

ASSEMBLY BUDGET SUBCOMMITTEE NO. 1
ON HEALTH AND HUMAN SERVICES
ASSEMBLYMEMBER DR. JOAQUIN ARAMBULA, CHAIR

2023 MAY REVISION HEARING AGENDA

TUESDAY, MAY 16, 2023

9:00 AM – STATE CAPITOL, ROOM 126

*This hearing may be viewed via its live stream on the Assembly's website
at <https://www.assembly.ca.gov/todaysevents>.*

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub1@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

*The public may provide public comment after all witnesses on all panels and issues have concluded, and after the conclusion of member question by calling toll-free: **877-692-8957, access code: 131 51 26***

HAPPY BIRTHDAY CHAIR ARAMBULA!!!

1. Call to Order
2. Introductory Comments from Subcommittee Chair
3. Subcommittee Member Comments
4. Presentation of May Revision, as Follows, for Select Departments
(departments not listed below are not requested to present at this hearing):
 - Department or Agency
 - Department of Finance
 - Legislative Analyst's Office
 - Subcommittee Member Questions
 - a. 0530 California Health and Human Services Agency
 - b. 4100 State Council on Developmental Disabilities
 - c. 4120 Emergency Medical Services Authority

- d. 4140 Department of Health Care Access and Information
 - e. 4170 California Department of Aging
 - f. 4260 Department of Health Care Services
 - g. 4265 California Department of Public Health
 - h. 4300 Department of Developmental Services
 - i. 4400 Department of State Hospitals
 - j. 4560 Mental Health Services Oversight and Accountability Commission & Department of Health Care Services
 - k. 4700 Department of Community Services and Development
 - l. 5160 Department of Rehabilitation
 - m. 5175 Department of Child Support Services
 - n. 5180 Department of Social Services
- 5. Public Comment
 - 6. Adjournment

Attachments:

- 1. Assembly Budget Committee May Revise Health and Human Services Highlights
- 2. Department of Finance May Revision Fiscal Letter on the California Health and Human Services Agency
- 3. Department of Finance May Revision Fiscal Letter on Health and Human Services
- 4. Department May Revise Highlights from:
 - a. Department of Developmental Services
 - b. Department of Health Care Services
 - c. California Department of Public Health
 - d. Department of State Hospitals
 - e. Department of Social Services
- 5. LAO Analyses of Select May Revise Health and Human Services Proposals (these are the LAO's preliminary assessments and as such are subject to change as additional information is provided by the administration)

Overview of Key Proposals in the May Revision for Health and Human Services

For each department/office with a key proposal listed, please present on the proposals identified in this agenda, answer the questions listed, and be prepared to answer additional questions from the Subcommittee. For the Members and the public, additional details for the proposals are included in the attachments to this Agenda, are on the Department of Finance website, or remain pending from the Administration.

4a. 0530 California Health and Human Services Agency (CalHHS)

- California Automated Response and Engagements (CWS-CARES) System. Requests an additional \$163.7 million (\$83.4 million General Fund) for the project to support ongoing project development costs, and authority to access an additional \$36.6 million (\$18.3 million General Fund) should project activities accelerate.

Questions: Please explain the reasons for the additional costs. What is the new timeline for implementation? What are the overall project costs for CWS-CARES before and after this proposal?

- Health Innovations Initiative, request for \$10 million General Fund.

Questions: What will the \$10 million be used to do? How will this project benefit vulnerable participants/recipients in programs like CalWORKs and SSI/SSP?

- Home and Community-Based Services (HCBS) Spending Plan Changes. The May Revision proposes a six-month extension until September 30, 2024.

Questions: Explain the extension and how much more time it will provide for programs that are struggling to fully spent HCBS funds by the current December 31, 2023 deadline. Which programs are impacted within CalHHS departments/offices and which are not?

- Electronic Physician Order for Life Sustaining Treatment Registry Project and the California Emergency Medical Services (EMS) Data Resource System Project Budget Change Proposal.

4b. 4100 State Council on Developmental Disabilities (SCDD)

- Reimbursement Authority Increase for \$106,000 on a one-time basis to enable the SCDD to expend funds associated with an agreement with the University of Southern California's University Center for Excellence in Developmental Disabilities.
- Reappropriation of Federal Funds and Reimbursements.

4c. 4120 Emergency Medical Services Authority

- California Emergency Medical Services Central Registry for \$190,000.
- Appointment of a Chief Medical Officer for \$29,000.

4d. 4140 Department of Health Care Access and Information

- Reallocate Funds for CalRx Pharmaceutical Drug Procurement for \$2,000,000 reappropriated for the Capital Infrastructure Security Program.
- CalRx Naloxone Initiative for \$30 million.
- Trailer bill – “CalRx Clean Up: Broaden the Use for Additional Pharmaceutical Drug Procurement.” Full language can be found here: <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/880>.

4e. 4170 California Department of Aging (CDA)

- Older Adult Behavioral Health Budget Change Proposal, with \$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26 to support the continuation of the Older Adult Friendship Line, a targeted media campaign for older adults, and competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

4f. 4260 Department of Health Care Services

- High-level overview of the DHCS budget and Medi-Cal estimate proposed in the May Revise.
- Managed Care Organization Tax for approximately \$19.4 billion.

Questions: What’s the justification for spreading out the expenditures over 8-10 years? Do you anticipate being able to renew the MCO Tax in three years with the same structure, thereby generating the same level of revenue? Please justify the specific provider types selected for proposed 2023-24 rate increases. Has the federal government put a limit on the amount of tax revenue that can be used for General Fund backfill? Please respond to the LAO recommendations on this proposal.

- Naloxone Distribution Project for \$141.3 million.

Questions: Harm reduction organizations state that they perform 2/3 of the overdose reversals in the state, and are requesting continued funding for staffing and operations; would you be supportive of spending OSF for this purpose?

- Behavioral Health Modernization for \$40 million.

Questions: Is this request not premature given that this proposal has yet to be approved by either the Legislature or the voters? Please provide detail on what these funds would be used for.

- Children and Youth Behavioral Health Initiative: Fee Schedule Third Party Administrator for \$10 million.

Questions: Are these new resources above the \$4.5 billion approved for the CYBHI?

- Increased CARE Act funding, including: \$128.9 million in 2023-24, \$234 million in 2024-25, \$290.6 million in 2025-26, and \$290.8 million in 2026-27 and ongoing, and Los Angeles County CARE Court Start-Up Funding—provisional language to specify \$15 million.

Questions: Please respond to the modifications recommended by the LAO. Please share the justification for your cost estimates given that implementation has yet to begin. Are you willing to provide regular implementation reports to the Legislature, as recommended by the LAO?

- Revisions to the California Children’s Services Whole-Child Model Expansion and Mandatory Managed Care Enrollment of Foster Care Children in Single Plan Counties Trailer Bill.

Questions: Please describe the proposed modifications to the trailer bill that are included in the May Revision, and to what degree they address the concerns and opposition from stakeholders.

4g. 4265 Department of Public Health

- High-level overview of the CDPH budget proposed in the May Revision.
- Reduction of \$50 million for COVID-19 response.

Questions: Was this \$50 million proposed as emergency contingency funding?

- Loan from the AIDS Drug Assistance Program Rebate Fund to the General Fund of \$400 million.

Questions: What is the current balance in the ADAP Rebate Fund? Can you ensure that ADAP services will be unaffected by this loan?

- Lead Renovation, Repair, and Painting Program (SB 1076) for \$0.5 million.

Questions: What are the changes being made to this Governor's Budget proposal?

- Information Technology, Data Science, and Informatics Framework for a 21st Century Public Health System—provisional language for \$15.8 million.

Questions: Have these resources already been appropriated? Please describe the need for, and effect of, this proposed language.

4h. 4300 Department of Developmental Services (DDS)

- Provisional Eligibility for Ages 0-2, and Trailer Bill Language.
- Community Placement Plan Funding.

Questions: Are there unexpended prior year balances for CPP that are not being repurposed? What are these and from what years?

- Independent Living Services Rate Models.

Question: Is trailer bill language required for this proposal?

- Coordinated Family Support Services.
- Annual Family Program Fee and Family Cost Participation Program, and Trailer Bill Language.

Question: Could the extension be made through the entire 2023-24 fiscal year?

- Access to Generic Services Trailer Bill Language.

Questions: When will the language be available? Is there a related cost?

- Complex Needs Residential Program Trailer Bill Language.

Questions: When will the language be available? Is there a related cost?

- Parental Participation Requirement in Applied Behavior Analysis (ABA) or Intensive Behavioral Intervention Trailer Bill Language.

- Remote Individualized Family Service Plan (IFSP) and Individual Program Plan (IPP) Meetings Trailer Bill Language.
- Rate Study Update – Family Home Agencies Trailer Bill Language.
- Expanding Participant-Directed Services to Include Social Recreation and Camping Services Trailer Bill Language.
- Regional Center Oversight – Directive Authority Trailer Bill Language.
- Federal Education Grant Funding Distribution Trailer Bill Language.

4i. 4440 Department of State Hospitals

- High-level overview of the DSH budget and estimate proposed in the May Revise.
- COVID-19 Response Expenditures to be decreased by \$9.2 million in 2023-24 and by \$19.7 million in 2022-23.
- Incompetent to Stand Trial Solutions Reappropriation of \$107 million and Diversion Reappropriation of \$24 million.

4j. 4560 Mental Health Services Oversight and Accountability Commission

4260 Department of Health Care Services

The Subcommittee requests the OAC present its request for position authority and a shift of resources from local assistance to state operations for purposes of implementing the evidence-based practices component of the Children and Youth Behavioral Health Initiative (CYBHI). The CYBHI includes \$429 million for evidence based practices, of which 10 percent (\$42.9 million) is to be administered by the OAC, as described in a 2022 Budget Change Proposal (4560-001-BCP-2022-GB). This proposal requests that \$15 million of this funding be used as follows:

- Research and Evaluation: \$1.6 million (2 Limited-Term positions and contracts)
- Grant monitoring and legal support: \$1.4 million (2 Limited-Term positions and contracts)
- Communications: \$400,000
- Community Engagement/Project Manager: \$1 million
- Consultants: \$600,000

- Stanford (allcove): \$5 million
- UC Davis (EPI): \$5 million

Questions:

1. In 2021, during final budget negotiations on the CYBHI, the Legislature insisted on appropriating 10 percent of these funds to the OAC (through an MOU with DHCS) because of the OAC's experience with, and expertise on, evidence-based mental health programs for youth, as well as the OAC's ability to allocate funding quickly. Please explain why, as of May 16th, 2023, none of these funds have been transferred to the OAC, and there is no MOU in place.
2. What is the content of the draft MOU that DHCS and the OAC have been discussing?
3. The Department of Finance denied the OAC's request for position authority, due to the absence of a signed MOU; does this mean the Administration would find it acceptable to delay this program by a year?
4. Is there a need for an extended expenditure period for these funds?
5. Is there a need to approve of shifting some or all of these resources from local assistance to state operations?
6. Please also provide an update on any implementation challenges associated with the Mental Health Student Services Grant Program within the context of the CYBHI.

4k. 4700 Department of Community Services and Development (CSD)

- Department of Community Services and Development: Technical Adjustment to Shift Reversion of 2022 Balance.

4l. 5160 Department of Rehabilitation (DOR)

- Additional Federal Fund Authority for Vocational Rehabilitation Program.

4m. 5175 Department of Child Support Services (DCSS)

- Child Support Collections and Federal Recoupment Adjustments, Connection to April 2024 Implementation Date for the Child Support Pass-Through to Formerly Assisted Families.

4n. 5180 Department of Social Services

- CalWORKs Family Reunification Automation and County Administration Funding.
- CalWORKs AB 85 Maximum Aid Payment Increase, and Trailer Bill Language.
- CalWORKs Single Allocation Partial Reversion, 2021 Funds and 2023-24 Changes.

Questions: What changes are in the May Revision for the Single Allocation for 2023-24 from Governor's Budget and why? Is there is a year over year decrease from current year to 2023-24?

- County CalFresh Administration Rebase.
- Federal Reimbursement of Food Benefit Theft.
- California Food Assistance Program (CFAP) Expansion: Automation and Outreach.

Questions: If no further changes are made to the expansion, does the Administration foresee having complete and final policy by July 1, 2023?

- BenefitsCal Enhancements.
- CalFresh Oral Notice of Work Rules.
- Work Number Contract.
- Summer Electronic Benefit Transfer (EBT) Program.
- 2023 Winter Storms.
- IHSS Provider Eligibility for Minor Recipients, and Trailer Bill Language.

Questions: What is the basis for the proposal and what is expected to occur in the absence of its adoption? What are the impacts for county administration?

- Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Implementation Date Change for Child and Family Teams Meetings for Child Maintenance Cases.
- California Statewide Automated Welfare System (CalSAWS) Bi-Directional Interface with CWS-CARES.

- Adoption and Foster Care Analysis and Reporting System (AFCARS) Compliance Penalties.
- Rapid Response Program Augmentation.

Question: Is the Administration amenable to adding the same Budget Bill Language as has been adopted in prior years for similar funding to facilitate oversight?

- Services for Survivors and Victims of Hate Crimes Augmentation.
- Safely Surrendered Baby and Special Olympics Funds Abolishment.
- Community Care Licensing: Administrator Certification Section Training Updates Trailer Bill Language.
- Guaranteed Income Pilot Program Trailer Bill Language.
- Tribal Dependency Representation Program Revised Methodology Trailer Bill Language.

Question: Has the language been vetted with tribal representatives and tribal organizations?

- Kin-GAP Program Alignment and Technical Clarifications Trailer Bill Language.
- State Supplementary Payment (SSP) 2024 Grant Increase Trailer Bill Language.
- Safety Net Reserve Withdrawal Trailer Bill Language.

Question: Is this proposal consistent with the intent of the Safety Net Reserve?

- Reappropriations for:
 - CalWORKs County Staff Training Racial Equity and Implicit Bias 2022 Funds
 - Rapid Response 2021 Funds
 - Afghan Integration and Resettlement Support Project Reappropriation 2021 Funds
 - Enhanced Services Programs for Asylees Reappropriation 2021 Funds
 - Child Welfare Training Reappropriation 2022 Funds
 - Tribal Dependency Representation Reappropriation 2022 Funds
 - Tribally Approved Homes Compensation Reappropriation 2022 Funds
 - Tribal Technical Assistance Reappropriation 2022 Funds
 - California Newcomer Education and Well-Being Reappropriation 2021 Funds

Question: What can be done to facilitate expeditious implementation for these investments, and should the Legislature require more regular reporting on progress, impediments, delays, etc.?