

California State Assembly



Agenda

Assembly Budget Subcommittee No. 1 on Health

Assemblymember Akilah Weber, Chair

Wednesday, May 15 2024

9:30 A.M. – State Capitol, Room 126

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ALL	PUBLIC COMMENT	

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

4260 Department of Health Care Services

Issue 1: Managed Care Organization Tax Proposals

The May Revision proposes two significant changes to the Managed Care Organization tax, one would forgo promised targeted rate increases that were expected in the budget year.

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
227	Eliminate Managed Care Organization Tax Rate Increases and Investments	Ongoing		75.0	879.0	2,412.0	3,368.0		Reductions

The other proposal is an expansion to the scope of the tax, to capture additional savings to health care costs.

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
228	Managed Care Organization Tax Amendment (Medicare Revenue)	One-Time			689.9	950.0	1,285.0		Revenue/ Borrowing

Panel

- Department of Health Care Services
- Department of Finance
- Legislative Analyst’s Office

Staff Comments

The combined \$11.3 billion in savings over four years represents one of the largest total solutions in the proposed May Revision.

The Department is asked to articulate the proposal and clarify how it would modify the MCO rate increase structure, as last articulated at last week’s hearing on Medi-Cal Rates.

Subcommittee staff also requests the department revisit the early action description of the MCO package, so that the Subcommittee can contrast the proposal with the expectations members had when taking action to expand MCO in March by adopting SB 136.

Issue 2: Other May Revision Proposals

Including the MCO solutions, the Department of Health Care Services includes nearly \$15 billion in new solutions over five years in new proposals included in the May Revision.

Reductions

Department of Health Care Services has over \$3 billion in reductions proposed over the five year budget window. (This chart excludes the projected savings of \$7.6 billion to MCO rates, which was discussed in the previous item).

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
219	Children and Youth Behavioral Health Initiative: School-Linked Health Partnerships and Capacity Grants (Community Colleges)	One-Time		30.0	70.0				Reductions
220	Children and Youth Behavioral Health Initiative: School-Linked Health Partnerships and Capacity Grants (CSU/UCs)	One-Time			50.0				Reductions
221	Children and Youth Behavioral Health Initiative: Evidence-Based and Community-Defined Behavioral Health Program Grants	One-Time			47.1				Reductions
222	Children and Youth Behavioral Health Initiative: Behavioral Health Services and Supports Platform Reduction	Ongoing			140.0				Reductions
223	Naloxone Distribution Project and Medication Assisted Treatment Reduction	Ongoing			61.0	61.0	61.0	61.0	Reductions
224	Behavioral Health Continuum Infrastructure Program	Limited Term (multiple years)			70.0	380.7			Reductions
225	Behavioral Health Bridge Housing Program Reduction	Limited Term (multiple years)			132.5	207.5			Reductions
226	Reduce Equity and Practice Transformation Payments to Providers	Limited Term (multiple years)			43.8	67.5	168.7		Reductions
230	Health Enrollment Navigators	Limited Term (multiple years)			18.0				Reductions

231	Health Enrollment Navigators for Clinics	Limited Term (multiple years)			8.0				Reductions
232	Eliminate Optional Medi-Cal Benefit: Acupuncture	Ongoing			5.4	13.1	13.5	13.9	Reductions
233	Eliminate Free Clinics Augmentation	Ongoing		2.0	2.0	2.0	2.0	2.0	Reductions
234	Freeze Medi-Cal County Administration Increase	Limited Term (multiple years)			20.4	42.0	65.0	88.8	Reductions
236	Indian Health Grant Program	Ongoing			23.0	23.0	23.0	23.0	Reductions
229	Eliminate the Major Risk Medical Insurance Program	Ongoing			78.8	2.7	2.5	2.5	Reductions

Fund Shifts

\$231.7 million in savings.

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
235	Reduce Proposition 56 General Fund Backfill	Ongoing			144.1				Fund Shift
237	Quality Sanctions Penalties	One-time			1.0				Fund Shift
239	Home and Community-Based Services Adjustment	One-time		40.0	46.6				Fund Shift

Revenue

In addition to the MCO expansion, the budget includes the following new revenue proposal:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
238	Intergovernmental Transfer Administration Fee for Enhanced Payment Program and Quality Incentive Program	Ongoing			37.0	74.0	74.0	74.0	Revenue/Borrowing

New Trailer Bill Proposals

- COVID-19 Vaccine Administration
- Eliminate the Major Risk Medical Insurance Program
- Eliminate Optional Medi-Cal Benefit: Acupuncture
- Eliminate Free Clinics Augmentation
- Freeze Medi-Cal County Administration Increase
- Quality Sanctions Penalties
- Intergovernmental Transfer (IGT) Fee for Hospital Payment Programs (EPP and QIP)

- Senate Bill 326 Clean Up
- Senate Bill 525 Delay
- Hospital and Emergency Medical Services Capacity Data Solution

Budget Bill Language Proposals

- Children and Youth Behavioral Health Initiative Next Generation Parent Video Series and Digital Supports - It is requested that Provision 20 be added to Item 4260-101-0001 to provide contract and regulatory exemption for the department to develop the next generation video series and digital supports for remote mental health assessment for children and youth.
- Managed Care Organization Tax General Fund Offset - Finance notes that a technical adjustment will be needed to update the transfer authority (Item 4260-118-3428) to conform to revised expenditure projections.

Chaptered Bills Implemented in May Revision

- Abortion Provider Protections: Chapter 261, Statutes of 2023 (SB 487) (Issue 204) - It is requested that Item 4260-001-0001 be increased by \$234,000 in fiscal year 2024-25 and Item 4260-001-0890 be increased by \$235,000 in fiscal year 2024-25 to support 3 permanent positions. It is also requested that Item 4260-001-0001 be increased by \$221,000 in fiscal year 2025-26 and ongoing and Item 4260-001-0890 be increased by \$221,000 in fiscal year 2025-26 and ongoing.
- Behavioral Health (SB 43): Chapter 637, Statutes of 2023 (Issue 205) - It is requested that Item 4260-001-0001 be increased by \$539,000 in fiscal year 2024-25 and \$512,000 in fiscal year 2025-26 and ongoing to support 6 permanent positions. It is also requested that Item 4260-001-0890 be increased by \$538,000 in fiscal year 2024-25 and \$511,000 in fiscal year 2025-26 and ongoing.
- Behavioral Health Transformation: Behavioral Health Services Act: Chapter 790, Statutes of 2023 (SB 326) (Issues 206) - It is requested that Item 4260-001-0001 be increased by \$16,938,000 one-time, Item 4260-001-3085 be increased by \$28,187,000 one-time, Item 4260-001-3397 be increased by \$31,613,000 one-time, and Item 4260-001-0890 be increased by \$39,762,000 one-time.
- Behavioral Health Transformation: Behavioral Health Infrastructure Bond Act: Chapter 789, Statutes of 2023 (AB 531) - It is requested that 3 positions be converted from limited-term to permanent in 2024-25 and ongoing, funded by the 2024 Behavioral Health Infrastructure Bond Fund, to provide resources to the Department of Health Care Services to implement and administer the Behavioral Health Infrastructure Bond Act.

- HOPE California: Secured Residential Treatment Pilot Program: Chapter 685, Statutes of 2023 (AB 1360) (Issue 208)—It is requested that Item 4260-001-0001 be increased by \$153,000 in fiscal year 2024-25 and \$144,000 in fiscal years 2025-26 through 2028-29 to support 1 position.
- Local Educational Agencies Medi-Cal Billing Option Program: Chapter 527, Statutes of 2023 (AB 483) (Issue 209) - It is requested that Item 4260-001-0001 be amended by increasing reimbursements by \$957,000 in fiscal year 2024-25 to support 19 permanent positions and increasing reimbursements by \$1,534,000 in fiscal year 2025-26 and ongoing. It is also requested that Item 4260-001-0890 be increased by 957,000 in fiscal year 2024-25 and increased by \$1,534,000 in fiscal year 2025-26 and ongoing.
- Medicare Part A Buy-In: Chapter 707, Statutes of 2023 (SB 311) (Issue 211 and 301)—It is requested that Item 4260-001-0001 be increased by \$509,000 in fiscal year 2024-25, Item 4260-001-0890 be increased by \$509,000 and 5 permanent positions ongoing, Item 4260-101-0001 be decreased by \$1,272,000, and Item 4260-101-0890 be decreased by \$40,143,000 ongoing.
- Naloxone Distribution Project Tribal Governments Technical Assistance Workload: Chapter 570, Statutes of 2023 (AB 1233) (Issue 212) - It is requested that Item 4260-001-0890 be increased by \$81,000 in fiscal year 2024-25, \$77,000 in fiscal year 2025-26, and \$77,000 in fiscal year 2026-27. It is also requested that Item 4260-001-3397 be increased by \$81,000 in fiscal year 2024-25, \$76,000 in fiscal year 2025-26, and \$76,000 in fiscal year 2026-27.
- Robert F. Kennedy Farm Workers Medical Plan: Chapter 333, Statutes of 2023: (AB 494) (Issue 214) - It is requested that Item 4260-001-0001 be increased by \$141,000 in fiscal year 2026-27 and ongoing through fiscal year 2030-31.
- Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act: Chapter 832, Statutes of 2023 (AB 1163) (Issue 282)- It is requested that Item 4260-101-0001 be increased by \$132,000 one-time and Item 4260-101-0890 be increased by \$593,000 one-time to support the implementation of AB 1163.
- Biomarker Testing: Chapter 401, Statutes of 2023 (SB 496) (Issue 297) - It is requested that Item 4260-101-0001 be increased by \$9,062,000 in fiscal year 2024-25 and ongoing, and Item 4260-101-0890 be increased by \$16,128,000 in fiscal year 2024-25 and ongoing.
- Pharmacogenomic Testing: Chapter 329, Statutes of 2023 (SB 425) (Issue 298) - It is requested that Item 4260-101-0001 be increased by \$6,475,000 in fiscal year 2024-25 and ongoing, and Item 4260-101-0890 be increased by \$11,525,000 in fiscal year 2024-25 and ongoing.

- Mobile Optometric Office: Chapter 487, Statutes of 2023 (SB 502) (Issue 319) - It is requested that Item 4260-001-0890 be increased by \$191,000 in fiscal year 2024-25 and \$179,000 in fiscal year 2025-26 and ongoing to support 2 permanent positions and Item 4260-001-8140 be added in the amount of \$102,000 in fiscal year 2024-25 and \$96,000 in fiscal year 2025-26 and ongoing.

Panel

- Department of Health Care Services
- Department of Finance
- Legislative Analyst’s Office

Staff Comments

The Subcommittee requests the Department present each budget solution on the chart individually and then pause for input from LAO and member questions and comments. The Subcommittee does not need a presentation of proposals to implement recent legislation.

Staff requests the Department to provide an overview of major Local Assistance changes reflected in the May Revision.

Subcommittee staff asks the Department to share any handouts that provide context to how the reductions impact recent initiatives. For example, what parts of the Behavioral Health would investments remain after these reductions?

Subcommittee requests the Department articulate the potential impact of the reduction in Naloxone funding proposed in the May Revision. What other funding would remain available for this purpose?

The Subcommittee would like the department to articulate if the May Revision contemplates the use of Proposition 1 funding.

The Subcommittee requests an update on how the May Revision has changed the CHDP implementation approach.

4265 Department of Public Health

Issue 3: May Revision Proposals

Budget Solutions

The Department of Public Health has about \$2 billion in total solutions over the five year budget window, with most of that savings resulting from \$1.9 billion in proposed reductions.

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
254	Skilled Nursing Facilities Staffing Audits	Ongoing				4.0	4.0	4.0	Fund Shift
247	Revert Prior Foundation for the Future of Public Health Savings	One-Time		52.5					Reductions
248	Eliminate State Public Health Funding	Ongoing			100.0	100.0	100.0	100.0	Reductions
249	Eliminate Local Public Health Funding	Ongoing			200.0	200.0	200.0	200.0	Reductions
250	Eliminate Office of Oral Health General Fund Backfill	Ongoing			4.6	4.6	4.6	4.6	Reductions
251	Revert Various General Fund Reappropriations	One-Time		5.0					Reductions
252	Children and Youth Behavioral Health Initiative: Revert Public Education and Change Campaign	One-Time		28.8					Reductions
253	Children and Youth Behavioral Health Initiative: Public Education and Change Campaign Reduction	Limited Term (multiple years)			40.0	5.0			Reductions
255	Climate and Health Surveillance Program	Ongoing			3.1	3.1	3.1	3.1	Reductions
256	Children and Youth Behavioral Health Initiative: Youth Suicide Reporting and Crisis Response Pilot Program	Limited Term (multiple years)		13.5	1.5				Reductions
257	COVID-19 Response Funds Reversion	One-Time		15.0					Reductions
258	Monkeypox Reversion	One-Time		1.7					Reductions
260	Reversion of Disease Surveillance Readiness, Response, Recovery, and Maintenance of IT Operations Program	One-Time		3.8					Reductions
261	Disease Surveillance Readiness, Response, Recovery, and Maintenance of IT Operations	Ongoing				6.9	6.9	6.9	Reductions

262	Information Technology, Data Science and Informatics Framework for a 21st Century Public Health System Program	Ongoing				10.0	10.0	10.0	Reductions
259	Various Special Fund Loans to the General Fund	One-Time			140.0		-140.0		Revenue/ Borrowing

New Trailer Bill Proposals

- Syndromic Surveillance
- JUUL Settlement
- Eliminate Office of Oral Health General Fund Backfill
- Eliminate State and Local Public Health Funding
- Title IV Funding - Minimum Education Hours for Licensure Programs

Other Adjustments:

- Center for Health Care Quality, Quality Improvement Projects (Issue 306) - It is requested that Item 4265-004-0942 be increased by \$500,000 and 2 positions ongoing to support health care facilities in improving their compliance with state and federal requirements. It is also requested that Item 4265-004-0942 be increased by \$352,000 one-time to support planning for the Centralized Application Branch Online Application Project.
- People of the State of California v. JUUL Labs, Inc. Settlement (Issue 312) - It is requested that Item 4265-001-8141 be added in the amount of \$5.6 million one-time for activities to help address, prevent, and reduce youth use of e-cigarettes. Funding increases to \$7,780,000 in 2025-26 through 2027-28, and \$7,620,000 in 2028-29. It is also requested that provisional language be added to extend encumbrance and expenditure authority through June 30, 2027, and that corresponding statutory changes be adopted to establish the fund (see Attachment 5).
- Genetic Disease Screening Program Estimate (Issue 334) - It is requested that Item 4265-111-0203 be decreased by \$4,739,000 ongoing to reflect updated expenditure estimates due to projected declines in caseload in the Newborn Screening Program and Prenatal Screening Program, and a decrease in screening costs in the Newborn Screening Program.
- Women, Infants, and Children Program Estimate (Issue 335) - It is requested that Item 4265-111-0890 be decreased by \$968,000 ongoing and Item 4265-111-3023 be decreased by \$6,378,000 ongoing to reflect updated expenditure estimates that are primarily driven by a decrease in projected food inflation.
- Adjustment to Increase Reimbursement Authority (Issue 337) - It is requested that Item 4265-001-0001 be amended by increasing reimbursements by \$21 million and that Item 4265-111-0001 be amended by increasing reimbursements by \$160 million to enable the

Department of Public Health to expend funds associated with the extension of the Centers for Disease Control and Prevention's Epidemiology and Laboratory Capacity Grant, and an agreement with the Emergency Medical Services Authority to support an emergency staffing contract.

- AIDS Drug Assistance Program Estimate (Issue 339) - It is requested that Item 4265-111-0890 be decreased by \$4,415,000 ongoing to reflect a decrease in federal grant funds based on clients served and eligible costs.
- Proposition 99 Expenditure Adjustments (Issues 377-379) - It is requested that the following Items be amended to reflect updated cigarette tax revenue estimates (from specified Cigarette and Tobacco Products Surtax Funds):
 - Item 4265-001-0231 be increased by \$1,526,000 ongoing.
 - Item 4265-001-0234 be increased by \$210,000 ongoing.
 - Item 4265-001-0236 be increased by \$16,000 ongoing.
 - Item 4265-111-0231 be increased by \$500,000 ongoing.
- Adjustment to Reflect Available Resources in Breast Cancer Research Account, Breast Cancer Fund (Issue 380) - It is requested that Item 4265-001-0007 be increased by \$33,000 ongoing to reflect updated cigarette tax revenue estimates.

Chaptered Bills Implemented in May Revision

- California Neurodegenerative Disease Registry: Chapter 522, Statutes of 2023 (AB 424) (Issue 307)—It is requested that Item 4265-001-0001 be increased by \$918,000 in 2024-25 and \$543,000 in 2025-26, 2026-27, and 2027-28 to collect data to determine the incidence and prevalence of amyotrophic lateral sclerosis in the state through the existing Neurodegenerative Disease Registry.
- California Cancer Registry: Chapter 867, Statutes of 2023 (SB 344) (Issue 308) - It is requested that Item 4265-001-0001 be increased by \$180,000 and 1 position in 2024-25 and ongoing. It is also requested that Item 4265-001-0001 be increased by \$91,000 in 2024-25, 2025-26, and 2026-27. SB 344 requires the Department of Public Health to develop and monitor new compliance requirements for pathologists reporting cases to the California Cancer Registry.
- Lesbian, Gay, Bisexual, and Transgender Disparities Reduction Act: Chapter 832, Statutes of 2023 (AB 1163) (Issue 317) - It is requested that Item 4265-001-0001 be increased by \$430,000 in 2024-25 and \$280,000 in 2025-26 to implement system changes to collect voluntary self-identification information pertaining to intersexuality in the course of collecting demographic data. See related Issue 016 in the Department of Community Services and Development Finance Letter, Issue 059 in the Department of Aging Finance Letter, Issue 282 in the Department of Health Care Services Finance

Letter, and Issue 293 in the Department of Social Services Finance Letter.

- Reporting of Animal Testing Methods: Chapter 430, Statutes of 2023 (AB 357) (Issue 319) - It is requested that Item 4265-001-0001 be increased by \$688,000 in 2024-25, \$569,000 in 2025-26, and by \$257,000 and 1 position in 2026-27 and ongoing.
- Tobacco Sales: Flavored Tobacco Ban: Chapter 351, Statutes of 2023 (AB 935) (Issue 320) - It is requested that Item 4265-001-0001 be increased by \$2,214,000 in 2024-25 and \$1,940,000 in 2025-26 and ongoing to enforce the ban on flavored tobacco products by conducting investigations of licensed tobacco retailers.

Panel

- Department of Public Health
- Department of Finance
- Legislative Analyst's Office

Staff Comments

The Subcommittee requests the Department to present each solution item individually and then pause for input from LAO and member questions and comments. Staff does not believe the department needs to present the other adjustments or implementation of recent bills.

Staff requests the Department articulate the expected impact of the proposed reductions on the State's ability to identify, respond, and contain a public health threat, such as the one posed by COVID-19 over the last four years. Will our capacity to identify, track, and trace diseases be any better than they were in early 2020 after all of these reductions and the discontinuation of efforts like CalCONNECT?

4140 Health Care Access and Information

Issue 4: May Revision Proposals

The May Revision has one solution related to Health Care Workforce funding

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
246	Healthcare Workforce Reduction	Limited Term (multiple years)		300.9	302.7	216.0	19.0	16.0	Reductions

The May Revision Letter provides more detail on the proposed reduction to workforce training:

- Community Health Workers (Issue 121) - It is requested that Item 4140-001-0001 be decreased by \$6,570,000 in fiscal year 2024-25. It is also requested that Item 4140-101-0001 be decreased by \$182,330,000 in 2024-25 and \$57,500,000 in 2025-26.
- Nursing Initiative (Issue 122) - It is requested that Item 4140-001-0001 be decreased by \$2,750,000 in 2023-24, \$7 million in 2024-25 and Item 4140-101-0001 be decreased by \$67,250,000 in 2023-24, \$63 million one-time in 2024-25, and \$70,000,000 one-time in 2025-26.
- Social Work Initiative (Issue 123) - It is requested that Item 4140-001-0001 be decreased by \$3,505,000 one-time in 2025-26, Item 4140-101-0001 be decreased by \$66,595,000 one-time in 2025-26 and Item 4140-101-3085 be decreased by \$51.9 million one-time in 2025-26.
- Addiction Psychiatry and Medicine Fellowships (Issue 125) - It is requested that Item 4140-101-3085 be decreased by \$48.5 million one-time in 2025-26.
- University and College Grants for Behavioral Health Professionals (Issue 126) - It is requested that Item 4140-101-3085 be decreased by \$52 million one-time in 2025-26.
- Expansion of Masters in Social Work Slots at Public University and College (Issue 127)— It is requested that Item 4140-101-3085 be decreased by \$30 million one-time in 2025-26.
- Psychiatry Local Behavioral Health Program (Issue 128) - It is requested that Item 4140-101-3085 be decreased by \$7 million one-time in 2025-26.
- California Medicine Scholars Program (Issue 129) - It is requested that Item 4140-101-0001 be decreased by \$2.8 million in 2024-25, 2025-26, and 2026-27.
- Health Professions Careers Opportunity Program (Issue 130) - It is requested that Item 4140-001-0001 be decreased by \$800,000 in 2024-25 and ongoing. It is also requested that Item 4140-101-0001 be decreased by \$15.2 million in 2024-25 and ongoing.
- Song-Brown Nurses (Issue 131) - It is requested that Item 4140-101-0001 be decreased by \$15 million one-time in 2024-25.
- Song-Brown Residences (Issue 132) -It is requested that Item 4140-101-0001 be decreased by \$10 million one-time in 2024-25.

- Prior Year Healthcare Workforce (Issue 134) - It is requested Item 4140-001-0001 be decreased by \$3,547,000 in 2023-24 and Item 4140- 101-0001 be decreased by \$227,470,000 in 2023-24. These figures represent \$175,797,000 unspent prior year funds, \$51,673,000 current year savings in Item 4140-101-0001, and \$827,000 unspent prior year funds and \$2,720,00 current year savings in Item 4140-001-0001.

Chaptered Bills

- Primary Care Clinic Modernization: Chapter 505, Statutes of 2023 (SB 779) (Issue 137)— It is requested that Item 4140-001-0143 be increased by \$2,415,000 in 2024-25 to support positions, \$2,898,000 in 2025-26 to support 13 positions, and \$3,144,000 ongoing to support 15 positions.
- Hospital Supplier Diversity Reporting Program: Chapter 840, Statutes of 2023 (AB 1392) (Issue 138) - It is requested that Item 4140-001-0143 be increased by \$718,000 in 2024-25 to support 4 positions, \$718,000 in 2025-26 to support 4 positions, \$1,909,000 to support 5 positions in 2026-27, and \$1,659,000 in 2027-28 and ongoing to support 5 positions.

Other Adjustments

- CalRx Technical Adjustment: Biosimilar Insulin Development (Issue 107) - It is requested that Item 4140-101-0001 be increased by \$5.2 million one-time in 2023-24 to reflect the carryover amount for the CalRx Biosimilar Insulin program.
- Technical Adjustment: Transfer to Board of Registered Nursing Fund (Issue 106) - It is requested that Item 4140-101-0001 be decreased by \$3,333,000 one-time in 2023-24 to reflect the transfer of the Public Health Nurse Certification and Recertification Fee for Public Health Nurses to the budget of the Department of Consumer Affairs.
- Behavioral Health Transformation (Issue 114) - It is requested that Item 4140-001-3085 be increased by \$631,000 one-time to support 3 positions for the planning, implementation, and oversight of the Behavioral Health Services Act Workforce Initiative, pursuant to Chapter 790, Statutes of 2023 (SB 326).

Panel

- Health Care Access and Information
- Department of Finance
- Legislative Analyst’s Office

Staff Comments

Subcommittee staff requests the department provide a description of the proposed reduction on healthcare worker initiatives. Some questions to consider:

- What programs would remain after these reductions?
- Would any individuals currently enrolled in a training program be unable to complete their current training as a result of this reduction?

The Subcommittee would like the department to articulate if the May Revision contemplates the use of Proposition 1 funding.

Staff recommends the department not present bill implementation and technical adjustment proposals at this hearing.

0977 California Health Facilities Financing Authority

Issue 5: Specialty Dental Clinic Grant Program

The Authority has one budget proposal in May Revision:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
240	Specialty Dental Clinic Grant Program Elimination	Limited Term (multiple years)				0.0	48.8		Reduction

Panel

- California Health Facilities Financing Authority
- Department of Finance
- Legislative Analyst’s Office

Staff Comments

The Subcommittee heard the proposed delay of these funds on April 29. This proposals would eliminate the program instead.

4800 California Health Benefit Exchange

Issue 6: May Revision Proposals

Covered California has the following special fund borrowing proposal in the May Revision:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
243	Additional Health Care Affordability Reserve Fund Loan	One-Time			62.0		-62.0		Revenue/ Borrowing
244	Delay Repayment of Health Care Affordability Reserve Fund Loan	One-Time				600.0	-200.0	-200.0	Revenue/ Borrowing
245	Partial Individual Mandate Penalty Transfer	Ongoing				109.0	109.0	109.0	Revenue/ Borrowing

Panel

- Covered California
- Department of Finance
- Legislative Analyst’s Office

Staff Comments

Staff requests the Department to articulate if this special fund borrowing would impact programs currently funded by the affordability fund.

**4120 Emergency Medical Services Authority
 4150 Department of Managed Health Care
 4440 Department of State Hospitals**

Issue 7: Other May Revision Proposals

This Agenda item groups a number of smaller departments with May Revision proposals that are not likely as controversial in an attempt to optimize the hearing time.

The Department of State Hospitals has one small May Revisions proposal:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
263	California Emergency Medical Services Data Resource System Reversion	One-Time		2.3					Reductions

The Department of State Hospitals has one small May Revisions proposal:

Issue #	Title	Duration	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Category
330	Capital Outlay - Metropolitan State Hospital - Central Utility Plant Replacement, Working Drawings - Cash to Bonds	One-Time		1.9					Fund Shift

Department of State Hospitals Technical Adjustment Request

- Coalinga: New Activity Courtyard - It is requested that Item 4440-301-0001 be added in the amount of \$1,051,000 one-time for the construction phase of this project (see Attachment 3). The general contractor for the project was released in April 2024, and additional funding is necessary to address costs related to construction delays and to allow the project to be completed.

Emergency Medical Services Authority Implementation of Chaptered Bills

- Community Paramedicine or Triage to Alternate Destination Act: Chapter 270, Statutes on 2023 (AB 767) (Issue 009)—It is requested that Item 4120-001-0001 be increased by \$686,000 and 3 positions in fiscal year 2024-25, \$606,000 and 3 positions in 2025-26, and \$432,000 and 3 positions in 2026-27 and ongoing.

- Emergency Medical Services: Liability Limitation: Chapter 474, Statutes of 2023 (AB 1376) (Issue 012)—It is requested that Item 4120-001-0001 be increased by \$200,000 in 2024-25.
- Emergency Medical Transportation “No Surprises” Rate Reporting: Chapter 454, Statutes of 2023 (AB 716) (Issue 013) - It is requested that Item 4120-001-0001 be increased by \$521,000 and 2 positions in 2024-25 and \$321,000 and 2 positions in 2025-26 and ongoing to develop and publish a report annually on the allowable maximum rates for ground ambulance transportation services in each county.
- Ambulance Patient Offload Time: Chapter 793, Statutes of 2023 (AB 40) (Issue 017) - It is requested that Item 4120-001-0001 be increased by \$1,246,000 and 4 positions in 2024-25 and \$696,000 and 4 positions in 2025-26 and ongoing to streamline patient transfers, reduce delays, and enhance coordination between EMS agencies and hospitals to decrease ambulance patient offload time.

Department of Managed Health Care Implementation of Chaptered Bills

- Dental Benefits and Rate Review: Chapter 557, Statutes of 2023 (AB 1048) (Issue 039)— It is requested that Item 4150-001-0933 be increased by \$1,408,000 in fiscal year 2024-25, and \$1,387,000 in 2025-26 and ongoing to support 3 positions to review annual health and dental plan filings, issue determinations on dental rates changes, adopt emergency regulations, and issue guidance to health plans regarding compliance pursuant to Chapter 557, Statutes of 2023.
- Health Care Coverage-Doulas: Chapter 349, Statutes of 2023 (AB 904) (Issue 043) - It is requested that Item 4150-001-0933 be increased by \$449,000 in 2024-25, \$436,000 in 2025-26, and \$437,000 in 2026-27 to support 2 positions to collect and submit data to the legislature describing doula coverage and programs pursuant to Chapter 349, Statutes of 2023.
- Biomarker Testing: Chapter 401, Statutes of 2023 (SB 496) (Issue 044) - It is requested that Item 4150-001-0933 be increased by \$799,000 in 2024-25 to support 3 positions, \$1,216,000 in 2025-26 to support 5 positions, \$1,522,000 in 2026-27 to support 5 positions, \$1,515,000 in 2027-28 and ongoing to support 5 positions to review utilization management and quality assurance documents, issue an All-Plan letter, provide legal guidance, address increased consumer complaints related to biomarker testing and conduct independent medical reviews pursuant to Chapter 401, Statutes of 2023.

Department of Managed Health Care Technical Adjustments

- Information Technology Security and Workload (Issue 040) - It is requested that Item 4150-001-0933 be increased by \$1,944,000 and 9 positions in 2024-25, \$1,881,000 in 2025-26 and ongoing. This increase will enable the department to resolve audit findings and comply with the Cal-Secure 5-year plan, a roadmap to enhance cybersecurity maturity and effectively identify and manage risk to the state.
- Add Positions for Executive and Management Support Workload (Issue 048) - It is requested that Item 4150-001-0933 be increased by \$1,578,000 and 7 positions in 2024-25, \$1,529,000 in 2025-26 and ongoing. The department has experienced an increase in high-level managerial workload resulting from enacted legislation and a steadily increasing number of plans under its jurisdiction. This increase will enable the department to address critical executive and high-level managerial workload, and properly align staff allocation and reporting structures.
- Help Center Program Workload Augmentation (Issue 049) - It is requested that Item 4150-001-0933 be increased by \$6,409,000 and 35 positions in 2024-25, \$6,144,000 in 2025-26 and ongoing. The Help Center is the first point of contact for consumers and providers with complaints or concerns related to health care and health care plans. Despite receiving resources in the Budget Act of 2023 to address increased workload, the program continues to experience increased workload. The requested resources will enable the department to continue providing Californians with adequate customer service, reduced wait times, timely complaint resolution and access to services they require.
- Technical Adjustment to Health Care Service Plans Discipline: Civil Penalties (SB 858) (Issue 045) - It is requested that Item 4150-490 be added to reappropriate \$2,778,000 in Item 4150-001-0933, 2023 Budget Act, through June 30, 2025. These funds are for consultant services to enhance the department's corrective action plan system to support implementation of SB 858 (Ch. 985, Stats. 2022). This funding is set to expire June 30, 2024. Due to delays in the project approval process, the funds will need to go out later than intended. The department has moved into the contract procurement phase of the project and will need the funds in 2024-25

Panel

- None

Staff Comments

Staff has included these May Revision proposals to allow members the opportunity raise concerns or ask questions if need. Staff recommends that departments not give a presentation on these items unless directed by members, to allow more time for public comment.