Assembly Budget Committee Hearing

Thursday, July 1, 2021

2021 Budget Trailer Bill Analyses Packet

SUMMARY

This is the omnibus health trailer bill which is necessary to implement various provisions of the Budget Act of 2021.

Major Provisions

This bill makes changes necessary to implement the Budget Act of 2021, affecting the budgets of the Emergency Medical Services Authority (EMSA), the Health Benefits Exchange (HBEX), the Office of Statewide Health Planning and Development (OSHPD) and the following departments: Health Care Services (DHCS), Managed Health Care (DMHC), Public Health (CDPH), and State Hospitals (DSH). Specifically, this bill:

California Advancing and Innovating Medi-Cal (CalAIM)

1) Establishes the CalAIM Act in order to require DHCS to seek federal approval for, and implement, the waivers for the CalAIM initiative, in accordance with the CalAIM Terms and Conditions (T&C) and existing federal law.

2) Requires DHCS to report to the Legislature any conflicts between the CalAIM Act and the CalAIM T&C, including identification of the specific conflicts and recommendations for conforming language.

3) Requires the director of DHCS to report to the Legislature any recommended amendments to existing law or any component of the CalAIM Act necessary in order to comply with federal law or the CalAIM Terms and Condition, to obtain or maintain federal approval, or ensure federal financial participation (FFP) is available or not otherwise jeopardized, as specified. Requires the director to submit the amendments to the Legislature for consideration, as specified.

4) Requires DHCS to consult with specified interested stakeholders for the implementation of applicable components of CalAIM in which the specified stakeholders will participate in, as appropriate and to the extent practicable.

5) Authorizes DHCS to standardize populations required to enroll in a Medi-Cal managed care plan (MCMC) across aid codes and MCMC models, subject to a MCMC plan readiness, continuity of care transition plan and disenrollment process developed in consultation with stakeholders, as follows:

    a. Requires, beginning January 1, 2022, non-dual eligible beneficiaries to enroll in MCMC, except as specified; and,

    b. Requires, beginning January 1, 2023, dual eligible beneficiaries to enroll in MCMC, except as specified.

6) Exempts, beginning January 1, 2022, the following dual and non-dual beneficiaries from being required to enroll in MCMC:

a. Beneficiaries receiving restricted scope Medi-Cal;

b. Beneficiaries made eligible on the basis of share of cost, except a non-dual eligible who is made eligible based on their need for long term care services with a share of cost;

c. Beneficiaries made eligible by Presumptive Eligibility (PE) during their period of PE;

d. An eligible beneficiary who is an inmate of a public institution;

e. A beneficiary with satisfactory immigration status, as specified, who received pregnancy-only services through fee-for-service prior to January 1, 2022, but only through the end of the post-partum period;

f. A beneficiary without satisfactory immigration status who is eligible for pregnancy-only Medi-Cal, except those enrolled in the Medi-Cal Access Program;

g. Non-dual beneficiary who is an Indian, as defined, and forgoes voluntary enrollment in a MCMC;

h. Non-dual eligible foster youth who forgo voluntary enrollment in a MCMC, except for those who reside in a COHS county;

i. Non-dual eligible beneficiaries enrolled in PACE;

j. Any other non-dual beneficiary that federal laws prohibits mandatory MCMC enrollment; and,

k. A non-dual beneficiary residing in a Veteran's Home, as defined.

7) Exempts, beginning January 1, 2023, the following dual eligible beneficiaries from being required to enroll in MCMC:

a. Dual beneficiaries made eligible on the basis of share of cost, except a beneficiary that is made eligible based on their need for long term care services with a share of cost;

b. Dual beneficiaries enrolled in PACE;

c. Dual beneficiaries enrolled in SCAN;

d. Dual beneficiaries who are Indians, as defined, and forgo voluntary enrollment in a MCMC;

e. Dual beneficiaries with HIV/AIDS who forgo voluntary enrollment in a MCMC;

f. Dual eligible foster youth who forgo voluntary enrollment in a MCMC, except for those who reside in a COHS county;

g. A dual eligible beneficiary residing in a Veteran's Home, as defined; and,

h. Any other non-dual beneficiary that federal laws prohibits mandatory MCMC enrollment.

8) Requires DHCS to ensure MCMC readiness for network adequacy includes a geographic review of rural ZIP codes, as specified, and the plan's ability to meet existing mandatory provider type requirements. Prohibits DHCS from requiring specified populations in 5) from enrolling in managed care if MCMC fail to meet the readiness requirements for that population.

9) Requires MCMC to comply with continuity care requirements in existing law and DHCS guidance, including All Plan Letter 18-008 and Duals Plan Letter 16-002.

10) Authorizes an enrollee in any county to disenroll or be exempted from mandatory managed care enrollment under specified circumstances in accordance with existing regulations. Requires the disenrollment process to be consistent with and no more restrictive than existing federal and state laws and regulations.

11) Requires, beginning no later than January 1, 2023, in areas where PACE is available, PACE plans to be presented as an enrollment option, included in enrollment materials, and made available when enrollment choices and options are presented. Requires outreach and enrollment materials to include specified information. Prohibits an individual who has elected to enroll in PACE from being enrolled in a MCMC until they are assessed for PACE eligibility, as specified. Requires DHCS, in areas where presentation of MCMC options is not available, to provide informational, outreach, and enrollment materials about PACE.

12) Authorizes DHCS to implement requirements on managed care plans related to National Committee for Quality Assurance (NCQA) Accreditation, as follows:

    a. Authorizes DHCS, for contracting periods on or after January 1, 2026, to require Medi-Cal managed care plans (MCMC) and each MCMC subcontractor to be accredited by NCQA, in accordance with this bill and the CalAIM T&C;

    b. Authorizes DHCS to require an alternate accreditation with substantially similar requirements as NCQA accreditation, if DHCS determines a MCMC or a MCMC subcontractor is unable to receive NCQA accreditation due to population size; and

    c. Prohibits DHCS from using the findings of any accreditation authorized by this bill to certify or deem a MCMC compliance with existing state and federal requirements, except in the area of credentialing.

13) Requires DHCS to implement the Population Health Management PHM program under the Medi-Cal managed care delivery system beginning January 1, 2023, in accordance with the CalAIM Terms and Conditions. Requires each MCMC to develop and maintain a PHM program which includes a model of care and plan of action designed to address member health needs at all points along the continuum of care.

14) Requires each MCMC PHM program to, at a minimum, do all of the following:

    a. Prioritize preventive and wellness services;

    b. Identify and assess beneficiary member risks and needs on an ongoing basis;

    c. Manage beneficiary member safety and outcomes during care transitions, across all applicable delivery systems and settings, through effective care coordination; and,

d. Identify and mitigate social determinants of health and reduce health disparities or inequities.

15) Requires DHCS to develop a statewide PHM service that expands access to available medical, behavioral, and social services data and provides access to administrative and clinical data, as specified.

16) Requires the PHM components to be developed in consultation with stakeholders, as specified.

17) Requires the PHM Program to include, but is not limited to, all of the following:

a. Appropriate use of preventive services for children and adults, and other interventions, including chronic disease management, referrals for behavioral and oral health care services, housing, nutrition, and other health-related social needs;

b. Risk assessment that is comparable and consistent between MCMCs;

c. Any algorithm to conduct member risk assessment is mitigated for racial and other biases through consideration of disease burden relative to utilization and other patient risk factors beyond cost and historical utilization. Requires DHCS to report on the underlying measures used in its algorithm;

d. Any screening tool used to assess beneficiaries is age appropriate and comparable across MCMC;

e. Each MCMC incorporates the findings of its Population Needs Assessment (PNA); and,

f. Each MCMC describes how it will incorporate preventive and wellness services in partnership with community-based organizations, public health, and other entities.

18) Requires DHCS, beginning January 1, 2024, to annually post an analysis of the PHM Program on its internet website.

19) Requires DHCS to implement an enhanced care management (ECM) benefit designed to address the clinical and nonclinical needs on a whole-person-care basis for certain target populations of Medi-Cal beneficiaries enrolled in MCMC, in accordance with this section and to the extent approved in the CalAIM Terms and Conditions.

20) Requires ECM to be available on a statewide basis to Medi-Cal beneficiaries who meet the criteria for one or more target population, as determined by DHCS and in accordance with CalAIM Terms and Conditions. Requires ECM to be available to qualifying dual eligible beneficiaries, except as specified.

21) Requires ECM to only be available as a covered Medi-Cal benefit under a comprehensive risk contract with a MCMC. Requires a beneficiary who is eligible for ECM to enroll in a MCMC in order to receive ECM.

22) Requires MCMCs to cover ECM as a benefit in phases as follows:

a. For MCMCs in counties which implemented Whole Person Care (WPC) or Health Homes Program (HHP):

i. Beginning January 1, 2022, existing target populations for WPC and HHP;
ii. Beginning January 1, 2023, select target populations for ECM identified by DHCS; and,
iii. Beginning July 1, 2023, all other target populations for ECM;

b. For MCMC in counties which did not implement WPC or HHP:

i. Beginning July 1, 2022, select target populations for ECM identified by DHCS; and,
ii. Beginning January 1, 2023 or July 1, 2023, all other target populations

23) Authorizes the ECM target populations to include, but need not be limited to, the following:

a. Children or youth with complex physical, behavioral, developmental, or oral health needs, including, but not limited to, those eligible for California Children's Services, those involved or with a history of involvement in child welfare or the juvenile justice system, or youth with clinical high-risk syndrome or a first episode of psychosis;

b. Individuals experiencing homelessness;

c. High utilizers with frequent hospital admissions, short-term skilled nursing facility (SNF) stays, or emergency room visits;

d. Individuals at risk for institutionalization and eligible for long-term care services;

e. Nursing facility residents who want to transition to the community;

f. Individuals at risk for institutionalization with serious mental illness (SMI), and children with serious emotional disturbance (SED) or substance use disorder (SUD; and,

g. Individuals transitioning from incarceration requiring immediate transition of services to the community.

24) Prohibits a beneficiary receiving ECM services from receiving duplicative targeted case management services at the same time.

25) Requires MCMCs to consult and collaborate with county MHPs for the delivery of ECM services for beneficiaries with SMI, SED, or SUD.

26) Requires a MCMC to ensure that its ECM benefit is appropriately community based and provide a rationale for not contracting with existing providers if the MCMC proposes to keep some ECM in house, rather than contracting with direct providers.

27) Requires DHCS to develop, in consultation with stakeholders, a monitoring and reporting template for the implementation of ECM. Requires DHCS to annually publish a public report on reported ECM utilization, populations served, and demographic data, as specified.

28) Authorizes, beginning January 1, 2022, a MCMC to cover services or services in settings in lieu of (also known as ILOS) Medi-Cal benefits covered in the state plan, in accordance with CalAIM Terms and Conditions. Requires the ILOS to be services or services delivered in

settings approved by DHCS and to be cost effective and a medically appropriate substitute for the applicable covered Medi-Cal benefit.

29) Requires approved ILOS to be available only to beneficiaries enrolled in a MCMC under a comprehensive risk contract. Prohibits ILOS from supplanting other covered Medi-Cal benefits that are not the responsibility of the MCMC, including but is not limited to, in-home supportive services.

30) Requires ILOS to be optional services for beneficiaries and prohibits MCMCs from requiring beneficiaries from using ILOS.

31) Authorizes ILOS to include, but need not be limited to, the following:

a. Housing transition navigation services;
b. Housing deposits;
c. Housing tenancy and sustaining services;
d. Short-term post-hospitalization housing;
e. Recuperative care, or medical respite;
f. Respite;
g. Day habilitation programs;
h. Nursing facility transition or diversion to assisted living facilities, such as residential care facilities for the elderly or adult residential facilities;
i. Nursing facility transition to a home;
j. Personal care and homemaker services;
k. Environmental accessibility adaptations, or home modifications;
l. Medically supportive food and nutrition services, including medically tailored meals;
m. Sobering centers; and,
n. Asthma remediation.

32) Requires DHCS to publicly post on its website a list of ILOS offered to enrollees by each MCMC. Requires a MCMC to provide in its member handbook and on its website information on the available ILOS, including any limitations of ILOS on the MCMC website.

33) Requires DHCS to develop in consultation with stakeholders a monitoring plan and reporting template for the implementation of ILOS. Requires DHCS to annually publish a public report on ILOS utilization data, populations served and demographic data, as specified.

34) Requires DHCS, no later than January 1, 2024, to conduct an independent evaluation of the effectiveness of the ILOS.

35) Requires DHCS to take into account the utilization and actual costs of ILOS in developing capitation rates.

36) Requires DHCS to make incentive payments available to qualifying MCMCs that meet predefined milestones and metrics associated with implementation of components of CalAIM, including, but is not limited to, ECM and ILOS, as determined by DHCS and in accordance with the CalAIM T&C.

37) Requires DHCS, in consultation with specified stakeholders, to establish the methodology, equity targets, parameters, and eligibility criteria for MCMCs to meet, including any milestones and metrics, in order to receive incentive payments.

38) Authorizes the HHP to be implemented using GF for fiscal year 2021-22 and any fiscal year thereafter, upon appropriation by the Legislature.

39) Requires DHCS to sunset the HHP on January 1, 2022, or when DHCS receives any necessary federal approval to implement the ECM benefit under the CalAIM initiative. Repeals the HHP provisions in existing law on January 1, 2023.

40) Requires DHCS to implement the State Plan Dental Improvement Program (DIP) in accordance with the CalAIM T&C and this bill. Requires the DIP to further the goal of improving accessibility of Medi-Cal dental services and oral health outcomes for targeted populations and to be the successor program to the DTI.

41) Requires DHCS to publish on its website a description of the rate methodology, data used for rate development, and core actuarial assumptions and adjustments in each year DHCS develops rates.

42) Authorizes DHCS to establish regional capitation rates to contracted MCMC in lieu of health plan and county-specific rates. Requires DHCS to report to the Legislature, prior to implementing the regional-based capitation rates, the process for developing those regional rates and determining regional groups.

43) Requires DHCS to provide a briefing to specified stakeholders on the actuarial assumptions and rate methodologies that initially implement regional-based capitation rates, following the submission of the rates to the federal government for approval. Requires the meeting to be for explanatory purposes only and not to otherwise impact the methodology and data provided to the federal government for approval.

44) Authorizes DHCs to develop and implement appropriate actuarial methods to prevent significant overpayment or significant underpayment, including but is not limited to, any of the following:
   a. Medical or profit and loss risk corridor;
   b. Blended capitation rates based on projected member risk; or,
   c. Prospective or retrospective shared savings or risk models.

45) Requires the actuarial methods or models to seek to encourage quality improvement and promote appropriate utilization incentives, as specified.

46) Requires DHCS to consult with affected contracted health plans in developing the regional groups, rate methodologies, and actuarial methods, as specified. Requires DHCS to seek to incentivize improved quality and outcomes for Medi-Cal enrollees. Implements the new requirements of this section only to the extent that necessary federal approvals are obtained and FFP is not jeopardized.

47) Declares the intent of the Legislature that both affected contracted health plans and the state have appropriate actuarial protections against the risk of significant overpayments or underpayments in capitation rates developed by DHCS pursuant to this section and existing law.

48) Requires DHCS to establish and implement a program or programs under which a contracting District and Municipal Public Hospital (District Hospital) may earn performance-based quality incentive payments (QIP) from a MCMC plan.

49) Requires DHCS, to the extent federal financial participation (FFP) is available, to continue to implement the Global Payment Program (GPP) using federal disproportionate share hospital funds during the term of the next federal waiver known as the CalAIM term, shifts the GPP to a calendar year, and authorizes DHCS to seek federal approval for, and implement, additional funding and program components for GPP systems that support and further the objectives of CalAIM and GPP.

50) Permits a hospital that is operated by the University of California, and its affiliated and contracted providers, to elect to participate as a GPP system during the CalAIM term by providing written notice to DHCS no later than June 1 of the calendar year immediately preceding the subject GPP program year.

51) Continues existing certified public expenditure (CPE) Medi-Cal fee-for-service (FFS) payment provisions to designated public hospitals and extends existing disproportionate share payment provisions from Medi-Cal 2020 (the prior waiver) to the duration of the term of the new CalAIM waiver.

52) Requires, for the 2020–21 state fiscal year, and subsequent state fiscal years or portions thereof during the CalAIM Term, the amount of the federal disproportionate share hospital allotment for payments to University of California hospitals to be determined by DHCS, in consultation with designated public hospitals and consistent with the applicable federal terms and conditions.

53) Requires DHCS to standardize those applicable covered Medi-Cal benefits provided by MCMC plans on a statewide basis and across all models of MCMC.

54) Prohibits DHCS from transferring specialty mental health services (SMHS) from Kaiser to Solano and Sacramento counties on July 1, 2022 until specified requirements have been met including the shift of county SMHS financing from certified public expenditures (CPEs) to intergovernmental transfers (IGTs), until each county and Kaiser has submitted a transition plan to DHCS, and notices have been provided to affected beneficiaries that include the ability of beneficiaries to request continuity of care.

55) Requires DHCS to include (or continue to include) the following benefits and services as capitated benefits in MCMC plans:

    a. Institutional long-term care (LTC) services (effectively broadening the existing incorporation of these benefits into MCMC plans in non-COHS and non-CCI counties), effective January 1, 2023;
    b. Specified donor and recipient organ transplant surgeries, effective January 1, 2022; and,
    c. To continue to include Community-Based Adult Services (CBAS) as a MCMC plan benefit.

56) Requires MCMC plans, for a 3 year timeframe, to reimburse a network provider furnishing institutional LTC services, and a provider furnishing organ or bone marrow transplant surgeries, and requires those respective providers to accept the payment amount, each respective provider would be paid for those services in the Medi-Cal FFS. Permits DHCS to elect to continue these payment requirements after the end of the three year period.

57) Requires each applicable MCMC plan to reimburse a network provider furnishing CBAS to a Medi-Cal beneficiary, and requires each network provider of CBAS to accept the payment amount the network provider of CBAS would be paid for the service in the Medi-Cal FFS delivery system, unless the MCMC plan and network provider mutually agree to reimbursement in a different amount.

58) Requires DHCS to convene, in collaboration with the Department of Developmental Services (DDS), a workgroup to address the transition of specified intermediate care facilities for the developmentally disabled from the Medi-Cal FFS delivery system to the MCMC plan delivery system to ensure a smooth transition to CalAIM.

59) Requires CBAS to be delivered in accordance with applicable state and federal law including, but not limited to, specified federal Home and Community-Based Settings regulations and related sub-regulatory guidance and any amendments.

60) Requires the Multipurpose Senior Services Program to be a FFS benefit by prohibiting the proposed transition of MSSP to MCMC plans.

61) Sunsets the Coordinate Care Initiative (CCI) demonstration project and Cal MediConnect (CMC is a component of CCI) on December 31, 2022, and related provisions, including the authority for DHCS to enter into a contract with a combined Medicare/Medi-Cal plan authorized by CMC, the passive enrollment ("opt out"), disenrollment and exemptions from enrollment provisions in CMC, subject to federal approval.

62) Authorizes MCMC plans in the seven CCI counties, for the 2022 contract year and the remainder of the demonstration project, to transition beneficiaries enrolled in their affiliated non-Dual Eligible Special Needs Plan Medicare Advantage plans on or before January 1, 2022, into their affiliated Dual Eligible Special Needs Plan (a D-SNP plan is a type of Medicare Advantage plan for individuals that are dually eligible for Medi-Cal and Medicare that must enter into a contract with the state and which must coordinate the delivery of Medicare and Medicaid services).

63) Sunsets and modifies, effective December 31, 2022, existing CCI related D-SNP provisions, including lifting the enrollment caps on Fully-Integrated D-SNPs in Los Angeles, Riverside and San Bernardino counties, effective July 1, 2021, during the duration of CMC.

64) Requires DHCS to offer D-SNP contracts to D-SNP plans for the remainder of CCI (until December 31, 2022) subject to the provisions of this bill described below in the aligned enrollment provisions.

65) Sunsets, effective December 31, 2022, the mandatory enrollment of dual eligibles in MCMC plans for their Medi-Cal benefits in CCI counties, and the related enrollment and notification provisions, the provider-related provisions and reporting requirement-related provisions, and the risk corridor related provisions.

66) Requires DHCS, commencing January 1, 2023, to require each MCMC plan operating in the seven CCI counties to operate, or continue to operate, a D-SNP in accordance with the CalAIM T&C, and in accordance with federal requirements. Permits DHCS, commencing January 1, 2026 in the 51 non-CCI counties, to require each MCMC plan to operate, or continue to operate, a D-SNP in accordance with the CalAIM T&C, and in accordance with federal requirements.

67) Requires each D-SNP to have an executed contract with DHCS (referred to as a State Medicaid Agency Contract or "SMAC"). Exempts a subcontracted delegate health plan from this requirement.

68) Requires DHCS, in CCI counties, beginning in contract year 2023, to only contract with a proposed D-SNP that is affiliated with a MCMC plan or a subcontracted delegate health plan, or that was contracted with DHCS for a D-SNP in contract year 2022 in the proposed D-SNP service area.

69) Limits, in CCI counties, beginning with contract year 2023, dual eligible beneficiaries that are not already enrolled in a D-SNP for contract year 2022 to only be able to enroll in a D-SNP that is affiliated with a MCMC plan or a subcontracted delegate health plan.

70) Requires, in CCI counties, beginning with contract year 2023, a dual eligible beneficiary to be assigned to a MCMC, or subcontracted delegate health plan, that is affiliated with the Medicare Advantage plan, including a D-SNP, in which the dual eligible beneficiary is enrolled. Permits DHCS to approve exceptions to this policy, to support beneficiary enrollment choice.

71) Requires DHCS, in non-CCI counties, beginning no later than contract year 2025, to only contract with a proposed D-SNP that is affiliated with a MCMC plan or subcontracted delegate health plan, or was contracted with DHCS for a D-SNP in the proposed D-SNP service area in the contract year that immediately precedes the contract year in which this requirement is implemented with respect to an individual county.

72) Requires a dual eligible beneficiary, in non-CCI counties, beginning no later than contract year 2026, to be assigned to a MCMC plan or a subcontracted delegate health plan that is affiliated with the Medicare Advantage plan, including a D-SNP, in which the dual eligible beneficiary is enrolled. Permits DHCS to approve exceptions to the requirement when it determines necessary to support beneficiary enrollment choice.

73) Limits, in non-CCI counties, beginning no later than contract year 2025, dual eligible beneficiaries not already enrolled in a D-SNP in 2020 in an individual county, to only enrolling in a D-SNP that is affiliated with a MCMC plan, or a subcontracted delegate health plan, in the beneficiary's service area. Prohibits, beginning no later than contract year 2025, a D-SNP that is not affiliated with a MCMC plan or a subcontracted delegate health plan from accepting new enrollment of dual eligible beneficiaries.

74) Requires DHCS to conduct a feasibility study of D-SNPs in specific non-CCI counties as determined by DHCS, to be completed no later than July 1, 2022.

75) Permits DHCS, as a result of the study findings, or evidence provided by a MCMC plan of the potential for significant financial losses that may be incurred by a MCMC plan as a result of operating a D-SNP, and evidence provided by a MCMC plan that the plan has made a good faith effort but is not able to develop a partnership with a D-SNP for coordinated care across Medicare and Medi-Cal, to provide an exemption from the requirement to operate a D-SNP on an individual plan basis for a period of three years. Permits DHCS to renew this exemption for successive three-year periods based on study findings or evidence of potential losses, and evidence of a good faith effort.

76) Requires DHCS or the MCMC plan as applicable, to provide informing notices to affected beneficiaries regarding MCMC plan enrollment changes related to aligned enrollment to ensure dual eligible beneficiaries are fully informed regarding aligned enrollment.

77) Requires DHCS, beginning in contract year 2023, to include requirements for network adequacy, aligned networks, and continuity of care in the SMAC. Requires these requirements to be developed in consultation with affected stakeholders.

78) Requires DHCS to contract with public or private entities in assisting dual eligible beneficiaries in understanding their health care coverage options, overcoming access to care barriers, and addressing eligibility and enrollment barriers.

79) Requires DHCS to convene a workgroup including plans, providers, and consumer stakeholders to discuss transition to a statewide Managed Long-Term Services and Supports and D-SNP structure.

80) Requires DHCS to continue the Drug Medi-Cal Organized Delivery System (DMC-ODS) and the Specialty Mental Health Services (SMHS) program as a component of DHCS' CalAIM proposal.

81) Requires the following nonspecialty mental health services to be covered by a MCMC plan, or available through the Medi-Cal FFS delivery system for beneficiaries not enrolled in a MCMC plan or for services that are carved out from a MCMC plan's comprehensive risk contract:

    a. Individual and group mental health evaluation and treatment, including psychotherapy, family therapy, and dyadic services;
    b. Psychological testing, when clinically indicated to evaluate a mental health condition;
    c. Outpatient services for the purposes of monitoring drug therapy;
    d. Psychiatric consultation;
    e. Outpatient laboratory, drugs, supplies, and supplements.

82) Requires covered nonspecialty mental health services for adult beneficiaries with mild-to-moderate distress or mild-to-moderate impairment of mental, emotional, or behavioral functioning resulting from mental health disorders, as defined by the current edition of the Diagnostic and Statistical Manual of Mental Disorders, to be provided by a MCMC plan or through the Medi-Cal FFS delivery system.

83) Requires a MCMC plan to provide medically necessary nonspecialty mental health services to enrolled beneficiaries under 21 years of age as required under the federal EPSDT obligation.

84) Requires a MCMC plan to also be responsible for providing covered nonspecialty mental health services to enrolled beneficiaries with potential mental health disorders not yet diagnosed.

85) Requires medical necessity for covered benefits in Medi-Cal county behavioral health delivery systems to be governed in accordance with existing law and with new provisions enacted by this bill which over-ride existing restrictions on eligibility and reimbursement that exist in specialty mental health plan regulation, such as the limited number of diagnoses, the requirement for a diagnosis as a condition of reimbursement, restrictions on reimbursement of treatment during the assessment process, the current level of impairment required to access SMHS, and by including new criteria to expand eligibility for services for children and youth

under age 21, such as when a beneficiary has a condition placing them at high risk for a mental health disorder due to experiencing trauma evidenced by scoring in the high-risk range under a trauma screening tool, involvement in the child welfare system, juvenile justice involvement, or experiencing homelessness.

86) Requires covered services provided under a county Drug Medi-Cal Treatment Program or a Drug Medi-Cal organized delivery system (DMC-ODS) to use criteria adopted by the American Society of Addiction Medicine (ASAM) to determine the appropriate level of care for substance use disorder treatment services.

87) Requires covered services provided under a county Drug Medi-Cal Treatment Program or a DMC-ODS to include all medically necessary substance use disorder services for an individual under 21 years of age as required under the federal EPSDT obligation.

88) Prohibits a full assessment utilizing the criteria adopted by ASAM from being required for a beneficiary to begin receiving services through a Drug Medi-Cal Treatment Program or a DMC-ODS.

89) Requires DHCS to develop a standardized screening tool for initial intake for services, and a standardized transition tool for care transitions between MCMC plans and county MHPs, and permits DHCS to require their use.

90) Requires DHCS to develop documentation standards and changes to DHCS' clinical auditing standards, and permits restrictions that are developed in consultation with the representatives of county behavioral health systems, on what Medi-Cal Behavioral Health Delivery Systems impose on their contract providers, consistent with MCMC plans and taking into account the need to ensure quality, program integrity, and address equity and disparities.

91) Exempts DHCS, for Medi-Cal behavioral health systems, from the existing law requirement that takes effect July 1, 2022 that DHCS revise or adopt existing medical necessity regulations, and instead requires regulations applicable to the Medi-Cal behavioral health system to be developed by July 1, 2024. Requires DHCS to use guidance without taking regulatory action to implement the above provisions and the associated CalAIM T&C until regulations are developed.

92) Requires DHCS to design and implement an intergovernmental transfer (IGT)-based methodology for claiming federal Medicaid funds to replace the use of certified public expenditures (CPEs) for claims associated with covered SMHS and DMC-ODS services provided through Medi-Cal, for implementation no sooner than July 1, 2022.

93) Requires the total IGT-funded payment amount, which includes the federal and nonfederal share, paid to a Medi-Cal behavioral health delivery system to be for the support of behavioral health-related services and activities that benefit patients served by the Medi-Cal behavioral health delivery system, consistent with federal law.

94) Requires DHCS to establish, implement, and administer the Behavioral Health Quality Improvement Program (BHQIP) to provide grants to county behavioral health delivery systems for purposes of preparing those entities and their contracting health care providers for implementation of the BH components included in the DHCS CalAIM initiative, and for the purposes of implementing changes to the mental health delivery system in the Children and Youth Behavioral Health Initiative.

95) Imposes requirements on counties to assist with Medi-Cal applications following release from correctional institutions, as follows:

96) Requires, effective January 1, 2023 each county board of supervisors, in consultation with specified entities, to designate an entity or entities to assist county jail inmates and juvenile inmates in county juvenile facilities with submitting an application for, or otherwise facilitating their enrollment in Medi-Cal and Covered California.

97) Requires DHCS to develop the data elements required to implement the application process related provisions, in consultation with interested stakeholders that include representatives of counties, county sheriffs, county probation agencies, and whole person care pilot lead entities with experience working with incarcerated individuals.

98) Requires DHCS, counties, county sheriffs, and county probation agencies to share the information and data necessary to facilitate the enrollment of individuals in Medi-Cal and Covered California on or before their data of release and to suspend and un-suspend Medi-Cal coverage for beneficiaries.

99) Requires DHCS, no sooner than January 1, 2023, in consultation with counties, probation departments, MCMC plans, and Medi-Cal behavioral health delivery systems, to develop and implement a mandatory process by which county jails and county juvenile facilities coordinate with MCMC plans and Medi-Cal behavioral health delivery systems to facilitate continued behavioral health treatment in the community for county jail inmates and juvenile inmates that were receiving behavioral health services before their release.

100) Permits the sharing of health information, records, and other data with and among counties, MCMC plans, Medi-Cal behavioral health delivery systems, and other authorized providers or plan entities to be permitted to the extent necessary. Requires DHCS to issue guidance identifying permissible data-sharing arrangements.

101) Requires DHCS, commencing no sooner than July 1, 2021, in consultation with representatives of county welfare departments, the Statewide Automated Welfare Systems, and other interested stakeholders, to initiate the planning process to prioritize the automation of Medi-Cal suspensions for incarcerated individuals into the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS), and requires this change to be reflected in both the CalHEERS 24-Month Roadmap Initiatives and the County Eligibility Worker Dashboard.

102) Requires DHCS, in consultation with representatives of county welfare departments and other affected stakeholders, to develop and make publicly available a dashboard that reflects each county's performance in meeting existing Medi-Cal application and eligibility-related processing measures.

103) Requires DHCS, in consultation with counties and other affected stakeholders, to develop and implement specified performance, reporting and budgetary measures, quality assurance review with a tiered enforcement framework for corrective action to enhance oversight and monitoring of county administration of the California Children's Services (CCS) program.

104) Requires DHCS to convene a workgroup consisting of counties and other applicable stakeholders to develop and implement one or more initiatives designed to improve the

collection and use of beneficiary demographic and contact information in administering the Medi-Cal program and other applicable public assistance programs.

105) Requires DHCS to make incentive payments, grants, or other financial support available to qualified entities or providers under the Providing Access and Transforming Health (PATH) program to support services, infrastructure, and capacity building in advancing and complimenting select goals and components of CalAIM.

106) Requires DHCS, in consultation with affected entities and providers, to establish the methodologies, parameters, and eligibility criteria for PATH payments, in accordance with the CalAIM T&C.

107) Permits, for purposes of PATH payments made, qualified entities or providers to include, but need not be limited to, counties, MCMC plans, designated public hospital systems, community-based organizations, county sheriffs, adult and juvenile correctional facilities, or chief probation officers, to the extent approved in the CalAIM T&C.

108) Permits the nonfederal share of PATH payments to consist of voluntary intergovernmental transfers of funds provided by eligible governmental agencies or other public entities.

109) Makes a qualifying inmate of a public institution eligible to receive targeted Medi-Cal services for 90 days, or the number of days approved in the CalAIM T&C if fewer than 90 days, prior to the date they are released from a public institution, if the inmate is otherwise eligible for those services under Medi-Cal.

110) Limits the targeted Medi-Cal services made available to qualifying inmates to those services approved in the CalAIM T&C.

111) Requires DHCS to arrange for an independent, third-party evaluation of the hypotheses and outcomes associated with providing targeted Medi-Cal services to qualifying inmates as described in the CalAIM T&C.

OSHPD Recast and Modernization

112) Renames OSHPD the Department of Health Care Access and Information;

113) Eliminates the health care workforce clearing house and establishes the California Health Workforce Research and Data Center;

114) Establishes uniform requirements for the reporting and collection of workforce data from health care-related licensing boards to the data center, and requires the department to maintain the confidentiality of this data and authorizes the department to release the information in aggregate form only;

115) Dissolves the Health Professions Education Foundation and authorizes the department to continue various Foundation programs; and

116) Eliminates the California Healthcare Workforce Policy Commission and replace it with the California Health Workforce Education and Training Council, including changing its membership composition and authorizes the council to make recommendations to the department regarding the use of health care education and training funds.

Health Professions Career Opportunity Program

117) Requires the Health Professions Career Opportunity Program to be implemented at colleges and universities, as specified.

Health Equity and Quality in Managed Care

118) Requires DMHC, on or before March 1, 2022, to convene a Health Equity and Quality Committee, as follows:

a. Requires the Committee to make recommendations to the department for standard health equity and quality measures, including annual benchmark standards for assessing equity and quality in health care delivery; and

b. Requires DMHC to consider the committee's recommendations and to establish standard measures and annual benchmarks for equity and quality in health care delivery.

119) Requires a health care service plan, including Medi-Cal managed care plans not licensed by DMHC, to annually submit to DMHC a report containing equity and quality data and information;

120) Requires DMHC to review a health care service plan's equity and quality report to determine the plan's compliance with the health equity and quality report to determine the plan's compliance with DMHC's equity and quality standard measures and annual benchmarks;

121) Authorizes DMHC to take certain actions against a health care service plan that does not demonstrate compliance with the requirements of the bill, including corrective action plans and administrative penalties;

122) Requires DMHC, beginning in 2025 and annually thereafter, to publish on its website a Health Equity and Quality Compliance Report; and

123) Authorizes DMHC to implement these provisions by means of all-plan letters or similar instructions, without taking regulatory action until January 1, 2027.

Medi-Cal Benefits

124) Expands, on July 1, 2021, the Medi-Cal schedule of benefits to include over-the-counter cough, cold, and acetaminophen-containing products.

125) Expands the Medi-Cal schedule of benefits to include rapid Whole Genome Sequencing for any Medi-Cal beneficiary who is one year of age or younger and is receiving inpatient hospital services in an intensive care unit. Authorizes DHCS to implement this provision by various means without taking regulatory action.

126) Repeals obsolete law that requires DHCS to seek federal approval to expand the adult Alcohol Misuse Screening and Behavioral Counseling Interventions in Primary Care (within Medi-Cal) to include screening for misuse of opioids and other illicit drugs, reflecting federal requirements to do the same.

Electronic Visit Verification (EVV)

127) Authorizes DHCS to partner and contract with specified governmental entities, including the Department of Social Services, in order to comply with federal requirements on EVV.

128) Requires Medi-Cal providers, who render services that are subject to EVV, to comply with requirements on EVV and authorizes DHCS and its partners to take prescribed action, such as a corrective action plan, against a provider's noncompliance with these requirements.

129) Authorizes DHCS and its partners to enter into contracts to implement these provisions, and to implement these provision by various means, including provider bulletins.

Medi-Cal Post-Payment Recovery

130) Adds all health entities licensed by the Department of Insurance, third-party administrators, and union trusts to the list of "other health coverage entities" that are legally responsible for payment of a claim for a health care service and are required to provide specified information to DHCS, at DHCS's request, upon certification by DHCS that the information pertains to an individual who is an applicant for, recipient of, or legally responsible person for an applicant for, or recipient of, Medi-Cal services.

131) Adds new categories of information that other health coverage entities are required to maintain about a subscriber, policyholder, enrollee, or insured.

132) Requires other health coverage entities to enter into a cooperative agreement with DHCS for the provision of specified information, and requires that the information required by these cooperative agreements be provided to DHCS within 90 days of DHCS's request, at no cost to DHCS, and elimination of the existing reimbursement provisions.

133) Requires that the subscriber policyholder, enrollee, or insured's information maintained in the centralized file be provided to DHCS at least once a month in a format specified by DHCS; also requires this information be provided to DHCS's agents and Medi-Cal managed care plans upon reasonable request.

134) Requires specified entities to provide DHCS with real-time, electronic eligibility verification, at no cost, and in a form and manner specified by DHCS.

135) Authorizes DHCS to implement these requirements by means of policy letter, information notice, or other similar instruction, without taking any further regulatory action.

Medi-Cal Eligibility Expansions

136) Extends Medi-Cal eligibility for full-scope Medi-Cal benefits to an individual who is 50 years of age or older, who does not have satisfactory immigrant status or is unable to establish satisfactory immigration status, but is otherwise eligible, once the director determines that systems have been programmed for implementation, and no sooner than May 1, 2022. Provides that individuals enrolled under this category are not required to file a new application for the Medi-Cal program and requires enrollment to be conducted pursuant to a prescribed eligibility and reenrollment plan; and requires DHCS to provide monthly updates to the Legislature.

137) Expands eligibility for Medi-Cal services for one year following the end of a pregnancy, regardless of having a diagnosis for a maternal mental health condition, but restores the

requirement for a maternal mental health diagnosis should this provision discontinue. Commences this expanded eligibility the later of April 1, 2022, or another date approved by the federal government.

Elimination of Program Suspensions

138) Deletes the potential suspensions of various health programs, unless specified conditions were to apply, as follows:

a. Various Medi-Cal optional benefits on December 31, 2021;

b. Medi-Cal pregnancy-related and postpartum services for one year following the end of a pregnancy, for individuals who have been diagnosed with a maternal mental health condition, on December 31, 2021; and

c. Proposition 56-funded Medi-Cal payments for physician services, dental services, home health providers, and value-based payment programs on July 1, 2021.

Pharmacy Medication Therapy Management (MTM)

138) Adds MTM pharmacist services, provided in conjunction with the dispensing of qualified specialty drugs, to the list of covered pharmacist services under the Medi-Cal program.

139) Exempts pharmacists providing MTM from the pharmacy reimbursement methodology.

140) Requires DHCS to implement an MTM reimbursement methodology for covered pharmacist services related to the dispensing of qualified specialty drugs by an eligible pharmacy contracted with the department.

141) Requires DHCS to establish and maintain protocols and utilization controls, a list of covered specialty drug therapy categories, rates of reimbursement, and eligibility criteria and conditions for receipt of MTM pharmacist services reimbursement.

Medi-Cal Telehealth

142) Requires DHCS to seek federal approvals to extend the Public Health Emergency-approved flexibilities related to the delivery and reimbursement of services via telehealth modalities until December 31, 2022.

143) Requires DHCS to convene an advisory group to provide recommendations to inform DHCS on establishing and adopting billing and utilization management protocols for telehealth modalities.

144) Authorizes DHCS to enter into contracts or amend existing contracts, for purposes of implementing these provisions and exempts those contracts from specified provisions of law.

Long-Term Care Facilities

145) Makes changes conforming to federal law related to the Money Follows the Person Program, including reducing the requirement that an individual has resided in an inpatient facility from 90 to 60 days in order to qualify for community transition assistance.

146) Requires a long-term health care facility to timely comply with a hearing decision, as issued by DHCS's Office of Administrative Hearings and Appeals,that finds that the facility improperly transferred, discharged, or refused to readmit a resident.

147) Specifies that if a facility fails to timely comply with a hearing decision, authorizes DHCS to assess penalties of $750 for each calendar day the facility fails to comply with the hearing decision.

148) Requires a facility to file a specified certification of compliance with DHCS, and requires DHCS to make a certificate of compliance available on its website, and provides that the facility's failure to provide the certification of compliance would be subject to the penalty.

149) Authorizes DHCS to deduct penalties from Medi-Cal payments, and to take into account the financial condition of the facility.

150) Authorizes DHCS to waive assessed penalties if the facility petitions for a waiver and DHCS makes a determination that the facility meets certain requirements.

151) Requires DHCS to refund any penalties paid by a facility if the hearing decision is reversed on appeal.

152) Requires that the penalty revenue be used for improving the quality of long-term care services under the Medi-Cal program.

Medically Tailored Meals (MTM) Pilot Program

153) Requires, for 2021-22, DHCS to implement the Short-Term Medically Tailored Meals Intervention Services Program to provide grants to entities providing MTM intervention services to eligible Medi-Cal beneficiaries with specified health conditions, who reside in specified counties.

154) Requires eligible beneficiaries to receive MTM service for 12-52 weeks, depending on diagnosis and need.

155) Authorizes DHCS to implement additional eligibility requirements and to use data to identify eligible beneficiaries.

156) Requires providers to monitor and document the impacts of this program and provide that information to DHCS.

157) Requires DHCS to develop a methodology for reimbursing contractors for services and requires DHCS to allocate 5 percent of the funding to a nonprofit organization fiscal sponsor to coordinate the program.

158) Ends this program on the date DHCS submits its report to the Legislature, or 12 months after the end of the MTM Pilot Program, or the Short-Term MTM Pilot Program, whichever occurs last.

Medi-Cal Dental Managed Care

159) Requires the department to extend dental managed care contracts in Sacramento and Los Angeles Counties until December 31, 2022, and to secure these extensions on a sole source basis.

160) Authorizes DHC to implement the dental managed care program by specified means, such as information notices, without taking any further regulatory action.

Office of Medicare Innovation and Integration

161) Establishes the Office of Medicare Innovation and Integration in DHCS; and

162) Specifies the duties of the Office, including to provide focused leadership and expertise on innovative models of care for Medicare beneficiaries in California, to develop innovative approaches to integrated models of care, and others.

Medi-Cal Assets Test Elimination

163) Prohibits the use of resources, including property or other assets, to determine Medi-Cal eligibility for applicants or beneficiaries whose eligibility is not determined using the modified adjusted gross income (MAGI)-based financial methods;

164) Requires DHCS to seek federal authority to disregard all resources as authorized by flexibilities in federal law; and

165) Authorizes DHCS to implement these provisions by various means, including provider bulletins, without taking regulatory action.

Medi-Cal Reimbursement Rates

166) Requires, beginning July 1, 2022, reimbursement rates for laboratory services to not exceed the lowest of enumerated criteria, including 100 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services;

167) Requires, for 2021-22, DHCS to establish the reimbursement rates for laboratory services at the rates in effect and approved in the Medi-Cal State Plan as of December 31, 2019; and

168) Prohibits DHCS from retroactively implementing reimbursement reductions and from recouping overpayments for laboratory services.

169) Exempts providers of complex rehabilitative technology (CRT) and CRT services from an existing ten percent rate reduction adopted in 2011, beginning January 1, 2022, or when federal approval is received if later;

170) Repeals and recasts provisions related to the reimbursement and utilization controls for CRT, to be consistent with durable medical equipment;

171) Imposes certain accreditation, staff, supply, and other types of requirements for CRT providers;

172) Recasts qualified rehabilitation professionals as qualified health care professionals and qualified rehabilitation technology professionals, and requires both types of professionals to be involved in the evaluation of complex needs patients who receive a complex rehabilitation manual wheelchair, power wheelchair, or seating component; and

173) Authorizes DHCS to adopt utilization controls, including a specialty evaluation by a qualified health care professional.

Medi-Cal Mobile Optometric Services

174) Authorizes a mobile optometric office that meets certain requirements to be enrolled in the Medi-Cal program as either a mobile optometric office or within any other provider category for which the applicant or provider qualifies.

Public Health

175) Removes a statutory requirement that all duties and responsibilities of the Office of Suicide Prevention be carried out using existing staff and resources.

176) Requires any reduction in Proposition 56 revenue allocated to the Office of Oral Health be backfilled by continuously appropriating moneys from the General Fund in an amount equivalent to the reduction in Proposition 56 revenue, such that the total funding for the state dental program remains at $30 million annually.

177) Expands eligibility for the AIDS Drug Assistance and Pre-Exposure Prophylactic programs for subsidized medications to include individuals who have the medication dispensed or otherwise furnished.

178) Repeals the requirement on physicians to report newborn infant patients' diagnoses of rhesus isoimmunization hemolytic disease to CDPH.

179) Eliminates the sunset on the Parkinson's Disease Program, in order to transition the program into the California Neurodegenerative Disease Registry Program, which requires CDPH to collect data on the incidence of neurodegenerative diseases in California. Requires hospitals, physicians and other health care providers to report diagnoses and treatment of patients for a neurodegenerative disease to CDPH. Sunsets the Neurodegenerative Disease Registry on January 1, 2028.

180) Authorizes CDPH to procure cooperative agreements without a request for application or a request for proposals if CDPH is awarding the agreement under the California Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to an entity that currently has an agreement with the specific WIC local agency. Requires agreements for new WIC local agencies to be procured by means of a process that complies with applicable federal and state laws and the state plan for operation of WIC.

181) Exempts contracts from Public Contracts Code requirements that are entered into to support activities that address lesbian, bisexual, and queer women's health disparities.

Physician Orders for Life Sustaining Treatment (POLST) Electronic Registry

182) Enacts the California POLST eRegistry, which requires EMSA to establish a statewide electronic POLST registry system for the purpose of collecting a patient's POLST information and disseminating it to authorized users;

183) Requires EMSA to promulgate regulations for the operation of the eRegistry; and

184) Appropriates $10 million General Fund for 2021-22 to support the planning, development, and implementation of the eRegistry, and continuously appropriates $750,000 General Fund annually thereafter to support the eRegistry.

State Hospitals Provisions

185) Authorizes DSH to amend a contract with a county to fund the expansion of an existing department-funded pretrial diversion.

186) Authorizes expansion of existing DSH-funded pretrial diversion programs for participants that have been found incompetent to stand trial on a felony charge and suffer from a mental disorder.

187) Authorizes a county expanding its programs to not be required to meet match funding requirements.

188) Authorizes DSH to re-evaluate a mentally incompetent defendant in person or by video telehealth if the defendant is in county custody and has been committed to and awaiting admission to DSH for 60 days or more.

189) Requires county jails to provide DSH confidential access to the defendant for evaluation, include via remote access capabilities at the jail.

190) Requires DSH to provide funding at a rate set by DSH for reimbursement of information technology support and a portion of staff time used to facilitate telehealth interviews and evaluations of felony defendants.

191) Requires a mentally incompetent defendant in the custody of DSH, for whom there is no substantial likelihood of restoration of competency or who, after a specified interval of treatment, has not been restored to mental competence, to be returned to the custody of the county.

192) Authorizes DSH to charge a county that fails to take custody of such a defendant a daily rate for any time that the defendant remains in DSH custody.

193) Eliminates a relative's financial liability for a patient in a state hospital and their authorization to inspect specified investigative reports at any time.

Covered California Provisions

194) Requires HBEX to make payments to qualified health plan issuers that equal the cost of providing abortion services for which federal funding is prohibited to individuals enrolled in a qualified health plan through the HBEX in the individual market, and prohibits the payments from being less than $1 per enrollee per month.

195) Establishes the Health Care Affordability Reserve Fund, and authorizes the Controller to use funds from this Fund for cash-flow loans to the General Fund.

196) Requires the Controller to transfer $333,439,000 from the General Fund to the Health Care Affordability Reserve Fund, and requires that these funds be used for the purpose of health care affordability programs operated by HBEX.

197) Requires HBEX, in consultation with stakeholders and the Legislature, to develop options for providing cost sharing reduction subsidies to reduce cost sharing low- and middle-oncome Californians, and requires HBEX to report the developed options to the Legislature, Governor,

and the Healthy California for All Commission for consideration in the 2022-23 budget process and post the report on its website.

198) Extends the authority of the HBEX board to adopt emergency regulations to January 1, 2025. Authorizes the Office of Administrative Law to approve more than 2 re-adoptions of emergency regulations until January 1, 2030.

199) Requires OSHPD to make data reported from hospitals available to HBEX and requires HBEX to ensure that patients' rights to confidentiality are not violated and to comply with all policies and requirements involving review and oversight of the State Committee for the Protection of Human Subjects. Requires HBEX to report to the Governor and Legislature on or before August 1, 2023 regarding the impact of these requirements on the Exchange.

General Provisions

200) Declares that this bill makes appropriations related to the Budget Bill, and is to take effect immediately as a Budget Bill.

201) Makes provisions severable and makes other legislative findings and declarations.

202) Provides that no reimbursement is required for certain mandates required by this act.

203) Finds and declares that Section 2 of this act imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article 1 of the California Constitution, and declares that this is done in order to protect the privacy of licensees, while also gathering useful workforce data.

COMMENTS

This bill is a budget trailer bill within the overall 2021-22 budget package to implement actions taken affecting health-related departments and other state entities. This bill implements major new initiatives and expansions to health services and programs, including the CalAIM initiative, the reorganization of OSHPD into the new Department of Health Care Affordability and Information, and the expansion of Medi-Cal to all income-eligible adults aged 50 and older, regardless of immigration status. This bill implements numerous other health-related provisions associated with the Budget Bill of 2021.

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This bill implements many health programs and policies that are tied to expenditures in the budget bill. The following are estimated expenditures for some of the items included in this bill:

CalAIM – $664.1 million GF in 2021-22

Medi-Cal Eligibility Expansion – $1.3 billion GF (full-year, full implementation, 2024-25)

Medi-Cal Assets Test Elimination – $197 million GF (full-year, 2022-23)

Medi-Cal Clinical Laboratory Rates – $18 million one-time and $3 million ongoing

OSHPD Reorganization and Modernization – $574,000 GF in 2021-22 and $486,000 GF in 2022-23 and ongoing

Health Careers Opportunity Program – $16 million GF ongoing

POLST eRegistry – $10 million one-time and $750,000 ongoing

Office of Suicide Prevention – $2,780,000 ongoing

Neurodegenerative Disease Registry – $8 million one-time

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Andrea Margolis / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 134 (Committee on Budget and Fiscal Review)
As Amended June 27, 2021

SUMMARY

This is a Health Trailer Bill for 2021-22. It contains necessary changes related to the Budget Act of 2021, including various statutory changes to implement the 2021-22 budget.

Major Provisions

This bill extends various flexibilities, related to the use and management of Mental Health Services Act (MHSA) funding that have been provided to counties in response to the Public Health Emergency, for an additional (2021-22) year. Specifically, this bill:

1) Authorizes counties to spend down their local MHSA prudent reserves, temporarily exempting them from regulatory requirements to first request and receive authorization from the Department of Health Care Services (DHCS);

2) Authorizes counties to spend funds within Community Services and Supports (CSS) program components, regardless of category restrictions, in order to meet local needs;

3) Authorizes counties to use their existing approved Three-Year Plan or Annual Update to expend local MHSA funds if a county behavioral health director certifies to DHCS that they were unable to submit their new Three-Year Plan due to COVID-19-related reasons;

4) Makes the provisions of this measure severable;

5) Appropriates $186,973,000 in federal funds to DHCS to support community mental health services in 2021-22;

6) Finds and declares that the amendments made by this measure are consistent with, and further the intent of, the Mental Health Services Act; and

7) Declares that this is a budget bill, which is related to the budget and the Budget Bill, and will take effect immediately.

COMMENTS

The flexibilities contained in this bill, that have been provided to counties related to their MHSA expenditures, are intended to help counties respond to the significant increase in demand for mental health services that has resulted from the pandemic. These flexibilities are being extended one more year, until June 30, 2022.

This is a budget trailer bill within the overall 2021-22 budget package which affects the Department of Health Care Services and the Mental Health Services Oversight and Accountability Commission.

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This bill appropriates $186,973,000 in federal American Rescue Plan Act of 2021 (ARPA) funds to DHCS for the Community Mental Health Services Block Grant Program in 2021-22.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 27, 2021

CONSULTANT: Andrea Margolis / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 136 (Committee on Budget and Fiscal Review)
As Amended June 28, 2021

SUMMARY

This is the Developmental Services Trailer Bill, with statutory changes necessitated by and accompanying appropriations made in the 2021 Budget Act.

Major Provisions

1. Exempts the State Department of Developmental Services (DDS) from the requirement to receive approval from the Department of General Services for the lease, lease-purchase, or lease with the option to purchase five STAR homes.

2. Requires, for the Early Start program, until June 30, 2022, if requested by the parent or legal guardian, an individualized family service plan meeting to be held by remote electronic communications and would include remote electronic communications as a method of delivering services.

3. Requires, until June 30, 2022, and if requested by the consumer or, if appropriate, if requested by the consumer's parents, legal guardian, conservator, or authorized representative, a meeting regarding the provision of services and supports by the regional center to be held by remote electronic communications.

4. Expands the licensing program for Adult Residential Facilities for Persons with Special Health Care Needs (ARFPSHNs) to include licensing and regulation of Group Homes for Children with Special Health Care Needs (GHCSHNs). Defines GHCSHN to mean a group home that provides 24-hour health care and intensive support services in a homelike setting that is licensed to serve up to five children or nonminor dependents with developmental disabilities.

5. Imposes specified requirements on a GHCSHN, similar to those imposed on an ARFPSHN, including requirements relating to operable automatic fire sprinklers and alternative power sources, allowable rates, staffing, consumer admission criteria, and individual health care plans.

6. Requires an administrator of a GHCSHN to complete a 40-hour certification training program and to meet other licensing or education requirements, as specified, and requires the individual health care plan team for a client at a GHCSHN to be composed of specified individuals, including the regional center service coordinator, the GHCSHN administrator, and the consumer's primary care physician, or other physician, as specified.

7. Requires a GHCSHN to possess a community care facility license and would subject a GHCSHN to provisions under the California Community Care Facilities Act, including unannounced inspections, specified reporting requirements, and civil penalties for specified violations of the act.

8. Authorizes a GHCSHN to allow a client who has been diagnosed as terminally ill to remain in the facility, or allow a child who has been diagnosed as terminally ill to be placed in the facility, if that person is already receiving hospice services, if certain conditions are met.

9. Requires that if a child's placement is in a GHCSHN, the individualized health care plan developed by a county to place a child with special health care needs in foster care shall include all of the requirements for a GHCSHN, and that the services shall be vendored through a Regional Center and advised by the individual health care plan team, pursuant to practice in current law.

10. Eliminates the reference to the Sonoma Developmental Center for purposes of the definition of "community crisis home," which is defined in existing law to mean a facility certified by the DDS and licensed by the State Department of Social Services (DSS) as an adult residential facility that provides 24-hour nonmedical care to individuals with developmental disabilities receiving regional center services, in need of crisis intervention services, and who would otherwise be at risk of admission to the acute crisis center at Fairview Developmental Center, Sonoma Developmental Center, an acute general hospital, acute psychiatric hospital, an institution for mental disease, or an out-of-state placement.

11. Requires a child or nonminor dependent who is a dependent or ward of the court, or who is in the custody of the county welfare department, who is or will be placed in a GHCSHN, to meet specified requirements, including that the child or nonminor dependent has a predictable and stable condition that can rapidly deteriorate, resulting in permanent injury or death, or that is dependent on specified medical treatment.

12. Requires a determination that the GHCSHN will provide the most effective and appropriate level of care for the child or nonminor dependent in the least restrictive environment and be consistent with the short- and long-term goals for the child or nonminor dependent.

13. Requires the DDS to require that the 21 Regional Centers implement ongoing implicit bias training toward enhancing service access and equity in the developmental services system, and requires the DDS to require regional centers to implement this initiative through their contracts. Requires all the regional center personnel to comply with the implicit bias training requirements, and additionally applies this requirement to regional center contractors involved in intake and assessment and eligibility determinations. The 2021 Budget Act provides $5.6 million General Fund in 2021-22 and on-going for the implicit bias training.

14. Requires the DDS to administer an enhanced language access and cultural competency initiative for individuals with developmental disabilities, their caregivers, and their family members and requires the DDS to require regional centers to implement this initiative through their contracts. The 2021 Budget Act provides $10 million General Fund in 2021-22 and on-going to support and promote language access and cultural competency across the Regional Center system, specifically funding multi-language orientations, culturally sensitive outreach efforts, and translation services for persons served and their families who are non-English speaking.

15. Requires contracts between the DDS and regional centers to require the regional center to have, or contract for, implicit bias training and language access and cultural competency services and support.

16. Requires regional centers to receive specialized funding allocations to facilitate applications for payments authorized to protect the health and safety of consumers, as specified, for non-English speaking individuals served. The 2021 Budget Act provides $3 million General Fund in 2021-22 and on-going to support this effort.

17. Repeals the suspension of regional centers' authority to contract for camping services, social recreation services, educational services for children 3 to 17 years of age, inclusive, and nonmedical therapies effective January 1, 2022 and makes the provision inoperative on July 1, 2022. The 2021 Budget Act provides $19 million General Fund in 2021-22, $31.6 million in 2022-23, and $36.8 million General Fund in 2023-24 and on-going for this restoration of services.

18. Requires certain public meeting and reporting requirements on regional centers each time that new funds are appropriated in the annual Budget Act to the DDS for allocation to regional centers with the stated purpose of reducing caseload ratios. Requires a regional center to hold at least one public meeting during the year the appropriation is made to receive stakeholder input to help inform the way the regional center allocates new positions funded through the allocation to that regional center. The 2021 Budget Act provides $61.8 million General Fund starting in 2022-23, for a delayed implementation of one year, and on-going to enhance service coordinator ratios at the 21 Regional Centers.

19. Requires a regional center, on or before March 10 of the year following the appropriation of funds, and again by October 10 of that year, to report specified information to the DDS, including the number of new service coordinator positions created with the funds and data on current caseload ratios.

20. Applies the same prohibition for a regional center placing or funding the placement of a consumer in a GHCSHN as exists for an ARFPSHN, that unless the individual health care plan team has prepared a written individual health care plan that can be fully and immediately implemented upon the consumer's placement, then a regional center cannot place or fund the placement of the consumer. Additionally requires, for a GHCSHN, that the regional center consider and document every possible way to assist the child's family or guardian to maintain the child in the home of the family or guardian.

21. States findings and declarations of the Legislature related to the implementation of rate increases, based on rate models that were included in the rate study submitted to DDS pursuant to current law, over a five-year period, with the inclusion of a quality incentive program to improve consumer outcomes, service provider performance, and the quality of services. States the intent of the Legislature that, effective July 1, 2025, rates will be uniform within service categories and adjusted for geographic cost differentials, including differentials in wages, the cost of travel, and the cost of real estate. The 2021 Budget Act provides $89.8 million in 2021-22, $346.1 million in 2022-23, $678.7 million in 2023-24, $706.1 million in 2024-25, and $1.233 billion (all General Fund) in 2025-26 for this investment. These amounts are inclusive of the quality incentive program for the fiscal years of 2022-24 through 2024-25, as well as state operations and Regional Center costs.

22. Implements the rate increases with the quality incentive program as follows:

    a. Requires the DDS, commencing April 1, 2022, to implement a rate increase for service providers that equals one-quarter of the difference between current rates and the fully-funded rate model pursuant to the rate study for each provider.

    b. Requires the DDS, commencing in the 2022–23 fiscal year, to continue the adjusted rate provided in the 2021–22 fiscal year, with $27.5 million General Fund available for the quality incentive program for 2021-22.

c. Requires the DDS, commencing July 1, 2023, and continuing through the 2024-25 fiscal year, to adjust rates to equal one-half of the difference between rates in effect March 31, 2022, and the fully-funded rate model pursuant to the rate study for each provider. An amount of $55 million General Fund is available for 2022-23 and $82.5 million General Fund is available for 2023-24 for the quality incentive program.

d. Requires the DDS, commencing July 1, 2025, to implement the fully-funded rate models pursuant to the rate study using two payment components, a base rate equaling 90 percent of the rate model, and a quality incentive payment, equaling up to 10 percent of the rate model, to be implemented through the quality incentive program.

23. Provides for a hold harmless policy for providers whose rates exceed rate model recommendations beginning in the 2021–22 fiscal year. The policy shall freeze a provider's existing rates until June 30, 2026, after which time the provider's rates shall be adjusted to equal the rates for other providers in the provider's service category and region.

24. Requires the DDS to implement a quality incentive program in order to improve consumer outcomes, service provider performance, and the quality of services, as follows:

    a. Requires the DDS, in developing the proposed measures or benchmarks, or both, to gather public input through accessible meetings, provide documents and other materials on proposed measures and benchmarks publicly, and seek input from subject matter experts.

    b. Requires the DDS, on or before April 1, 2022, to propose quality measures or benchmarks, or both, to the Legislature and post these for public comment. After the DDS has considered public comments and modified the proposed quality measures or benchmarks, or both, as needed, the measures or benchmarks, or both, shall be finalized and implemented in the 2022–23 fiscal year.

    c. Requires the DDS, on or before April 1 of any subsequent year in which the DDS proposes new or revised quality measures or benchmarks, or both, to provide these to the Legislature and post them for public comment. After the DDS has considered public comments and modified the proposed quality measures or benchmarks, or both, as needed, the measures or benchmarks, or both, shall be finalized and implemented in the upcoming fiscal year.

    d. Requires the DDS to issue written directives to define the way quality incentive payments will be made to service providers based on quality measures or benchmarks, or both.

25. Requires the DDS, on or before March 1, 2022, to provide a status update to the Legislature regarding progress toward implementing rate reform and creating an enhanced person-centered, outcomes-based system. The status update may include, but is not limited to, information about compliance with rules of the federal Medicaid program, including the home- and community-based services final rule effective on March 17, 2014, and the progress toward state compliance, set to take effect, pursuant to the current federal guidance, on March 17, 2023.

26. Adds additional reporting requirements to the content of quarterly briefings required by the DDS, including information on the development of GHCSHNs in those quarterly briefings,

status of direct service provider training, and data regarding average per capita purchase of service expenditures for all age groups, by ethnicity, toward the active closure of racial, ethnic, and other disparities.

27. Authorizes, until December 31, 2021, the DDS director to approve extensions longer than six months for consumers who are receiving out-of-state services as of July 1, 2021, and would, until January 1 2022, decrease the frequency with which the report is required to be reviewed and updated for those consumers.

28. Requires the DDS, on or before December 31, 2021, to contract with an entity or entities with demonstrated experience in quantitative and qualitative data evaluation to design and conduct an independent evaluation of the efforts to promote equity and reduce disparities pursuant to those provisions.

29. Requires the DDS to establish a community navigator program and allocate funding for that program to promote the utilization of generic and regional center services. Requires the DDS to consult stakeholders by August 31, 2021, and issue funding guidelines regarding the selection of community navigator programs. Requires a family resource center that receives funding pursuant to those provisions to report to the DDS, as specified, and for the DDS to post those reports on its internet website by November 1, 2022. The 2021 Budget Act includes $3.2 million General Fund for this effort.

30. Requires the DDS to develop and implement enhanced direct service professional training that promotes services that are person centered and culturally and linguistically sensitive, and that improves outcomes for individuals with intellectual and developmental disabilities. The 2021 Budget Act includes $2.9 million General Fund in 2021-22 to establish a training and certification program for direct service professionals tied to wage differentials. The program aims to reduce staff wage inequity, stabilize service access, and professionalize and diversify the workforce. Beginning in 2023-24, ongoing costs increase to $51 million General Fund.

31. Expands the definition of developmental disability to include a child who is three or four years of age who does not have one of the developmental disabilities in the current definition, but has significant functional limitations in at least two of the specified categories of major life activity, as determined by a regional center and as appropriate to the age of the child. Establishes provisional eligibility for regional center services on the basis of a disability for a child who meets these requirements. Requires that a child who is provisionally eligible be reassessed for continued eligibility for regional center services at least 90 days before turning five years of age. The 2021 Budget Act includes $23.8 million ongoing General Fund to provide children aging out of Early Start provisional Lanterman service eligibility up to age five.

32. Requires that an infant or toddler eligible for early intervention services from a regional center be assessed by the regional center at least 90 days prior to the date they turn three years of age for purposes of determining their ongoing eligibility, including provisional eligibility, for regional center services.

33. Requires the DDS, beginning as early as possible after July 1, 2021, but no later than September 1, 2021, to convene a workgroup composed of specified individuals, including regional center representatives and service providers, to make recommendations to the DDS for the development of standard performance improvement indicators and

benchmarks to incentivize high-quality regional center operations. By January 10, 2022, requires the DDS to provide a status update based on recommendations provided by the stakeholder workgroup, with an additional status update at the time of the Governor's 2022 May Revision.

34. Requires the DDS, subject to an appropriation, to establish and implement a system that promotes equity in access to services for regional center consumers by providing a pay differential to direct service professionals who can communicate in a language or medium other than English as part of their regular job duties. Specifies the various conditions for a direct service professional to meet in order to be eligible for the bilingual or multilingual differential, including that they pass an examination certifying their ability to communicate in the language or medium other than English. Authorizes the DDS to adopt emergency regulations to implement those provisions and requires the DDS to provide a report to the Legislature detailing its plan to implement those provisions. The 2021 Budget Act includes $2.2 million General Fund in 2021-22 to create a differential for bilingual service provider staff. Beginning in 2023-24, ongoing costs increase to $6.5 million General Fund.

35. Requires that, as of July 1, 2021, the Self-Determination Program (SDP) be available to all eligible regional center consumers, and would eliminate the provisions related to the phase in of the program. Requires the program to set specified targets and benchmarks, address a choice of financial management services providers who meet standards and certification requirements established by the DDS, and address the long-term sustainability of the program, among other requirements.

36. Requires the DDS, in implementing the SDP, to prioritize the use of funds to increase service access and equity and reduce disparities. Adds new requirements on the regional centers and financial management services providers in implementing the program. Requires a participant, if eligible, and with the assistance of the regional center, if needed, to timely apply for Medi-Cal in order to maximize federal funding. Authorizes a participant to consider institutional deeming in order to qualify for Medi-Cal services. In implementing a regional center consumer's IPP under the program, requires the IPP team to follow certain service cost requirements, consistent with the Lanterman Act.

37. Requires the DDS to establish an Office of the Self-Determination Program Ombudsperson to be headed by an individual to be known as the Self-Determination Program Ombudsperson. Requires the DDS Director, as soon as practicable, to appoint an ombudsperson qualified by training and experience to perform the duties of the office for a term of four years. Requires the office to be an independent and autonomous entity within the DDS and prescribes specified duties and rights of the office, including providing information and assisting regional center consumers and their families in understanding their rights under the Self-Determination Program and annually compiling and reporting relevant data to the appropriate policy and fiscal committees of the Legislature. The 2021 Budget Act includes $1 million General Fund in 2021-22 and on-going to establish an Office of the Ombudsperson for the Self-Determination Program.

38. Repeals the conditional funding suspensions that originated in the 2019 Budget Act and that were continued in the 2020 Budget Act that applied to (a) DDS supplemental rate increases provided in the 2019 and 2020 Budgets and (b) to the non-operation of the Uniform Holiday Schedule, which, when operational, prohibits a regional center from compensating certain vendors for providing any service to a consumer on specified holidays and generally prohibits a regional center from compensating certain entities for

transporting a consumer to receive those services for any of the listed holidays. Repeals statute for the Uniform Holiday Schedule. The 2021 Budget Act includes $173.7 million General Fund in 2022-23 and $309.6 million General Fund on-going for these suspension eliminations.

39. Modifies the paid internship program administered by DDS by replacing the $10,400 earnings cap with a 1,040 hours cap per year, and establishes incentive payments for regional center service providers who place individuals in paid internship opportunities. These changes restore the potential internship hours to the level when the program was initiated in 2016 and defray the administrative costs of facilitating the internships. Additionally, doubles the incentive payments to service providers for placing an individual into competitive integrated employment if the individual maintains employment for specified milestones, effective July 1, 2021, until June 30, 2025.

40. Requires DDS with the Department of Rehabilitation (DOR), subject to an appropriation in the Budget Act, to establish, by December 31, 2021, a program to increase pathways to competitive integrated employment that meets specified requirements.

41. Modifies the definition of "acute crisis home operated by the department" to mean real property used to provide Stabilization, Training, Assistance and Reintegration (STAR) services. Makes various changes to reflect the closures of certain state developmental centers.

42. Authorizes a petition for the commitment of a person with a developmental disability to the DDS who is in acute crisis to be filed in the superior court of the county that determined the question of acute crisis or the county in which the acute crisis home is located.

43. Extends the current authorization for a court to commit an individual who meets specified criteria for admission to Canyon Springs Community Facility from June 30, 2021 until June 30, 2022.

44. Appropriates $6,000,000 from the Home and Community-Based Services American Rescue Plan Fund to the DDS for one-time planning purposes.

45. States that the California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

46. Provides that, with regard to certain mandates, no reimbursement is required by this act for a specified reason.

47. Provides that, with regard to any other mandates, if the Commission on State Mandates determines that these changes contain costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

48. Declares that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

COMMENTS

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

The developmental services budget appropriations pertinent to major provisions of the trailer bill are noted.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Nicole Vazquez / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 137 (Committee on Budget and Fiscal Review)
As Amended June 27, 2021
Budget Bill Appropriation Takes Effect Immediately

SUMMARY

This is the general government trailer bill and contains the necessary changes related to the 2021 Budget Act. Specifically, this bill:

Major Provisions

1) Establishes the Solar Energy Restitution Program for the purpose of providing restitution to certain consumers with solar energy systems installed by a contractor on a single-family residence as specified.

2) Prohibits the California Gambling Control Commission from collecting any annual fee from state gambling licensees between January 31, 2020 to July 31, 2021 and refund any annual fees already paid for a state gambling license there were due between January 31, 2020 and the effective date of this bill. It also prohibits the commission from collecting any renewal application fees or background deposits ordinarily due between March 1, 2020 and April 30, 2022.

3) Increases the maximum grant awarded under the Financial Empowerment Fund to $200,000 and extends fund provisions to January 1, 2023. Funds are available for financial education and financial empowerment programs and services for at-rusk populations.

4) Requires the application fee for a debt collector license to be $350 and requires the Commissioner of Financial Protection and Innovation to collect the application fee and investigation fee at the time of the initial application.

5) Requires the governing body of the city, county, or city and county to calculate amounts, including the amount of proceeds of taxes attributable to funding received by the local jurisdiction from the Local Revenue Fund and the Local Revenue Fund 2011.

6) Authorizes the governing body of the city, county, or city and county to increase its appropriations limit for the fiscal year based on disclosed calculations. If the governing body of a local jurisdiction increases its appropriations limit it must notify the Director of Finance within 45 days and the appropriations limit of the state will be reduced by the total amount reported by each jurisdiction.

7) Clarifies that fees for recording, indexing, or filing an instrument, paper, or notice to entities exempted from payment of recording fees under current law, will not be charged except as specified.

8) Requires state agencies and entities to submit information relating to their information technology service contract to the Department of Technology before February 1, 2022 and annually thereafter.

9) Requires the Department of Technology to identify, assess, and prioritize high-risk critical information technology services and systems across state government for modernization, stabilization, or remediation.

10) Repeals the requirement that a state agency or department identified for an audit to determine the confidentiality, integrity, and availability of state systems must pay for the audit.

11) Creates the energy unit with the Governor's Office of Business and Economic Development (GO-Biz) to accelerate the planning, financing and execution of critical energy infrastructure projects that are needed to help the state reach its climate, energy, and sustainability policy goals. The unit will provide a report on its work to the Legislature by February 1, annually.

12) Requires the State Department of Social Services, in consultation with the Commission on Asian and Pacific Islander American Affairs, to administer a grant program that provides support and services to victims and survivors of hate crimes and their families and facilitates hate crime prevention measures.

13) Extends the date for the Department of Justice to create an application for health care practitioners, pharmacists and licensed physicians to apply for electronic history regarding the patient drug history to the completion date of any technological changes needed to the relevant database or October 1, 2022.

14) Establishes the Forced or Involuntary Sterilization Compensation Program, to be administered by the California Victim Compensation Board for the purpose of providing victim compensation to survivors of state-sponsored sterilization conducted pursuant to eugenics laws that existed in California between 1909 and 1979 and to survivors of coercive sterilization performed in prisons after 1979.

15) Authorizes the State Department of Developmental Services and the State Department of State Hospitals to disclose mental health and developmental services information and records to authorized employees of the California Victim Compensation Board for the purposes of verifying the identity and eligibility of individuals claiming compensation under the Forced or Involuntary Sterilization Compensation Program.

16) Establishes the Certified Veteran Service Provider Program Fund for purposes of awarding grant moneys to certified California veteran service providers for purposes of providing services that improve the quality of life for veterans and their families.

17) Extends the date by which the Department of General Services is to establish and publish information regarding industry standards associated with the Buy Clean California Act in the State Contracting Manual, in a department management memorandum, or on its internet website to January 1, 2022.

18) Extends the deadline by which contracts entered into with the state include specification that the facility-specific global warming potential for any eligible material shall not exceed the maximum acceptable global warming potential for that material to July 1, 2022.

19) Extends eligibility for the Public Utilities Commission's School Energy Efficiency Program Fund to certain regional occupational centers.

20) Creates a new program called Building Initiative for Low-Emissions Development Program Phase 2 at the Energy Commission to incentivize the construction of new multifamily and single-family market-rate residential buildings as all-electric buildings or with energy storage systems, as specified.

21) Extends the amount of time a county has to respond to a taxpayer's assessment reduction before the 2 year deadline resulting in the county board accepting the applicant's opinion of value as the basis for the calculation of property tax from March 31, 2021 to December 31, 2021.

COMMENTS

FISCAL COMMENTS

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VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 27, 2021

CONSULTANT: Michael Lucien / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 138 (Committee on Budget and Fiscal Review)
As Amended June 27, 2021
Budget Bill Appropriation Takes Effect Immediately

SUMMARY

This is the employment trailer bill and contains the necessary changes related to the 2021 Budget Act. The bill makes changes to the unemployment insurance and disability insurance programs, including expanded language access and direct deposit options. Specifically, this bill:

Major Provisions

1) Revises the specified verification process for verifying eligibility of an employee's family member for enrollment in a health benefit plan. This bill moves that responsibility from the Board of Administration of the Public Employees' Retirement System to the employing office.

2) Requires that an employing office obtain verifying documentation to substantiate continued eligibility at least once within a 3-year period from the initial enrollment for children and adopted children, and at least once every 3 years for stepchildren and domestic partner children.

3) Appropriates General Fund to supplement the state's appropriation to the Public Employees' Retirement Fund.

4) Appropriates the state contribution to prefund retiree health care and other postemployment benefits.

5) Requires supplemental payment to the Annuitants' Health Care Coverage Fund to specific state employee bargaining unit subaccounts.

6) Established the Garment Worker Wage Claim Pilot Program to contract with qualified organizations for the purpose of providing educational services to garment workers regarding wage violations.

7) Requires the Employment Development Department (EDD) provide the Legislature with a plan for assessing the effectiveness of its fraud prevention and detection tools by May 1, 2022 and report on those efforts annually.

8) Makes a number of changes to access EDD services for Californians with limited English proficiency by requiring that all standard information employee pamphlets concerning unemployment and disability insurance programs be printed in English and the top 7 non-English language used in California.

9) Requires EDD to establish and host a primary language multilingual access portal for unemployment insurance by February 1, 2024 and to translate the unemployment insurance online interface in primary languages by April 1, 2024.

10) Requires EDD to provide oral and signed language unemployment insurance services by qualified interpreters or bilingual staff by January 1, 2022.

11) Requires EDD, by March 2022, to employ a multilingual access coordinator and a multilingual access unit to coordinate the department's language access services, provide technical assistance to department staff, and monitor the provision of language access services.

12) Establishes the contribution rate to the School Employees Fund from each school employer to be .5% beginning July 1, 2021 and the subsequent fiscal year.

13) Adds the Department of Fair Employment and Housing to the list of entities permitted to use information obtained in the administration of the Unemployment Insurance Code and authorizes the department to use the information to carry out its duties ensuring compliance with specified pay data reporting requirements.

14) Extends until January 1, 2023 the existing calculations for determining benefits available to qualifying disabled individuals.

15) Requires EDD to begin providing individuals entitled to receive benefits under the state unemployment insurance compensation program or the disability insurance compensation program, the option to receive payments directly deposited by electronic funds transfer into a qualifying account of the recipient's choice.

16) Requires that the California Workforce Development Board (CWDB) assist the Governor in defining high road employers, high roads jobs, high road workforce development and highroad training partnerships in California.

17) Requires CWDB to collect data and report on program outcomes. CWDB will report back to the Legislature by October 1 of even numbered years with any information available.

COMMENTS

This bill is a budget trailer bill within the overall 2021-22 budget package to provide additional parameters for the administration of the unemployment insurance and disability insurance programs as specified.

The bill also appropriates funds for retiree benefits and health care coverage.

FISCAL COMMENTS

This bill appropriates $1,881,000,000 from the General Fund to supplement the state's appropriation to the Public Employees' Retirement Fund. The appropriation is applied to the unfunded state liabilities for the state employee member categories that are in excess of the base amounts for the 2021-22 fiscal year.

This bill also appropriates $616,000,000 from the General Fund for the prefunding of retiree health care and other postemployment benefits.

The bill provides funds for the supplemental payment to the Annuitants' Health Care Coverage Fund including:

- $251,000,000 for employees in State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21;
- $11,000,000 for employees in State Bargaining Unit 2;
- $65,000,000 for employees in State Bargaining Unit 5;
- $115,000,000 for employees in State Bargaining Unit 6;
- $25,000,000 for employees in State Bargaining Unit 7;
- $23,000,000 for employees in State Bargaining Unit 8;
- $28,000,000 for employees in State Bargaining Unit 9;
- $9,000,000 for employees in State Bargaining Unit 10;
- $32,000,000 for employees in State Bargaining Unit 12;
- $3,000,000 for employees in State Bargaining Unit 13;
- $6,000,000 for employees in State Bargaining Unit 16;
- $17,000,000 for employees in State Bargaining Unit 18;
- $17,000,000 for employees in State Bargaining Unit 19; and
- $14,000,000 for specified employees who are not related to a State Bargaining Unit and are excepted from the general definition of state employee and officers or employees of the executive branch of state government who are not members of the civil service.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 27, 2021

CONSULTANT: Michael Lucien / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 141 (Committee on Budget and Fiscal Review)
As Amended June 28, 2021
2/3 vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY

This is the cannabis trailer bill and contains the necessary changes related to the 2021 Budget Act. The bill consolidates the state licensing agencies into the Department of Cannabis Control and transfers all necessary powers to the new department. This bill also makes a number of changes to the Medicinal and Adult-Use Cannabis Regulation and Safety Act, including conforming changes for the new department. Specifically, this bill:

Major Provisions

1) Establishes the Department of Cannabis Control (DCC) within the Business, Consumer Services, and Housing Agency and transfers to this department the powers, duties, purposes, functions, responsibilities, and jurisdiction of the Bureau of Cannabis Control, the Department of Food and Agriculture, and the State Department of Public Health under the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

2) Revises the definition of "commercial cannabis" to include acting as a cannabis event organizer for temporary cannabis events.

3) Revises the definition of "manufacture" to include package or label cannabis product.

4) Requires DCC to provide information on its website about the status of every license issued, including the licensee's address of record but prohibits the sharing of personal identifying information including home addresses, phone numbers, and other information.

5) Requires DCC to include information on the website on suspensions and revocations of licenses and final decisions adopted by the DCC.

6) Authorizes DCC to issue provisional licenses until June 30, 2022. New provisional licenses that include cultivation activities require an applicant to submit documentation regarding a lake or streambed alteration agreement.

7) Prohibits DCC from renewing a provisional license if the applicant does not submit documentation regarding a lake or streambed alteration agreement.

8) Terminates, as of January 1, 2024, any provisional cultivation license that causes a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation.

9) Prohibits DCC from renewing a provisional license after January 1, 2025.

10) Provides that no provisional license shall be effective after January 1, 2026.

11) Authorizes the Department of Food and Agriculture and the State Department of Public Health to collect fees to cover the reasonable regulatory costs of performing the duties relating to their

respective programs and to levy civil penalties, and to deny, suspend, or revoke a registration or certification issued pursuant those programs

12) Authorizes the Department of Food and Agriculture to collect fees to cover the reasonable regulatory costs of performing the duties relating to the appellation of origin provisions for geographical areas of the state.

13) Exempts DCC from the requirement to obtain written consent from the Attorney General before employing legal counsel to represent the department in certain judicial or administrative adjudicative proceedings except in proceedings in state and federal court.

14) Adds DCC to the exempted list of departments for the purchase of assault weapons and .50 BMG rifles.

15) Adds DCC to the list of entities to which an unsafe handgun may be sold if the unsafe handgun is to be used as a service weapon by a peace officer.

16) Moves the local equity program grants from the Bureau of Cannabis Control to the Governor's Office of Business and Economic Development (GO-Biz).

17) Authorizes the Governor to appoint a deputy director of equity and inclusion within DCC.

18) Requires the state Controller to GO-Biz, reasonable funds for administering the California Cannabis Equity Act from the California Cannabis Tax Fund.

19) Provides for the reimbursement of travel for the advisory committee to advise licensing authorities on the development of standards and regulations.

20) Authorizes the Bureau of Cannabis Control, the Department of Food and Agriculture, the State Department of Public Health, and DCC to obtain that criminal history information from a local or state agency. Authorize a local or state agency to provide those records to those state agencies upon request.

21) Repeals the requirement that the Bureau of Cannabis Control disclose information on its licensees.

22) Authorizes DCC to institute or continue a proceeding against an applicant who has withdrawn their application after it has been filed with the department.

23) Authorizes DCC to suspend a license before a hearing, as specified, if the license was acquired due to fraud, misrepresentation, deceit, or any material misstatement of fact in the application for the license.

24) Authorizes DCC to institute or continue a disciplinary proceeding against a person whose license has been suspended, forfeited, or canceled or has been surrendered, or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee.

25) Requires the Executive Director of the Cannabis Control Appeals Panel to furnish the equipment, supplies needed to administer the panel.

26) Authorizes an agent of a state or local agency to possess, transport, or obtain cannabis or cannabis products as necessary to conduct activities reasonably related to the duties of the state or local agency.

27) Requires a testing laboratory to destroy the remains of a sample of adult-use cannabis or adult-use cannabis product upon completion of an analysis.

28) Redefines, with respect to the requirement to destroy harvested batches whose testing samples indicate noncompliance with health and safety standards, harvested batch to remove the specification that the cannabis plant matter be uniform in strain.

29) Requires drivers transporting samples to be tested to be directly employed by the testing laboratory.

30) Deletes provisions that allowed licensee to sell cannabis and cannabis products that have not yet been tested for a limited amount of time.

31) Authorizes a testing laboratory to receive and test samples of cannabis and cannabis products from a licensed cultivator or manufacturer for quality control purposes.

32) Prohibits a person with a financial interest in a state testing laboratory license from holding a financial interest in any other type of license.

33) Removes the requirement that packaging of cannabis and cannabis products be resealable if the product contains a single serving.

34) Removes the requirement that the labels and inserts include the source and date of cultivation and the date of manufacture.

35) Prohibits the cultivation or processing of cannabis or cannabis products that are misbranded. Redefines misbranded to mean products that are cultivated, processed, manufactured, packed or held in a location that is not licensed.

36) Prohibits the cultivation of cannabis that is adulterated which includes methods, facilities or controls out of compliance with existing law.

37) Includes cannabis in the procedure for labeling or destroying adulterated or misbranded products and authorizes a licensee to voluntarily recall the affected cannabis or cannabis product and either correct or destroy the product.

38) Authorizes a licensed cultivator to request permission for continued cultivation or harvesting of cannabis subject to embargo and allows DCC to impose conditions on the continued cultivation and harvest of embargoed cannabis.

39) Authorizes DCC to adopt regulations for the creation and distribution of trade samples for targeted advertising. Prohibits any payment or compensation for designated trade samples which may only be shipped between two licensees.

40) Exempts, after January 1, 2022, from the cultivation tax the cultivation of all harvested cannabis that will be designated a trade sample or made into a cannabis product trade sample.

COMMENTS

This bill consolidates the state licensing agencies into the Department of Cannabis Control and transfers all necessary powers to the new department. This bill also makes a number of changes to the Medicinal and Adult-Use Cannabis Regulation and Safety Act, including conforming changes for the new department, clarification of important health and safety regulation and a limited extension of the provisional license program.

According to the Author
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Arguments in Support
None on file.

Arguments in Opposition
Non on file.

FISCAL COMMENTS

This bill appropriates $10,000 from the General Fund to the Department of Cannabis Control for purposes of implementing the provisions of this bill.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Michael Lucien / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 143 (Committee on Budget and Fiscal Review)
As Amended June 27, 2021

SUMMARY

The Courts trailer bill includes provisions necessary to implement the 2021 Budget Act as it relates to court operations.

Major Provisions

Specifically this bill:

1) Finalizes the methodology to determine the per county allocations schedule pursuant to Chapter 92, Statutes of 2020.

2) Expands the Ability to Pay Online Traffic Adjudication program statewide.

3) Creates the Committee to Review the Operations and Structure of the Commission on Judicial Performance.

4) Consolidates the State Court Facilities Construction Fund and the Immediate and Critical Needs Account.

5) Authorizes the Judicial Council to use a design build procurement process in contracting and procuring public works projects and authorizes the Judicial Council to award contracts using either the best value or low bid selection method for all projects.

COMMENTS

Arguments in Support / Opposition
None on file.

FISCAL COMMENTS

This trailer bill makes an appropriation of $100,000 to the Judicial Council to address deferred maintenance projects that represent critical infrastructure deficiencies in the trial courts, courts of appeal, and the Supreme Court.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

CONSULTANT: Jennifer Kim / BUDGET / (916) 319-2099 VERSION: June 27, 2021

SENATE THIRD READING
SB 145 (Committee on Budget and Fiscal Review)
As Amended June 27, 2021

SUMMARY

This is the Public Safety Omnibus bill that is necessary to implement the 2021 Budget Act related to public safety.

Major Provisions

Specifically this bill:

1) Authorizes any officer, employee, or agent of the Board of State and Community Corrections to enter and inspect any area of a local detention facility without notice;

2) Make the provisions authorizing the establishment and operation of Deuel Vocational Institution inoperative on October 1, 2021, and would repeal those provisions July 1, 2022;

3) Prohibits the transfer of an incarcerated person to a community correctional reentry facility unless the incarcerated person does not have a current or prior conviction for an offense that requires registration as a sex offender, they have less than two years left to serve in a correctional institution, and they do not have a prior history of escape in the last ten years;

4) Authorizes a juvenile court to place a youth at the Pine Grove Youth Conservation Camp if certain criteria are met and authorizes the Division of Juvenile Justice to enter into contracts with counties to operate the camp through a state-local partnership, or other management arrangement, to train justice-involved youth in wildland firefighting;

5) Adjusts the California Community Corrections Performance Incentives Fund for one year;

6) Includes two positions to increase the expertise regarding the treatment of juvenile sex offenders to the California Sex Offender Management Board under the Department of Corrections and Rehabilitation;

7) Authorizes reimbursements for the costs of conducting medical evidentiary examinations of sexual assault survivors regardless of whether they have decided to report the assault to law enforcement;

8) Provides retroactive expungement relief, beginning on July 1, 2022, for individuals that under current law get relief prospectively starting January 1, 2021;

9) Establishes the County Resentencing Pilot to support and evaluate a collaborative approach to a district attorney’s discretionary power under Penal Code 1170(d);

10) Requires the California Department of Corrections and Rehabilitation to adhere to training standards developed by the Commission on Correctional Peace Officer Standards and Training, reduces the minimum number of hours of training the department is required to provide each correctional peace officer cadet who commences training on or after July 1, 2021 from 520 hours to 480 hours and requires beginning July 1, 2021 that a new

correctional officer complete a new employee orientation and on the job observational training totaling a minimum of 160 hours upon graduation from the academy;

11) Expands the number of Board of Parole Commissioners from 17 to 21 and includes provisions related to diversity and experience; and

12) Makes technical changes to the CARE grant administered by the California Department of Corrections and Rehabilitation.

COMMENTS

According to the Author

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This trailer bill makes an adjusted appropriation to the California Community Corrections Performance Incentives Fund for one year.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 27, 2021

CONSULTANT: Jennifer Kim / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 149 (Committee on Budget and Fiscal Review)
As Amended June 28, 2021

SUMMARY

This trailer bill contains changes necessary to implement the 2021 Budget Act related to transportation. Specifically, **this bill:**

Major Provisions

1) ***Wildlife Crossings***. Authorizes the Wildlife Conservation Board (Board) to name a non-vehicular wildlife crossing, as defined as a manmade structure allowing wildlife to cross manmade barriers, if at least 25 percent of the funding to construct the crossing derives from a state source. Requires the Board to consult with the Department of Transportation or other appropriate entities on the design of lettering and placement of any sign.

2) ***National Environmental Protection Act.*** Extends the provisions under existing law that authorizes the Secretary of Transportation to assume the responsibilities under the federal National Environmental Policy Act (NEPA) of 1969 from January 1, 2022 to January 1, 2025.

3) ***Extension of Statutory Relief for Transit Agencies.*** Extends several types of temporary statutory relief for transit agencies impacted by the COVID-19 pandemic that were provided as part of the 2020 Budget Act. These provisions include:

   a. Continues the hold harmless provision for calculation and allocation of State Transit Assistance (STA) Program, STA-State of Good Repair, and Low Carbon Transit Operations Program allocations (Local Revenue Basis Only) provided in the 2020 Budget Act through the 2022-23 budget years. Directs the State Controller to "freeze" for the 2020-21 through 2022-23 budget years the local revenue allocation factors used most recently before the pandemic; and, to allocate to transit agencies funds under these three programs using those same allocation factors, as opposed to updating the factors each year.

   b. Extends the temporary suspension of the financial penalties associated with the Transportation Development Act's requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares through 2022-2023.

   c. Continues the temporary suspensions of the financial penalties associated with the State Transit Assistance Program's operating cost per revenue vehicle hour requirements through 2022-23.

4) ***Additional Flexibility for Transit Agencies.*** Provides additional flexibility to transit agencies as they recover from the Covid-19 pandemic. Specifically, this bill:

   a. Exempts regional entities from requirement to provide transit agencies with performance recommendations through FY 2022-23.
   b. Requires the Department of Transportation to consult with local transportation agencies to report on the performance audit requirements in the Transportation

Development Act and provide recommendations for streamlining the audits to the Legislature by November 30, 2021.

c. Exempts certain expenditures from the calculation of a departments farebox recovery ratio, as follows:

    i. Costs required to operate demand-response and microtransit services that expand access to transit service beyond fixed route corridors.
    ii. Costs of funding or improving payment and ticketing systems and services.
    iii. Costs of security services and public safety contracts.
    iv. Any expense greater than the actuarially determined contribution associated with pensions and other post-employment benefits as required by Governmental Accounting Board Statement Numbers 68 and 75.
    v. Costs of planning for improvements in transit operations, integration with other operators and agencies, transitioning to zero-emission operations, and for compliance with state and federal mandates.

d. Makes other changes to the calculation of the farebox recovery ratio, including:

    i. Allowing free and reduced transit fares to be counted toward farebox recovery at full retail value.

    ii. Allowing federal funds to be counted as "local funds."

    iii. Allowing a transit operator to gain comprehensive but temporary relief from farebox recovery requirements provided the operator maintains operational spending at 2018-19 levels.

    iv. Expanding the list of exemptions from calculation of operating cost for certain State Transit Assistance efficiency criteria that operators must meet to be eligible for funding.

5) ***Adopt a Highway Program.*** Authorizes the California Department of Transportation to provide $250 stipend to pursuant to an agreement with an individual, organization, agency or business, upon completion of a scheduled cleanup and abatement of litter as part of the Adopt a Highway Program. Makes this section inoperable on June 30, 2024, and repeals the section on January 1, 2025.

6) ***Clean California***

a. Establishes the Clean California Local Grant Program of 2021, to allocate grants to local and regional public agencies, transit agencies, and tribal governments for purposes of beautifying and cleaning up local streets and roads, tribal lands, parks, pathways, transit centers, and other public spaces.

    i. Requires the department to issue a call for projects within six months of the enactment of this section and announce grant awards within three months following the call for projects.

    ii. Provides that project types eligible for funding include, but are not limited to, both of the following:

1. Community litter abatement projects, events and educational programming.

2. Greening and landscape projects.

iii. Limits grant awards to $5 million per grant.

iv. Prohibits grants that fund projects that displace persons experiencing homelessness.

v. Requires a funding distribution that takes into account the population that each project is intended to benefit relative to the total population that all projects awarded grants pursuant to the program will benefit and the needs of underserved communities.

b. Establishes the Clean California State Beautification Program of 2021 to provide funding to beautify and clean up state highways.

i. Requires the department to develop project selection criteria and program evaluation metrics and identify eligible projects within six months of the enactment of this section.

ii. Provides that eligible project types include but are not limited to, all of the following:

1. Greening and landscaping projects.

2. Gateway community identification projects.

3. Enhanced infrastructure safety measures.

c. Allows the department to use job order contracting for the Clean California Beautification Program of 2021 as specified.

d. Provides that the department is delegated the authority necessary to carry out the purchase of vehicles, equipment, or other products as needed to implement the department's supplemental Fleet Acquisition Plan Fiscal Year 2021–22 for the acquisition of 269 medium- and heavy-duty vehicles and equipment to support litter abatement under the Clean California Beautification Program of 2021.

7) ***Indirect Cost Recovery Proposal.*** Extends the prohibition on the Department of Transportation from charging any self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10 percent for administration of Indirect Cost Recovery Proposal from July 1, 2021 to January 1, 2023. Allows the department to continue charge those self-help counties for functional overhead until January 1, 2023, instead of July 1, 2021.

8) ***Local Streets and Roads.*** Makes the following changes related to the local streets and roads maintenance of efforts for cities and counties, as follows:

a. Provides that cities and counties are not required to comply with the annual minimum expenditure requirements in the 2019-20.

b. Requires the Controller to adjust the annual minimum expenditure requirements in the 2020-21 and 2021-2022 fiscal years in proportion to any decrease in taxable sales within the applicable city or county between specified fiscal years.

c. Authorizes a city or county to petition the Controller to use transient occupancy tax revenues in lieu of taxable sales, for purposes of making these adjustments, as specified.

9) ***Digital Driver's License and Identification Cards.*** Authorizes the department to establish a pilot program to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards, subject to certain requirements, including, but not limited to, the voluntary participation of persons in the program and a limitation on the percentage of licensed drivers that can participate in the program.

   a. Requires the department, in developing and implementing the use of digital driver's licenses and identification cards, to ensure the protection of personal information and include specified security features that protect against unauthorized access to information.

   b. Requires the department, if it conducts the pilot program, to submit a report to the Legislature, no later than July 1, 2026, that includes specified information.

   c. Requires the department, as part of the 2022–23 budget, to report to the Legislature on the status of the pilot program, as provided.

COMMENTS

This is a budget bill within the overall 2021-22 budget package necessary to implement actions related to transportation.

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This bill authorizes a recipient transit agency to additionally expend funds apportioned for the 2022–23 fiscal year under the program on any operating or capital expenses to maintain transit service levels if the governing board of the recipient transit agency makes that specified declaration. By expanding the purposes for which continuously appropriated funds may be used, the bill would make an appropriation.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 150 (Committee on Budget and Fiscal Review)
As Amended June 28, 2021

SUMMARY

This trailer bill contains changes necessary to implement the 2021 Budget Act related to taxes. Specifically, **this bill:**

Major Provisions

1) ***Menstrual and Diaper Tax Credit.*** Extends indefinitely the sales and use tax exemptions for the sale of, or the storage, use, or other consumption of, diapers for infants, toddlers, and children and menstrual hygiene products. It further:

    a. Requires the Department of Finance to estimate and the State Controller to transfer General Fund equal to the total dollar amount of revenues lost due to these exemptions that would have been sent to counties for public safety realignment to the Local Revenue Fund 2011;
    b. Excludes this revenue loss from the calculation of state reimbursements to cities and counties under existing Bradley-Burns Uniform Local Sales and Use Tax Law;
    c. Eliminates a requirement that the Legislative Analyst to submit a report by July 1, 200 relating to the effectiveness of the sale tax use exemptions;

2) ***Main Street and Homelessness Hiring Tax Credits.*** Expands the Small Business Hiring Credit in the following manner:

    a. During 2021, a qualified small business employer may earn a tax credit of $1,000 per qualified employee, up to $150,000 in total;
        i. These credits may be used to offset sales tax payments up until April 30, 2027; and
        ii. A total of $70 million is available for application on a "first-come-first-served" basis;
        iii. Defines "qualified small business employer" as a taxpayer with 500 or fewer employees that demonstrate at least a 20 percent decline in gross receipts in at least time period comparison, as defined

    b. For 2022-27, a credit of between $2,500 and $10,000 per employee is available to eligible employers that hire employees that are subject to certain conditions, including experiencing homelessness;
        i. Up to $30 million per year would be provided for this credit with total credits to not exceed $30,000 per taxpayer; and
        ii. A local continuum of care or a local community provided that is connected to a local information system would be required to certify that the employee meets the conditions of this hiring credit;
        iii. Defines "eligible employer" as a qualified taxpayer that pays eligible individuals at least 120 percent of California minimum wage, and provides a copy of the certification received for each eligible individual, upon request of the FTB.

3) ***Donated Fresh Foods Tax Credit.*** Extends the existing 15 percent tax credit for fresh fruit, vegetables, raw agricultural products and processed foods donated to a food bank until 2026;

4) ***State Historic Tax Credit.*** Extends the existing tax credit for the rehabilitation on certified historic structures until 2026;

5) ***California Competes Tax Credit.*** Increases the allocation for the CalCompetes tax credit by $110 million for total of $290 million available in the 2021-22 fiscal year. These funds will be distributed pursuant to the existing California Competes Tax Credit program;

6) ***Pass-through Entity Elective Tax Credit.*** Creates the "Small Business Relief Act" which allows for the elective payment of taxes based on the taxpayers net income for limited liability partnerships, limited liability companies, and "S" Corporations;
   a. The elective tax would be based on the net income for the taxable year;
   b. Allows a credit against the personal income tax that is a partner, shareholder, or member of an entity that elects to pay the elective tax, in an amount equal to a specified percentage of the partner's, shareholder's, or member's pro rata share or distributive share, as applicable, of income subject to the elective tax paid by the entity; and
   c. These provisions are in place until 2026 and are subject to rulemaking by the Franchise Tax Board;

7) ***FTB and DHCS Data Exchange.*** Requires the State Department of Health Care Services to exchange data with the Franchise Tax Board to allow the department and the board to assess the extent to which the department and the board can identify individuals enrolled in Medi-Cal who may be eligible for the CalEITC and the federal Earned Income Tax Credit; and

8) Provides for the reimbursement of mandated costs if determined by the Commission on State Mandates.

COMMENTS

This is a budget bill within the overall 2021-22 budget package necessary to implement actions related to taxes.

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

The provisions of this bill are expected to result in $1.2 billion in General Fund revenue loss in 2021-22, decreasing in future years to $585.6 million in 2022-23, $536.9 million in 2023-24 and

$106.9 million in 2025-26. These revenue loses are assumed in the overall estimates of the 2021-22 budget package.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 151 (Committee on Budget and Fiscal Review)
As Amended June 28, 2021

SUMMARY

This trailer bill contains changes necessary to implement the 2021 Budget Act related to economic development. Specifically, this bill:

Major Provisions

1) ***California Competes Grant Program***. Establishes the California Competes Grant Program to do the following:

   a. Authorizes Go-Biz to provide grants to incentivize businesses to make significant investments in California. Applicants must meet one of the following:

      i. Create at least 500 new, full-time jobs in this state, determined on the basis of an annual full-time equivalent, as defined in Section 8000 of Title 10 of the California Code of Regulations, as that section read on January 1, 2021.

      ii. Makes a significant infrastructure investment, defined as a project requiring construction or renovation expenditures of at least ten million dollars ($10,000,000) over no more than five years, in this state.

      iii. Creates jobs or make the investments in a high-poverty area or high-unemployment area, as those terms are defined in Section 8000 of Title 10 of the California Code of Regulations, as that section read on January 1, 2021, in this state.

   b. Establishes selection processes and reporting requirements similar to the existing California Competes Tax Credit, and specifies that recipients of tax credits through that program are not eligible for this grant.

   c. Requires grantees to develop a written agreement specifying the intended investments and jobs created, and allows FTB to recapture grants from recipients who do not satisfy the terms of their agreement.

   d. Caps the size of a grant allocated to a single grantee at 30 percent of the yearly allocation.

2) ***California Inclusive Innovation Hub Program.*** Makes the following changes to the program:

   a. Renames an "Innovation Hub" to "Inclusive Innovation Hub, "iHub Squared" or "iHub2"

   b. Replaces the Governor's Office of Business and Economic Development with the Office of Small Business Advocate as the government entity directly supervising the program.

c. Provides that the office limit the iHub2s within the state to stimulating partnerships, economic development, and job creation for underserved geographic areas, industry sectors, and business owners.

d. Defines an iHub2 as a partnership between interrelated firms, local governments, economic development organizations, educational entities, and industries that collectively drive economic growth within a defined geographic area and for defined underserved geographic areas, industry sectors, and business owners.

e. Specifies that iHub2s may provide advisory services to entrepreneurs and startups and facilitate programming and engagement across the partner entities, in addition to other activities

f. Directs CalOSBA to designate new iHub2s through a competitive application process, in which applicants must detail planned partnerships, goals, and metrics, including how they will target underserved sectors, what resources they have and how they will help startups, and demonstrate their experience with similar innovation or accelerator programs.

3) ***California Travel and Tourism Commission.*** Includes additional reporting requirements for the Commission including:

a. Requiring annual reports to the chairperson of the Joint Legislative Budget Committee, and chairpersons of both budget committees.

b. Requiring that the commission to annually post the report on its internet website.

4) ***California Dream Fund.*** Establishes the California Dream Fund to provide small grants of up to $10,000 to new businesses who participate in entrepreneurship training programs at designated small business technical assistance centers who are part of the California Small Business Technical Assistance Expansion Program (TAEP)**.**

a. Moves the Small Business TEAP under California Office of Small Business Advocate.

b. Revises the TEAP generally to apply to small business technical assistance centers that are funded privately and would make a variety of conforming changes in this regard.

c. Makes a finding of legislative intent, in accordance with specified federal law, in connection with allowing persons who are undocumented to receive consulting and training services and microgrants pursuant to the program.

d. Defines the following:

i. “Private funding source” means any entity that makes grants, and includes corporate or private philanthropy or similarly established nongovernmental entities.

ii. Small business technical assistance center” includes a federal small business technical assistance center or any established nonprofit community-based organization, exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, the mission of which includes economic empowerment of underserved microbusinesses or small businesses and entrepreneurs and that operates entrepreneurial or small business development programs which provide free or low-cost services to California's underserved businesses and entrepreneurs to enable their launch and sustained growth.

   iii. Small Business Advocate is the individual designated pursuant to Section 12098.1.

   e. Provides that Nonprofit, community-based 501(c)(3) organizations, often funded by financial institutions, corporations, universities and colleges, corporate social responsibility programs, and philanthropy, have emerged to fill gaps in entrepreneurial education and training for microbusinesses and small businesses and entrepreneurs in underserved business groups, and play a critical role in the local small business ecosystems.

5) ***Nonprofit Cultural Institutions***. Provides that grants for nonprofit institutions, under the California Small Business COVID-19 Relief Grant Program, be allocated in one or more rounds instead of just one single round.

6) ***California Venues Grant Program.*** Establishes the California Venues Grant Program within CalOSBA to provide grants of up to $250,000 to independent venues and related entities who put on live performing arts or sporting events, as follows:

   a. Eligible entities must meet all of the following criteria:

      i. Generate the majority of their revenue through ticket sales, production fees, or beverage, food, or merchandise sales related to live performing arts or sporting events held at eligible venues, as defined.

      ii. Demonstrate at least a 70 percent drop in California gross earned revenue between Q2, Q3, and Q4 of 2020 as compared to the same period in 2019.

   b. Specifies that priority is given to entities that demonstrate the largest declines in California gross earned revenues, as defined.

   c. Defines the grant amount as 20% of California gross earned revenue in 2019, with a maximum grant of $250,000.

   d. Allocates a maximum of $25 million in grants to sporting events.

   e. Specifies that funds may be used for a variety of expenses related to the COVID-19 pandemic and related health and safety restrictions.

   f. Requires the department to report on awarded information, as specified.

7) ***California Nonprofit Performing Arts Grant Program***. Establishes the California Nonprofit Performing Arts grant program to encourage workforce development, within CalOSBA. Funds, as follows:

a. Provides that grants will be awarded on a first-come, first-served basis in following amounts:

    i. Twenty-five thousand dollars ($25,000) for applicants with annual gross revenue greater than one thousand dollars ($1,000) to one hundred thousand dollars ($100,000) in the 2019 taxable line 6 year.

    ii. Fifty thousand dollars ($50,000) for applicants with annual gross revenue greater than one hundred thousand dollars ($100,000), and up to one million dollars ($1,000,000) in the 2019 taxable year.

    iii. Seventy-five thousand dollars ($75,000) for applicants with annual gross revenue greater than one million dollars ($1,000,000), and up to two million dollars ($2,000,000) in the 2019 taxable year.

b. Provides that grants awarded to be used as follows:

    i. Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.

    ii. Contributions or payments to a centralized payroll service.

    iii. Recruitment, training, development, and other human resources related expenses.

    iv. Other operating expenses or equipment for employees.

c. Also requires the department to submit a report on awarded information, as specified.

8) ***California Microbusiness COVID-19 Relief Grant Program:*** Establishes the California Microbusiness COVID-19 Relief Grant Program, which funds regional programs that will provide grants of $2,500 to eligible microbusinesses, as follows:

a. Requires CalOSBA to solicit applications from county governments and eligible nonprofits, or consortia of nonprofits, to administer local microbusiness relief programs, with priority given to county governments.

b. Defines microbusinesses as entities with less than $50,000 in annual revenue and fewer than five employees, and establishes additional requirements including being impacted by COVID-19 and providing documentation as specified, among others.

c. Directs programs to emphasize outreach to underserved business communities.

d. Allows funds to be used for business investments or costs resulting from COVID-19.

e. Requires the administering entities and CalOSBA to report on awarded funds, as specified.

f. Specifies that these grants are exempt from state income tax.

9) Includes a severability clause.

COMMENTS

This is a budget trailer bill within the overall 2021-22 budget package necessary to implement actions related to economic development.

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

The fiscal impact are included in the AB 128 and SB 129 and are necessary to implement the provisions of the 2021 Budget Act.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 28, 2021

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099 FN:

SENATE THIRD READING
SB 157 (Committee on Budget and Fiscal Review)
As Introduced January 8, 2021

SUMMARY

This trailer bill includes provisions necessary to implement the 2021 Budget Act as it relates to funding for environmental enforcement and training and high technology theft apprehension.

Major Provisions

Specifically this bill:

1) Allocates all funds for the High Technology Theft Apprehension and Prosecution Fund to the Department of Justice and removes the California District Attorneys Association as a recipient.

2) Eliminates the Environmental Circuit Prosecutor Project and establishes the Environmental Prosecutor Grant Program within the California Environmental Protection Agency which would provide grants for the costs of prosecutors, investigators, and research attorneys for prosecuting environmental crimes.

3) Shifts the authorization of funds under the Environmental Enforcement and Training Act of 2002 away from the California District Attorneys Association and instead allocates funding to qualified grantees to develop and implement specified education and training programs.

4) Prohibits the awarding of a grant to or the creation of new contracts with the California District Attorneys Association under these specified programs.

COMMENTS

Arguments in Support
None on file.

Arguments in Opposition
None on file.

FISCAL COMMENTS

This trailer bill includes a continuous appropriation for the Environmental Enforcement and Training Account.

VOTES

SENATE FLOOR: 29-8-2
YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener
NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk
ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: June 27, 2021

CONSULTANT: Jennifer Kim / BUDGET / (916) 319-2099 FN: