

**2019 Budget Trailer Bill Analyses Packet**

**Monday, June 24, 2019**

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Date of Hearing: June 24, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 75 (Committee on Budget and Fiscal Review) – As Amended June 13, 2019

**SENATE VOTE:** 27-9

**SUBJECT:** Education finance: education omnibus budget trailer bill

**SUMMARY:** This is the K-12 and Early Education Omnibus trailer bill for the 2019-20 budget. It contains various statutory changes necessary to implement the Budget Act of 2019.

Specifically, **this bill:**

Early Education

- 1) Provides \$300 million in one-time General Fund for the Full-Day Kindergarten Facilities Grant program. Makes changes to the existing program to 1) prioritize schools converting part-day to full-day kindergarten programs, 2) increase the state matching share from 50 percent to 75 percent, 3) allow for any remaining grant funding to be used for other one-time costs to implement the full-day kindergarten program and 4) specifies that participation in the Full-Day Kindergarten Facilities Grant program does not impact a district's eligibility in the School Facility Program.
- 2) Expands eligibility for the California State Preschool program to include all three and four year olds in a school attendance area of a public school where at least 80 percent of enrolled pupils are eligible for free or reduced process meals, beginning January 1, 2020. Includes existing priority for lowest income, neglected and abused and four year-old children first. Changes the eligibility requirements for the State Preschool program to provide priority access to full-day state preschool program slots to income eligible families with a need for full-day care (parents are working or in school), with remaining full-day slots available for other income eligible families.
- 3) Requires the Secretary of the Health and Human Services, in concurrence with the executive director of the State Board of Education to contract for research to create a Master Plan to ensure comprehensive and affordable child care and universal preschool. Funding appropriated in the Budget Act for these purposes would be used for studies on the following: 1) a fiscal framework to expand early learning and care in the state; 2) early learning and care facility needs statewide; 3) needs for services by families eligible for subsidies; 4) a quality improvement plan to support all types of providers, and 5) steps necessary to provide universal pre-kindergarten for all three and four year old children. Studies shall be completed on a flow basis, but by October 1, 2020 at the latest.
- 4) Establishes the Early Learning and Care Infrastructure Grant Program to provide grants to child care and early education providers to build new facilities, or retrofit, renovate, or expand existing

facilities. Competitive grants shall be available to providers to increase capacity or recover lost capacity as a result of a state or federal emergency through construction or renovation and modernization projects. The Superintendent of Public Instruction shall determine the process for awarding and managing the grants and may set aside up to five percent to contract with organizations to provide technical assistance. Up to five percent shall be set aside each fiscal year for renovation, repair modernization, or retrofitting existing early learning and care facilities to address health and safety or other licensure needs for low-income providers. Appropriates \$142.7 million to be expended over five years in equal amounts per year (in addition to \$102.3 in federal funds appropriated through the budget act for this program). Requires annual reporting to the Governor and the relevant policy and fiscal committees of the Legislature on the expenditure of funds and relevant outcome data.

In addition, eliminates the Child Care Revolving Loan Program, retains the related fund through December 31, 2029 for the purpose of collecting deposits from outstanding loan and lease payments. Revenues from these purposes will be transferred to the Early Learning and Care Infrastructure Grant program. In addition, this section specifies that remaining non-Proposition 98 fund balance in the Child Care Revolving Loan Fund (CCRLF) is transferred to this grant program, and the remaining \$10 million in non-Proposition 98 funds from the CCRLF are transferred to the Inclusive Early Education Expansion Program.

- 5) Establishes the Early Learning and Care Workforce Development Grant Program to expand the number of qualified early learning and care professionals and increase education credentials for existing professionals. The Superintendent of Public Instruction shall award and administer grants, consistent with the Quality Rating and Improvement System local consortia, to local or regional quality improvement partnerships. Grants provided under this program may be used for costs associated with expenses related to education and professional development for all types of early learning and care professionals to increase educational attainment and/or development of competencies related to early childhood instruction and development. Appropriates \$195 million for this program to be expended over five years in equal amounts per year. Up to one percent of funds may be set aside by the Superintendent for technical assistance to grantees and potential grantees. Requires annual reporting to the Governor and the relevant policy and fiscal committees of the Legislature on the expenditure of funds and relevant outcome data.
- 6) Provides \$10 million in one-time General Fund for the Department of Education, Department of Social Services, Department of Human Resources and the Public Employment Relations Board for costs associated with implementing child care organizing. Requires each department to submit expenditure plans and allocates the funds contingent on Department of Finance approval and notification of the Joint Legislative Budget Committee. Requires the Department of Education and the Department of Social Services to collect contact information on child care providers to make available to provider organizations for organizing purposes.

- 7) Applies the reimbursement rate adjustment factor for children with exceptional needs to part-day state preschool programs. Rate adjustment factors are intended to account for the higher costs of serving children in specific categories. This specific rate adjustment factor previously applied only to full day state preschool programs.
- 8) Establishes the Early Childhood Policy Council to advise the Governor, the Legislature, and the Superintendent on statewide early learning and care policy, building on the work of the state's Master Plan for Early Learning and Care and the 2019 California Blue Ribbon Commission on Early Childhood Education Final Report. The Council shall consult with a parent advisory committee and a workforce advisory committee. The Department of Education shall provide staffing to the Council and up to \$300,000 of funds provided for the Council may be used for this purpose.
- 9) Delays the implementation of the requirement to provide 14 day notice to an Alternative Payment child care providers before a family can receive a subsidy for a different provider until July 1, 2020.

#### K-12 Education

- 1) Establishes the Special Education Early Intervention Preschool grant, provided to LEAs based on the number of three and four year olds with exceptional needs, specifically students with Individualized Education Plans (IEPs). Requires ongoing funding to be contingent upon the passage of legislation in the 2020-21 budget to reform the special education system to improve outcomes for students.
- 2) Provides the allocation methodology to bring all local educational agencies (LEAs) to the statewide base rate for special education funding.
- 3) Provides \$368.4 million in one-time Proposition 98 "settle-up" funding in 2019-20 to allocate to school districts and community colleges for the purposes of reducing the outstanding Proposition 98 funding owed to schools for the 2009-10 fiscal year. Funding is provided for 2018-19 LCFF expenditures for school districts and charter schools and for other community college programs in the 2019-20 fiscal year.
- 4) Dedicates \$89.8 million in one-time General Fund for the Golden State Teacher Grant program. The Student Aid Commission is charged with providing one-time grants of \$20,000 to each student enrolled in a professional preparation program leading to a preliminary teaching credential, if the student commits to working in a high-need field at a priority school for four years after the student receives a teaching credential.
- 5) Establishes the Mental Health Student Services Act to create a competitive grant program to fund partnerships between county mental health or behavioral health departments and K-12 school

districts, charter schools, and the county office of education within a county. The grant program is managed by the Mental Health Services Oversight and Accountability Commission Funds would be available for expenditure across a five year period. Grant funds shall be used for services provided on K-12 campuses, suicide prevention services, drop-out prevention services, outreach to at-risk youth, placement assistance for ongoing services, and other services to respond to the mental health needs of students and youth.

- 6) Provides \$38.1 million in one-time non-Proposition 98 funding for the Educator Workforce Investment Grant to provide competitive grants for professional learning opportunities for teachers and paraprofessionals. The Department of Education is charged with administering grants to one or more institutions of higher education or nonprofit organizations with expertise in developing and providing professional learning to teachers and paraprofessionals. Of this funding, \$10 million is for professional development for the English Learner Roadmap adopted by the State Board of Education, \$5 million is for special education related professional development and \$22.1 million for professional development in other areas, including social-emotional learning, positive school climate, including restorative justice, the computer science content standards and the ethnic studies model curriculum. Provides the Department of Education \$250,000 each year for four years to implement the Educator Workforce Investment Grant program.
- 7) Dedicates \$36 million in one-time Proposition 98 funding for the Classified School Employees Summer Assistance Program, created in the 2018-19 budget. Makes changes to the program to allow the funds to be available over three years, increase the minimum salary requirements and make other minor and technical changes.
- 8) Appropriates \$10 million in one-time General Fund for the development of the California Cradle to Career Data System. Funding shall be provided to the Governor's Office of Planning and Research to contract with planning facilitators to lead a workgroup comprised of representatives from education, workforce, health, and other relevant agencies. By July 1, 2020, the workgroup shall report to the Department of Finance and the Legislature on the proposed structure of the data system, including, governance, architecture and functionality of the system. By January 1, 2021, the workgroup shall report to the Department of Finance and the Legislature on additional details regarding the data system. Of the total funding, \$2 million is available for the administrative costs of the workgroup process, \$300,000 is available for the California Community Colleges, California State University, and University of California to integrate the use of Statewide Student Identifiers into their systems, and the remaining funds are available for initial implementation activities upon approval of an expenditure by the Department of Finance and notification to the Joint Legislative Budget Committee.
- 9) Creates the 21st Century California School Leadership Academy, administered by the Department of Education and the California Collaborative for Educational Excellence (CCEE) to provide professional learning opportunities for school administrators and other school leaders, aligned with

the statewide system of support. Eligible grantees include LEAs, institutions of higher education and nonprofit educational service providers.

- 10) Provides \$7.5 million in one-time non-Proposition 98 funding for the Broadband Infrastructure Grant Program to improve broadband infrastructure in schools. Requires the Department of Education to contract with the Corporation for Education Network Initiatives in California (CENIC) to administer the program and identify broadband connectivity solutions to the most poorly connected school sites.
- 11) Prohibits charter schools from discouraging students from enrolling in a charter school or encouraging students to disenroll from a charter school on the basis of academic performance or student characteristic, or from obtaining specified student information prior to enrollment. Allows a charter school that exists as of as of July 1, 2019 that operates in partnership with the California National Guard may dismiss a pupil from the charter school for failing to maintain the minimum standards of conduct required by the California Military Department.
- 12) Requires CDE to conduct a study on the feasibility of using student enrollment data from the California Longitudinal Pupil Assessment Data System to identify potential instances of practices that discourage students from enrolling in charter schools.
- 13) Includes \$3 million in one-time Proposition 98 funding for CDE to allocate to the Kern County Superintendent of Schools for the Fiscal Crisis and Management Assistance Team for the Standardized Account Code Structure system replacement project.
- 14) Provides \$2 million in one-time Proposition 98 funding for the Southern California Regional Occupational Center (SoCal ROC) for instructional and operational costs in the 2019-20 fiscal year. Requires SoCal ROC to provide an updated operational plan to the Department of Finance and the Legislative Analyst's Office on or before September 1, 2019.
- 15) Provides an exemption for a school district with average daily attendance of more than 400,000 from administrator to teacher ratio penalties (calculated pursuant to Education Code Section 41404) for the 2019-20 through 2021-22 fiscal years. Requires annual reporting on the administrator to teacher ratio calculation for each year a school district receives a waiver under this provision, including historical information for past years and the school district's plan to meet the ratio requirements over time.
- 16) Extends the hold-harmless funding provisions to school districts and charter schools that experienced attendance losses as a result of the 2018 wildfires through 2020-21. Allows for the Paradise Unified School District to request the Fiscal Crisis Management Assistance Team to conduct an evaluation of the need for additional funding and statutory changes for the 2021-22 fiscal year.

- 17) Provides a backfill for wildfire affected basic aid school districts for property tax losses in 2018-19 and 2019-20.
- 18) Provides a backfill for special education programs for 2018-19 and 2019-20 to the extent that property tax revenues from Redevelopment Agency dissolution is not sufficient to cover the appropriation in the 2018 and 2019 Budget Acts for Special Education.
- 19) Creates the Breakfast After the Bell grant program. The CDE is charged with administering grants to LEAs to start-up or expand school breakfast programs that offer breakfast to students after the start of the school day.
- 20) Allocates \$500,000 in one-time non-Proposition 98 funding to create a workgroup to increase the ability of schools to draw down federal funds for medically related services for students and improve the transition of three-year olds with disabilities from regional centers to schools.
- 21) Provides \$178,000 in 2019-20 and \$154,000 ongoing for the State Board of Education to enter into a contract with the San Joaquin County Office of Education to support maintenance of the California School Dashboard and the School Accountability Report Card.
- 22) Expands the Uniform Complaint Procedures to include complaints of non-compliance with required minimum instructional minutes for physical education for grades 9 to 12. This change conforms to the existing process for grades 1 to 8.
- 23) Requires local indicators used by LEAs for the Local Control Accountability Plan (LCAP) process to reflect school site-level data, if it is currently collected statewide by CDE, by January 31, 2020.
- 24) Extends the deadline for the CDE to develop the Special Education Local Plan Area (SELPA) assurances support template from March 31, 2019 to July 1, 2020. Additionally, extends the deadline for SELPAs to submit the assurances support plan from July 1, 2020 to July 1, 2021, to align with the development of the template.
- 25) Includes the Cal Grant: Opt-Out Notice and Grade Point Average Submission mandated program to the K-12 mandate block grant.
- 26) Provides \$350,000 one-time Proposition 98 funding for the State Board of Education to contract with the San Joaquin County Office of Education to merge the Dashboard, LCAP electronic template, and other local school site and school district reports into a single web-based application.
- 27) Specifies the state priorities that charter schools need to address in their Local Control and Accountability Plans (LCAPs), and clarifies that charter LCAPs need to be adopted at a public

hearing and prominently posted online, and that charter schools are required to translate reports and notices if 15 percent or more of their students enrolled speak a primary language other than English.

- 28) Aligns the treatment of in-lieu of property tax transfers for charter schools authorized on appeal by the State Board of Education with the treatment of countywide benefit charter schools that serve students from a basic aid school district of residence.
- 29) Expands the list of non-waivable sections of law to include all Education Code sections that pertain to the LCFF apportionment calculations. Apportionment statutes are not subject to waiver by the State Board of Education.
- 30) Extends through the 2019-20 fiscal year the existing funding allocation method for the Out-of-Home Care program for foster students with exceptional needs.
- 31) Makes technical and clarifying changes to the schoolsite council requirements for schools and local educational agencies.
- 32) Specifies which appropriations are transferred through the K-12 portion of the State School Fund in order to streamline the apportionment accounting process for the Department of Education and the State Controller's Office while still meeting statutory apportionment deadlines and satisfying the constitutional requirements of the pass-through fund.
- 33) Shifts Proposition 98 funding for part-day State Preschool at non-local educational agencies to the non-Proposition 98 General Fund and rebenchers the Proposition 98 guarantee.
- 34) Extends the suspension of the Proposition 98 statutory split for K-12 education and community colleges for the 2019-20 fiscal year.
- 35) Allows for the Commission on Teacher Credentialing to receive donations, bequests, grants and philanthropic funding, subject to the Director of Finance.
- 36) Specifies that specified one-time funding provided in the 2018-19 budget counts toward the Proposition 98 guarantee, including \$4 million for San Francisco Unified School District, \$2 million for Sweetwater Unified School District and \$1.7 million for CDE for a suicide prevention program.
- 37) Provides \$4 million one-time General Fund for the Special Olympics of Northern and Southern California.



- 38) Provides an exemption for Leggett Valley Unified School District and Big Sur Unified School District to operate on a four-day school week without penalties pursuant to meeting instructional minute requirements each year and providing a plan to the Department of Education on meeting the instructional minute requirement in the following year. Amends statute to clarify that these school districts retain funding under the Local Control Funding Formula.
- 39) Makes technical and clarifying changes to the Career Technical Education Incentive Grant program and the K-12 Strong Workforce program, including updating the name of the related federal grant program and clarifying that a regional occupational center or program (ROCP) operated by a county office of education is also eligible to receive grant funding.
- 40) Clarifies the roles and responsibilities of the Agricultural Career Technical Education Unit within the Department of Education.

**COMMENTS:** This bill makes various changes to implement budget actions related to K-12 and early education, adopted as part of the 2019-20 Budget package.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

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Date of Hearing: June 24, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 78 (Committee on Budget and Fiscal Review) – As Amended June 18, 2019

**SENATE VOTE:** 27-9

**SUBJECT:** Health

**SUMMARY:** This is the Omnibus Health Trailer Bill for 2019-20. It contains necessary changes related to the Budget Act of 2019. This bill makes various statutory changes to implement the 2019-20 budget. Specifically, **this bill:**

1) **A. *Health Care Subsidies***

Establishes a program of financial assistance to help low-income and middle-income Californians access affordable health care coverage through the California Health Benefit Exchange (Exchange).

- Authorizes this program to provide financial assistance to California residents with household incomes at or below 600 percent of the federal poverty level, and authorizes the Exchange to provide other appropriate subsidies designed to make health care coverage more accessible and affordable for individuals and households.
- Requires the Exchange to adopt, and may amend, an annual program design for each coverage year, based on funds appropriated to the program for that coverage year, by resolution of the Exchange board, requiring approval by the Director of Finance following 10 days notification in writing to the Joint Legislative Budget Committee.
- Requires that an appropriation made for the program shall contain provisional language directing the Exchange to provide a certain proportion of the funds to specified income ranges as determined by the Legislature and may provide other parameters guiding the design of the program.
- Requires the Exchange to provide appropriate opportunities for stakeholders and the public to consult in the design of the program.
- Requires that an advanced premium assistance subsidy, provided by the program, be remitted by the Exchange to a qualified health plan issuer, based on the program participant's projected household income, family size, and other factors determined pursuant to the program design and subject to reconciliation against actual household income, family size, and other factors.
- Requires that a premium assistance subsidy provided by the program be provided only to a California resident who is eligible for the federal premium tax credit, except that premium assistance subsidy shall not be subject to the income requirements of that section.
- Requires an individual receiving a subsidy to reconcile premium assistance based on actual household income, family size, and other factors.
- Establishes the right of, and process for, a health care applicant to appeal the determination of eligibility for state financial assistance, or the amount of the advanced premium assistance subsidy.
- Prohibits the use of California Health Trust Fund funds from funding the minimum essential coverage individual mandate or the financial assistance program, except for the Exchange's operational costs necessary to administer the individual mandate and financial assistance program.

### ***B. Individual Healthcare Mandate***

Requires every California resident to be enrolled in, and maintain minimum essential coverage, for each month beginning on or after January 1, 2020.

- Makes findings and declarations that the individual mandate is necessary to protect the state's interests of:
  - Protecting the health and welfare of the state's residents.
  - Ensuring access to affordable health care coverage in this state.
  - Ensuring a stable and well-functioning health insurance market in this state.
- Authorizes the Franchise Tax Board to enforce the mandate by implementing the Individual Shared Responsibility Penalty.
- Exempts the following individuals, with respect to any month, from the requirements imposed by the individual mandate:
  1. An individual who has in effect a certificate of exemption for hardship or religious conscience issued by the Exchange under Section 100715 for that month.
  2. An individual who is a member of a health care sharing ministry for that month. "Health care sharing ministry" has the same meaning as the term was defined in Section 5000A(d)(2)(B) of the Internal Revenue Code on January 1, 2017.
  3. An individual who is incarcerated for that month, other than incarceration pending the disposition of charges.
  4. An individual who is not a citizen or national of the United States and is not lawfully present in the United States for that month.
  5. An individual who is a member of an Indian tribe, as defined in Section 45A(c)(6) of the Internal Revenue Code of 1986, during that month.
  6. An individual for whom that month occurs during a period described in subparagraph (A) or (B) of Section 911(d)(1) of the Internal Revenue Code of 1986 that is applicable to the individual.
  7. An individual who is a bona fide resident of a possession of the United States, as determined under Section 937(a) of the Internal Revenue Code of 1986, for that month.
  8. An individual who is a bona fide resident of another state for that month.
  9. An individual who is enrolled in limited or restricted scope coverage under the Medi-Cal program or another health care coverage program administered by and determined to be substantially similar to limited or restricted scope coverage by the State Department of Health Care Services for that month.
- Requires the Exchange to grant an exemption from the mandate for reason of religious conscience to an individual who is either:
  - A member of a recognized religious sect and is an adherent of established tenets or teachings of that sect or division.
  - A member of a religious sect who relies solely on a religious method of healing, for whom the acceptance of medical health services would be inconsistent with the religious beliefs of the individual, and who includes an attestation that the individual has not received medical health services during the preceding taxable year.
- Requires that an individual who claims this exemption, but received medical health services during the coverage year, lose eligibility for the religious conscience exemption, and incur liability for the cost of the care and for the penalty.

- Requires the Exchange to establish a process for determining if an individual is entitled to an exemption, and notifying the individual and the Franchise Tax Board of the determination.
  - Establishes the right of, and process for, an individual to appeal an eligibility determination for an exemption from the Minimum Essential Coverage Individual Mandate.
  - Requires the appellant to file an amended return for that taxable year to reconcile the advanced premium assistance subsidy, upon final exhaustion of administrative or judicial review, whichever is later, that affects the amount of advance payment of the premium tax credit or the amount of advanced premium assistance subsidy, or both, for a taxable year that has been reconciled previously.
  - Sets forth the Individual Shared Responsibility Penalty amount for each month as the greater of one twelfth of:
    - An amount equal to 2.5% above the applicable filing threshold (with a maximum of the average premium for Exchange bronze plans); or,
    - \$695 (or one-half per child under the age of 18 years old), (with a maximum of \$2,085).
  - Requires the Exchange to conduct outreach and enrollment efforts to individuals who did not indicate on their tax returns that they and their dependents were enrolled in minimum essential coverage.
  - Requires the Franchise Tax Board to provide the Exchange with individual income tax return information.
  - Authorizes the Exchange and the Franchise Tax Board to promulgate rules and regulations to implement this program, and may adopt them as emergency regulations until January 1, 2022.
  - Requires the Franchise Tax Board to annually publish information related to the number of households paying the penalty; the total penalty amount collected; and the number and type of most commonly claimed exemptions, as specified.
- 2) ***Restoration of Optional Medi-Cal Benefits.*** Restores Medi-Cal coverage of the following benefits: audiology, incontinence creams and washes, optical, podiatry, and speech therapy, beginning no sooner than January 1, 2020.
- Suspends these benefits on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years. Establishes legislative intent to consider alternative solutions to restore these benefits if the suspension takes effect.
- 3) ***SBIRT Expansion to Opioids and Other Drugs.*** Establishes the Screening, Brief Intervention, Referral, and Treatment (SBIRT) in law as a Medi-Cal benefit, and expands the benefit, from covering only alcohol, to also covering the overuse of opioids and other illicit drugs.
- 4) ***Value-Based Payments.*** Establishes a program to provide payments to providers to incentivize quality improvements to behavioral health integration, prenatal and postpartum care, chronic disease management, and quality of managed care for children.
- Makes findings and declarations that: Value-based payments incentivize providers to improve quality and efficiency of care; and Proposition 56 payments are intended, in part, to ensure quality of care in Medi-Cal.
  - Authorizes the use of Proposition 56 (the California Healthcare, Research and Prevention Tobacco Tax Act of 2016) funds to be used for Value-based payments, including through managed care

plans, for the purpose of improving care for some of the most vulnerable or at-risk populations in Medi-Cal managed care.

- Requires this program to operate for a minimum of 3 years, contingent on federal financial participation, and requires the department to design the program and designate which managed care plans are required to participate.
- Requires the department to require designated Medi-Cal managed care plans to make the payments to network providers who meet the requirements of the program.
- Exempts county mental health plans from participation in this program.
- Establishes Value Based Payment programs aimed at improving, in Medi-Cal managed care, all of the following: behavioral health integration, prenatal and postpartum care, chronic disease management, and quality and outcomes for children.
- Requires that Value Based Payment programs be funded with revenue from Proposition 56.
- Suspends these payments on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years.

5) ***Value-Based Payments Data Sharing***. Authorizes the Department of Public Health to share data with the Department of Health Care services for the purpose of determining whether children enrolled in Medi-Cal are being screened for lead poisoning and receiving appropriate related services.

- Authorizes the Department of Health Care Services to disclose the information to a managed health care plan in which a beneficiary who is the subject of the information is enrolled, who may further disclose the information to the beneficiary's health care provider to proactively offer and coordinate care and treatment services and administer payment programs.
- Requires the Department of Health care Services to use, disclose and maintain the confidentiality of information in accordance with the federal Health Insurance Portability and Accountability Act of 1996.

6) ***Health Home Program Extension***. Extends the sunset date for the Health Home Program to June 30, 2024.

7) ***MCO Tax Extension***. Establishes the intent of the Legislature to enact a managed care organization provider tax in California, contingent on federal approval.

8) ***High Deductible Health Plans***. Revises the actuarial value of a nongrandfathered bronze level high deductible health plan to be between plus 4 percent to minus 2 percent.

9) ***Medi-Cal Checkwrite Contingency***. Authorizes the Department of Health Care Services to make contingency payments to health care providers if there is a disruption to the Medi-Cal checkwrite process.

10) ***Medi-Cal Drug Rebate Fund***. Establishes a special fund for drug rebates to manage the impact on the General Fund when drug rebates are received or funding adjustments are calculated.

11) ***Medi-Cal Pharmacy Carve-Out Executive Order***. Requires the Department of Health Care Services to convene an advisory group to receive feedback on changes, modifications and operational timeframes regarding the implementation of pharmacy benefits offered in Medi-Cal.

- Requires the advisory group to be composed of organizations such as hospitals, clinics, health plans and consumer advocates.
- Requires the department to provide regular updates on the pharmacy transition that include descriptions of: a) changes in the division of responsibilities between the department and managed care plans; and b) anticipated changes, if any, to beneficiary access to prescription medications.
- Requires the department to include in the Governor’s proposed budget the fiscal assumptions for the transition of the outpatient pharmacy benefit to a fee-for-service benefit.

12) ***Hospital Seismic Upgrade Extension Application Deadline***. Authorizes Providence Tarzana Medical Center and Children’s Hospital and Research Center at Oakland to seek an extension to meet seismic standards for their SPC-1 buildings by September 1, 2019.

- Requires the first quarterly status report to be due on October 1, 2018, and every January 1, April 1, July 1 and October 1 thereafter, until seismic compliance is achieved.
- Makes findings and declarations that: this is a specific one-time exception for these two hospitals; the seismic safety building standards for hospitals are intended to keep patients, workers, hospital visitors and all Californians safe during and after a major seismic event; California hospitals have been granted extensions to seismic safety building standards timelines since the enactment of these laws in 1983; and it is in the best interest of the public to grant these two hospitals extra time to submit the application while maintaining access to services.

13) ***Office of the Surgeon General***. Establishes the Office of the Surgeon General, within the California Health and Human Services Agency, to:

- Raise public awareness on, and coordinate policies governing scientific screening and treatment for toxic stress and adverse childhood events;
- Advise the Governor, Secretary of the of the Health and Human Services Agency and policy makers on a comprehensive approach to address health issues and challenges, including toxic stress and adverse childhood events, as effectively and early as possible;
- Marshal the insights and energy of medical professionals, scientists and other academic experts, public health experts, public servants and everyday Californians to solve health challenges, including toxic stress and adverse childhood events.
- Establishes that the Surgeon General shall be: 1) appointed by the Governor; 2) the director of the Office of the Surgeon General; and 3) required to be confirmed by the Senate (for appointments made after July 1, 2019).

14) ***AB 2798 Fund Source Revision***. Requires that resources to implement AB 2798 (Maienschein, Chapter 922, Statutes of 2018) be made available from the Internal Departmental Quality Improvement Account, upon appropriation.

15) ***HIV Care Program – Financial Eligibility***. Requires the HIV Care Program to adopt the financial eligibility requirements used by the AIDS Drug Assistance Program.

16) ***Sexually Transmitted Disease Prevention Program***. Requires the Department of Public Health to allocate funds, appropriated through the Budget Act, to local health jurisdictions for sexually transmitted disease outreach, screening, and other core services in accordance, to the extent possible, with the following:

- Local health jurisdictions shall be targeted and prioritized based on population and incidence rates of sexually transmitted diseases.
- Funds shall be allocated to targeted local health jurisdictions in a manner that balances the need to spread funding to as many local health jurisdictions and community-based organizations as possible and the need to provide meaningful services to each recipient.
- Requires that no less than 50% of the funds allocated to local health jurisdictions shall be provided to community-based organizations, provided that there are community-based organizations in the jurisdiction that provide these services and are qualified, as specified.
- Requires each recipient of funds to demonstrate qualifications and preparedness to the department, as specified.
- Requires the department to develop accountability measures for each funded local health jurisdiction.
- Requires the department to authorize innovative and impactful outreach, screening, and other core services, including, but not limited to, at least one of the following:
  - Voluntary screening for sexually transmitted diseases among inmates and wards of county adult and juvenile correctional facilities.
  - Technology, telehealth, and digital platforms and applications to enhance immediate access to screening, testing, and treatment as well as partner services in order to speed services and to reduce administrative costs.
  - State-of-the-art testing modalities that ensure swift and accurate screening for and diagnosis of sexually transmitted diseases.
  - Community-based testing and disease investigation.
- Suspends this program on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years. Establishes legislative intent to consider alternative solutions to restore this program if the suspension takes effect.

17) ***HIV Prevention Program.*** Requires the Department of Public Health to distribute funding, appropriated in the Budget Act, on a competitive basis, to community-based organizations or local health jurisdictions to provide comprehensive HIV prevention and control activities for the most vulnerable and underserved individuals living with, or at high risk for, HIV infections.

- Authorizes comprehensive HIV prevention and control activities to include, but are not limited to: HIV testing, linkage to and retention in care, pre-exposure prophylaxis and post-exposure prophylaxis, and syringe services programs.
- Requires the department to allocate funds in a manner that balances the need to spread funding as widely as possible with the need to provide meaningful activities to each recipient.
- Requires that no less than 50 percent of the funds are provided to community-based organizations.
- Requires the department to develop accountability measures for each entity receiving these funds.
- Suspends this program on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years. Establishes legislative intent to consider alternative solutions to restore this program if the suspension takes effect.

18) ***Hepatitis C Prevention.*** Requires the Department of Public Health to allocate funds, appropriated through the Budget Act, to local health jurisdictions to provide hepatitis C virus (HCV) activities including, but not limited to, monitoring, prevention, testing, and linkage to and retention in care

activities for the most vulnerable and underserved individuals living with, or at high risk for, HCV infection.

- Requires that local health jurisdictions be prioritized for funding based on factors that indicate a need for these activities.
- Requires that no less than 50 percent of the funds allocated to local health jurisdictions be provided to community-based organizations for these purposes, provided that there are community-based organizations in the jurisdiction that are able to provide these activities and demonstrate appropriate qualifications, as specified.
- Requires the department to develop accountability measures for each local health jurisdiction that is funded.
- Suspends this program on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years. Establishes legislative intent to consider alternative solutions to restore this program if the suspension takes effect.

19) ***State Hospitals Patient Wages and Workers' Compensation.*** Establishes that patients of State Hospitals are: 1) not subject to state minimum wage requirements when working as a component of vocational rehabilitation programs; and 2) entitled to workers' compensation benefits if injured in the course of a vocational rehabilitation program work assignment, including a sheltered workshop, and for the death of the patient if the injury causes death, subject to specified prohibitions.

- Specifically, this bill prohibits:
  - A patient from being entitled to compensation for a psychiatric injury;
  - Compensation if the injury resulted from an assault in which the patient was the initial aggressor, or as the result of the patient intentionally injuring themselves;
  - The patient from being entitled to any temporary disability indemnity benefits while committed in a state hospital or while reincarcerated in a county jail or state prison; and
  - The payment of benefits to a patient while the patient is committed in a state hospital facility.
- Authorizes a patient to file an application with the Workers' Compensation Appeals Board to resolve any workers' compensation dispute.
- Provides that a former patient shall have one year, after release or discharge, in which to file an application with the Workers' Compensation Appeals Board.
- Requires the department to present to each patient worker, prior to their first vocational rehabilitation assignment, a printed statement of their rights under this division and a description of procedures to follow in filing for benefits.
- Requires the department to post the statement of patients' rights in various conspicuous locations where patients work or reside.
- Requires the department to, at the request of a patient, furnish a list of qualified workers' compensation attorneys to represent the patient before the Workers' Compensation Appeals Board.

20) ***Prohibition on Confiscation of State Hospitals Patient Funds.*** Prohibits requiring a State Hospital patient, who receives earnings during the patient's participation in a sheltered workshop or vocational rehabilitation program, to return or remit those earnings to the State Hospital for the cost of care, support, maintenance and medical attention.

21) ***Budget Bill.*** Establishes that this is a budget trailer bill and makes an appropriation.



**COMMENTS:** This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions taken affecting the Departments of Health Care Services, Public Health, State Hospitals, the California Health and Human Services Agency, the California Health Benefits Exchange, the Franchise Tax Board, and the Office of Statewide Health Planning and Development.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Andrea Margolis / BUDGET / (916) 319-2099

Date of Hearing: June 24, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 97 (Committee on Budget and Fiscal Review) – As Amended June 20, 2019

**SENATE VOTE:** 27-9

**SUBJECT:** Cannabis

**SUMMARY:** This bill is the Cannabis trailer bill for 2019-20. It contains the necessary changes related to the 2019 Budget Act. Specifically, **this bill:**

- 1) Includes findings and declarations;
- 2) Authorizes a licensing authority to issue a citation to a licensee or unlicensed person for any violations of existing law or regulations related to Control, Regulate and Tax Adult Use of Marijuana Act of 2016.
- 3) Authorizes licensing authorities to assess administrative fines not to exceed \$5,000 per violation for licensees and \$30,000 per violation for an unlicensed person, per day, with due considerations to the appropriateness of the amount, as specified.
- 4) Requires proceeds from citations to be used for the recovery of investigation and enforcement costs and be deposited into the Cannabis Control Fund, and the remaining proceeds to be deposited directly into the Cannabis Fines and Penalties Account, and be available upon appropriation by the Legislature.
- 5) Clarifies that the Cannabis Control Appeals Panel is established in the Business, Consumer Services, and Housing Agency and authorizes the panel to hold a closed session for the purpose of holding a deliberative conference, as specified.
- 6) Extends the repeal date for the provisional license provisions to January 1, 2022, and modifies the applicant requirements to provide evidence of compliance with local ordinances, as specified.
- 7) Requires provisional license to be valid for no more than 12 months from the date it was issued.
- 8) Authorizes a licensing authority, in its sole discretion, to renew the provisional license annually until the licensing authority issues or denies the provisional license. If the licensing authority renews a provisional license, requires the licensing authority to include the outstanding items needed to qualify for an annual license.
- 9) Authorizes a licensing authority, in its sole discretion, to revoke or suspend a provisional license if the licensing authority determines the licensee failed to actively and diligently pursue requirements for an annual license. Requires a licensing authority to cancel a provisional license upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, or withdrawal of an application for licensure.

- 10) Removes the requirement that the Department of Food and Agriculture be the sole determiner of designation and certification.
- 11) Requires that not later than July 1, 2021, the State Department of Public Health establish a certification program for manufactured cannabis products that is comparable to the National Organic Program and the California Organic Food and Farming Act. Exempts the State Department of Public Health from the Administrative Procedures Act for purposes of administering the section.
- 12) Extends the repeal date from July 1, 2019 to July 1, 2021, for provisions that provides that the California Environmental Quality Act does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.
- 13) Authorizes the Governor's Office of Business and Economic Development to administer on behalf of the bureau, the provisions related to the review and granting of funding for cannabis equity programs. Requires an annual report by the bureau to the Legislature regarding the progress of local equity programs funded by these grants and to include a copy of the equity assessment, as defined, and equity program descriptions of each local jurisdiction that applies for grant funding.
- 14) Exempts contracts entered into or amended by the State Department of Health Care Services from specified provisions of law governing public contracting for programs for youth that are designed to educate about and to prevent substance use disorders and to prevent harm from substance use funded from the Youth Education, Prevention, Early Intervention and Treatment Account.
- 15) Includes an urgency clause.

**COMMENTS:** This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions related to cannabis.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Genevieve Morelos / BUDGET / (916) 319-2099

Date of Hearing: June 24, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 104 (Committee on Budget and Fiscal Review) – As Amended June 20, 2019

**SENATE VOTE:** 27-9

**SUBJECT:** Health

**SUMMARY:** This is a Health Trailer Bill for 2019-20. It contains necessary changes related to the Budget Act of 2019. This bill makes various statutory changes to implement the 2019-20 budget. Specifically, **this bill:**

- 1) ***Full-Scope Expansion to Young Adults Regardless of Immigration Status.*** Expands Medi-Cal eligibility to individuals 19-26 years old, regardless of immigration status, who meet income and other eligibility requirements, no sooner than July 1, 2019. Requires the Department of Health Care Services to maximize federal financial participation for this population, and to use state funds as necessary in the absence of federal funds.
- 2) ***Elimination of Medi-Cal Senior Penalty.*** Increases, for people 65 years of age or older, Medi-Cal countable income to include an additional \$230 for an individual or \$310 for a couple, contingent on federal approval, no sooner than January 1, 2020.
  - Requires that all countable income over 100 percent of the federal poverty level, up to 138 percent of the federal poverty level, be disregarded, after taking all other disregards, deductions, and exclusions into account for individuals 65 years and older.
  - Requires the income level determined for this population to be not less than the SSI/SSP payment level the individual (or couple) receives or would receive as a disabled or blind individual (or couple).
  - Requires the Department of Health Care Services to adopt regulations by July 1, 2023, and provide a status report to the Legislature on a semiannual basis until regulations are adopted.
- 3) ***Extension of Post-Partum Mental Health Benefits.*** Extends Medi-Cal post-partum benefits from 60 days to one year for women receiving restricted-scope benefits who have a maternal mental health condition.
  - Defines “maternal mental health condition” as a mental health condition that occurs during pregnancy or during the postpartum period and, includes, but is not limited to, postpartum depression.
  - Requires a beneficiary, wishing to qualify for extended benefits, to submit to a county eligibility worker a note from that individual’s treating health care provider stating that the health care provider has diagnosed the individual with a maternal mental health condition within 60 days following the last day of the individual’s pregnancy.
  - Authorizes a former beneficiary, wishing to qualify for extended benefits, who lost Medi-Cal coverage within 60 days of the last day of the pregnancy and who is diagnosed with a maternal mental health condition more than 60 days following the last day of pregnancy, to be reinstated to their previous Medi-Cal eligibility by submitting a note from their treating health care provider.

- Suspends these benefits on December 31, 2021, unless it is determined that estimated annual General Fund revenues exceed estimated annual General Fund expenditures for the 2021-22 and 2022-23 fiscal years. Establishes legislative intent to consider alternative solutions to restore these benefits if the suspension takes effect.
- 4) ***PACE Modernization Act Amendments***. Requires that Medi-Cal rates for Programs of All-Inclusive Care for the Elderly (PACE) be consistent with actuarial rate development principles and provide for all reasonable, appropriate, and attainable costs for each PACE organization within a region. Requires the rates for PACE organizations during their first two years of operation to reflect the lower enrollment and higher operating costs associated with a new PACE organizations.
- 5) ***Realignment Funding Redirection for CMSP Board***. Redirects 100 percent of the County Medical Services Program (CMSP) Board realignment funding to the state until the Board has reduced its reserves to two years of expenditures, at which point the realignment redirection returns to the current level of 60 percent. Declares that Yolo County operates within the CMSP structure.
- 6) ***Council on Health Care Delivery Systems***. Renames the Council on Health Care Delivery Systems to the Healthy California for All Commission, and recasts its responsibilities and membership.
- Increases the membership from 5 to 13 members, including: 1) the Secretary of the California Health and Human Services Agency, or the secretary’s designee, to serve as the chairperson; 2) eight members appointed by the Governor; 3) two members appointed by the Senate; and 3) two members appointed by the Assembly.
  - Adds five ex-officio nonvoting members, including: 1) the Executive Director of the California Health Benefit Exchange; 2) the Director of the Department of Health Care Services; 3) the Chief Executive Officer of the Public Employees’ Retirement System; and 4) the chairs of the Assembly and Senate Health Committees.
  - Requires the commission to submit a report to the Legislature and Governor, by July 1, 2020, with options, including: An analysis of California’s existing health care delivery system; additional steps California can take to prepare for transition to a unified financing system; and coverage expansion options, including expanding Medi-Cal to cover individuals over 64 years of age, regardless of immigration status.
  - Requires the commission to submit a report to the Legislature and Governor, by February 1, 2021, including options for key design considerations for a unified financing system, including, but not limited to, a single –payer financing system.
  - Requires the commission to provide an update to the Legislature and Governor on its progress on the required reports by January 1, 2020, and every six months thereafter.
- 7) ***Budget Trailer Bill***. Establishes that this is a budget trailer bill and makes an appropriation.

**COMMENTS:** This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions taken affecting the California Health and Human Services Agency and the Department of Health Care Services.

**REGISTERED SUPPORT / OPPOSITION:** None on file.

**Analysis Prepared by:** Andrea Margolis / BUDGET / (916) 319-2099

Date of Hearing: June 24, 2019

ASSEMBLY COMMITTEE ON BUDGET

Philip Y. Ting, Chair

SB 106 (Committee on Budget and Fiscal Review) – As Amended June 17, 2019

**SENATE VOTE:** 27-9

**SUBJECT:** Budget Act of 2019

**SUMMARY:** Amends the 2019 Budget Act to reflect actions taken as part of the 2019 budget package. Specifically, **this bill:**

- 1) Increases funding for health benefit subsidies by \$133.3 million for a total of \$428.6 million.
- 2) Increases funding for the University of California and the California State University for additional in-state California undergraduate enrollment;
  - a. \$49.9 million for the University of California; and
  - b. \$85 million for California State University.
- 3) Provides \$5 million for the Healthy California for all Commission.
- 4) Appropriates \$2.2 million to support the Early Childhood Policy Council for the next three fiscal years.
- 5) Includes \$5 million for the Master Plan for Early Learning and Care.

**EXISTING LAW:**

**FISCAL EFFECT:** The bill appropriates \$284.8 million assumed as part of the 2019 budget package.

**COMMENTS:** This bill amends the 2019 budget, contained in AB 74, to reflect appropriations assumed in the overall scoring and architecture of the budget package. This bill, sometimes known as a “budget bill junior” allows the full budget package to be implemented.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

None on file.

**Analysis Prepared by:** Christian Griffith / BUDGET / (916) 319-2099