

SUBCOMMITTEE NO. 3

Agenda

Senator Holly J. Mitchell, Chair
Senator William W. Monning
Senator Jeff Stone



Thursday, May 12, 2016
9:30 a.m. or upon adjournment of session
State Capitol - Room 4203

Part B

Consultant: Michelle Baass

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4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)

Issue 1: Coordinated Care Initiative

Budget Overview. Through a Spring Finance Letter, DMHC requests to extend limited-term expenditure authority set to expire June 30, 2016, in the amount of \$ 1,460,000 for 2016-17 and \$522,000 for 2017-18 to address the continuation of workload associated with transitioning dual eligible enrollees in participating counties into managed health care and providing consumer assistance through the California's Cal MediConnect Ombudsman Program (Ombudsman Program) through December 31, 2017, and reimbursement authority in the amount of \$ 1,070,000 for 2016-17 and \$432,000 for 2017-18.

Summary of Requested Funding

| | 2016-17 | 2017-18 |
|---|--------------------|------------------|
| Consulting Services for Medical Plan Surveys | \$165,000 | \$0 |
| Consumer Assistance Consulting Services/Contracts | \$800,000 | \$400,000 |
| DMHC staff | \$495,000 | \$122,000 |
| | | |
| Total | \$1,460,000 | \$522,000 |

This proposal will be funded by a combination of special funds and reimbursement from the Department of Health Care Services (DHCS); who is currently receiving federal grant funds for these efforts. DHCS will reimburse the DMHC for 50 percent of costs associated with Cal MediConnect, and 100 percent of consulting services costs incurred to operationalize the Ombudsman Program.

Background. AB 1468 (Committee on Budget), Chapter 438, Statutes of 2012, required the DHCS to enter into an interagency agreement with the DMHC to perform certain oversight and readiness review activities, including:

- Provide consumer assistance to beneficiaries.
- Conduct medical plan surveys.
- Conduct financial audits.
- Conduct financial solvency audits.
- Conduct reviews of the adequacy of provider networks of participating health plans.

The request resources would be used to:

1. **Help Center** - The Help Center is requesting limited-term expenditure authority equivalent to the following positions and consultant services to perform workload from July 1, 2016, to December 31, 2017:

One Associate Governmental Program Analyst (July 1, 2016 to December 31, 2017) - To manage the Ombudsman contract, develop and organize Ombudsman guidelines, facilitate meetings, provide training and reports, analyze data and communicate trends, review and assess Cal MediConnect weekly systemic issues and track proposed solutions and workflows, serve as the point of contact for DHCS, Cal MediConnect Ombudsman, and CMS, and assist dual eligible enrollees with disabilities to understand the Help Center's processes.

Consulting Services - The Ombudsman contract enables the DMHC to partner with California community-based organizations to provide dual eligible consumers with local hands-on assistance with enrollment into Cal MediConnect health coverage, filing of complaints and appeals, and informational materials. Based on the federal Centers for Medicare and Medicaid Services (CMS) grant award for 2015-16 and analysis of resource needs, the DMHC is requesting \$800,000 for 2016-17 and \$400,000 for 2017-18 to continue the level of service currently being provided to the participating counties through December 31, 2017.

2. **Division of Plan Surveys** – This division is requesting limited-term expenditure authority equivalent to the following positions and consultant services to conduct and finalize the four pending surveys by June 30, 2017:

One Associate Health Care Service Plan Analyst (July 1, 2016 to June 30, 2017) – To manage and plan all facets of each dual eligible survey, including planning, coordinating, and leading the medical survey teams.

One Health Program Specialist I (July 1, 2016 to June 30, 2017) - To provide technical assistance and oversee the dual eligible survey activities, review survey reports and serve as the DPS' liaison to the DHCS and other agencies. This position also will coordinate the remaining medical survey tools and training materials and maintain the technical assistance guides supporting medical survey activities.

Consulting Services – \$165,000 for 2016-17 to fund consultants currently assisting the DMHC with conducting two dual eligible medical surveys scheduled to commence during the fourth quarter of 2015-16, but not be finalized until 2016-17, and two surveys scheduled to start the first quarter of 2016-17. Funding for these services was previously approved in 2013-14, but is set to expire June 30, 2016.

3. **Office of Plan Licensing** – This office analyzes the utilization patterns of the dual eligible population and evaluates health plan networks serving this population. In order to facilitate the workload associated with long-term supports and services (LTSS), this office is requesting limited-term expenditure authority equivalent to the following position to perform workload from July 1, 2016, to December 31, 2017:

One Health Program Specialist I (July 1, 2016 to December 31, 2017) - To organize, review and analyze the provider network data and access network adequacy of the various needs, criteria, and complexity of each of the LTSS services (Community-Based Adult Services [CBAS], In-Home Supportive Services [IHSS], Custodial Nursing Facilities/Institutional Care [NF], and Multipurpose Senior Services Program [MSSP]) that are submitted to review pursuant to the interagency agreement with the DHCS.

Subcommittee Staff Comment and Recommendation—Approve.

Questions.

1. Please provide an overview of this proposal.

Issue 2: Health Insurance Premium Rate Review Grant Reappropriation

Budget Overview. Through a Spring Finance Letter, DMHC requests to reappropriate \$100,000 for the Health Insurance Premium Rate Review Cycle II Federal Grant. According to DMHC, these resources will enable DMHC to complete the activities started on July 1, 2012. These activities include collecting premium rate data, improving rate filing requirements, enhancing the rate review process, reporting data to the federal government, and expanding consumer participation in the rate review process.

The following budget bill language is requested:

4150-491—Reappropriation, Department of Managed Health Care.

The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2017:

0890—Federal Trust Fund

Item 4150-001-0890, Budget Act of 2013 (Ch. 20, Stats. 2013)

Provisions:

1. The funds reappropriated in this item shall be to administer the Health Insurance Premium Rate Review Cycle II Federal Grant to enhance the Department of Managed Health Care's capabilities in collecting premium rate data, improving rate filing requirements, enhancing the rate review process, reporting data to the United States Department of Health and Human Services, and disclosing rate information to consumers.

Subcommittee Staff Comment and Recommendation—Approve.

Questions.

1. Please provide an overview of this proposal.

MULTIPLE DEPARTMENTS

Issue 1: Health-Related Proposals for General Fund or Special Fund Investment

Various stakeholders have submitted proposals to the Subcommittee for General Fund and Special Fund investment. The table below lists these issues.

Table: Health-Related Proposals for General Fund or Special Fund Investment

| Proposal | Description | Annual General Fund Amount (unless otherwise noted) |
|---|---|---|
| California Health and Human Services Agency | | |
| 1. Interagency Task Force on Strategic Plans to Address HIV, Hepatitis C (HCV), Sexually Transmitted Infections, Drug User Health | The California HIV Alliance, Project Inform, and CalHEP request funding to establish an interagency task force to address HIV, HCV, sexually transmitted infections, and drug user health. | \$500,000 |
| 2. CalQualityCare Website | Senators Allen, Liu, and McGuire and other stakeholders request funding to support the CalQualityCare website which provides information on state citations, quality comparisons, staff salaries, finances, and costs for an array of long-term services and supports including nursing facilities, hospice, assisted living, continuing care retirement communities, adult day care, adult day health care, and intermediate care facilities for the developmentally disabled. | \$500,000 Special Fund (license fees) |
| Department of Health Care Services | | |
| 3. Expand Medi-Cal to Cover Remaining Uninsured Regardless of Immigration Status | Various stakeholders request to expand Medi-Cal to cover adults who are otherwise eligible for Medi-Cal except for their immigration status. | Unknown, likely hundreds of millions |
| 4. Medi-Cal Estate Recovery | Multiple stakeholders, including Western Center on Law and Poverty, Health Access, CPEN, and Consumers Union, request to limit estate recovery in the Medi-Cal program by requiring collection for only those health care services required to be collected under federal law, to make it easier for individuals to pass on their assets by using a narrower | \$26 million |

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| | | definition of “estate” in federal Medicaid law, and to allow a hardship exemption from estate recovery for a home of modest value. | |
| 5. | Medi-Cal Aged and Disabled Program increase to 138% FPL | Western Center on Law and Poverty (WCLP) requests to increase the amount of income that is disregarded in calculating eligibility for purposes of the Medi-Cal aged and disabled (A&D) program. The A&D program was enacted in 2000, with an income eligibility standard of 199% federal poverty level (FPL) plus income disregards, making the eligibility criteria equivalent to 133% of the FPL. However, WCLP notes that the disregards lose real value every year, with the resulting income standard today at only 123% of the FPL. | \$30 million |
| 6. | Delay of NQI Wrap | Advocates seek a one-year delay in implementation of the newly qualified immigrant (NQI) wrap in Medi-Cal. Currently, "qualified" immigrants within the five-year bar, ages 21-64, without children, and with incomes below 138 percent of FPL are enrolled in full-scope Medi-Cal (state-only funding). Starting in 2017, these immigrants would be given the option to dually enroll in Covered California and Medi-Cal via the NQI wrap program. | \$31.8 million |
| 7. | Restoration of Medi-Cal Optional Benefits | The 2009 budget eliminated several Medicaid optional benefits from the Medi-Cal program. These benefits were eliminated for budgetary, not policy, reasons in response to the fiscal crisis. There is considerable support for restoring these benefits to the Medi-Cal program. | |
| | | Acupuncture | \$2.1 million |
| | | Audiology | \$2.4 million |
| | | Chiropractic | \$3 million \$305,000 |
| | | Incontinence Cream and Washes | \$5.6 million |
| | | Optician / Optical Lab | \$5.9 million |
| | | Podiatry | \$13.5 million \$1.35 million |
| | | Speech Therapy | \$160,000 |
| | | Adult Dental (full restoration) | \$98 million |
| 8. | Clinical Laboratories - AB 1494 Retroactive Reductions | The California Clinical Laboratory Association requests the elimination of the retroactive recoupment of rate reductions pursuant to AB 1494 (Committee on Budget), Chapter 28, Statutes of 2012. | \$31-81 million (depending on ability to use federal funds) (one-time) |
| 9. | Eliminate Ongoing AB 97 Reductions | Various stakeholders, including the California Dialysis Council and dialysis providers, the California Birth Center Association, the California Medical Transportation Association, the California Medical Association, and the California Clinical Laboratory Association, request the | ~\$200 million |

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| | | elimination of the AB 97 (Committee on Budget), Chapter 3, Statutes of 2011, Medi-Cal payment reductions. | |
| 10. | Eliminate Retroactive Recoupment of AB 97 Reductions | Various stakeholders request the elimination of the recoupment of retroactive Medi-Cal payment reductions pursuant to AB 97. | \$135 million (one-time) |
| 11. | AIDS Medi-Cal Waiver Program Rates | The California HIV Alliance proposes a rate increase for the AIDS Medi-Cal Waiver program. It notes that provider reimbursement rates for this program are lower than Medi-Cal rates for the same services. | \$4.8 million |
| 12. | CBAS and PACE Grants or Low-Interest Loans | The California Collaborative for Long Term Supports and Services requests an unknown amount to provide one time grants or low-interest loans to incentivize expansion of CBAS and PACE programs that keep people in the community and out of nursing facilities. | Unknown |
| 13. | Community Clinic Reimbursement for Drugs and Supplies | Planned Parenthood requests to revise the Medi-Cal and Family PACT reimbursement formula for drugs and supplies dispensed by specified clinics by requiring the clinic dispensing fee to be the difference between the actual acquisition cost of a drug or supply and the Medi-Cal reimbursement rate, and remove the maximum dispensing fee caps in existing law. | \$6 million |
| 14. | Collection of Race, Ethnicity, Language, and SOGI Data in Medi-Cal | The California Latino Legislative Caucus and other stakeholder groups request \$200,000 to align Medi-Cal's health plan data collection and reporting requirements for race/ethnicity, language, and sexual orientation and gender identity (SOGI) data with Covered California's proposed 2017 qualified health plan standards. | \$200,000 |
| 15. | Interpreters for Medi-Cal | Various stakeholders, including the California Latino Legislative Caucus and AFSCME, requests \$15 million for interpreters in the Medi-Cal program. | \$15 million |
| 16. | Physical Therapists Performing Electroneuromyography (EMG) in Medi-Cal | Physical therapists request to lift a restriction on physical therapists performing electroneuromyography (EMG) in Medi-Cal. An EMG enhances the understanding of nerve damage. | Unknown |
| 17. | Pediatric In Home Care Expansion Act (SB 1401) | Senator McGuire requests Medi-Cal rate increases for licensed home health agencies for private duty nursing services provided to children in three regional pilot areas that are currently facing access to care challenges. SB 1401 (McGuire) would implement this proposal. | \$7 million |
| 18. | School-Based Health Centers Request | Assembly Member Ridley-Thomas requests to fund two limited-term positions (24 months) to provide technical assistance to assist in the development and expansion of school-based health centers. | \$600,000 Special Fund (Tobacco Settlement Fund) |

| Department of Public Health | | | |
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| 19. | Children's Dental Disease Prevention Program (DDPP) | Advocates propose to restore funding for DDPP. From 1980 to 2009, the DDPP provided school-based oral health prevention services to approximately 300,000 low-income school children in 32 counties in California. Participating sites provided fluoride supplementation, dental sealants, plaque control, and oral health education. | \$3.2 million |
| 20. | Virtual Dental Homes | Various stakeholders, including The Children's Partnership and First 5 Association of California, request funds to establish a Virtual Dental Home Grant program to expand services to about 20 additional communities. This program utilizes telehealth technologies (tools and training) for dental hygienists to travel to sites within underserved access areas of the state, at schools, preschools, nursing homes, etc. and can see three times the patients in a day as in a regular dental office. | \$4 million (one-time) |
| 21. | Adolescent Family Life Program (AFLP) | Various stakeholders, including California Legislative Black Caucus, the March of Dimes, and the California WIC Association, request funding for AFLP. AFLP addresses the social, health, educational, and economic consequences of adolescent pregnancy by providing comprehensive case management services to expectant and parenting teens and their children. | \$6 million |
| 22. | Sexually Transmitted Disease (STD) Prevention | The AIDS Healthcare Foundation requests an augmentation for the Sexually Transmitted Disease (STD) Control Branch at DPH for STD prevention. | \$10 million |
| 23. | Drug Overdose Prevention (Naloxone) | The Drug Policy Alliance (DPA) requests to establish a grant program for local agencies and community-based organizations in order to reduce the rate of fatal drug overdose caused by prescription analgesics and other drugs. DPA estimates this investment would save an estimated 1,200 lives. Furthermore, hospitalization rates for treatment of effects of non-fatal but debilitating overdoses would also be reduced. | \$3 million |
| 24. | Hepatitis Initiatives | Stakeholders, such as CalHEP and Project Inform, request: 1) \$100,000 for DPH to purchase and distribute hepatitis B (HBV) vaccine to local health jurisdictions to vaccinate high risk adults; 2) \$600,000 for DPH to purchase hepatitis C (HCV) rapid test kits to distribute to community-based testing programs; 3) \$500,000 for DPH to certify non-medical personnel to perform rapid HCV and HIV testing in community-based settings; and 4) \$200,000 to the DPH Office of AIDS for technical | \$1.4 million |

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| | | assistance to local governments and to increase the number of syringe exchange and disposal programs throughout California and the number of jurisdictions in which syringe exchange and disposal programs are authorized. | |
| 25. | Biomonitoring Program | Various advocates, including the Natural Resources Defense Council and the Breast Cancer Fund, request an augmentation for the biomonitoring program to increase and support the scientific work of this program. This funding would be split between DPH, the Department of Toxic Control, and the Office of Environmental Health Hazard Assessment. | \$1 million |
| 26. | Early Detection and Diagnosis of Alzheimer Disease | Various stakeholders, including the Alzheimer's Association, request funds for the California Alzheimer Disease Centers for early detection and diagnosis of Alzheimer disease. Funds would be used to determine the standard of care in early and accurate diagnosis, provide professional outreach and education, and evaluate the educational effectiveness of these efforts. | \$2.5 million (one-time) |
| 27. | LabAspire | The Health Officers Association of California requests \$1.2 million to reinstate the LabAspire program (or a similar program). This funding would support six assistant lab directors as they train and gain experiences to become public health lab directors. | \$1.2 million |
| 28. | Tuberculosis (TB) Control | The Health Officers Association of California requests funding to implement recent innovations in TB prevention, which are essential elements to achieve TB elimination by 2040. | \$10 million |
| 29. | Community Health Improvement and Innovation Fund | The Health Officers Association of California requests to create a public fund (using General Fund) that would be used to help people stay healthy and avoid the costs, both personal and economic, associated with chronic illnesses such as heart disease, stroke, diabetes, and cancer. These conditions are the leading causes of premature death and disability in California. | \$390 million |
| 30. | Parkinson's Disease Registry | Advocates and individuals with Parkinson's propose to fund the California Parkinson's Disease Registry to support competitive grants/contracts to research institutes, universities and nonprofit organizations to implement and maintain a comprehensive Parkinson's disease registry. | \$3.7 million |
| 31. | Strong California - Boys and Men of Color Investment | The Assembly Select Committee on the Status of Boys & Men of Color in California requests funds to provide support to qualified nonprofit organizations to support (1) health equity, (2) educational success, (3) youth development, (4) improved employment and labor force participation, and to (5) decrease contact with child welfare, law enforcement, and the juvenile and criminal justice systems. | \$100 million (one-time) |

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| 32. | End of Life Option Act - Telephone Line (SB 1002) | Senator Monning requests funds (\$150,000) to establish a telephone line for answering End of Life Option Act inquiries and require that the individuals answering be bilingual. SB 1002 (Monning) would implement this request. | \$150,000 |
| 33. | Eliminate Cost-sharing for Individuals Enrolled in the AIDS Drug Assistance Program (ADAP) | The California HIV Alliance requests to eliminate cost-sharing for individuals enrolled in the AIDS Drug Assistance Program with annual incomes between 400 percent and 500 percent of the Federal Poverty Level. DPH estimates that 112 ADAP clients paid an ADAP share of cost (SOC). By eliminating the ADAP SOC obligation for these 112 ADAP SOC clients, ADAP would have saved \$67,705 in calendar year 2015. | \$0 |
| 34. | Pre-Exposure Prophylaxis (PrEP) Affordability Program | The California HIV Alliance proposes the development of a PrEP affordability program to cover PrEP-related copays, coinsurance, and deductibles incurred by all individuals accessing PrEP in California with annual incomes below 500 percent of the federal poverty level. | \$1 million Special Fund |
| 35. | Office of AIDS' Health Insurance Premium Payment Program to Cover Premiums, Copays, Coinsurance, and Deductibles | The California HIV Alliance requests that the Office of AIDS' Health Insurance Premium Payment (OA-HIPP) Program cover premiums, copays, coinsurance, and deductibles incurred by all eligible people living with HIV/AIDS in California. DPH estimates that 5,966 private insurance ADAP clients did not receive premium payment assistance from OA-HIPP Program. Consequently, this proposal would result in expenditures of \$8.6 million in 2016-17 (based on calendar year 2015 data). | \$8.6 million Special Fund |
| Office of Statewide Health Planning and Development | | | |
| 36. | Primary Care Workforce Development | Various stakeholders, including the California Medical Association, the California Academy of Family Physicians, and the California Primary Care Clinic Association, request funding (\$82.5 million) for Song Brown Program to increase residency programs for primary care physicians and funding (\$17.5 million) to establish new teaching health center sites offering additional primary care residencies, and other efforts related to graduate medical education. | \$100 million (one-time) |
| 37. | Expansion of State Loan Repayment Program and Allied Health Loan Repayment Program for CMSP Counties | The County Medical Services Program (CMSP) requests to expand the State Loan Repayment Program and the Allied Health Loan Repayment Program in CMSP counties using CMSP funds. The CMSP Governing Board would provide funding for this purpose over a three year period, with an estimated cost of \$4.85 million, including \$350,000 for OSHPD to administer. | \$4.85 million in Non-state Funds |

Subcommittee Staff Comment and Recommendation—Hold Open. At the May Revision, the Legislature will have an updated understanding of the state’s fiscal situation and can better evaluate proposals for investment.

Subcommittee staff has requested LAO to provide a brief overview of these proposals.