

2018 Budget Trailer Bill Analyses Packet

Bills anticipated for Monday, June 25, 2018

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Please note: The Budget Committee heard SB 861 (No Place Like Home) on June 18, 2018 and SB 870 (911 Fee) on June 13, 2018.

SENATE THIRD READING

SB 849 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY:

This is a Health Trailer Bill for 2018-19. It contains necessary changes related to the Budget Act of 2018. This bill makes various statutory changes to implement the 2018-19 budget. Specifically, this bill:

1) ***Physician/Dentist Loan Repayment Program.*** Establishes the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act. Specifically, this bill:

- Requires the Department of Health Care services to develop and administer the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act Program to provide loan assistance payments to qualifying, recent graduate physicians and dentists that serve beneficiaries of existing health care programs, as defined. Requires the department to consult with other state entities, including the Office of Statewide Health Planning and Development, and with affected stakeholders to implement this program.
- Requires this Program to be funded with Proposition 56 funds and requires the department to administer two separate payment pools for participating physicians and dentists, respectively, consistent with the allocations included in the 2018 Budget Act.
- Requires the department to develop the eligibility criteria to be used to evaluate physician and dentist participation in the Program, and requires that the eligibility criteria prioritize ensuring timely access, limiting geographic shortages of services, and ensuring quality care in Medi-Cal. Requires the department to develop separate criteria for distribution of payments from the physician and dentist payment pools.
- Requires the department to establish the maximum number of years a physician or dentist must be in practice to qualify for payments and the minimum number of years a participating physician or dentist receiving payments must agree to participate as an enrolled provider in Medi-Cal.
- Authorizes the selection of physicians and dentists for participation in the Program, and the amount of loan repayment assistance awarded to participants, to be at the discretion of the department and any entity in contract with the department for this purpose. Exempts this discretion from judicial review, except allowing for an applicant physician or dentist who is not selected to file for a writ of mandate to rectify an abuse of discretion by the department and its contractors.
- Authorizes the department to provide specific guidance on this Program using policy letters, provider bulletins, or other similar instructions, without taking regulatory action

and requires the department to consult with affected stakeholders before providing such guidance.

- Authorizes the department to enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis to implement this Program, and exempts such contracts from requirements of the Government and Public Contract Codes and review or approval of the Department of General Services.
 - Authorizes implementation of this Program only to the extent that the program does not jeopardize federal financial participation, and authorizes the department to seek federal financial participation if it determines there is a reasonable likelihood of it being available for this Program.
 - Finds and declares that the expenditures authorized by this section are:
 - Made in accordance with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016;
 - Based on criteria developed and periodically updated as part of the annual budget process; and
 - Consistent with the purposes and conditions for expenditures described in subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.
 - Requires the repeal of this section on January 1, 2026.
 - Requires a judicial action or proceeding to challenge, review, set aside, void, or annul the provisions of this section, to proceed only by application or complaint filed within 45 days of the effective date of this act.
- 2) ***Hospital Quality Assurance Fee Administrative Costs.*** Authorizes up to \$500,000, from the current limit of \$250,000, for the Department of Health Care Services' staffing and administrative costs that are directly attributable to implementing the Hospital Quality Assurance Fee Program during any fiscal quarter for which the department incurs costs which significantly impact the implementation of this program. Finds and declares that the amendments made to the Medi-Cal Hospital Reimbursement Improvement Act of 2013 by this act further the purposes of the act.
- 3) ***Dental Integration Pilot Program.*** Authorizes the Department of Health Care Services to authorize, subject to appropriation by the Legislature, no sooner than July 1, 2019, a dental integration pilot program in San Mateo County as a component of the Medi-Cal 2020 demonstration project, or by any extension or amendment to the Medi-Cal 2020 demonstration project, for a maximum of six years. Specifically, this bill:
- Requires the pilot program to be designed to test the impact to oral care access, quality and utilization, as well as medical cost impacts by the delivery of covered dental care services as a managed care benefit under the operation of the Health Plan of San Mateo.

- Requires the department to do the following prior to the pilot program start date:
 - Seek input from affected stakeholders, as specified;
 - Establish objectives for improving dental utilization through the pilot program;
 - Establish objectives for improving access to oral health care through the pilot program; and
 - Determine that the Health Plan of San Mateo meets the department's readiness requirements, including demonstration of an adequate network of dental care providers.
- Requires the pilot program to provide covered Medi-Cal dental care services that are currently provided under the fee-for-service system to enrollees of the Health Plan of San Mateo, including covered dental care services provided through safety net clinics, such as federally qualified health centers.
- Prohibits enrollees of the Health Plan of San Mateo from receiving dental benefits through fee-for-services during the operation of the pilot program.
- Authorizes enrollees who have been in treatment with a specific provider for more than 12 months to continue to receive services from that provider if specified requirements are met.
- Requires the department to contract with an external entity to conduct an evaluation of the pilot program to be completed no later than December 31 of the sixth state fiscal year of the pilot program, to be funded by the Health Plan of San Mateo, and specifies the components of the evaluation.
- Requires the department to consult with the Health Plan of San Mateo no later than six months before the start date of the approved pilot program regarding any necessary adjustments to its capitation rates required to integrate dental care for plan enrollees.
- Requires the receipt of federal approvals and the department's determination that federal funds will not be jeopardized in order to implement this pilot program.

This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions taken affecting the Department of Health Care Services.

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SENATE THIRD READING

SB 856 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: Amends the 2018 Budget Act to include provisions for the 2018 Greenhouse Gas Emission Fund Expenditure Plan, Proposition 56 expenditures, and other technical changes to the budget act. Specifically, **this bill:**

- 1) Appropriates \$1.4 billion of Greenhouse Gas Reduction Fund for various investments to fight climate change, mitigate the immediate impact on California, and begin the process of adapting to the long-term impacts of climate change. These investments include:
 - a) \$245 million for local air district programs to reduce air pollution consistent with AB 617 (Cristina Garcia), Chapter 136, Statutes of 2017;
 - b) \$20 million to fund local air districts efforts to implement AB 617;
 - c) \$10 million for technical assistance grants to communities to participate in the AB 617 process;
 - d) \$180 million for clean trucks, buses, and off-road freight equipment. Of this amount, \$125 million is for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide voucher incentives at the time of purchase and \$55 million is for sustainable freight technology, including ports;
 - e) \$175 million for the Clean Vehicle Rebate Project (CVRP) to accelerate the purchase of zero-emission vehicles;
 - f) \$100 million for the Enhanced Fleet Modernization Program, school buses, and transportation equity projects that explore innovative strategies for introducing advanced clean transportation into California's disadvantaged communities. Of this amount, \$25 million will be for CVRP for low-income consumers;
 - g) \$12.5 million for low carbon fuel production to incentivize in-state production of low-carbon vehicle fuels, such as biodiesel.
 - h) \$112 million for agricultural diesel replacement and upgrades;
 - i) \$160 million for improving forest health and fire prevention activities, of which \$5 million shall be used for activities of the California Conservation Corp;
 - j) \$50 million to implement the recently released Forest Carbon Plan, of which \$30 million is for the Department of Forestry and Fire Protection to complete additional fuel reduction projects and \$20 million for grants to support regional implementation of landscape-level forest restoration projects that leverage non-state funding;

- k) \$25 million to support the California Fire and Rescue Mutual Aid System to enhance the state's ability to respond to fire quickly by providing approximately 110 additional fire engines;
 - l) \$99 million for methane reduction programs, including dairy digesters research and development and alternative manure management programs;
 - m) \$64 million for energy efficiency funding for agricultural entities, including food processors;
 - n) \$5 million for grants for projects that help to ensure that soils are healthy;
 - o) \$4 million for renewable energy projects related to agricultural operations;
 - p) \$25 million for waste diversion and recycling infrastructure;
 - q) \$40 million for the Transformative Climate Communities program;
 - r) \$20 million for urban greening;
 - s) \$5 million for urban forestry;
 - t) \$10 million for low-income weatherization for multi-family, solar, and of this amount at least \$2 million is for farmworker residential units;
 - u) \$5 million for wetland restoration;
 - v) \$5 million for coastal adaptation;
 - w) \$3 million for woodstove replacement;
 - x) \$20 million for competitive grants for research related to climate change, clean energy, and adaptation, of which \$2 million is for technical assistance; and
 - y) \$6 million for the Energy Corps to perform energy efficiency and water conservation surveys and other activities to facilitate the reduction of greenhouse gas emissions.
- 2) Appropriates \$217 million of other special funds for activities related to the 2018 Greenhouse Gas Expenditure Plan, including:
- a) \$134.5 million from the Alternative and Renewable Fuel and Vehicle Technology Fund to be spent consistent with current program requirements;
 - b) \$30 million from the Air Pollution Control fund for local efforts to implement AB 617;
 - c) \$20 million in Proposition 68 bond funding for the Wildlife Conservation Board for climate adaptation which includes \$10 million for the Sierra Nevada and Cascade mountain regions and \$10 million for the rest of the state; and

- d) \$20 million from the California Tire Recycling Management Fund for agricultural diesel replacement and upgrades.
- 3) Appropriates \$1.0 billion in state Proposition 56 funds and \$1.25 billion in federal funds for supplemental payments, rate increases, and loan assistance for the provision of Medi-Cal services, including:
- a) Up to \$500,000,000 (Proposition 56) for supplemental payments for physician services;
 - b) Up to \$210,000,000 (Proposition 56) for supplemental payments for dental services;
 - c) Expands supplemental payments for Intermediate Care Facilities for the Developmentally Disabled to facilities providing continuous skilled nursing care to developmentally disabled individuals; one-time supplemental payments for free-standing pediatric sub-acute facilities; rate increases for home health providers of medically necessary in-home services for children and adults through home and community-based services waivers; and rate increases for pediatric day health care facilities in Medi-Cal fee-for-service;
 - d) Requires the Department of Health Care Services (DHCS) to develop the structure and parameters for supplemental provider payments and rate increases to be made in a manner similar to the structure included in the 2017 Budget Act;
 - e) Requires DHCS to post the proposed payment structure of these provider payments on its website by September 30, 2018, upon approval of the Director of Finance;
 - f) Authorizes DHCS to make payments while federal approval is pending and provides that any payment amounts for which federal approval is not obtained be recouped from the paid providers;
 - g) Authorizes one-time Proposition 56 funds as follows: up to \$6,000,000 for qualifying (as defined) Program of All-Inclusive Care for the Elderly (PACE) organizations; and up to \$2,000,000 for qualifying (as defined) Community-Based Adult Services programs; and
 - h) Appropriates one-time funding of \$220,000,000 (Proposition 56) to the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act for qualifying, recent graduate physicians and dentists who serve Medi-Cal beneficiaries. Specifically, \$190,000,000 is allocated for recent graduate physicians and \$30,000,000 is allocated for recent graduate dentists. Authorizes this funding for expenditure and encumbrance until June 30, 2025.
- 4) Provides the Department of Motor Vehicles the authority to obtain up to an additional \$16.6 million from the Motor Vehicle Account to fund additional staff and automated machines to address long lines in DMV offices related to processing transactions such as obtaining REAL ID compliant driver licenses and identification cards, if necessary.
- 5) Enables early reversion of \$30 million of unspent CalFresh county administration funds from the 2016-17 state fiscal year, to be utilized for administration and automation costs in 2018-19 related to the elimination of the SSI Cash-Out policy, as prescribed in AB 1811, the human services omnibus trailer bill.

- 6) Authorizes \$6.85 million of the appropriation for the CalFresh Fruit and Vegetable Electronic Benefits Transfer (EBT) Pilot to be available for encumbrance or expenditure until June 30, 2021.
- 7) Increases the appropriation for the Cash Assistance Program for Immigrants to conform to the contingent parity in benefits created pursuant to the elimination of the SSI Cash-Out policy, as prescribed in AB 1811, the human services omnibus trailer bill.
- 8) Reduces the maximum Cal Grant for students attending accredited, for-profit colleges to \$8,056, which reduces funding for the Cal Grant program by \$500,000.
- 9) Increases the administrative costs from \$750,000 to \$1,000,000 for the block grants to Continuous of Care for Emergency aid.
- 10) Provides for 5 percent for administrative funds for programs under the California Workforce Development Board.
- 11) Makes small technical updates and corrections to the 2018 budget act including:
 - a) Removes a duplicate \$100 million appropriation for the Kindergarten Facilities Expansion Program. This appropriation is included in the Education Omnibus trailer bill.
 - b) Includes a provision that appropriates \$2 million for the Los Angeles Cleantech Incubator program.
 - c) Makes other technical and conforming changes.

FISCAL EFFECT: This bill includes over \$3.86 billion of additional appropriations from special funds and federal funds.

COMMENTS: This bill amends SB 840, the 2018 Budget Act, to reflect the agreement of the use of some special funds associated with the 2018 budget package. This bill also makes technical changes to the 2018 budget.

This bill provides an expenditure plan that reflects the broad portfolio of greenhouse gas reduction investments. Accounting for continuous appropriations and the appropriations in this bill, the State expects to spend about \$2.9 billion of Greenhouse Gas Reduction Funds in 2018-19.

Major investments include:

- 1) Air Quality Improvement: \$305 million (\$275 million from Greenhouse Gas Reduction Funds) to invest in air quality improvement activities and implementation activities associated with the enactment of AB 617.
- 2) Clean vehicle and ports: \$476.5 million for incentives for an array of vehicles and funds to improve port equipment. This \$125 million to the Heavy Vehicle Improvement Program,

which provides incentives for clean trucks and buses and \$55 million for sustainable freight investments. In addition, provides \$200 million for the Clean Vehicle Rebate Program.

- 3) Healthy Forests and Fire Protection: \$240 million for various programs directed at improving the health of our forests and reducing the risk of fires. This includes \$160 million to CALFIRE for healthy and resilient forests, \$50 million to implement the Forest Carbon Plan, and \$25 million of grants to support local fire suppression activities in High Risk fire areas.
- 4) Climate Smart Agriculture: \$304 million (\$284 million from Greenhouse Gas Reduction Fund) for investments in agriculture, including \$99 million for methane reduction from dairy digesters and alternative manure management practices, \$64 million for energy efficiency improvements at food processing facilities, and \$112 million for agriculture diesel engine replacements.
- 5) Zero-Emission Vehicle Charging Infrastructure: \$134.5 million to support zero-emission vehicle infrastructure.
- 6) Adaptation and Natural Resource Restoration: \$30 million for natural resource investments, including \$20 million for urban greening, \$5 million for wetland restoration grants, and \$5 million for coastal adaptation. These investments are in addition to the \$240 million of healthy forest and fire prevention mentioned previously and do not include an additional \$20 million in Proposition 68 bond funding for natural lands adaptation.
- 7) Affordable Housing and Sustainable Communities: \$491 million is projected for this program in 2018-19 for land-use, housing, transportation, and land preservation projects that reduce greenhouse gas emissions.
- 8) Waste Diversion: \$25 million to continue the successful waste diversion program at CalRecycle.
- 9) Transit: \$246 million of revenue is projected for 2018-19 for transit capital and operations and \$123 million is projected to be available by formula to regional entities and transit agencies for projects that have the goal of reducing greenhouse gas emissions.
- 10) Community improvements: \$40 million for Transformative Climate Communities for additional funding for investments in disadvantaged communities and \$10 million for multi-family, solar, and farmworker weatherization improvement for disadvantaged communities, and \$6 million for the Energy Corps.
- 11) Clean Energy and Climate Research: \$20 million for competitive research grants for clean energy, adaptation and resiliency, to be administered by the Strategic Growth Counsel, included in this amount is \$2 million to provide technical assistance to localities interested in taking action to address climate change.

SENATE THIRD READING

SB 857 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: As part of the 2018 budget package, creates an employee orientation pilot for In Home Supportive Services providers in three counties. Specifically, this bill:

- 1) Applies existing employee orientation provisions for public employees to In Home Supportive Services providers in three counties: Los Angeles, Merced, and Orange;
- 2) Authorizes the limited reopening of collective bargaining memorandum of understanding between employee organization and the public authority to discuss employee orientation if either side requests a meet and confer;
- 3) Appropriates \$10,000 for the Department of Social Services for reimbursements authority to implement these provisions; and
- 4) Sunsets these provisions on July 1, 2021.

FISCAL EFFECT: This bill appropriates \$10,000 to implement the new requirement.

COMMENT: As part of the 2018-19 budget package, this bill extends current public employee orientation requirements on a limited basis to In Home Supportive Services providers in three counties. Since local public authority entities serve as the employee of record for In Home Supportive Services, these provisions did not previously apply to these workers.

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