

California State Assembly



Assembly Budget Agenda

Assembly Budget Subcommittee No. 1 on Health

Assemblymember Dawn Addis, Chair

Monday, February 24, 2025

2:30 P.M. – State Capitol, Room 127

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Items To Be Heard

4265 California Department of Public Health

Issue 1: State of the Public Health Report

Background on the Annual State of the Public Health Report

California law requires the State Public Health Officer to submit a biennial written report to the Governor and the Legislature on the state of public health in California beginning 2024. The written report includes information on key public health indicators that California is experiencing, information on health disparities identified as part of the indicators, leading causes of morbidity and mortality, data on the incidence and prevalence of communicable and noncommunicable chronic diseases and conditions, and data on the prevalence of morbidity and mortality related to mental illness and substance abuse.

In addition to this written report, the State Public Health Officer also presents an annual update to the Assembly Committee on Budget and Senate Committee on Budget and Fiscal Review, or relevant subcommittees, during legislative budget hearings.

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 in 2024. A copy of the report and its summary are available as an addendum to this agenda.

For this panel issue, the subcommittee welcomes CDPH leadership to provide the annual update to the State of the Public Health report.

Key findings and highlights of the 2024 reports are included below:

Achievements in Public Health

- 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

- 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.

Panel

- Dr. Erica Pan, Director & State Public Health Officer, California Department of Public Health

Staff Comments

This item is information only.

Issue 2: Budget Overview and Budget Change Proposals**Background on the California Department of Public Health**

The California Department of Public Health is the state department responsible for protecting the public health in California. Its core responsibilities include infectious disease control and prevention, food safety, environmental health, laboratory services, patient safety, emergency preparedness, chronic disease prevention and health promotion, family health, health equity and vital records and statistics.

CDPH activities and services include protecting people in California from the threat of preventable infectious diseases like Zika virus, HIV/AIDS, tuberculosis and viral hepatitis, and providing reliable and accurate public health laboratory services and information about health threats. Other core services include providing nutritional support to low-income women, infants and children, and screening newborns and pregnant women for genetic diseases. CDPH also works to ensure the safety of food and bottled water, helps reduce smoking and its impacts and works to prevent chronic diseases and conditions such as diabetes, cardiovascular disease, cancer, asthma and obesity.

The Department is also responsible for the regulatory oversight of licensed health care facilities, such as hospitals and skilled nursing facilities; as well as the regulatory oversight of certain health care professionals, such as nurse assistants, home health aides, and hemodialysis technicians.

The Department is comprised of eight centers, whose responsibilities are outlined below:

- **Center for Preparedness and Response:** Responsible for overall statewide planning, preparedness and response for public health disasters and emergencies, distributing and monitoring funding for disaster planning at the local level, funding resource allocation and management during an emergency.
- **Center for Healthy Communities:** Tasked with eliminating commercial tobacco use, reducing substance use and problem gambling. The center also conducts disease surveillance, promotes healthy nutrition, physical activity, and oral health, and investigates diseases associated with toxic exposures such as lead and other chemicals in the environment.
- **Center for Infection Diseases:** Charged with preventing and controlling infectious diseases, such as Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Syndrome (AIDS), COVID-19, viral hepatitis, influenza and other vaccine preventable illnesses, sexually transmitted diseases, tuberculosis, emerging infections, and foodborne illnesses.

- **Center for Family Health:** Manages programs aimed at improving the health and well-being of pregnant people, children and youth as well as reducing disparities in perinatal health outcomes. Key programs include the Genetic Disease Screening Program; the Maternal, Child and Adolescent Health; and the Special Supplemental Nutritional Program for Women, Infants, and Children.
- **Center for Environmental Health:** Administers programs that protect and manage food, drug, medical device, and radiation sources; regulate the generation, handling, and disposal of medical waste; oversee the disposal of low-level radioactive waste; provide laboratory support that ensures the public's safety from unsafe drinking water, food outbreaks and recalls.
- **Center for Health Care Quality:** Regulates public and private health facilities, clinics, and agencies; licenses nursing home administrators, and certifies nurse assistants, home health aides, and hemodialysis technicians; and oversees the prevention, surveillance, and reporting of healthcare-associated infections in California’s health facilities.
- **Center for Laboratory Sciences:** Provides laboratory testing services, technical consultation, and training for the State’s Public Health Laboratory System. The center is also responsible for the oversight of clinical and public health laboratory operations and clinical and public health laboratory personnel and is responsible for issuing laboratory licenses and certificates.
- **Center for Health Statistics and Informatics:** Manages information systems and facilitates the collection, validation, analysis, and dissemination of health statistics and demographic information on California’s population.

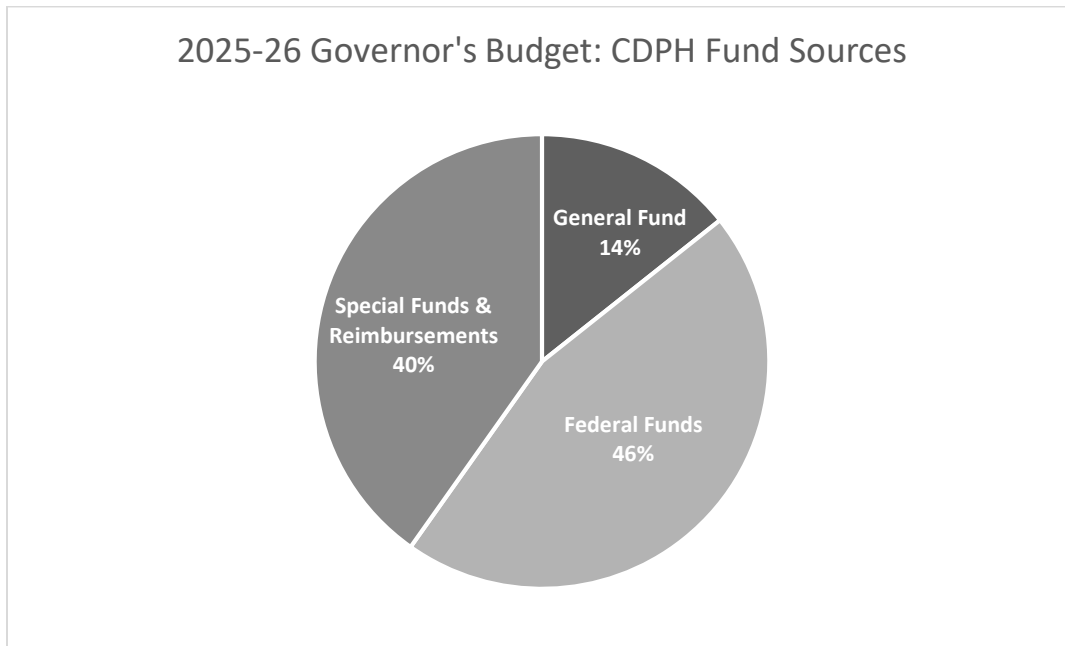
Overview of the 2025-26 CDPH Budget

The Governor’s budget proposes a total of **\$5.1 billion and 5,210 staff positions** for CDPH’s programs and services. Of this total, \$1.8 billion is for state operations (e.g. state administrative costs and operating expenses), and \$3.2 billion is for local assistance (e.g. funding to local health jurisdictions). Compared to the previous year 2024-25 enacted budget, the 2025-26 budget decreases CDPH’s total funding by 1.31%.

Expenditure Type	2024-25 Enacted Budget	2025-26 Proposed Budget	% Change
State Operations	\$1,854,130	\$1,833,318	-1.12%
Local Assistance	\$3,295,786	\$3,248,941	-1.42%
TOTAL	\$5,149,916	\$5,082,259	-1.31%

*dollars in thousands

Out of this \$5.1 billion budget, approximately **46% is federal funds**, with the remaining special funds and reimbursements (40%) and General Fund (14%).



Budget Change Proposals (non-IT)

The Governor’s Budget proposes 10 non-IT budget change proposals. These proposals are summarized below and sorted by centers.

Of note, the Governor’s Budget originally proposed a budget change proposal to implement SB 1076 (Archuleta, Chapter 507, Statutes of 2022) related to the certification process for Lead Renovation, Repair and Painting work. This budget change proposal has been withdrawn by the Administration.

Center for Health Communities – 3 proposals:

- 1. *AB 1282 Implementation - Mental Health and Impacts of Social Media*

Allocates up to \$463,000 yearly for two years from the Behavioral Health Services Act Fund for developing and submitting a report to the Legislature on a statewide strategy to address the mental health risks linked to the use of social media in children and youth as required by AB 1282 (Lowenthal, Chapter 807, Statutes of 2024).

- 2. *AB 1775 Implementation – Worker Secondhand Cannabis Smoke Guidance*

Appropriates \$183,000 in ongoing funding from the General Fund to implement AB 1775 (Haney, Chapter 1004, Statutes of 2024) which requires that employees at cannabis consumption sites are provided written guidance from CDPH on secondhand cannabis

smoke. In addition, employers should include an assessment of secondhand smoke when assessing occupational hazards for their injury and illness prevention programs.

3. *Biomonitoring California Funding Realignment*

Shifts \$425,000 in ongoing General Fund funding from CDPH to the Department of Toxic Substances Control to replace the current interagency agreement requiring CDPH to provide laboratory testing services for the California Environmental Contaminant Biomonitoring Program. The Administration explains that the renewal process for the interagency agreement has created administrative delays in DTSC's implementation of Biomonitoring California deliverables and prevents DTSC from hiring permanent positions for this work due to the funding renewal cycles of the interagency agreement – and that permanent fund transfer would be more effective.

Center for Health Care Quality – 4 proposals:

1. *Center for Health Care Quality Internal Department Quality Improvement (IDQIA).*

Allocates \$3.1 million in one-time funding from the Internal Departmental Quality Improvement Account to support planning and implementation cost for the Centralized Application Branch (CAB) Online Licensing Application Project. This project aims to refresh and expand the technology of CAB's original automated license application submission system to enable all 35 healthcare facility provider types to submit applications electronically and have the technological flexibility to add new facility types in the future.

2. *Center for Health Care Quality, Public Policy and Legislative Branch Expansion.*

Provides \$1.1 million in ongoing funding from the Public Health Licensing and Certification Program Fund and 7 positions to support the expansion of the Public Policy and Legislative Branch. The Administration notes this expansion is needed as the Department does not have enough staff to complete regulation development in a timely fashion.

3. *AB 3030 Implementation – Artificial Intelligence.*

Provides \$672,000 in ongoing funding from the Public Health Licensing and Certification Program Fund and 3 positions to implement AB 3030 (Calderon, Chapter 848, Statutes of 2024) which requires health care services providers that use artificial intelligence to provide patient communications to include a disclaimer and instructions describing how a patient may contact a human health care provider or other appropriate person.

4. *SB 1354 Implementation – Long-Term Healthcare Facilities Payment Source and Resident Census.*

Allocates \$307,000 in ongoing funding from the Public Health Licensing and Certification Program Fund for 1 position to implement SB 1354 (Wahab, Chapter 339, Statutes of 2024) related to the administration of agreements between residents and providers' operations of their facilities and informing residents of their possible eligibility for Long-Term Care Medi-Cal benefits and requiring all skilled nursing facilities to make their current daily resident census and nurse staffing data available to the public. The single position requested is for a Health Facilities Evaluator Nurse, with other existing staff able to absorb associated workload.

Center for Laboratory Sciences – 1 proposal:

- *Augmentation to the BabyBIG® Infant Botulism Treatment and Prevention Program.*

Provides up to \$3,000,000 in ongoing funding from the Infant Botulism Treatment and Prevention Fund and 2 staff positions to meet the increased manufacturing and regulatory costs associated with the production of licensed orphan drug BabyBIG (Human Botulism Immune Globulin Intravenous; BIG-IV), used for the treatment of infant botulism.

Other – 2 proposals:

1. *Extension of Support for the Governor's Advisory Council on Physical Fitness and Mental Well-Being Council.*

Reappropriates \$2.5 million in General Fund that is remaining from an original \$7 million provided in 2022, with expenditure authority extended through June 2027 to support the Council. The Council's mission is to promote equitable and sustainable access to physical fitness and mental well-being resources for all Californians, prioritizing youth and families.

2. *Special Deposit Sub-Funds Conversion to Special Funds.*

Converts of 4 sub-funds into special funds for inclusion in the Budget Act and enable tracking revenues, expenditures, and fund balance. The sub-funds are the Internal Departmental Quality Improvement Account; the Skilled Nursing Facility Minimum Staffing Penalty Account; the State Health Facilities Citation Penalties Account; and the Federal Health Facilities Citation Penalties Account.

Other Notable Budget Adjustments

Proposition 99 and Proposition 56 Program Funding

Proposition 99, approved by California voters in 1988, increased the state cigarette tax and imposed an equivalent tax on other tobacco products. Proposition 99 revenues are allocated to six accounts based on a statutory formula. These funds are used for tobacco prevention and education programs, tobacco-related disease research, healthcare services for tobacco-related illnesses, and environmental protection initiatives.

Proposition 56, approved by California voters in 2016, further increased the state cigarette tax and imposed an equivalent tax on other tobacco products, including e-cigarettes. Proposition 56 revenues, after covering implementation and administrative costs, are also distributed to state agencies based on a formula, however funding different initiatives from Proposition 99. The funds support Medi-Cal healthcare services, law enforcement efforts to curb illegal tobacco sales, treatment of dental diseases, and initiatives to increase physician training and residency programs in California.

California's per capita cigarette consumption continues to decline significantly, leading to a corresponding decrease in revenue from Proposition 99 and Proposition 56. As CDPH uses these funds for various programs and initiatives – particularly within the Center for Healthy Communities – the Governor's Budget includes several funding reductions to adjust for such revenue declines.

Key budget adjustments include:

- **A reduction of \$6.1 million** across three accounts due to declining Proposition 99 revenues. These reductions impact funding available for tobacco education and prevention campaigns and tobacco-related disease research.
- **A reduction of \$31.9 million** across three programs due to declining Proposition 56 revenues. These reductions impact funding available for dental health initiatives, public health outreach, and enforcement resources against illegal tobacco sales to minors.

Overdose Prevention and Harm Reduction Initiative Reduction

The Opioid Settlement Fund was established to manage and allocate the state's share of settlement monies received from opioid-related lawsuits against manufacturers, distributors, and pharmacies that allege that such companies fueled the opioid crisis. Resources from the Opioid Settlement Fund are generally used to support opioid remediation activities across California.

The Budget Act of 2023 allocated \$61 million (\$15.25 million per year for 4 years) in Opioid Settlements Fund for operational expenses of harm reduction organizations through the Overdose Prevention and Harm Reduction Initiative, administered by the California Department of Public Health.

The Governor's Budget proposes a **decrease of \$8.4 million** from the Opioid Settlement Fund Local Assistance that supports the Overdose Prevention and Harm Reduction Initiative "due to availability of resources." Additionally, the Governor's Budget proposes **shifting \$259,000** from the Overdose Prevention and Harm Reduction Initiative to the Center of Healthy Communities to support Senate Bill SB 908 (Cortese, Chapter 867, Statutes of 2024) regarding the use of relevant data regarding current trends of fentanyl-related deaths of children.

Panel

- Brandon Nunes, Chief Deputy Director of Operations, California Department of Public Health
- Riley Thompson, Finance Budget Analyst, Department of Finance
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

Declining Proposition 99 and Proposition 56 Funds:

As noted in the agenda, Proposition 99 and Proposition 56 revenues continue to decline as California's tobacco cessation and prevention efforts continue to prove successful. While this aligns with California's public health goals, these ongoing reductions in funding will pose future challenges for the various programs that rely on these declining revenues. The subcommittee may wish to ask how the Administration plans to address the long-term sustainability of these programs, and what alternative funding strategies, if any, are being considered to mitigate future budget impacts.

Opioid Settlement Funding

The Governor's Budget proposes an \$8.4 million reduction from the Opioid Settlement Fund for local assistance funding, which supports the Overdose Prevention and Harm Reduction Initiative, citing limited resources. The subcommittee may wish to seek clarification on the short- and long-term financial outlook of the Opioid Settlement Fund and how the Administration plans to sustain programming efforts if funding constraints are anticipated.

Budget Change Proposals:

1. *Extension of Support for the Governor’s Advisory Council on Physical Fitness and Mental Well-Being Council:* the Council has engaged in various outreach and awareness efforts, including a media campaign and multiple community activation events. What measurable outcomes or success milestones have been established to evaluate the impact of these initiatives on improving physical fitness and mental well-being among Californians?
2. *Center for Health Care Quality, Public Policy and Legislative Branch Expansion:* How will this staffing expansion improve timelines for the rulemaking process?
3. *AB 3030 Implementation – Artificial Intelligence.* The proposal commits 3 Health Facilities Evaluator Nurse positions to oversee AI-related patient communications across facilities. Given the rapid evolution and development of AI, does the Administration anticipate additional staffing needs in the future, and how will staff be trained to assess compliance effectively?
4. *SB 1354 Implementation – Long-Term Healthcare Facilities Payment Source and Resident Census.* How is CDPH coordinating with the Department of Health Care Services to ensure these new requirements align with broader Medi-Cal access initiatives and enforcement efforts?
5. As noted in the agenda, the Administration has withdrawn a budget change proposal related to SB 1076 (Archuleta, Chapter 507, Statutes of 2022) related to the certification process for Lead Renovation, Repair and Painting work. The subcommittee may wish to ask the reason for the withdrawal.

Staff Recommendation

HOLD OPEN.

Issue 3: Information Technology Proposals**Overview of Key Department Information Technology Platforms**

CDPH operates several information technology systems to support vaccine distribution, immunization record-keeping, disease surveillance, and public health response coordination. Below is an overview of some of these key IT platforms:

California Vaccine Management Systems (CA-VMS):

This integrated platform is made up of three components:

- 1- MyCAVax: Supports vaccine ordering and distribution, allowing local health departments and health care providers to order, manage, distribute, and administer vaccine supply to throughout the state.
- 2- MyTurn: A system used for determining vaccine eligibility, public appointment scheduling, walk-in appointments, dose administration, and reporting for vaccine clinics.
- 3- Digital Vaccine Record (DVR) – Provides the California public with an online portal to securely access the electronic version of their immunization records.

California Immunization Registry

The California Immunization Registry 2 (CAIR) is the statewide Immunization Information System used to capture, store, track, and consolidate vaccination data. This tool enables CDPH to prevent and control vaccine preventable diseases and increase and sustain vaccination coverage rates.

CalCONNECT

The California Confidential Network for Contact Tracing (CalCONNECT) was established during the COVID-19 pandemic to enable Local Health Jurisdictions to conduct disease investigation, contact tracing, outbreak investigation, symptom monitoring, and other public health outreach.

SaPHIRE

The Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) System, also established during the COVID-19 pandemic, enables CDPH to manage large volume of laboratory data and conduct disease surveillance and monitoring.

IT-Related Budget Change Proposals

The Governor’s budget proposes 4 IT-related budget change proposals:

1. *California Immunization Registry 3 (CAIR3) Design, Development, and Implementation.*

Provides \$5,100,000 in one-time funding from the General Fund to be used for upgrading CAIR. The General Fund request will enable federal matching funds to be used for CAIR, upgrading its capabilities to support future large scale vaccination event.

2. *Maintenance and Operations Support for the Surveillance and Public Health Information Reporting and Exchange (SaPHIRE) System.*

Allocates up to \$27 million in ongoing funding from the General Fund for maintenance and operations to support the SaPHIRE system. In prior years, CDPH was provided \$26.3 million in 2022-23 and \$30.9 million in 2023-24 to providing maintenance and operations support for two years. An additional \$26.9 million was approved for maintenance and operations in 2024-25.

3. *Maintenance and Operations Support for CalCONNECT.*

Appropriates \$18 million one-time General Fund for maintenance and operations for the CalCONNECT system.

4. *IT Enhancement Resource Shift to CalHHS.*

Shifts \$381,000 in ongoing General Fund funding from CDPH to CalHHS to replace the current interagency agreement for two positions that work on IT Capital planning, prioritization, and IT enterprise portfolio management. The current agreement ends June 30, 2025, and CDPH requests to permanently transfer funding for the two authorized positions to CalHHS.

Panel

- Adrian Barraza, Assistant Deputy Director, CDPH Center for Infectious Diseases
- James Watt, Deputy Director, CDPH Center for Infectious Diseases
- Tony Tran, Chief Technology Officer, CDPH Information Technology Services Division
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

No Funding Proposal for MyCAVax

The Governor’s budget does not include funding to continue the operation of MyCAVax, the IT module supporting vaccine ordering and distribution, beyond June 30, 2025. The Administration notes that while some federal funding is available to support the project, there is a gap of approximately \$39 million needed to continue operating the platform. The subcommittee may wish to ask:

- 1- Has the Administration explored funding options to continue operating MyCAVax?
- 2- If MyCAVax is not funded, what are the anticipated impacts on CDPH operations and on Local Health Jurisdictions?
- 3- Are any other IT platforms facing similar funding shortfalls?

IT-related Funding Strategy

As outlined in the budget change proposals above, some IT platforms, such as SaPHIRE, are proposed to receive ongoing funding for maintenance and operations, while others, like CalCONNECT, are slated for one-time funding. Given the funding shortfall with myCAVax, the Subcommittee may wish to ask what is the Administration’s plan to ensure sustainable funding for the maintenance and operations of CDPH’s critical IT platforms.

Staff Recommendation

HOLD OPEN.

Issue 4: AIDS Drug Assistance Program**Background on the AIDS Drug Assistance Program**

CDPH's Office of AIDS (OA) administers the Acquired Immunodeficiency Syndrome Drug Assistance Program (ADAP) and the Pre-Exposure Prophylaxis Assistance Program (PrEP-AP). ADAP provides access to medications, health insurance premium payment assistance, and assistance with medical out-of-pocket costs for eligible Californians 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.

ADAP serves five primary client groups:

- *Medication-only clients:* Uninsured individuals who receive full coverage for medications on the ADAP formulary.
- *Medi-Cal Share of Cost (SOC) clients:* ADAP covers SOC payments for Medi-Cal enrollees.
- *Privately insured clients:* Individuals with Covered California, employer-based, or other private insurance who receive ADAP support for premiums, deductibles, and medication costs.
- *Medicare clients:* Enrolled in Medicare Part B, C, or D, with ADAP assistance covering medication costs, premiums, and out-of-pocket expenses.
- *PrEP-AP clients:* HIV-negative individuals who qualify for assistance with PrEP and PEP medications and related medical expenses.

Funding and Budget Overview

ADAP is funded through mandatory and voluntary supplemental rebates from drug manufacturers for ADAP medication expenditures, as well as federal funding through the Ryan White HIV/AIDS Program Part B – a federal program designed to improve HIV medical and support services.

The 2025-26 ADAP November Estimate projects a **total program cost of \$462.3 million**, a 12.6% increase from the 2024-25 Budget Act. The budget increase is primarily driven by higher expenditures on PrEP-AP medications and insurance premium assistance.

In terms of revenue, the November Estimate projects that **ADAP revenue will be \$319.7 million**, or 3.1% higher than reported in the 2024-25 Budget Act.

Loans to the Special Fund and Program Expansions

Over the years, ADAP had accrued significant resources in its fund. By 2023-24, the ADAP Rebate Fund had accumulated a balance of over \$1 billion. As a solution to the state's budget deficit, previous Budget Acts have loaned ADAP dollars to the General Fund. Specifically, \$400 million was loaned in 2023-24, and an additional \$500 million was loaned in 2024-25, **for a total of \$900 million.**

ADAP has overtime also expanded its functions, program benefits, and allowable uses. For example, ADAP recently transitioned from a closed formulary (medications are added one at a time upon approval) to an open formulary (all FDA-approved medications are approved and program the program selects which medications are excluded), increasing the fiscal impact by \$18.9 million beginning 2025-26. Additional examples of program expansions include expanding ADAP and PrEP-AP income eligibility for the program and providing ADAP services to jail detainees.

Panel

- Joseph Lagrama, Branch Chief, CDPH AIDS Drug Assistance Program
- Adrian Barraza, Assistant Deputy Director, CDPH Centers for Infectious Diseases
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee may wish to ask the following questions:

- 1- Will all ADAP loans to the General Fund be repaid? If so, what is the timeline repayment? Is the Administration considering any delays in repayment?
- 2- The ADAP November Estimate projects a total program cost of \$462.3 million, a 12.6% increase from the previous year. What are the long-term expenditure trend projections for the program?
- 3- ADAP expenditures are currently outpacing revenues. Is this anticipated to continue? What impact would this have on the long-term sustainability of ADAP?

Staff Recommendation

HOLD OPEN.

Issue 5: Trailer Bill Proposals

The Governor's Budget proposes 4 CDPH-related trailer bills, outlined below:

1- Genetic Counselor License Fees

Current law sets a \$200 original license and license renewal fee for genetic counselors and temporary genetic counselors. This trailer bill eliminates the fee in statute and instead provides CDPH with the authority to set up the fee levels via regulations.

2- Laboratory Field Sciences Fees

Current law establishes various licensing fees for laboratory personnel. This bill deletes provisions pertaining to the annual adjustment of fees and instead provide CDPH with the authority to adjust fee levels to cover estimated licensing program costs.

3- AIDS Drug Assistance Program Technical Cleanup

Existing law enables the use of the AIDS Drug Assistance Program Rebate Fund to implement certain programs. This includes funding, beginning July 1, 2024, for the Transgender, Gendernonconforming, and Intersex (TGI) Wellness and Equity Fund to fund services to care and treatment for eligible individuals living with HIV and AIDS. Existing law also enables the use of ADAP Rebate Fund to make condoms available and prevent the transmission of HIV and sexually transmitted infections until June 30, 2027.

The trailer bill would allow the moneys allocated to the TGI Wellness and Equity Fund to fund services related to HIV prevention and would have the allocation begin instead on July 1, 2025. With regard to funding for condoms, the bill would authorize the allocation until June, 30, 2028.

Note: At the time of writing, committee staff has not received information from the Administration justifying the need for this trailer bill.

4- Internal Health Information Integrity Quality Improvement Fund Abolishment and Sub-Fund Conversion

This trailer bill makes changes to various funding accounts under the purview of the CDPH, including the Internal Departmental Quality Improvement Account, the Internal Health Information Integrity Quality Improvement Account, the Skilled Nursing Facility Minimum Staffing Penalty Account, and the State Health Facilities Citation Penalties Account.

Note: At the time of writing, committee staff has not received information from the Administration justifying the need for this trailer bill.

Panel

- Brandon Nunes, Chief Deputy Director of Operations, California Department of Public Health
- Riley Thompson, Finance Budget Analyst, Department of Finance
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

Legislative Authority on Fees

Two trailer bills propose eliminating specific fees from statutes and instead granting the Administration with the authority to set fees via regulations. This shift raises concerns about reduced legislative oversight, as it transfers fee-setting authority from the Legislature and the legislative process to CDPH and the regulatory process. Under current practice, changes in fees require legislative action, ensuring a process by which existing fees are examined, reviewed for their potential impact on licensees and programs, then adjusted accordingly through the legislative process. In addition, it is unclear how the Department would plan to provide adequate notice to applicants and licensees about future fee increases. Finally, while regulatory authority may provide some degree of flexibility in setting fees, the process does not necessarily result in faster outcomes: the rulemaking process can be lengthy and complex, often taking several years to approve a final package of regulations.

Additional Information Needed

As noted in the agenda, at the time of writing, the committee has not yet received information on two trailer bills. Staff recommends continuing to engage with the Administration to gather additional details on these proposals before the committee considers any action on them.

Staff Recommendation

HOLD OPEN

Issue 6: Emergency Response Activities (Bird Flu, Marburg Virus, and Fires) & Budget Adjustment

This panel will cover CDPH's emergency response to ongoing and recent crises, including activities related to the bird flu outbreak, the Marburg virus, and recent fires across California.

H5N1 / Bird Flu

The H5N1 virus, commonly known as the bird flu, is a virus found in wild birds that can result in outbreaks in commercial poultry and backyard bird flocks. In March of 2024, the United States confirmed the first detection of H5N1 in Texas and Kansas, with the virus eventually spreading across 16 states and infecting, for the first time, U.S. dairy cattle. Although humans rarely get bird flu, the virus is transmissible to humans, especially when having unprotected exposure to any infected animal or to an environment in which infected birds or other infected animals are or have been present.

Individuals who work with or are around animals infected with bird flu or infected raw milk are at higher risk of infection. This includes farmworkers who work with dairy cows, poultry and hatcheries; wildlife workers who work in wildlife rehabilitation center and animal control; as well as slaughterhouse workers and veterinary staff, among others.

On December 18, 2024, Governor Newsom declared a state of emergency to expedite California's response to the bird flu. The California Department of Public Health, in coordination with the California Department of Food and Agriculture and the California Office of Emergency Services, has been tasked with:

- Educating the public, health professionals, employers, and workers on prevention and control measures to reduce the risk of exposure to the virus.
- Providing comprehensive information for employers and workers on personal protective equipment (PPE) requirements
- Distribute PPE to high-risk workers at dairy farms.
- Work closely with Local Health Jurisdictions (LHJs) to monitor farm workers, prevent exposure, coordinate laboratory and mobile testing, and maintain virus surveillance efforts.

Marburg Virus Disease

The Marburg Virus Disease (MVD or Marburg) is a rare but severe type of viral hemorrhagic fever. Marburg is considered very contagious and can cause serious illness and death. An

outbreak of MVD occurred in Rwanda from September to December of 2024 resulting in fifteen deaths. In January 2025, another outbreak in Tanzania caused eight deaths.

When such outbreaks occur, CDPH coordinates with federal partners, including the Centers for Disease Control and Prevention (CDC) to monitor incoming travelers from impacted areas, conduct post-arrival risk assessment and management of potentially exposed travelers, in which local health departments establish contact, conduct an initial assessment of exposure risk, provide health education, and conduct symptom monitoring if necessary.

Wildfires & Environmental Disasters Response

Greater Los Angeles Wildfire

In January 2025, devastating wildfires in the Greater Los Angeles have burned over 40,000 acres, destroyed more than 12,300 structures, and resulted in 29 deaths at the time of writing – making the disaster one of the worst on record in California history.

CDPH – in its role overseeing hospitals, skilled nursing facilities, and other health facilities – has coordinated with local public health and emergency response teams to facilitate and ensure proper transfer of individuals in health care facilities to safe and secure locations. For example, the Department reports that during the LA fires, CDPH coordinated the evacuation, transfer, and repopulation of 20 long-term care facilities subject to evacuation orders. CDPH issued approval for facilities in Los Angeles and Ventura Counties to add bed capacity and services to their licenses, enabling facilities to set up additional beds in areas not traditionally used for patient rooms.

The Department is also assisting is the replacement of vital documents, waving all fees for the replacement of certificates of birth, death, marriage, and dissolution of marriage records for any individual or family who loses these items as a result of the fires.

Moss Landing Lithium Battery Plant Fire

On January 16, a fire at the world’s largest lithium battery storage plant in Moss-Landing generated significant flames and smoke, leading to the evacuation of over 1,000 residents and closing local schools. While no injuries or death have been reported, there has been significant concerns about air quality safety due to the release of hydrogen fluoride into the atmosphere from the blaze. According to the Centers for Disease Control, hydrogen fluoride gas can irritate the eyes, mouth, throat, lungs and nose. Significant exposure from hydrogen fluoride at high levels can cause death from an irregular heartbeat or from fluid buildup in the lungs.

CDPH is part of a multi-agency response to this event, which includes participation from the United States Environmental Protection Agency, which provided supplemental air monitoring, and Department of Toxic Substances Control, which is conducting soil and water safety testing, and the Monterey County Environmental Health Bureau,

Budget Proposal related to Bird Flu and Marburg Response

The Governor’s Budget proposes an increase of **\$13.5 million from the General Fund** to support efforts related to the bird flu and the Marburg virus. According to the Department, this adjustment is necessary to cover the cost of staffing, laboratory supplies and equipment, and medical countermeasures (biologics, drugs, devices) that are used to mitigate the spread of the bird flu and enact containment measures. Resources would also be used to support communication and outreach efforts, expand laboratory testing capacity, and monitor the Marburg virus as needed.

Panel

- Melissa Relles, Assistant Deputy Director, CDPH Center for Preparedness and Response
- Riley Thompson, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee may wish to ask the following questions:

On the Budget Proposal:

1. How much has the Department spent on bird flu response and containment activities? What was the methodology used to develop the \$13.5 million budget augmentation?
2. Can the Department provide a breakdown of how the additional requested funds would be used?
3. Does the proposed \$13.5 million funding cover CDPH's response efforts for a limited period, or is it sufficient for long-term outbreak management?

On H5N1 / bird flu virus:

1. How is CDPH ensuring that farmworkers and high-risk populations receive timely access to PPE and necessary health resources?

2. How is CDPH coordinating with local health jurisdictions to provide effective public health messaging regarding bird flu risks and precautions?
3. Have federal agencies, such as the CDC and USDA, provided adequate support to the Department to ensure a cohesive response to the outbreak?
4. What additional resources or legislative actions would help enhance California's preparedness for future disease outbreaks?

On Marburg virus:

1. Is California's public health and health care infrastructure ready to handle potential Marburg virus cases, including isolation and treatment procedures?
2. Are federal partners sharing information effectively with CDPH to ensure a timely and coordinated response to potential Marburg virus cases?

On Greater Los Angeles Fires:

1. What is CDPH's anticipated role in fire recovery efforts? How will CDPH coordinate with partners at the local and federal level to address long-term health impacts from wildfire exposure, such as respiratory illnesses? What kind of resources does CDPH anticipate needing for recovery efforts?
2. Does CDPH believe that the mechanisms currently in place are sufficient to ensure adequate bed capacity and healthcare services for displaced individuals following major disasters? Are there any lessons learned from the recent health facility evacuations that could be implemented?

On Moss Landing Fire:

1. Is CDPH providing support in developing public health guidance to affected residents in the surrounding area of the Moss Landing fire?
2. In general, what is CDPH's role in responding to chemical and hazardous material incidents?
3. Are there lessons from this disaster that can inform CDPH's response to similar industrial fires in the future?

Staff Recommendation

Hold Open

Issue 7: Future of Public Health Funding

Background on the Future of Public Health (FoPH) Funding

What is FoPH?

Established through the 2022 Budget Act, the Future of Public Health (FoPH) initiative provides funding to California's 61 local health jurisdictions to support public health activities and services. Designed as a flexible funding source, FoPH aims to strengthen the public health workforce and infrastructure. FoPH funds must be used to supplement, rather than supplant, existing local public health services.

FoPH Appropriations

The 2023 Budget Act provided \$200.4 million annually to local health jurisdictions. As with other funding structures, a portion of these funds are allocated to CDPH for state operations, while the majority is distributed to local jurisdictions as local assistance funding.

Due to the state budget deficit, the 2024 Budget Act authorized a 7.95% reduction to FoPH funding beginning in fiscal year 2024-25 and ongoing, **lowering the total available funding to \$188.2 million**. With this reduction, the resulting net loss for local assistance was \$12.2 million (approximately 6%) statewide.

Application Process

As a condition of funding, each local health jurisdiction must submit a public health plan to CDPH by December 30, 2023, and every three years thereafter. Funding requirements include:

- Certification that funds will supplement, not supplant, other county public health funds.
- Commitment to allocating at least 70% of funds toward staffing, benefits, and training, with the remaining 30% or less available for equipment, supplies, and administrative costs, such as facility space, furnishings, and travel.

Funding Distribution

Each local health jurisdiction receives a base grant of \$350,000. The remaining funds are distributed proportionally based on:

- 50%: Population size
- 25%: Poverty levels
- 25%: Proportion of the population that is Black/African American, Latinx, or Native Hawaiian/Pacific Islander

Stakeholder Engagement & Program Evaluation

In addition to local evaluation plans and metrics, CSPH must work in collaboration with the County Health Executives Association of California, California Conference of Local Health Officers, and Service Employees International Union to determine any minimum requirements for the funding and to establish statewide metrics to evaluate the impact of the investment of these funds on public health outcomes.

Panel

- Julie Nagasako, Deputy Director, CDPH Office of Policy and Planning
- Caroline Kurtz, Deputy Director, CDPH Regional Public Health Office
- Riley Thompson, Finance Budget Analyst, Department of Finance
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Michelle Gibbons, Executive Director, County Health Executives Association of California
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee recommends the following questions:

- 1- The 2024 Budget Act reduced FoPH funding by 7.95%, resulting in a \$12.2 million loss in local assistance funding. How did this reduction change the approach to the funding plans, and how did the Department and LHJs mitigate the potential impact of these reductions?
- 2- FoPH funding is required to supplement, not supplant, local public health funding. What mechanisms does CDPH have in place to monitor compliance with this requirement?
- 3- FoPH funds are distributed based on population, poverty levels, and demographics. Has CDPH received feedback on the allocation methodology, and whether any other factors should be considered to ensure historically underserved communities receive adequate resources?
- 4- Local jurisdictions are required to submit a public health plan every three years. How does CDPH ensure these plans are aligned with statewide public health priorities, and what metrics are being used to measure their effectiveness?
- 5- What early indicators of success or challenges has CDPH and LHJs identified since the program's implementation?

Staff Recommendation:

This issue is informational only.

Assembly Budget Committee

4120 Emergency Management Services Authority

Issue 8: Budget Overview, Budget Change Proposal & Emergency Response Activities

Background on the Emergency Management Services Authority (EMSA)

EMSA provides statewide coordination for the planning, development, and implementation of local Emergency Management Services (EMS) systems. California has 34 local EMS systems that are providing emergency medical services for California's 58 counties. Broadly, EMSA has three core functions:

- 1) **Quality and Planning:** EMSA regulates local EMS systems through review of local EMS plans; provides oversight of state specialty care systems (e.g. trauma centers); and manages the California Poison Control system.
- 2) **Professional Standards:** EMA sets standards for training, certification, licensing, and scope of practice for emergency medical services professionals including Emergency Medical Technicians (EMTs), paramedics, and public safety personnel (firefighters, peace officers, lifeguards); oversees the licensure and disciplinary management of paramedics statewide; and approves first aid and CPR training programs required for childcare providers and bus drivers
- 3) **Disaster Medical Services:** EMSA coordinates California's medical response to disasters, is required and provides medical response resources to local governments in support of their disaster response when the disaster exceeds local capability.

Budget Overview & Budget Change Proposal

The 2025-26 Governor's budget proposes a **\$54.6 million budget and 121 staff positions** for EMSA. Of this total, \$28 million is from the General Fund, and \$26.6 million is from federal funding, reimbursements, and special funds.

The Governor's Budget has one budget change proposal for the Authority, which would appropriate \$676,000 General Fund in 2025-26, \$766,000 GF in 2026-27, and \$676,000 GF in 2027-28 to cover facility cost increases and support the EMSA Headquarters building lease, increase building security, and cover the costs of tenant improvements.

Emergency Response Activities

EMSA reports the following activities in response to the Greater LA wildfires:

- Deployed doctors, nurses, EMTs to support the Cal Fire base camps with California Medical Assistance Teams
- Treated over 500 firefighters.
- Dispensed over 12,000 over-the-counter medications and over 10,000 pharmaceuticals.
- Deployed 4 Ambulance Strike Teams (ASTs) to assist with emergency medical transportation needs during the wildfire response and high-wind events. During the AST activation, the teams were primarily used to transport skilled nursing facility (SNF) patients from the Pasadena Evacuation Shelter to other SNFs upon identifying available beds.

EMSA reports that it still has California Medical Assistance Teams deployed in Malibu, where they continue to provide medical support to response personnel and impacted residents. The team’s duties include:

- Providing on-site medical evaluations and treatment for responders working in hazardous conditions.
- Addressing respiratory, dehydration, and heat-related illnesses common in post-wildfire environments.
- Dispensing medications and first aid supplies to responders and community members.

Panel

- Gabrielle Santoro, Emergency Medical Services Authority
- Tim Reed, Emergency Medical Services Authority
- Kayla Knott, Department of Finance
- Christopher Odneal, Department of Finance
- Will Owens, Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

Staff has no concerns with the EMSA budget change proposal.

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 Patrick Le.