

# California State Assembly



## Assembly Budget Agenda

### Assembly Budget Subcommittee No. 1 on Health

Assemblymember Dawn Addis, Chair

Monday, April 21, 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: Public Health Federal Funding Cuts

*This background was developed using information provided by the California Department of Public Health and the County Health Executives Association of California.*

#### Background

On March 24, 2025, the Centers for Disease Control and Prevention (CDC) announced without advanced notice that it was pulling back **\$11.4 billion in funding nationwide** allocated to state and local public health agencies. Although this funding was originally awarded during COVID-19, the scope of the federal grants was expanded with prior federal approval to support the broader public health infrastructure, including expanding respiratory virus and vaccine preventable disease monitoring, improving testing and response, supporting immunizations and vaccines for children, increase qualified staffing, and addressing health disparities efforts. In addition, this funding supports maintenance and upgrades of a vast array of public health data systems, enabling continued response to not only COVID-19 but also other respiratory and vaccine preventable diseases.

As part of this funding pullback, the California Department of Public Health (CDPH) subsequently received notice from the CDC that a significant amount of state and local public health funding was being terminated. The federal notice specified that no additional activities related to the grant could be conducted, that no additional costs would be incurred, and that all unobligated award balances would be de-obligated by CDC.

#### States Response to Funding Elimination

On April 1, 2025, California Attorney General Rob Bonta announced co-leading a coalition of 23 states and the District of Columbia in filing a lawsuit against the U.S. Department of Health and Human Services (U.S. HHS) over the termination of the federal funding described above.

On April 3, 2025, the U.S. District Court for the District of Rhode Island granted a request to issue an emergency block on the federal government's rescindment of the public health funding to states. In a ruling from the bench, Judge Mary S. McElroy found that the coalition of states had demonstrated that the cuts had upended their public health infrastructure and jeopardized public health activities ranging from childhood vaccination programs to opioid addiction treatment. Parties to the lawsuit are scheduled to return to discuss next steps on April 16.

## Impacts of Public Health Federal Funding Cuts on California

CDPH currently estimates that the termination of these federal grants would result in a loss of **at least \$840 million of federal funding allocated to California**. Of this amount, **more than \$330 million** of these funds supported public health efforts at the local level. Notably, there are also local health departments that are directly funded by the federal government that would increase this statewide total dollar amount at risk. Different federal grants had varying expiration dates, **originally scheduled to end between June 30, 2025 and as far out as June 30, 2027**. Due to the abrupt pull back of the federal funding, CDPH and local health jurisdictions were not provided an opportunity to prepare or adjust a transition timeline of the public health activities tied to federal funding.

Broadly, the CDC targeted 3 grant programs for elimination, described below:

- 1- Epidemiology Laboratory Capacity (ELC).** These funds provide financial support to state and local health departments to detect, prevent, and respond to emerging infectious diseases. During the pandemic, there was general recognition that public health infrastructure across the nation was insufficient. Congress appropriated COVID-19 ELC funds to support COVID-19 response as well as prepare for other public health threats.
- 2- Immunization and Vaccines for Children.** These funds are intended to assist states and local health departments in establishing and maintaining preventive health service programs to immunize individuals against vaccine-preventable diseases. During COVID-19, Congress appropriated additional funding which was provided to state and local health departments for COVID-19 vaccine planning and administration in addition to conducting enhanced influenza activities to protect communities.
- 3- Health Disparities Grant.** The National Initiative to Address COVID-19 Health Disparities Among Populations at High-Risk and Underserved, Including Racial and Ethnic Minority Populations and Rural Communities is intended to assist state and local health departments to address COVID-19-related health disparities and advance health equity to build a foundation for future responses.

The next table provides additional details on the impact of the funding elimination:

Name	Purpose	Total Grant Awarded	Unexpended Balance (Funding Lost)	Impact on staffing and operations
<b>Epidemiology Laboratory Capacity</b>				
Expansion	To support infectious disease testing, surveillance, and response activities.	\$1.8B	\$600M	<p><u>Staffing:</u> 60 state staff, 110 Heluna Health staff</p> <p><u>Operation:</u> Impacts funding for the CalCONNECT system used for disease investigation activities at the state and local level for infectious diseases including Tuberculosis, MPox, HIV and other sexually transmitted diseases, and monitor cases of novel infections including Avian flu, Ebola and Marburg. Affects funding for subject matter expertise and capacity in infectious diseases epidemiology, surveillance and control activities, including critical laboratory functions and response to future outbreaks.</p>
Enhancing Detection	To provide resources to support a broad range of testing, epidemiologic surveillance, and laboratory activities	\$499M	\$81M	<p><u>Staffing:</u> None</p> <p><u>Operations:</u> Affects funding for future statewide disease surveillance system planned to replace the legacy 2010 CalREDIE surveillance system that does not include Los Angeles or San Diego.</p>
Coronavirus Aid Relief and Economic Security	To provide support to expand capacity in epidemiology and surveillance and lab capacity.	\$41.8M	\$4M	<p><u>Staffing:</u> 16 Heluna Heath staff</p>
Infection Prevention Control	Training for infection prevention control activities.	\$3.6M	\$1.6M	<p><u>Staffing:</u> None</p> <p><u>Operations:</u> Infection control training activities for healthcare facilities and local health departments and subject matter expertise for infection prevention control in health care settings.</p>
SHARP 2	Establish a bed tracking system and onboard all hospitals in CA	\$1.8M	\$1.8M	<p><u>Staffing:</u> None</p> <p><u>Operations:</u> Affects funding for services related to startup implementation of hospital bed capacity/tracking system now required by statute.</p>

### Immunization and Vaccines for Children

Immunization and Vaccines for Children	Programs and systems to address vaccine preventable disease surveillance and response to outbreaks. Vaccine management system, digital vaccine records, system for setting up clinical vaccine appointments, vaccine ordering system.	\$1.08B	\$153M	<p><u>Staffing:</u> 65 UCSF and Heluna Health</p> <p><u>Operations:</u> Affects funding for Vaccine Management System, including Digital Vaccine Record, system for setting up clinical vaccines appointment, and vaccine ordering system including all Vaccines for Children vaccines, which provides vaccines for approximately half of CA children.</p> <p>Planned upgrades to the CAIR system (Immunization Registry).</p>
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### Health Disparities

Health Disparities Grant	The grant was provided to build equity infrastructure at the state and local public health department level.	\$32.5M	\$4.72	<p><u>Staffing:</u> 17 state staff</p> <p><u>Operations:</u> Impacts funding for LHJ Health Equity positions (Health Equity Officers &amp; Health Equity Leads) and programs supported by state Equity Technical Assistance specialists including collaboration on LHJ equity workplans, and State Health Equity Plan.</p> <p>Impacts support for equity work in partnership with Tribes and AIAN to address health disparities and equitable recovery. LHJ equity leads rely on Office of Health Equity Technical Assistance (OHE EQTA) for resources and guidance on creating mutually beneficial relationships with tribal government to address the needs of the AIAN population.</p>
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### Impact at the Local Level

At the time of writing, county estimates indicate that 1,747 local health department staff would be impacted from the funding pullback. In addition, it is estimated that Los Angeles County, the only direct recipient from federal government, would face a reduction of \$35-45M with over 100 staff impacted.

The County Health Executives Association of California notes that the current federal grants support the following activities and personnel:

- Staff positions such as laboratory personnel, epidemiologists, data analysts, disease investigators, and infection prevention nurses.
- Expanded ability to respond to public health emergencies and events, including those related to COVID-19, influenza, RSV, and other pathogens.
- Public health workforce development, especially for highly-specialized positions including microbiologists and public health laboratory directors.
- Maintaining laboratory equipment to accommodate expanded communicable disease services and activities, including disease analytics.
- Delivery of direct public health services such as immunizations, health screenings, and referrals to other health and social services.
- Procurement of supplies, equipment, and education materials related to managing vaccine products, host vaccination clinics, and promote vaccines among local communities. Examples include procurement of syringes/needles, swabs, personal protective equipment, vehicles, freezers, and generators.
- IT modernization of platforms and systems.

**Panel**

- Dr Erica Pan, Director & State Public Health Officer, California Department of Public Health
- Susan Fanelli, Chief Deputy Director, Health Quality & Emergency Response, California Department of Public Health
- Michelle Gibbons, Executive Director, County Health Executives Association of California
- Dr. Olivia Kasirye, Public Health Officer, Sacramento County
- Nina Hoang, Principal Program Budget Analyst, Department of Finance
- Christine Cherdboonmuang, Finance Budget Analyst, Department of Finance
- Riley Thompson, Finance Budget Analyst, Department of Finance
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

**Staff Comments**

On February 24, 2025, the Subcommittee examined the proposed 2025-26 CDPH budget which several key components were budgeted based on previously committed federal funding. For example, several IT platforms, critical to California's public health infrastructure, are either completely or largely dependent on federal support. Some of these systems include:

- The California Vaccine Management System (VMS), which supports vaccine ordering and distribution, determines vaccine eligibility, manages appointment scheduling, and allows the public to access their immunization records.
- The California Immunization Registry (CAIR), 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.
- SaPHIRE, which provides CDPH the ability to manage large volume of laboratory data.
- CalREDIE, the state's electronic disease reporting and surveillance system.
- CalCONNECT, which enables local health jurisdictions to conduct disease investigations, contact tracing, outbreak management, symptom monitoring, and public health outreach.

As noted above, the federal funding targeted for cuts was originally expected to remain available through at least the summer of 2027. This multi-year timeline provided CDPH and local health jurisdictions with a sufficient runway long enough to responsibly transition public health operations and staffing away from temporary federal funding.

The abrupt withdrawal of federal funds now puts public health entities in a challenging situation to make emergency operational decisions, assess how to scale back existing programs, and issue potential layoff notices with little to no transition period. This increases risks to California's ability to respond to both current and emergency public health threats and slows years of progress made towards improving the state's public health infrastructure.

**The Subcommittee may wish to ask the following questions:**

- 1- Did the federal government provide any rationale or explanation for the abrupt nature of the funding rescission?
- 2- Can CDPH detail the specific programs, services, or information technology platforms that are at risk due to this funding elimination?

- 3- How does this federal funding pullback impact California's public health IT modernization efforts and timelines? Are some public health functionalities at risk of shutdown?
- 4- What are the anticipated effects if the funding is permanently rescinded? For example, on vaccine uptake, disease surveillance & monitoring, and outbreak response capabilities?
- 5- Prior to the federal announcement, what transition plans were considered by CDPH and local health departments for when the original grant periods were set to expire?
- 6- Has CDPH or DOF explored any short-term contingency plans to maintain critical programs or personnel while the litigation proceeds?
- 7- What positions have already been impacted or are at risk for layoff?

**Staff Recommendation: Hold Open**



## Open Issues

### Issue 2: Title X Federal Funding cuts

*Sections of this background were developed using information provided by Essential Access Health, California's primary Title X family planning services grantee.*

#### Background on the Title X Federal Program

The Title X family planning program, named after the federal Title X of the Public Health Service Act statute, is a public health safety net program serving as a point-of-entry into care which provides a broad range of medically approved family planning services. These services include pregnancy prevention, birth spacing counseling, pregnancy testing and counseling, assistance to achieve pregnancy, basic infertility services, sexually transmitted infection services, and other preconception health services. Title X is the only federal program in the United States dedicated to providing family planning services to low-income individuals, particularly those who have no insurance or are underinsured.

Title X services are voluntary, confidential, and provided regardless of one's ability to pay. For many clients, Title X clinics are their only ongoing source of health care and health education.

Title X projects may also provide other reproductive health and related preventive health services that are considered beneficial to reproductive health such as HPV vaccination, provision of HIV pre-exposure prophylaxis (PrEP), breast and cervical cancer screening, and screening for obesity, smoking, drug and alcohol use, mental health, and intimate partner violence.

The Title X family program has been administered for over 50 years through the Office of Population Affairs (OPA) under the U.S. Health and Human Services Agency. OPA funds Title X family planning service grant recipients who support hundreds of subrecipients and thousands of service sites across the United States, assisting individuals and families achieving pregnancy, preventing pregnancy, and assisting women, men, and couples with achieving their desired number and spacing of children. Under federal law, none of the funds appropriated under Title X may be used in programs where abortion is a method of family planning.

**In fiscal year 2023, Congress appropriated \$286.5 million for Title X**, a level of funding that has not increased since 2015. According to OPA, this funding helped deliver contraception and related sexual and reproductive health care to approximately 2.8 million people nationwide.

## Title X in California

Essential Access Health is California's only Title X grantee and has been the primary Title X family planning services grantee in the state since the 1970s. California maintains the largest Title X system in the country, currently serving approximately 500,000 patients annually through 344 health care delivery sites. These sites include federally qualified health centers, local health departments, hospitals, school-based health centers, urban Indian health centers, and Planned Parenthood affiliates. Title X funded services include contraceptive care, STI + HIV prevention education, counseling, testing and treatment, adolescent services, infertility services, and pregnancy testing and options counseling. Title X funds are also used for outreach and education efforts that link community members to care.

At its peak, California's Title X program served more than 1 million patients annually before federal regulations in 2019 caused significant reductions to the Title X network in California and nationwide. These regulations, which restricted abortion referrals and imposed physical separation of abortion and family planning services, led to an 80% decrease in patients served, dropping from approximately one million patients annually to fewer than 200,000 by 2020.

Those regulations were rescinded and replaced in 2022, and many providers and health centers were able to return to the Title X network. However, with still inadequate levels of funding for the Title X program, the California Budget Act of 2022 provided \$10 million in General Fund to help sustain the Title X provider network and associated services. Essential Access Health notes that since 2022, California's Title X network has been able to increasingly serve more patients with family planning and preventive care year over year.

## Title X Federal Funding Cuts

On March 31, 2025, sixteen grantees received notice that the federal administration was "temporarily withholding" funding for 22 of their Title X grants for fiscal year 2025, effective the following day. **These withheld grants, which are currently estimated to be \$65.8 million across 22 states including California,** represent nearly a quarter of the 86 Title X service grants awarded for Fiscal Year 2024. The research institution Guttmacher estimates that this withholding of federal funds, if it becomes permanent, would result in at least 834,000 people losing access to Title X-funded care across the country over the course of a year, representing 30% of the patients served annually by the Title X program.

**The Title X allocation for California is \$13.2 million.** Similar to other grantees that had their funds withheld, Essential Access Health received written notification from U.S. HHS that disbursement for California's Title X grant award is being temporarily frozen. Essential Access Health was provided 10 days to respond on its compliance with federal policy and practices related to civil rights and various Executive Orders focused on Diversity, Equity, and Inclusion

(DEI) activities. As of April 1, family planning providers in California are no longer receiving federal resources to support their delivery of services.

Essential Access Health notes that, while state programs such as Medi-Cal and Family PACT reimburse for clinical care provided by some members of the health care team for low-income-eligible, Title X funds are leveraged for non-reimbursable health services provided, community outreach and education, youth programs, and wraparound services to fill gaps in the family planning safety net. In California, approximately 85% of patients served have a household income less than 151% of FPL and for many, Title X is their only option to access essential health care.

In addition, Title X funds support staff salaries and benefits for physicians like OB-GYNs and pediatricians; mid-level practitioners like nurse practitioners, nurse midwives, and APRNs; and for the many health center staff that cannot bill insurance for their time but who keep a health center running, (representing the bulk of staff impacted) like RNs, nurse aides, pharmacists, outreach workers, community health workers, front desk staff, program managers, accountants, intake/eligibility staff, clinic managers, and more. Title X funds also support supplies, infrastructure, staff training, and outreach and education to link communities to services, and direct services.

#### Panel

- Dr. Nomsa Khalfani, Co-Chief Executive Officer, Essential Access Health
- Jodi Hicks, CEO & President, Planned Parenthood Affiliates of California.
- Kayla Wilburn, Clinic Director, Community Action Partnership of San Luis Obispo County
- Will Owens, Fiscal and Policy Analyst, Legislative Analyst's Office

#### Staff Comments

The sudden federal freeze on California's Title X grant represents a significant disruption to the reproductive health safety net in California. As the largest Title X program in the country, California has typically relied on a blend of federal and state resources to ensure that low-income, uninsured, and underinsured individuals have access to family planning health services. As of this writing, the federal government has not provided a clear path or timeline for restoring California's Title X funding, creating significant uncertainty for providers and patients.

#### **The Subcommittee may wish to ask the following questions:**

- 1- Has the federal government provided any further clarity on what would constitute compliance to restore federal funding?

- 2- What specific services or patient populations are most at risk due to the freeze of California's Title X funding?
- 3- What is the current impact on the Title X network? How are Title X-funded providers adjusting operations, staffing, or service delivery in the absence of federal funds since April 1?
- 4- Are there estimates on how many clinics or sites may leave the Title-X network or reduce hours if the freeze continues?
- 5- If federal funding is not restored, what are the long-term implications for the state's reproductive health infrastructure?

**Staff Recommendation:** Hold Open