106,315
9900200	Administration - Distributed	-	-	-	-109,784	-107,542	-106,315
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		**4,140.4**	**5,139.6**	**5,165.4**	**$5,867,741**	**$6,202,512**	**$4,971,168**

The mission of CDPH, a nationally accredited public health department, is to advance the health and well-being of California's diverse people and communities, primarily through population-based programs, strategies, and initiatives. CDPH's core activities are:

- Protecting the public from communicable diseases;
- Protecting the public from unhealthy and unsafe environments;
- Reducing the risk of disease, disability, and premature death; and reducing health disparities;
- Preparing for, and responding to, public health emergencies;
- Producing and disseminating data to evaluate population health status, inform people, institutions and communities; and to guide public health strategies, programs, and actions;
- Promoting healthy lifestyles for individuals and families in their communities and workplaces; and
- Providing access to quality, population-based health services.

The following shows the core CDPH programs and how the department is organized:

Center for Healthy Communities
- California Tobacco Control
- Childhood Lead Poisoning Prevention
- Chronic Disease Control
- Chronic Disease Surveillance and Research
- Emergency Preparedness

See More

Center for Environmental Health
- Division of Food and Drug Safety
- Division of Radiation Safety and Environmental Management

See More

Center for Family Health
- Genetic Disease Screening Program
- Maternal, Child, and Adolescent Health
- Women, Infants and Children

Center for Health Care Quality
- Healthcare-Associated Infections Program
- Licensing and Certification

Center for Health Statistics and Informatics
- End of Life Option Act
- Medical Marijuana Identification Card Program
- Vital Records
- Vital Records Data and Statistics

Center for Infectious Diseases
- HIV/AIDS
- Binational Border Health
- Communicable Disease Control
- Communicable Disease Emergency Response
- Refugee Health

See More

Director / State Public Health Officer
- Legislative and Governmental Affairs
- Let's Talk Cannabis
- Office of Health Equity
- Office of Communications

See More

Center for Laboratory Sciences
- Laboratory Field Services
- Office of State Public Health Laboratory Director

See More

Other CDPH Offices
- Emergency Preparedness Office
- Privacy Office
- Office of Regulations

See More

Climate and Health Surveillance Program Reversion

The Governor's budget proposes to revert $3,085,000 in anticipated savings in this program, as a result of unspent funds due to program delays. This program receives $10 million annually, and therefore this does not represent a change or reduction to the program. The CDPH Climate Change and Health Equity Branch developed climate change and health indicators, narratives, and data to provide local health departments and partners tools to better understand the people and places in their jurisdictions that are more susceptible to adverse health impacts associated with climate change, specifically extreme heat, wildfire, sea level rise, drought, and poor air quality. The assessment data can be used to screen and prioritize where to focus deeper analysis and plan for public health actions to increase resilience.

Panel

- Brandon Nunes, Chief Deputy Director of Operations, California Department of Public Health
- Nick Mills, Staff Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

1. Please explain the significant reduction in General Fund from the current year to the budget year.

2. Please outline how the department is spending the $100 million in Future of Public Health funding.

3. Please outline how the LHJs are spending the $200 million in Future of Public Health funding.

4. Please provide an update on any unspent state or local Future of Public Health funding.

Staff Recommendation: Approval of the proposed reversion of $3.1 million in the Climate and Health Surveillance Program at a future date; no other actions are recommended.

Issue 3: Information Technology Systems

This issue covers four CDPH information technology (IT) related proposals included in the Governor's Budget, as well as one IT system funding update, as follows:

- Proposal #1: CalCONNECT Funding Update
- Proposal #2: Maintenance and Operations Support for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) System Budget Change Proposal (BCP)
- Proposal #3: COVID-19 Website Information Technology Reversion
- Proposal #4: Disease Surveillance Readiness, Response, Recovery Information Technology Savings
- Proposal #5: Syndromic Surveillance Trailer Bill

Proposal #1: CalCONNECT Funding Update

The Governor's Budget does not propose to continue funding ($33.5 million) into 2024-25 and ongoing for the California Confidential Network for Contact Tracing (CalCONNECT) and therefore this system is expected to become nonoperational unless new funding is identified. CDPH states that they do not wish for the system to cease operating and are exploring alternative funding options.

CalCONNECT is the state's information technology system for communicable disease case and outbreak investigation, contact tracing, symptom monitoring of exposed individuals, and communication with affected persons, including the dissemination of isolation and quarantine guidance for cases and contacts.

Local health jurisdictions (LHJs) state that this system, developed during the COVID-19 pandemic, has equipped them with dynamic and modern capabilities to identify cases and exposed contacts and mitigate the spread of infectious disease. LHJs further explain that, prior to the CalCONNECT system being established, LHJs were significantly limited in disease investigation efforts. Written documentation was used to complete contact tracing. The written documents were shredded after the contact tracing information was transcribed into the California Reportable Disease Information Exchange (CalREDIE) which had reached its bandwidth limits. This process led to duplication of work; manual case number tracking was completed via Excel spreadsheets; each person diagnosed with COVID-19 or identified as close contacts were individually contacted via phone calls; and quarantine orders were issued by mail. These efforts were particularly time-intensive and required considerable staff resources, especially during the height of the COVID-19 pandemic, according to LHJs.

Since its creation, CalCONNECT has been expanded and enhanced to support additional communicable diseases, including Mpox, avian influenza, measles, Ebola, Marburg Virus, and other pathogens. According to CDPH, by June 30, 2024, CalCONNECT will support case investigation and contact tracing activities for sexually transmitted infections and HIV.

The County Health Executives Association of California (CHEAC) states that: "CalCONNECT, currently utilized by 55 local health departments statewide, has been a critical tool that has aided state and local health departments to identify cases and contacts, share case information between local health jurisdictions, communicate vital public health guidance and information, and protect the health and safety of California communities."

Proposal #2: Maintenance and Operations Support for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) System BCP

CDPH requests $26.9 million General Fund in 2024-25 for Maintenance and Operations (M&O) support of the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) system.

The SaPHIRE system is a data exchange system that evolved out of a previous statewide IT platform, the California COVID Reporting System (CCRS), which was developed in 2020 to increase statewide capacity to manage extremely high volumes of COVID-19 laboratory data in pandemic response efforts. SaPHIRE functionality allows for receiving public health data for all reportable conditions, not just COVID-19, including infectious diseases such as tuberculosis, measles, HIV, syphilis, and Mpox. Previous Budget Acts have funded the SaPHIRE system up to the 2023-24 fiscal year, and CDPH states that additional expenditure authority is needed to continue operation of the SaPHIRE system in 2024-25. According to CDPH, continued M&O of the SaPHIRE system is needed to maintain a timely and accurate statewide health information exchange system for effective public health surveillance and disease outbreak response, as well as to comply with federal health information data technology requirements.

Proposal #3: COVID-19 Website Information Technology Reversion

The Governor's Budget reflects a reversion of $900,000 General Fund in State Operations that supports security and maintenance of the COVID-19 website. CDPH explains that there is no ongoing funding for the website and therefore it will be discontinued by the end of 2024. CDPH will continue to track COVID-19 with data that continues to be available, but many COVID data sources have discontinued, according to the department.

Proposal #4: Disease Surveillance Readiness, Response, Recovery Information Technology Savings

The Governor's Budget reflects anticipated savings of $1.7 million General Fund in State Operations that supports disease surveillance readiness, response, recovery and maintenance of IT operations. CDPH explains that this results from salary savings and results in no changes to the program. The 2022 Budget Act approved of 130 positions and $235.2 million General Fund in 2022-23, 140 positions and $156.1 million General Fund in 2023-24, and 140 positions and $61.8 million General Fund in 2024-25 and ongoing. These resources were requested to make sure program services are delivered without interruption, as well as to maintain and operate the technology platforms and applications necessary to support both the COVID-19 response in 2022-23, and maintain and operate those platforms and operations for other potential disease outbreaks in the future. In addition, the resources were requested for technology infrastructure tools, including software and subscription licenses necessary to maintain and operate current systems critical to California's response to, and prevention of, potential future health risks.

Proposal #5: Syndromic Surveillance Trailer Bill

CDPH is proposing trailer bill language that authorizes CDPH to collect syndromic surveillance data for the purposes of administering a syndromic surveillance program and system. The necessary resources for this proposal were included in the 2022 Budget Act and no new resources are being requested as part of the 2024-25 budget.

Syndromic Surveillance (SyS) can be used for near real-time monitoring and detecting of outbreaks and public health conditions of interest. SyS data are typically collected within 24 hours of a patient encounter with a health system, and include symptom information before a diagnosis is confirmed. The Centers for Medicare & Medicaid Services currently requires hospitals to submit SyS data through the Medicare Promoting Interoperability Program for Eligible Hospitals and Critical Access Hospitals.

The 2022 Budget Act included ongoing resources for SyS activities, including the Climate and Health Surveillance Program and the Foundation for the Future of Public Health (Emergency Preparedness and Response Service Area). However, CDPH has determined it does not have authority to collect SyS data. Additionally, current law does not require hospitals to submit these data to CDPH.

CDPH proposes to use Centers for Disease Control and Prevention's (CDC's) National Syndromic Surveillance Program's BioSense Platform—a free, secure, cloud-based system with built-in analytical capabilities—as the statewide SyS system. Hospitals will send visit data using

automated interoperability data feeds for data elements listed in the Public Health Information Network (PHIN) Messaging Guide (e.g., chief complaints, diagnosis codes, demographics). CDPH and local health departments (LHDs) will be able to monitor the data submitted to analyze and respond to health-related outcomes like respiratory or gastrointestinal illness increases or outbreaks, and climate-related health outcomes such as emergency department (ED) visits due to heat or cold weather illness, poor air quality, and other emerging diseases.

Currently, while the relevant public health agency must be ready to receive SyS data, CDPH does not have authority to collect or require SyS data submissions from hospitals. Thus, in California, participation is low and decentralized with independently participating LHDs in various stages of planning, onboarding, and production. As of May 2023, only about 25 percent of EDs in California were reporting data voluntarily, much lower than the rest of the United States. As of September 2023, about 78 percent of all ED visits in the United States were being reported.

Panel

- Assemblymember Wood
- Adrian Barraza, Assistant Deputy Director, Center for Infectious Disease, California Department of Public Health
- John Roussel, Chief Information Officer, Information Technology Services Division, California Department of Public Health
- Michelle Gibbons, Executive Director, County Health Executives Association of California
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

Regarding CalCONNECT, it would be rather short-sighted for the state to begin defunding critical public health infrastructure (particularly infrastructure developed during the pandemic), at the first sight of a deficit or even recession. It took a pandemic for this state (and nation) to learn the hard way the devastating loss of life that can be expected when faced with a public health crisis without adequate public health infrastructure.

Assembly privacy staff have significant questions and concerns about the Syndromic Surveillance trailer bill language. In light of these concerns, and the fact that this language is not tied to funding in the 2024 budget, a policy bill might be a more appropriate vehicle for this language.

Staff Recommendation: Take no actions, however consider the following for future actions:

- **Proposal #1**: CalCONNECT Funding Update – restore funding if possible.

- **Proposal #2**: Maintenance and Operations Support for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) System BCP – approve of the BCP.

- **Proposal #3**: COVID-19 Website Information Technology Reversion – approve of the proposed reversion.

- **Proposal #4**: Disease Surveillance Readiness, Response, Recovery Information Technology Savings – approve of the proposed savings.

- **Proposal #5**: Syndromic Surveillance Trailer Bill – recommend this language be moved through a policy bill rather than through budget trailer bill.

Issue 4: Center for Healthy Communities

The Center for Healthy Communities (CHC), within CDPH, represents a diverse set of public health programs that address chronic disease prevention and management, tobacco control, environmental health, occupational health, injury and violence prevention, oral health, and problem gambling. Specifically, the CHC includes:

- California Tobacco Control
- Childhood Lead Poisoning Prevention
- Chronic Disease Control
- Chronic Disease Surveillance and Research; and
- Emergency Preparedness

This issue on the agenda covers the following:

- Proposal #1: Clinical Dental Rotations Fund Shift and Trailer Bill
- Proposal #2: State Dental Program Proposition 56 Funding Reduction
- Proposal (Oversight Issue) #3: California Cancer Registry – Funding Updates
- Proposal (Oversight Issue) #4: Sickle Cell Centers of Excellence – Funding Updates

All CDPH programs and proposals related to behavioral health, including tobacco control, problem gambling, the Children and Youth Behavioral Health Initiative, and the Office of Suicide Prevention, will be discussed at the Subcommittee's behavioral health hearings on April 15th and 22nd.

Proposal #1: Clinical Dental Rotations Fund Shift and Trailer Bill

The Governor's Budget proposes to replace $9.7 million in General Fund with $9.7 million in Proposition 56 (State Dental Program Account Fund 3307) funding for this program. The administration is proposing trailer bill language to effectuate this change as follows.

CDPH proposes statutory changes to codify provisional language included in the 2022 Budget Act (Chapter 249, Statutes of 2022) for clinical dental rotations added by the Legislature. Specifically, the statutory changes: 1) provide a public contract code exemption; 2) establish program eligibility criteria; 3) specify reporting requirements; and 4) sunset after the original liquidation date of the funds (June 30, 2029).

The 2022 Budget Act (Chapter 249, Statutes of 2022) included a one-time investment of $10 million General Fund for the department to establish clinical dental rotations. Related provisional language was included that: 1) stated that funds were available for encumbrance or expenditure until June 30, 2027; 2) provided a public contract code exemption; 3) established program

eligibility criteria; and 4) specified reporting requirements. The 2024-25 Governor's Budget proposes to shift $9.7 million of this investment from the General Fund to the Proposition 56 State Dental Program Account to address the budget deficit.

CDPH explains that, because the Proposition 56 State Dental Program Account is not subject to a Budget Act appropriation, statutory changes are necessary to maintain the programmatic requirements that were established in provisional language in the 2022 Budget Act. The proposed changes will allow the department to continue program implementation.

The full proposed trailer bill language can be found here:
https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/1021

Proposal #2: State Dental Program Proposition 56 Funding Reduction

The Governor's Budget reflects a decrease of $7,554,000 in State Dental Program Account (Fund 3307), including a decrease of $1,834,000 in State Operations and a decrease of $5,720,000 in Local Assistance as a result of updated Proposition 56 revenue projections. The funds are used for the state dental program for the purpose and goal of educating about, preventing, and treating dental disease, including dental diseases caused by use of cigarettes and other tobacco products.

AB 133 (Committee on Budget, Chapter 143, Statutes of 2021) sought to maintain flat funding of $30 million in the state dental program, by requiring a General Fund backfill for any amount of decrease to Proposition 56 funding below $30 million, with the following language:

> Notwithstanding Section 13340 of the Government Code, if the board, pursuant to subdivision (h) of Section 30130.57, reduces the allocation to the State Department of Public Health state dental program due to a reduction in revenues, there is hereby continuously appropriated from the state General Fund an amount equivalent to the required reduction so that the total funding for the state dental program is maintained at thirty million dollars ($30,000,000) annually.

AB 164 (Committee on Budget, Chapter 84, Statutes of 2021) determined that for 2022-23, $4.6 million "shall be available to support the Office of Oral Health, as established by subdivision (c) of Section 30130.57 of the Revenue and Taxation Code" and that the amount "is intended as supplemental funding to provide total funding, from all fund sources, of $30,000,000 for this program, notwithstanding the reduction in Proposition 56 funds required by subdivision (h) of section 30130.57 of the Revenue and Taxation Code."

According to the Fund Condition Statements for CDPH, the proposed adjusted beginning balance of $18.95 million for FY 2024-25 appears to apply reserves gained from previous fiscal years as if they were revenue, which is also inconsistent with the continuous appropriation of $30 million mandated by AB 133. The fund condition statements list $21.62 million for FY 2023-24 and $19.88 million proposed for FY 2024-25; however, in total this is a little more than $18.49 million short of the $30 million continuous annual appropriation to the State Dental Program Account.

Proposal (Oversight Issue) #3: California Cancer Registry – Funding Updates

From the CDPH website: "The California Cancer Registry (CCR) is California's statewide population-based cancer surveillance system. The CCR collects information about all cancers diagnosed in California (except basal and squamous cell carcinoma of the skin and carcinoma in situ of the cervix). In 1985, statewide population-based cancer reporting was mandated with the enactment of sections 103875 and 103885 of the California Health and Safety Code. Statewide cancer reporting was fully implemented in 1988. The CCR is now recognized as one of the leading cancer registries in the world. Due to the size and diversity of the California population, more is now known about the occurrence of cancer in diverse populations than ever before. The CCR has proven to be the cornerstone of a substantial amount of cancer research in the California population."

Established in 1985, the CCR is the largest registry in the nation and is recognized as one of the leading cancer registries in the world. The CCR is a vast repository of cancer data that provides vital information to public health officers and researchers. With this data, it is possible to determine cancer risk factors and study groupings of cancers in communities. However, the means for collecting data has fallen woefully behind resulting in data not being reported to the department for an average of one-and-a-half to two years.

The CCR also works directly with three regional registries which provide critical support on local instances of disease. They are the front line in collecting the data that is used for research and clinical trials. This has been largely a manual process that has taken many years to upload. In 2016, the Legislature passed, and Governor signed AB 2325 (Bonilla, Chapter 354, Statutes of 2016) to update the cancer registry to ensure real time reporting. Since then, the CCR has worked to implement this unfunded mandate and update the CCR to bring their reporting into the modern era. With adequate funding the registry will have data in real time, allowing researchers to utilize current data, as opposed to relying on old data. Additionally, currently only 3% of adults diagnosed with cancer participate in clinical trials, those numbers are much lower for those of racial and ethnic minorities. With real time reporting, the state would be able to connect more cancer patients to clinical trials and researchers while they are still able to make a difference.

The CCR has several different funding sources, however most of its funding comes from Proposition 99 (tobacco tax), which is a continuously declining revenue source. As a result, the program has been short $239,000 for several years in a row. In recent years, CDPH has been able to make up the loss with carryover funds, such as Future of Public Health funding. CDPH states that in order to maintain flat funding in 2024-25, the program would need an additional $1.9 million.

According to CDPH, if the gap in funding can't be bridged, the department will have to reduce ten contract staff, and is at risk of losing up to $18.5 million in federal funds as a result of no longer being able to meet certain data quality requirements. CDPH explains that the quality of the data would decrease significantly. Finally, CDPH states that they are searching for available funding within the CDPH budget and hope to have a positive update at the May Revision.

Proposal (Oversight Issue) #4: Sickle Cell Centers of Excellence – Funding Updates

AB 74 (Committee on Budget, Chapter 23, Statutes of 2019) included $15 million General Fund one-time to establish five new Sickle Cell Centers of Excellence to provide care to adults with Sickle Cell Disease. According to CDPH, the anticipated five centers have been established, and they operate as a network. The 2019 funding has come to an end, and no new funding source has been established.

Panel

- Maria Ochoa, Assistant Deputy Director, Center for Healthy Communities, California Department of Public Health
- Joan Venticinque, Patient Advocate
- Nick Mills, Staff Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

For CDPH:

It appears that the Governor's budget fails to meet the statutory requirement of $30 million in flat funding for the state dental program. Could CDPH please clarify the budget for the state dental program and confirm whether or not the state is in compliance with the law?

Staff Recommendation: Take no actions, however consider the following for future actions:

- **Proposal #1**: Clinical Dental Rotations Fund Shift and Trailer Bill – continue discussions with the administration and stakeholders.

- **Proposal #2**: State Dental Program Proposition 56 Funding Reduction – continue discussions with the administration and stakeholders in order to ensure compliance with the law that requires flat funding of $30 million.

- **Proposal (Oversight Issue) #3**: California Cancer Registry – Funding Updates – Urge the administration to raise the level of priority for the CCR and identify funding within the CDPH budget to keep the CCR whole.

- **Proposal (Oversight Issue) #4**: Sickle Cell Centers of Excellence – Funding Updates – Take no action.

Issue 5: Center for Infectious Diseases

The Center for Infectious Diseases (CID) seeks to protect the people in California from the threat of preventable infectious diseases and to assist those living with an infectious disease in securing prompt and appropriate access to healthcare, medications and associated support services. Specifically, CID includes:

- Division of Communicable Disease Control;
- Office of AIDS;
- Office of Binational Border Health; and
- Office of Refugee Health.

This issue in the agenda includes an overview of the AIDS Drug Assistance Program (ADAP) estimate, as well as the Governor's Budget proposal to borrow $500 million from the ADAP Rebate Fund to support the General Fund.

ADAP Estimate

About ADAP

The ADAP Branch administers ADAP and the Pre-Exposure Prophylaxis Assistance Program (PrEP-AP). ADAP provides access to life-saving medications, health insurance premium payment assistance, and assistance with medical out-of-pocket costs for eligible California residents living with Human Immunodeficiency Virus (HIV). PrEP-AP provides assistance with medication and medical out-of-pocket costs related to HIV pre-exposure prophylaxis (PrEP) for clients at risk for acquiring HIV and post-exposure prophylaxis (PEP) for clients who may have been exposed to HIV. Services are provided to five groups of clients:

1. **Medication-only clients** are people with HIV (PWH) 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. This group only receives services associated with medication costs.

2. **Medi-Cal Share of Cost (SOC) clients** are PWH enrolled in Medi-Cal who have a SOC for Medi-Cal services. ADAP covers the SOC for medications for these clients. This group only receives services associated with medication costs.

3. **Private insurance clients** are PWH who have some form of health insurance, including insurance purchased through Covered California, privately- purchased health insurance, or employer-based health insurance. This group is divided into three client sub-groups: Covered California clients, non-Covered California clients, and

employer-based insurance clients. These groups receive medication benefits and may also receive assistance with health insurance premiums and medical out-of-pocket costs.

4. **Medicare clients** are PWH who are enrolled in a Medicare plan. This group is divided into three client sub-groups: Part B, Part C, and Part D. These groups receive medication benefits and may also receive assistance with health insurance premiums and medical out-of-pocket costs.

5. **PrEP-AP clients** are HIV-negative individuals who are at risk of HIV infection and who have chosen to take PrEP 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 copayment assistance program pays towards medication costs. For uninsured clients, PrEP-AP only provides assistance with PrEP and PEP-related medical costs and medication costs for clients who are ineligible for a medication assistance program through a drug manufacture or other assistance programs.

As a covered entity in the Health Resources & Services Administration (HRSA) 340B Drug Pricing Program, ADAP collects rebates for most prescriptions purchased for ADAP clients. ADAP does not collect rebates for prescriptions purchased for Medi-Cal SOC or PrEP-AP clients. To prevent duplicate rebate discounts on the same claim, which is prohibited, ADAP does not invoice manufacturers for rebates on Medi-Cal SOC claims. As the primary payer, Medi-Cal has the right to claim mandatory rebate on prescriptions for Medi-Cal SOC clients. ADAP also does not collect rebate on medication purchases for PrEP-AP clients because PrEP-AP is separate and distinct from ADAP and is not a 340B covered entity.

Historically, most ADAP clients were medication-only clients without health insurance because PWH were unable to purchase affordable health insurance in the private marketplace. With the implementation of the Affordable Care Act, more ADAP clients have been able to access public and private health insurance coverage. ADAP clients are screened for Medi-Cal eligibility and potentially eligible clients must apply to safeguard ADAP as the payer of last resort. Clients who enroll in full-scope Medi-Cal are disenrolled from ADAP because these clients have no SOC, no drug copays or deductibles, and no premiums. All clients who obtain health coverage through Covered California or other health plans can remain in ADAP's medication program to receive assistance with their drug deductibles and copays for medications on the ADAP formulary.

Eligible clients with health insurance can also co-enroll in ADAP's health insurance assistance programs for assistance with their insurance premiums and medical out-of-pocket costs, which can only be paid if ADAP pays the client's premium. Helping ADAP clients purchase and

maintain comprehensive health insurance is more cost effective than paying the full cost of medications and improves health outcomes by providing access to the full spectrum of medical care beyond the HIV outpatient care and medications available through the HRSA Ryan White Program.

Estimate

Table 1 displays the estimated ADAP Local Assistance budget authority need for 2023-24 (column C) and 2024-25 (column G) and compares that need to the amount reflected in the Budget Act of 2023 (column B for 2023-24, and column F for 2024-25). The Budget Act of 2018 authorized an ongoing $2 million in budget authority to modify and expand PrEP-AP which is included with the ADAP Rebate Fund (Fund 3080) budget authority need detailed below.

- 2023-24: Office of AIDS (OA) estimates the ADAP budget authority need will be $353.9 million ($245.6 million ADAP Rebate Fund (Fund 3080) and$108.3 million Federal Trust Fund (Fund 0890)), which is $44.1 million lower than reported in the Budget Act of 2023 (Table 1). The 11.1 percent decrease is driven primarily by lower medication and medical out-of-pocket expenditures than previously estimated.

- 2024-25: OA estimates the ADAP budget authority need will be $366 million ($260.8 million ADAP Rebate Fund (Fund 3080) and $105.2 million Federal Trust Fund (Fund 0890)), which is $32.1 million lower than reported in the Budget Act of 2023 (Table 1). The 8.1 percent decrease is driven primarily by the same factors listed above.

California Department of Public Health
AIDS Drug Assistance Program and PrEP Assistance Program
2024-25 November Estimate
Table 1: Local Assistance Budget Authority
(In Thousands)

Local Assistance	2023-24 Budget Act	Current Year 2023-24			2023-24 Budget Act	Budget Year 2024-25		
		November Estimate	$ Change from Budget Act	% Change from Budget Act		November Estimate	$ Change from Budget Act	% Change from Budget Act
(A)	(B)	(C)	(D) =(C)-(B)	(E) = (D)/(B)	(F)	(G)	(H) = (G)-(F)	(I) = (H)/(F)
Total Funds Requested	**$398,042**	**$353,923**	**-$44,118**	**-11.1%**	**$398,042**	**$365,983**	**-$32,060**	**-8.1%**
Federal Trust Fund - Fund 0890	$102,102	$108,293	$6,191	6.1%	$102,102	$105,189	$3,086	3.0%
ADAP Rebate Fund - Fund 3080	$295,940	$245,631	-$50,309	-17.0%	$295,940	$260,794	-$35,146	-11.9%
Caseload	35,179	32,506	-2,673	-7.6%	35,179	32,380	-2,799	-8.0%

Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.
ADAP Rebate Fund - Fund 3080 authority includes an on-going $2 million from the 2018 Budget Act.

Table 2 displays the estimated ADAP revenue for 2023-24 (column C) and 2024-25 (column G) and compares them to the amount reflected in the Budget Act of 2023 (columns B for 2023-24 and column F for 2024-25).

- 2023-24: OA estimates ADAP revenue will be $327.8 million (Table 2), $37.4 million lower than reported in the Budget Act of 2023. The 10.3 percent decrease is driven primarily by decreased rebates due to lower medication expenditures than previously estimated.

- 2024-25: OA estimates ADAP revenue will be $280.9 million (Table 2), $84.3 million lower than reported in the Budget Act of 2023. The 23.1 percent decrease is driven primarily by the same factor listed above.

2024-25 November Estimate Table 2: ADAP Rebate Fund (Fund 3080) Revenues (In Thousands)								
Revenue	2023-24 Budget Act	Current Year 2023-24			2023-24 Budget Act	Budget Year 2024-25		
		November Estimate	$ Change from Budget Act	% Change from Budget Act		November Estimate	$ Change from Budget Act	% Change from Budget Act
(A)	(B)	(C)	(D) =(C)-(B)	(E) = (D)/(B)	(F)	(G)	(H) = (G)-(F)	(I) = (H)/(F)
Total Revenue Requested	**$365,289**	**$327,840**	**-$37,449**	**-10.3%**	**$365,289**	**$280,945**	**-$84,344**	**-23.1%**
ADAP Rebate Fund - Fund 3080	$363,047	$325,598	-$37,449	-10.3%	$363,047	$278,703	-$84,344	-23.2%
Interest Income	$2,242	$2,242	$0	0.0%	$2,242	$2,242	$0	0.0%
Estimate numbers are rounded for presentation purposes; as a result, numbers may not total exactly.								

<u>ADAP Revenue</u>

a. **ADAP Special Funds** – ADAP receives both mandatory and voluntary supplemental rebates from drug manufacturers for ADAP medication expenditures. An approximate six-month delay in receipt of rebate revenue, from the time the medication expenditure occurs, exists because of the time required for billing the drug manufacturers. 2023-24 revenue projections are based on estimated rebates from actual and estimated medication expenditures from January through December 2023. 2024-25 revenue projections are based on estimated rebates from estimated medication expenditures from January through December 2024.

b. **Federal Funds** – ADAP receives federal funds from HRSA through the Ryan White Part B Program.

  - 2023-24: Total federal fund budget authority is projected to be $108.3 million (Table 1), $6.2 million (6.1 percent) higher than reported in the Budget Act of 2023. Federal fund budget authority includes the following federal grant assumptions:
    - 2023 Ryan White Part B: $93.4 million
    - 2023 Ryan White Part B Supplemental: $5.3 million
    - 2023 ADAP Emergency Relief Funds (ADAP Shortfall Relief): $6.4 million
    - 2022 Ryan White Part B Carryover: $3.1 million

- 2024-25: Total federal fund budget authority is projected to be $105.2 million (Table 1), $3.1 million (3.0 percent) higher than reported in the Budget Act of 2023. Federal fund budget authority includes the following estimated federal grant funding:
  - 2024 Ryan White Part B: $93.4 million
  - 2024 Ryan White Part B Supplemental: $5.3 million
  - 2024 ADAP Emergency Relief Funds (ADAP Shortfall Relief): $6.4 million

c. **Federal Match** – HRSA requires grantees to have HIV-related non-HRSA expenditures. OA meets the match requirement using ADAP Rebate Fund (Fund 3080) expenditures. California's HRSA match requirement for the 2023 Ryan White Part B grant budget period (April 1, 2023, through March 31, 2024) is $69.3 million.

ADAP Rebate Fund Loan

The Governor's Budget proposes to borrow $500 million from the ADAP Rebate Fund to the General Fund. Budget control section language requires that loans, such as this one, be paid back in the event that programs need the funding to maintain services:

> SEC. 13.40. The Director of Finance may collectively transfer up to $1,515,000,000 from various special funds to the General Fund as budgetary loans during the 2023–24 fiscal year. The specific special funds to borrow from will be determined after further review but will only be from idle resources not required for currently projected operational or programmatic purposes. The loans will be repaid in a future year when the fund or account from which the loan was made has a need for the moneys or there is no longer a need for the moneys in the General Fund.

3080 AIDS Drug Assistance Program Rebate Fund [S]

BEGINNING BALANCE	$917,413	$1,000,500	$670,112
Adjusted Beginning Balance	$917,413	$1,000,500	$670,112
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	16,699	2,242	2,242
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	68	-	-
4172500 Miscellaneous Revenue	309,791	325,598	278,703
Transfers and Other Adjustments			
Loan from AIDS Drug Assistance Program Rebate Fund (3080) to General Fund per Control Section 13.40, Budget Act of 2023	-	-400,000	-
Loan from the AIDS Drug Assistance Program Rebate Fund (3080) to the General Fund (0001)	-	-	-500,000
Total Revenues, Transfers, and Other Adjustments	$326,558	-$72,160	-$219,055
Total Resources	$1,243,971	$928,340	$451,057
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
4265 Department of Public Health (State Operations)	12,110	12,515	12,563
4265 Department of Public Health (Local Assistance)	228,632	245,631	260,794
9892 Supplemental Pension Payments (State Operations)	82	82	34
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	2,647	-	1,000
Total Expenditures and Expenditure Adjustments	$243,471	$258,228	$274,391
FUND BALANCE	$1,000,500	$670,112	$176,666
Reserve for economic uncertainties	1,000,500	670,112	176,666

The 2023 Budget Act also includes a $400 million loan to the General Fund from the ADAP Rebate Fund. CDPH explains that even after both of these loans, they still expect a “healthy” balance, of approximately $177 million, in the Fund and expect no disruptions to any programs or services as a result of these loans. Most of the funding in the ADAP Rebate Fund comes from 340B pharmaceutical manufacturer rebates. CDPH states that the use of this funding is heavily restricted by both state and federal laws that limit its allowable uses to HIV/AIDS-related programs and services.

Advocates have raised concerns with this proposal, stating the following:

- The Fund is quite volatile, largely because the rebates lag 6-12 months; hence, while there is a significant balance now, this could change in a matter of days, weeks, or months.
- It seems possible that the pharmaceutical companies will consider reducing the size of the rebates given the large balance and loans to the General Fund.
- If the rebate or federal funds are threatened, this would create new General Fund pressures.

Panel

- Adrian Barraza, Assistant Deputy Director, Center for Infectious Disease, California Department of Public Health
- Chris Unzueta, Section Chief, Eligibility Operations Section, Center for Infectious Disease, California Department of Public Health
- Laura Thomas, Senior Director of HIV & Harm Reduction Policy, San Francisco AIDS Foundation, Representative, End the Epidemics Coalition
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

For CDPH:

1. Please explain the volatility in the ADAP Rebate Fund, and the variability in revenue coming into the Fund.

2. Do you believe that large ADAP Rebate Fund loans to the General Fund potentially create some risk to the state of losing some either rebate or federal funding?

3. When would this loan have to be repaid?

4. Could you please further define the following budget control section language: "The loans will be repaid in a future year when the fund or account from which the loan was made *has a need for the moneys*?"

Staff Recommendation: Take no actions at this time.

Issue 6: Center for Family Health

The Center for Family Health's (CFH) mission is to promote the health of individuals, pregnant people, and their children. The CFH has three divisions:

- The Genetic Disease Screening Program (GDSP);
- Maternal, Child, and Adolescent Health; and
- The Women, Infants and Children (WIC) Supplemental Nutrition Program.

This issue in the agenda covers the following:

- Proposal #1: GDSP Estimate
- Proposal #2: WIC Estimate
- Proposal #3: WIC Modernization Budget Change Proposal (BCP)
- Proposal #4: WIC Online Ordering Trailer Bill

Proposal #1: GDSP Estimate

The GDSP Local Assistance budget funds two distinct programs: The Newborn Screening Program (NBS) and the Prenatal Screening Program (PNS). NBS is a mandatory program that screens all infants born in California for genetic diseases. Parents may opt their newborns out of the program by claiming religious exemptions. PNS is an opt-in program for women who desire to participate. The screening test provides the pregnant woman with a risk profile. Screenings that meet or exceed a specified risk threshold are identified and further testing and genetic counseling/diagnostic services are offered at no additional expense to the participant.

The GDSP 2023 Budget Act appropriation is $187.6 million, of which $149.5 million is for Local Assistance and $38.1 million is for State Operations. The GDSP estimates 2023-24 expenditures of $167.8 million, which is a decrease of $19.8 million or 10.6 percent compared to the 2023 Budget Act. The State Operations increase of $604,000 (compared to the 2023 Budget Act) is due to baseline adjustments in employee compensation and benefits. The decrease in Local Assistance is due to a lower projected PNS caseload as detailed in the Existing (Significantly Changed) Assumption - Methodology Change in Projecting Prenatal Screening Caseload in addition to a decrease in the Department of Finance Demographic Research Unit (DRU)'s updated projection of live births.

The combined State Operations and Local Assistance budget expenditures for 2024-25 total $181.5 million, which is a decrease of $6.1 million or 3.2 percent compared to the 2023 Budget Act. The State Operations has an increase of $695,000 compared to the 2023 Budget Act due to baseline adjustments in employee compensation and benefits. The decrease in Local Assistance consists of a number of impacts that include: a reduction of $7.4 million from

Operational Support due to the completed data migration to the Cloud platform when cfDNA was implemented in 2023-24; $1.7 million in contract rate increases and additional Screening Information Systems (SIS) maintenance costs for Prenatal Screening; a decrease of approximately $9.5 million due to lower caseload in both newborn and prenatal screening from a decrease in DRU's updated projection of live births; an additional cost of $4.4 million from the screening of the two new newborn screening disorders (MPS II & GAMT deficiency); added costs of approximately $16 million from the addition of Sex Chromosome Aneuploidies in prenatal screening; and an approximate $12 million decrease from the new methodology change for prenatal screening. Table 1 shows the difference between the 2023 Budget Act appropriation and the revised 2023-24 expenditures and proposed 2024-25 expenditures for CDPH/GDSP.

Table 1

Genetic Disease Screening Program: Current Year and Budget Year Budget Summaries Compared to 2023 Budget Act

Fund 0203 Genetic Disease Testing Fund	2023 Budget Act	FY 2023-24			FY 2024-25		
		November Estimate FY 2023-24	Change from Budget Act	Percent Change from Budget Act	November Estimate FY 2024-25	Change from Budget Act	Percent Change from Budget Act
Total	**$ 187,608,000**	**$ 167,770,000**	**$ (19,838,000)**	**-10.6%**	**$ 181,545,000**	**$ (6,063,000)**	**-3.2%**
State Operations	$ 38,066,000	$ 38,670,000	$ 604,000	1.6%	$ 38,761,000	$ 695,000	1.8%
Local Assistance	$ 149,542,000	$ 129,100,000	$ (20,442,000)	-13.7%	$ 142,784,000	$ (6,758,000)	-4.5%

The 2023 Budget Act appropriation for GDSP's Local Assistance is $149.5 million in 2023-24. The GDSP estimates 2023-24 Local Assistance expenditures will total $129.1 million, which is a decrease of $20.4 million or 13.7 percent compared to the 2023 Budget Act. The decrease in Local Assistance is attributed to the decrease in projected caseload due to the new projection methodology for Prenatal Screening (PNS) caseload and a decrease in DRU's projection of live births compared to the 2023 Budget Act.

For 2024-25, the GDSP estimates Local Assistance expenditures will total $142.8 million, which is a net decrease of $6.8 million or 4.5 percent compared to the 2023 Budget Act amount of $149.5 million. The net decrease in Local Assistance is attributed to a one-time cost reduction of $7.4 million from Operational Support, resulting from the completed data migration to the cloud system when cfDNA was implemented in 2023-24. However, this cost reduction is offset by the cost increases in PNS and NBS. The cost increase of $1.7 million in Prenatal Screening includes the contract rate increases and the addition of sex chromosome aneuploidies (SCA) in the Prenatal Screening panel while projected caseloads decline because of the new projection methodology for PNS caseloads. In addition, there is a net decrease of $1.1 million or 2.3 percent in Newborn Screening, which is attributed to a decrease in DRU's updated projection of live births from 425,620 at the 2023 Budget Act to 408,171 (4.1 percent decrease which leads to a -$5.5 million impact) and $4.4 million in additional costs due to the addition of two new disorders described in the Existing (Significantly Changed) Assumption – 2023-24 BCP: California Newborn Screening Program Expansion. Table 2 shows the difference between the 2023 Budget Act appropriation and the revised 2023-24 expenditures and proposed 2024-25 expenditures for GDSP Local Assistance.

Table 2

Local Assistance Total: Current Year and Budget Year Budget Summaries Compared to 2023 Budget Act

Fund 0203 Genetic Disease Testing Fund	2023 Budget Act	FY 2023-24			FY 2024-25		
		November Estimate FY 2023-24	Change from Budget Act	Percent Change from Budget Act	November Estimate FY 2024-25	Change from Budget Act	Percent Change from Budget Act
Local Assistance Total	**$ 149,542,000**	**$ 129,100,000**	**$ (20,442,000)**	**-13.7%**	**$ 142,784,000**	**$ (6,758,000)**	**-4.5%**
Newborn Screening	$ 50,182,000	$ 44,052,000	$ (6,130,000)	-12.2%	$ 49,047,000	$ (1,135,000)	-2.3%
Prenatal Screening	$ 61,697,000	$ 47,385,000	$ (14,312,000)	-23.2%	$ 63,429,000	$ 1,732,000	2.8%
Operational Support	$ 37,663,000	$ 37,663,000	$ -	0.0%	$ 30,308,000	$ (7,355,000)	-19.5%

Combined NBS And PNS Revenue

The GDSP estimates revenue of $152.2 million for 2023-24, which is a decrease of $24 million or 13.6 percent compared to the 2023 Budget Act amount of $176.2 million. The decrease in revenue for the current year is attributed to the Existing (Significantly Changed) Assumption - Methodology Change in Projecting Prenatal Screening Caseload and a decrease in the projection of live births. For 2024-25, the GDSP projects revenue will total $182.4 million, which is an increase of $6.2 million or 3.5 percent compared to the 2023 Budget Act. The revenue increase for the budget year is attributed to the $112 PNS fee increase from the two Existing (Significantly Changed) Assumptions – Methodology Change in Projecting Prenatal Screening Caseload and Prenatal Screening for SCAs. In addition, there will be a $15 NBS fee increase to include MPS II and GAMT deficiency into the Newborn Screening panel as referenced in the Existing (Significantly Changed) Assumption – 2023-24 BCP: Newborn Screening Program Expansion.

Proposal #2: WIC Estimate

WIC operates a $1.4 billion program that served approximately 956,000 low-to-medium income California residents per month in 2022-23. WIC receives federal funding to administer the WIC program through 84 local agencies (WIC Local Agencies) and approximately 3,800 authorized grocers (including military commissaries) and 49 authorized farmers at farmers' markets. Select authorized grocers in bordering states also accept California WIC benefits.

The funding through the United States Department of Agriculture (USDA) is based on a discretionary grant appropriated by Congress, plus subsequent reallocations of prior year unspent funds. The WIC program does not require any state General Fund and is not an entitlement program; the number of participants served is limited by the discretionary federal grant. It is California's third largest federally funded food and nutrition assistance program after CalFresh, otherwise known as Supplemental Nutrition Assistance Program (SNAP) in most states, and the subsidized school meal programs.

The WIC program provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to age five who are at nutritional risk. In addition to the categorical eligibility requirement, applicants can become income-eligible by

providing documentation of income below 185 percent of the federal poverty level, which is equivalent to an annual income of $45,991 for a family size of three in 2023. Applicants can also be deemed income-eligible (adjunctive eligibility) based on participation in certain means-tested programs. Applicants who currently receive, or are certified as eligible to receive Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, or Food Distribution on Indian Reservations benefits, are adjunctively eligible.

WIC program services include nutrition education, breastfeeding support, assistance with finding health care and other community services, and benefits for specific supplemental foods that can be redeemed at authorized grocers. The WIC program is federally funded by the USDA under the Federal Child Nutrition Act of 1966 and the Healthy, Hunger-Free Kids Act of 2010, as amended. Specific uses of the WIC program funds are required under federal laws and regulations, and WIC must report funds and expenditures monthly.

WIC revenues are comprised of the federal grants and retained manufacturer rebates. The maximum number of participants served by WIC depends largely on food package costs, of which infant formula is a large percentage. Purchase of infant formula represents approximately 24 percent of gross food expenditures. WIC program federal regulations 7 CFR 246.16a require all states to obtain infant formula manufacturer rebates through a competitive bidding process to offset this cost and maximize the number of participants that can be served. The California state budget authorizes WIC to retain infant formula rebate revenue and use it to offset the cost of food for WIC participants. Rebate revenue accounts for approximately 20 percent of WIC revenue for food.

In addition to funding food expenditures, the Local Assistance budget authority includes other federal funds, such as the Nutrition Services and Administration (NSA) grant, which are used by WIC Local Agencies to provide services directly to WIC families and support the statewide management information system (MIS) used in the provision of those services. The NSA grant also funds WIC State Operations for administering the program.

WIC Participation in California

CDPH reports that after many years of declining participation in the program, participation is now consistently increasing slightly. According to the most recent data (National- and State-Level Estimates of WIC Eligibility and WIC Program Reach in 2021, by USDA/Food and Nutrition Service (FNS) released in November 2023), the WIC program serves 66.5 percent of eligible Californians, the second highest coverage of eligible persons of all state WIC programs and third nationally behind Puerto Rico and Vermont, while the national average is 51.2 percent; California’s coverage rate is statistically significantly higher than the national average. A separate analysis showed that nearly half of all California resident infants born in 2018 were

enrolled in WIC during their first year of life. The largest participant category served in WIC is "Children" due to the length of children's eligibility (first to fifth birthday). Other participant categories are limited to one year of eligibility or less.

TABLE 1: ACTUAL CA WIC PARTICIPATION BY CATEGORY: FY 2022-23

Participant Category	Annual Average Monthly Participation FY 2022-23
Pregnant	74,933
Breastfeeding	82,969
Non-Breastfeeding	43,831
Infants	179,014
Children	575,089

The following table details expenditures, comparing the 2023 Budget Act to the revised 2023-24 budget and the budget year (2024-25):

TABLE 2: FOOD EXPENDITURE COMPARISON BY CATEGORY (all funds)

All figures in dollars, rounded to the nearest thousand

Expenditure Category	Current Year 2023 Budget Act	Current Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act	Budget Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act
Participant Food Package Costs	974,682,000	970,444,000	(4,238,000)	-0.43%	1,020,796,000	46,114,000	4.73%
Fruits & Vegetables Inflationary Increase FFY 2024 & FFY 2025	0	11,188,000	11,188,000	100.00%	15,494,000	15,494,000	100.00%
Prudent Reserve	29,240,000	29,449,000	209,000	0.71%	31,089,000	1,849,000	6.32%
Total Food Expenditures	**1,003,922,000**	**1,011,081,000**	**7,159,000**	**0.71%**	**1,067,379,000**	**63,457,000**	**6.32%**

2023-24

Food expenditures are comprised of the federal food expenditures and the WIC Manufacturer Rebate food costs. The 2023 Budget Act appropriation provided $1.004 billion ($786.6 million federal fund and $217.3 million rebate fund). The November Estimate anticipates an increase in food expenditures in 2023-24 to $1.011 billion ($821.5 million federal fund and $189.6 million rebate fund), an increase of $7.2 million or 0.71 percent compared to the 2023 Budget Act appropriation. The increase in food expenditures is based on an increase in participation (992,640 participants projected in the November Estimate compared to 991,619 projected in the 2023 Budget Act) and an inflationary increase to the fruits and vegetables benefit levels, offset by a slight decrease in food inflation (2.55 percent in the November Estimate compared to 3.28 percent in the 2023 Budget Act). Rebate revenue is projected at $189.6 million, which is a decrease of $27.7 million or 12.75 percent compared with the 2023 Budget Act amount of $217.3 million. The decrease is attributed to a reduction in formula purchased per infant participant following the formula shortage and lower rebate per can following the transition to a new infant formula contractor.

2024-25

For 2024-25, WIC's food expenditure estimate is $1.067 billion ($877 million federal fund and $190.4 million rebate fund), which is an increase of $63.5 million or 6.32 percent as compared to the 2023 Budget Act amount of $1.004 billion ($786.6 million federal fund and $217.3 million rebate fund). The increase in food expenditures is driven by an increase in current and budget year participation projections (1,029,734 participants projected in the 2024-25 November Estimate compared to 991,619 projected in the 2023 Budget Act), a food inflation rate of 1.40 percent, and an inflationary increase to the fruits and vegetables benefit levels. Rebate revenue is projected at $190.4 million, which is a decrease of $26.9 million or 12.4 percent compared with the 2023 Budget Act amount of $217.3 million. The decrease in rebate revenue is due to lower projected rebate per can following the transition to a new infant formula contractor.

Other Local Assistance and State Operations Projections

In addition to food costs, the Local Assistance budget authority includes other federal funds from the NSA Grant, which are used to assist WIC Local Agencies in the direct services provided to WIC families and support the MIS used in the provision of those services. Examples of direct services include intake, eligibility determination, benefit issuance, nutrition education, breastfeeding support, and referrals to health and social services. The NSA Grant also funds WIC State Operations for administering the WIC program.

- Current Year: In 2023-24, the NSA budget, including the anticipated expenditures for local administration, are estimated at $322.0 million, which is the same as the 2023 Budget Act. State Operations expenditures are estimated at $66.2 million, which is a $1.8 million increase from the 2023 Budget Act due to baseline adjustments in employee compensation and benefits.

- Budget Year: For 2024-25, the NSA budget and anticipated expenditures for local administration are estimated at $322.0 million, which is the same as the 2023 Budget Act. State Operations expenditures are estimated at $69.5 million, which is an increase of $5.0 million or 7.77 percent from the 2023 Budget Act due to baseline adjustments in employee compensation and benefits ($2.0 million) and the WIC Modernization BCP ($3.0 million).

Revenue and Expenditure Comparisons

TABLE 5: REVENUE COMPARISON (federal funds)
All figures in dollars, rounded to the nearest thousand

Fund 0890 Federal Trust Fund	Current Year 2023 Budget Act	Current Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act	Budget Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act
Total Available Resources	**1,173,084,000**	**1,236,913,000**	**63,829,000**	**5.44%**	**1,293,974,000**	**120,890,000**	**10.31%**
Food Grant	786,609,000	850,438,000	63,829,000	8.11%	904,099,000	117,490,000	14.94%
NSA Grant	386,475,000	388,226,000	1,751,000	0.45%	391,519,000	5,044,000	1.31%

TABLE 6: EXPENDITURE COMPARISON (rebate funds)
All figures in dollars, rounded to the nearest thousand

Fund 3023 Manufacturer Rebate	Current Year 2023 Budget Act	Current Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act	Budget Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act
Local Assistance Expenditures	**217,313,000**	**189,616,000**	**(27,697,000)**	**-12.75%**	**190,373,000**	**(26,940,000)**	**-12.40%**

TABLE 7: REVENUE COMPARISON (rebate funds)
All figures in dollars, rounded to the nearest thousand

Fund 3023 Manufacturer Rebate	Current Year 2023 Budget Act	Current Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act	Budget Year November Estimate	Change from 2023 Budget Act	% Change from 2023 Budget Act
Projected Rebate Revenue	208,955,000	182,323,000	(26,632,000)	-12.75%	183,051,000	(25,904,000)	-12.40%
4% Reserve for Additional Revenue	8,358,000	7,293,000	(1,065,000)	-12.74%	7,322,000	(1,036,000)	-12.40%
Total Available Resources	**217,313,000**	**189,616,000**	**(27,697,000)**	**-12.75%**	**190,373,000**	**(26,940,000)**	**-12.40%**

Proposal #3: WIC Modernization Budget Change Proposal (BCP)

CDPH requests 18 positions and $3 million Federal Trust Fund in 2024-25 and an additional 9 positions for a total of 27 positions and $4.4 million Federal Trust Fund in 2025-26 and ongoing to modernize Women, Infants, and Children (WIC) program services and operations. These positions will be supported by existing United States Department of Agriculture (USDA) WIC Grant funds.

The USDA is investing in the WIC Program to reach more eligible families, keep families in WIC until they are no longer eligible, encourage families to redeem more of their food benefits, and advance equity. USDA's WIC Modernization Initiative includes four components:

- improving the shopping experience, including online shopping, access to farmers' markets, and expanding the variety and choice of WIC foods;
- modernizing technology and service delivery, including streamlining enrollment in WIC and leveraging technology to make applying for the program, scheduling appointments, receiving nutrition services and interacting with WIC between appointments easier;
- investing in the WIC workforce; and
- prioritizing outreach.

As part of USDA's investment, WIC was provided an additional $5.7 million in noncompetitive funds through the FY 2023 WIC Modernization Grant. This new funding, along with the existing WIC Nutrition Services and Administration (NSA) Grant, will be used to support WIC's objectives under the WIC Modernization Initiative.

WIC will implement changes as outlined in USDA's WIC Modernization Initiative and the related funding together with WIC NSA Grant funds to support the initiatives. A portion of the WIC Modernization Grant will temporarily offset some of these increased position costs. The remaining cost will be supported by existing WIC NSA grant funds.

Proposal #4: WIC Online Ordering Trailer Bill

CDPH proposes statutory changes to: 1) provide the WIC program with a regulatory exemption for establishing retail food delivery systems, vendor management, and online shopping program requirements, 2) amend the deadline for publishing WIC Bulletin regulations from 120 to 180 days after the stakeholder comment period, and 3) modify or remove regulations in title 22 of the California Code of Regulations that conflict with WIC Bulletin regulations.

Existing law provides WIC with an exemption from the Administrative Procedure Act (APA) for establishing requirements related to peer groups, vendor authorization criteria, and authorized foods, and requires the department to notify and consult with program stakeholders when

developing regulations in these program areas. Regulations developed under this exemption are known as WIC Bulletin Regulations.

The United States Department of Agriculture (USDA) has launched the WIC Modernization Initiative. The initiative has multiple components, including: (1) prioritizing outreach, (2) improving the shopping experience, (3) investing in the workforce, and (4) modernizing technology and service delivery. The USDA has also proposed draft federal regulations that allow online ordering and internet transactions in the WIC Program. As part of advancing WIC Modernization in California, CDPH plans to implement online shopping for WIC recipients. The 2024-25 Governor's Budget proposes ongoing federal resources to support online shopping as well as additional WIC modernization activities.

CDPH has determined that implementing online shopping would require the development of state regulations related not only to online shopping but also vendor management and retail food delivery systems. These latter two categories encompass topics such as vendor agreements, training, monitoring, claims, sanctions, investigations and require revisions because current regulations are oriented towards food purchases within brick-and-mortar stores. Under current law, these regulations would need to be developed through the APA process. Providing a regulatory exemption to the APA for the adoption of these regulations process will allow CDPH to accelerate implementation of online shopping.

The full proposed trailer bill language can be found here:
https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/1022

Panel

- Christine Sullivan, WIC Division Chief, Center for Family Health, California Department of Public Health
- Leslie Gaffney, Acting Deputy Director, Center for Family Health, California Department of Public Health
- Nick Mills, Staff Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

CDPH:
Please provide updates on WIC Modernization and participation.

Staff Recommendation: Take no actions, but recommend support for these proposals at a future hearing.

Issue 7: Center for Health Care Quality

The Center for Health Care Quality (CHCQ) is the largest center in CDPH, with over 1,500 employees in 17 District Offices across all 58 California counties. CHCQ also supervises over 300 Los Angeles County enforcement agents. The Center is responsible for regulatory oversight of licensed health care facilities and health care professionals to ensure safe, effective, and quality health care. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to oversee compliance with federal and state laws and regulations.

CHCQ licenses and certifies over 14,000 health care facilities and agencies in California in 30 different licensure and certification categories. In addition, CHCQ oversees the certification of nurse assistants, home health aides, hemodialysis technicians, and the licensing of nursing home administrators.

Beyond the regulatory role of CHCQ, the Center also serves California with public policy and prevention activities. In this capacity, CHCQ writes Title 22 and other health care facility regulations, serves as technical assistance for policy and legislation, and has a robust Emergency Preparedness & Disaster Response Office. In addition, the Healthcare-Associated Infection (HAI) Program has teams who partner with local public health agencies in reducing HAIs at the local level and assist in emergency disasters throughout the state. CHCQ includes:

- Licensing and Certification (L&C);
- Public Policy & Prevention;
- Healthcare-Associated Infections Program; and
- Field Operations.

This issue on the agenda covers the following:

- Proposal #1: CHCQ L&C Estimate
- Proposal #2: CHCQ Application and Fee Processing Expansion Budget Change Proposal (BCP)
- Proposal #3: Health Care Facility Application Fee Revisions Trailer Bill
- Proposal #4: Skilled Nursing Facilities Staffing Audits Fund Shift

Proposal #1: CHCQ L&C Estimate

The CHCQ L&C Program is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and health care quality for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint

investigations of health care facilities to determine compliance with federal and state laws and regulations. CHCQ licenses and certifies over 14,000 health care facilities and agencies in California in 30 different licensure and certification categories.

The U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) awards federal grant monies to CHCQ to certify that facilities accepting Medicare and Medicaid (Medi-Cal) payments meet federal requirements. CHCQ evaluates health care facilities for compliance with state and federal laws and regulations, and contracts with the Los Angeles County (LAC) Department of Public Health to certify health care facilities located in LAC.

In addition, CHCQ oversees the certification of nurse assistants, home health aides, hemodialysis technicians, and the licensing of nursing home administrators. These activities are funded by the CDPH L&C Program (Fund 3098), federal funds (Title XVIII and Title XIX Grants), reimbursements associated with interagency agreements with the Department of Health Care Services (DHCS), and General Fund to support survey activities in state-owned facilities.

Current Year 2023-24

The 2023 Budget Act appropriated $462 million to CHCQ. CHCQ projects current year expenditures to total $481.8 million, an increase of 4.3 percent compared to the 2023 Budget Act. This increase is due to baseline adjustments and projected increased expenditures attributed to Title XVIII grants.

Budget Year 2024-25

For 2024-25, CDPH estimates expenditures will total $473.7 million, which is an increase of $11.7 million or 2.5 percent compared to the 2023 Budget Act. This increase is due to a request for $1.1 million for Application and Fee Processing Expansion, a $2.4 million decrease in Federal Trust Fund expenditure authority, and various baseline adjustments.

Complaint Completion Timelines

Paragraphs (3), (4), and (5) of subdivision (a) of section 1420 of the Health and Safety Code mandate CHCQ to complete investigations of complaints within specified timeframes. CHCQ must complete all long-term health care facility complaints received on or after July 1, 2018, within 60 days of receipt of the complaint.

As of Quarter 3 of 2022-23, CHCQ completed 93 percent of long-term health care facility complaints within 60 days of receipt. This represents a 30 percent improvement in the timeliness of long-term care complaints since Quarter 4 of 2021-22. As of Quarter 1 of 2023-24, there are approximately 645 open complaints. Furthermore, CHCQ has completed 97.6 percent of backlogged long-term care complaints that existed as of April 1, 2021. CHCQ has redirected resources to address these open complaints with the goal of reducing the majority of the backlog by the end of fiscal year 2023-24.

CHCQ states that it will continue to make every effort to improve compliance with mandated completion timelines for long-term health care facility complaints and remains focused on resolving existing complaints and entity reported backlog. However, regardless of staffing levels, there will always be unanticipated delays to complaint completion timeframes due to criminal investigation holds, obtaining death certificates, witness interview scheduling, and other extenuating circumstances.

Los Angeles County (LAC) Monitoring and Performance

LAC and CHCQ negotiated a three-year contract, effective July 1, 2019, which includes quantity metrics and penalties for failure to meet those metrics. The contract also contains quality and customer service metrics. The current contract will allow LAC to hire the staff necessary to move towards timely completion of 100 percent of the workload.

As an important new step in bridging the relationship between LAC and CHCQ, a new LAC Contract Manager position was created in 2018-19. This position serves as the official liaison for the State to partner with LAC so that high quality and quantity standards are mutually met. CHCQ will continue to enhance many of the oversight actions that it implemented in the prior contract period. These actions include, but are not limited to:

- Maintaining the Los Angeles County Monitoring Unit to provide oversight and monitoring of LAC's performance. This unit conducts on-site review, observation, data analysis, and audits.
- Performing concurrent on-site quality reviews of surveys with LAC staff using a state observation survey analysis process and providing targeted training to address identified issues.
- Performing audits of the quality, prioritization, and principles of documentation for complaint investigations.
- Providing written feedback to LAC's management regarding identified concerns and requiring corrective action plans when appropriate.
- Increase the frequency of direct meetings between CHCQ's LAC monitor and LAC Leadership and staff.

Los Angeles County Supplemental License Fee

AB 1810 (Committee on Budget, Chapter 34, Statutes of 2018) adopted an amendment to Health and Safety Code section 1266(g): Commencing in 2018-19 fiscal year, the department may assess a supplemental license fee on facilities located in the County of Los Angeles for all facility types set forth in this section. This supplemental license fee shall be in addition to the license fees set forth in subdivision (d). The department shall calculate the supplemental license fee based upon the difference between the estimated costs of regulating facility types licensed in LAC, including, but not limited to, the costs associated with the department's contract for licensing and certification activities with LAC and the costs of the department conducting the licensing and certification activities for facilities located in LAC. The supplemental license fees shall be used to cover the costs to administer and enforce state licensure standards and other federal compliance activities for facilities located in LAC, as described in the annual report. The supplemental license fee shall be based upon the fee methodology published in the annual report described in subdivision (d).

Proposal #2: CHCQ Application and Fee Processing Expansion BCP

CDPH requests 11.5 positions and $1.1 million in 2024-25 and $1.6 million in 2025-26 and ongoing from the State Department of Public Health Licensing and Certification Program Fund (Fund 3098) to support application and fee processing expansion.

The CHCQ's Centralized Applications Branch (CAB), in coordination with District Offices, processes all applications submitted by health facilities for various licensure changes, including changes of ownership, location, name, beds, and various key personnel such as Administrator and Medical Director. There are over twenty different types of licensure changes and the branch processes nearly 10,000 change applications from facilities each year; however, only four of these application types currently have a fee associated with them. A joint review of this workload with the Department of Finance's Research and Analysis Unit found opportunities to update the application fee schedule that will provide for a more equitable distribution of costs amongst the facilities, align application fee revenue with application workload costs, address stakeholder concerns regarding the Change of Ownership (CHOW) fee as required by AB 1502 (Muratsuchi, Wood, Chapter 578, Statutes of 2022), reduce some cost pressures from the annual licensing fee, and disincentivize the practice amongst some facilities of failing to submit required change applications. This proposal would implement a fee for all licensure changes processed by the department, as well as impose late fees when these changes are not submitted timely. Resources are requested for additional payment processing, late fee assessment, and notification workload.

In addition to processing applications for licensure changes, CAB also processes all health facility applications for initial licensure, license renewals, and conducts activities associated with licensure expiration and license revocation. Completion of this workload often requires branch staff to work with applicants to address incomplete or inaccurate application materials. In recent years, there has been significant growth in the number of facilities within CHCQ's oversight jurisdiction, particularly among Hospice Agencies and Home Health Agencies. This growth, in addition to recent legislation AB 2673 (Irwin, Chapter 797, Statutes of 2022) has resulted in increased license renewal and licensure change application workload, requiring additional resources within the Provider Licensing Unit of CAB.

Proposal #3: Health Care Facility Application Fee Revisions Trailer Bill

CDPH proposes statutory changes to: (1) set and adjust fees for applications and written notifications for licensure changes submitted by health care facilities, (2) assess penalties for untimely payment, and (3) harmonize notification requirements for all licensees.

Each year, CDPH's Center for Health Care Quality processes over 10,000 submittals from health facilities for various licensure changes, including changes of ownership, location, name, beds, and various key personnel. Although processing these changes generates significant workload, current law limits the types of licensure changes for which CDPH may charge a fee. Additionally, some existing fees, such as for a Change of Ownership application, may exceed workload costs.

CDPH recently partnered with the Department of Finance's Research and Analysis Unit to review this workload and has developed an updated fee schedule that better aligns fee revenue with workload costs. To allow the department to implement this updated fee schedule, the proposed amendments authorize CDPH to charge a fee for all types of licensure changes and adjust them through the fee report process that is used to update annual health facility license fees.

The proposal also authorizes the department to assess penalties for late payment of fees for licensure changes and calculate the penalties using the method specified for annual license fees. Finally, language is proposed to standardize notification and fee submission requirements for licensure changes across all types of facilities.

The Full proposed trailer bill language can be found here:
https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/1058

Proposal #4: Skilled Nursing Facilities Staffing Audits Fund Shift

The Governor's Budget reflects a one-time shift of $4 million in 2024-25 from General Fund to the Licensing and Certification Program Fund (Fund 3098) to support mandated activities related to the monitoring and enforcement of Skilled Nursing Facility minimum staffing requirements. CDPH states that these activities would be consistent with allowable uses of the Licensing and Certification Fund, and that this fund can support these activities (rather than the General Fund) for at least one year without increasing health facility license fees.

Panel

- Monica Nelson, Acting Chief, Office of Internal Operations, Center for Health Care Quality, California Department of Public Health
- Nick Mills, Staff Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

Staff Comments

For CDPH:

Please explain the impact on health care licensing fees of these proposals.

Staff Recommendation: Hold open.

This agenda and other publications are available on the Assembly Budget Committee's website at: Sub 1 Hearing Agendas | California State Assembly. You may contact the Committee at (916) 319-2099. This agenda was prepared by Andrea Margolis.