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2018-19 LEGISLATIVE BUDGET CONFERENCE COMMITTEE

PHIL TING, CHAIR

ROOM 4202
THURSDAY, MAY 31, 2018

A large, dark silhouette of two people standing and holding hands, set against a light blue background. The person on the left is taller and appears to be a woman with long hair. The person on the right is shorter and appears to be a man wearing a cap. The silhouettes are positioned on the right side of the page, overlapping the text area.

HEALTH & HUMAN SERVICES

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**Health and Human Services Conference Issues—
Legislative Changes to the
Governor’s Budget Plan^a**

2018-19 General Fund Costs (In Millions), Unless Otherwise Noted^b

	Senate	Assembly
Health Care Coverage Expansion/Affordability		
Extend Medi-Cal eligibility to low-income undocumented immigrants over age 65	\$75.0 ^c	—
Extend Medi-Cal eligibility to low-income undocumented immigrants ages 19-25	—	\$125.0 ^c
Streamline Medi-Cal enrollment for Women, Infants, and Children program beneficiaries	—	3.6 ^c
Extend automatic Transitional Medi-Cal eligibility from 6 to 12 months	—	1.5 ^c
Establish a state all-payer health care payment database (one time)	—	2.6 ^c
Provide premium assistance for health insurance purchased through Covered California	—	150.0 ^c
Fund additional health care outreach and enrollment (one time)	—	13.3
Subtotals	(\$75.0)	(\$296.0)
Health Provider Payment Increases		
Augment Governor’s proposal to increase Medi-Cal provider payments (Proposition 56)	\$330.0 ^b	—
Increase rates for Medi-Cal air ambulance services (one time in Assembly)	9.9	\$4.0
Eliminate AB 97 rate reduction for non-emergency medical transportation providers	— ^c	3.7
Increase payments for pediatric day health care centers (Proposition 56 in Senate)	4.0 ^b	4.0
Increase payments for pediatric free-standing subacute facilities (Proposition 56 in Senate)	4.0 ^b	4.0
Increase rates for San Francisco’s Community-Based Adult Services program	—	4.0
Subtotals	(\$347.9)	(\$19.7)
Medi-Cal Benefits		
Restore optional benefits	\$16.6 ^c	—
Allow clinics to conduct same-day billing for medical and behavioral health services	3.0	—
Introduce continuous glucose monitoring as a covered benefit	—	\$6.5
Create whole genome sequencing pilot project (one time)	—	2.0
Introduce silver diamine fluoride as a covered benefit	—	6.0
Translate Diabetes Prevention Program curriculum into threshold languages (one time)	—	0.3
Backfill expected loss in federal funds for California Community Transitions program	—	4.0 ^c
Subtotals	(\$19.6)	(\$18.8)
Behavioral Health		
Fund suicide hotlines and support suicide prevention workload	—	\$5.2 ^b
Create pilot program placing behavioral health counselors in emergency departments (one time in Assembly)	\$20.0	20.0 ^b
Establish children’s mental health innovation planning (one time)	—	5.0 ^b
Augment funding for the Friday Night Live mentoring program	—	6.0
Reduce DHCS mental health oversight budget proposal by 3 positions	—	-0.4 ^b
Delay Child Assessment of Needs and Strengths implementation	—	-3.2
Reappropriate previous years’ mental health triage grant funding	29.4	—
Subtotals	(\$49.4)	(\$32.6)

(Continued)



Health and Human Services Conference Issues— Legislative Changes to the Governor’s Budget Plan^a

	Senate	Assembly
Health Care Workforce Development		
Increase funding for University of California residency programs	\$40.0	—
Expand Song Brown primary care residency and other workforce development programs (one time)	—	\$17.0
Establish physician loan repayment program and other workforce initiatives (Proposition 56 one time)	150.0 ^b	—
Expand UC Programs In Medical Education (one time)	—	10.0
Extend funding for mental health Workforce, Education, and Training (WET) program (one time)	—	26.4
Establish postbaccalaureate medical education programs	—	0.6
Fund scholarships for primary care mental health fellowships (one time)	—	1.0
No action taken on Governor’s proposal to expand psychiatric residency slots (one time)	—	-55.0
Subtotals	(\$190.0)	(\$0)
Public Health		
Augment Governor’s proposal to extend Los Angeles County licensing and certification contract (one time)	\$2.7 ^b	—
Fund Valley fever research at Kern Medical Center (one time)	2.0	—
Fund All Children Thrive three-year pilot program to study childhood trauma (one time)	—	\$10.0 ^b
Provide research grants to study Jordan’s Syndrome PPP2R5D (one time)	12.0 ^d	12.0 ^d
Implement diabetes awareness campaign (one time)	—	10.0
Provide resources for California Vector-Borne Diseases Surveillance program	0.5	—
Augment funding for prevention of sexually transmitted diseases	—	10.0
Educate medical providers about prevention of HIV and sexually transmitted diseases	—	1.0
Expand Black Infant Health Program	15.0	—
Deny continuous appropriation of certain Proposition 56 items	e	e
Subtotals	(\$32.2)	(\$43.0)
Cash and Food Assistance Payments		
Reinstate annual SSP COLA	\$55.0 ^e	—
Increase CalWORKs grants to 50 percent of federal poverty level based on family size	400.0 ^e	—
Reinstate annual CalWORKs COLA	50.0 ^e	—
Transfer \$1 billion to new CalWORKs Safety Net Reserve Account	—	—
Augment Governor’s proposal for the CalWORKs Homeless Assistance Program	—	\$17.8 ^c
Augment Governor’s proposal for CalFood Emergency Food Program	—	12.6
Food bank infrastructure grants (one time)	5.0	25.0
Diaper bank grants (one time)	—	10.0
Subtotals	(\$510.0)	(\$65.4)
Child Welfare Services		
Establish foster youth law enforcement diversion program	—	\$5.0
Establish crisis hotline and mobile response services for foster caregivers and children	—	15.0 ^c
Expand eligibility for Chafee higher education grants for former foster youth up to age 26	—	4.0
Subtotals	—	(\$24.0)

(Continued)



Health and Human Services Conference Issues— Legislative Changes to the Governor’s Budget Plan^a

	Senate	Assembly
Immigration-Related Legal Services		
Central Valley Legal Fellows Project (one time)	—	\$2.4
Immigration services for Temporary Protected Status holders (one time)	—	10.0
Revolving Immigration Bond Fund (one time)	—	5.0
Offset costs of public defenders in immigration court (one time)	—	24.0
Subtotals	—	(\$41.4)
Developmental Services		
Provide two-year rate increase for vendors in areas with local minimum wage (one time)	—	\$50.0
Repeal half-day billing policy in statute	—	1.4
Provide funding for Best Buddies program (one time)	—	1.5
Subtotals	—	(\$52.9)
AgIng/Seniors and Persons With Disabilities		
Increase funding for Long-Term Care Ombudsman Program	\$2.3	\$7.3
Increase funding for Deaf Access Program	—	4.1
Increase funding for senior nutrition	—	10.0
Fund Alzheimer’s public outreach initiative (one time)	—	2.2
Provide funding for California Senior Legislature	—	0.3
Subtotals	(\$2.3)	(\$23.9)
County Administration and Support		
Augment Governor’s Continuum of Care Reform proposal	\$25.0	\$49.1
Augment county Single Allocation for CalWORKs employment services (one time)	10.0	23.5
Augment Governor’s proposal for IHSS county administration (one time)	—	20.0
Provide funding for CMIPS (one time)	—	2.5
Subtotals	(\$35.0)	(\$95.1)
Other		
Holocaust Survivor services grant program (one time)	—	\$3.6
Reject Governor’s proposal to rightsize Office of Law Enforcement Support	—	-0.7
Augmentation to the Low-Income Weatherization Program (one time)	\$38.0 ^b	20.0 ^b
Subtotals	(\$38.0)	(\$22.9)
^a Except where noted in a few cases, all legislative actions reflect an augmentation that does not relate to a Governor’s budget proposal. ^b Where noted, there are a few cases where non-General Fund funding is at issue. ^c Costs increase in the out years. ^d The Senate approved the appropriation through the Department of Public Health, while the Assembly approved it through the Office of Planning and Research. ^e The Senate denied continuous appropriation authority for one of three items, while the Assembly denied this for all three items.		
DHCS = Department of Health Care Services; SSP = State Supplementary Payment; COLA = cost-of-living adjustment; IHSS = In-Home Supportive Services; and CMIPS = Case Management, Information and Payrolling System.		



Health and Human Services Language-Only Differences Between Houses

	Adopt Language?	
	Senate	Assembly
Codify file clearance process (identity verification for certain HHS programs)	No	Yes
Study time to count as CalWORKs welfare-to-work hours	No	Yes
Status updates on Kern Regional Center contract issues (uncodified)	No	Yes
Allow employees at licensed health facilities to talk privately with inspectors	Yes	No
Long-Term Care Ombudsman budget bill language	No	Yes
Budget bill language allowing reimbursement for EITC outreach by the CSD	No	Yes
Establish the CalWORKs Home Visiting Initiative on an ongoing basis	No	Yes
Extend ongoing funding for foster parent recruitment and retention	No	Yes
Establish San Mateo Health Plan dental managed care pilot project	Yes	No
Require stakeholder input into mental health homeless outreach grant process	Yes	No
Create new Office of School Health at California Department of Education	No	Yes
Modify administration's Medi-Cal General Fund loan authority proposal	Yes	No
Modify administration's IST proposal	Yes	No
Limit ability of DHCS to recoup certain physician overpayments	Yes	No

HHS = Health and Human Services; EITC = Earned Income Tax Credit; CSD = Department of Community Services and Development; IST = incompetent to stand trial; and DHCS = Department of Health Care Services.

STAFF COMMENTS

ISSUE 1: HEALTH CARE COVERAGE EXPANSION/AFFORDABILITY

Department of Health Care Services, Department of Public Health, Franchise Tax Board, Office of Statewide Health Planning and Development, University of California

ASSEMBLY

SENATE

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- \$125 million (GF) in 2018-19 and 250 million (GF) ongoing and trailer bill to increase Medi-Cal eligibility, regardless of immigration status, to age 26.
 - \$30 million (GF) ongoing to increase Medi-Cal eligibility to 138% FPL for the aged and disabled.
 - \$26 million (GF) ongoing for WIC Express Lane Eligibility.
 - \$24 million (GF) ongoing to expand Transitional Medi-Cal from 6 mos. to 1 year.
 - \$300 million (GF) ongoing for premium assistance for individuals 200% - 400% FPL with coverage through Covered California.
 - \$250 million (GF) ongoing for tax credits for individuals 400-600% FPL with coverage through the individual market.
 - \$50 million (GF) one-time to create an All Payers Claims Database.
 - \$26.5 million (GF) for 2 years for health coverage outreach and enrollment work.
 - \$114 million (GF) for health care workforce programs, including: 1) \$84 million over 3 years at OSHPD; and 2) \$30 million over 3 years to support the U.C. PRIME Program.*
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*This item is included in two agenda issues: Health Care Coverage Expansion/Affordability and Health Care Workforce.

STAFF COMMENTS

ISSUE 2: HEALTH CARE WORKFORCE

Office of Statewide Health Planning and Development, University of California

ASSEMBLY

SENATE

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- \$84 million (GF) over 3 years for health care workforce programs at OSHPD.*
 - \$26.4 million (GF) one-time for the WET (Workforce, Education, and Training) Program at OSHPD.
 - \$1 million (Prop 63) one-time through OSHPD for scholarships for a U.C. primary care mental health fellowship.
 - \$30 million (GF) over 3 years to support the U.C. PRIME Program.*
 - \$0.6 million (GF) ongoing for Medical School Postbaccalaureate Programs through U.C.
- \$150 million (P56) one-time for workforce development programs.**
 - \$50 million (GF) in 2017-18 and \$40 million (GF) in 2018-19 and ongoing to be restored to U.C. Graduate Medical Education (rather than replaced by Proposition 56 funds), and budget bill language to require reporting by U.C. on how the funds are used.**
 - \$55 million (GF) one-time for mental health graduate medical education, per the Governor's May Revise proposal, and budget bill language to require U.C. to report on use of funds (and allowing: 1) U.C. medical schools without medical centers to be eligible for funding; and 2) funds to be used for tele-psychiatry services).
-

GOVERNOR: Provided 1) a conceptual proposal to provide \$150-\$190 million in Proposition 56 one-time funds to physician loan repayments through OSHPD; and 2) \$55 million (GF) for psychiatric Graduate Medical Education through U.C.

*This item is included in two agenda issues: Health Care Coverage Expansion/Affordability and Health Care Workforce.

**This item is included in two agenda issues: Health Care Workforce and Provider Rates and Proposition 56 Funds for Medi-Cal.

STAFF COMMENTS

ISSUE 2: HEALTH CARE WORKFORCE (CONT.)



Health Care Workforce Augmentations— Conference Issues

**One-Time General Fund, Unless Otherwise Noted
(In Millions)**

Proposal	Agency	Year			
		2017-18	2018-19	2019-20	2020-21
Senate					
Physician residency programs ^{a,b}	UC	\$50	\$40	\$40	\$40
Physician loan repayments and other programs ^c	DHCS	—	150	—	—
Psychiatric residency slots	UC	—	55	—	—
Totals		\$50	\$245	\$40	\$40
Assembly					
Song Brown and other workforce programs	OSHPD	—	\$17	\$17	\$50
Programs in Medical Education	UC	—	10	10	10
Mental health Workforce Education and Training Program	OSHPD	—	26	—	—
Postbaccalaureate medical education programs ^a	UC	—	1	1	1
Scholarship programs for primary care mental health fellowships ^d	OSHPD	—	1	—	—
Totals		—	\$55	\$28	\$61
Governor					
Physician loan repayments and other programs ^{c,e}	DHCS	—	\$150-\$190	—	—
Psychiatric residency slots	UC	—	55	—	—
Totals		—	\$205-\$245	—	—

^a Proposal is ongoing.
^b The General Fund amount is intended to enable UC to use a like amount of existing Proposition 56 funds to augment physician residency programs. The Proposition 56 funds are primarily for primary care and emergency care programs. Specialist programs are also eligible for funding.
^c One-time Proposition 56 funds.
^d One-time Mental Health Services Fund.
^e This amount was proposed by the administration in concept after the release of May Revision.
 UC = University of California; DHCS = Department of Health Care Services; and OSHPD = Office of Statewide Health Planning and Development.

STAFF COMMENTS

ISSUE 3: PROVIDER RATES AND PROPOSITION 56 FUNDS FOR MEDI-CAL

Department of Health Care Services, Office of Statewide Health Planning and Development

ASSEMBLY

SENATE

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- \$20 million (GF) ongoing and trailer bill for Medi-Cal provider rate increases, including:
 - \$4 million for Pediatric Day Health Care.
 - \$4 million for Pediatric Free-Standing Subacute Facilities.
 - \$4 million for air ambulance providers.
 - \$3.7 million for non-emergency medical transportation providers.
 - \$4 million for Community Based Adult Services in San Francisco.
 - \$427 million (P56) and trailer bill for supplemental payments, including:
 - \$300 million for pediatric primary care (increase to Medicare rates).
 - \$45 million for pediatric specialty care providers.
 - \$30 million for dental providers who treat children with special needs.
 - \$40 million for adult dental preventive services.
 - \$4 million (P56) for supplemental payments for Pediatric Day Health Care.
 - \$4 million (P56) for supplemental payments for Pediatric Free-Standing Subacute Facilities.
 - \$4 million (P56) for supplemental payments for breast pumps.
 - \$297 million (P56) one-time 2017-18 funds for:
 - \$150 million (P56) one-time for workforce development programs.**
 - \$144 million (P56) one-time for provider incentive payment program.
 - \$9.9 million (2018-19) and \$24 million ongoing (GF) for rate increase for air ambulance providers.
 - \$40 million (GF) ongoing to restore Proposition 56 funds for U.C. GME for 2017-18.**
-

GOVERNOR: Provided a concept document for the use of Proposition 56 funds that includes: 1) \$150-\$190 million in one-time funds for physician loan repayments through OSHPD; 2) increases to existing supplemental payments; and 3) new supplemental payments for preventive medical services.

**This item is included in two agenda issues: Health Care Workforce and Provider Rates and Proposition 56 Funds for Medi-Cal.

STAFF COMMENTS



Use of Proposition 56 Revenues in Medi-Cal in 2018-19

- Around \$1.4 Billion in Proposition 56 Revenue Available for Medi-Cal in 2018-19.*** Using the administration's budget documents, we estimate that this amount includes:
 - \$961 million in 2018-19 Proposition 56 revenue dedicated to Medi-Cal.
 - A carry-in amount of \$465 million of unspent Proposition 56 revenue dedicated to Medi-Cal in 2017-18.

- Governor's May Revision Reflects Proposed Spending of \$855 Million in Proposition 56 Medi-Cal Funding in 2018-19.*** This amount is comprised of the following:
 - \$369 million to extend the existing Proposition 56-funded supplemental payments into 2018-19.
 - \$233 million on new physician and dental services supplemental payments. (The May Revision did not include a detailed spending proposal for how these payments would be structured, instead leaving these details to be worked out with the Legislature.)
 - \$28 million for a home health services rate increase.
 - \$225 million to offset General Fund spending on cost growth in Medi-Cal.

- May Revision Left \$571 Million in Projected Medi-Cal Proposition 56 Revenue Unspent.*** The administration left this amount unspent until a detailed spending plan could be worked out with the Legislature. This amount reflects the difference between total available revenues (\$1.4 billion) and the Governor's spending proposal of \$855 million.

- Assembly Approved the Governor's May Revision Proposal as Budgeted.*** While intending to ultimately approve a detailed Proposition 56 spending plan that increases funding for

STAFF COMMENTS



Use of Proposition 56 Revenues in Medi-Cal in 2018-19

supplemental payments and potentially other new Medi-Cal programs, the Assembly delayed approval of a detailed plan to the conference committee process.



Senate Approved and Augmented the Governor's May Revision Proposal. Regarding new supplemental payments, the Senate action specifies a way to spend the \$233 million in new supplemental payments included in the May Revision. The Senate then augments funding for new provider payments by an additional \$194 million, bringing total spending on new provider payment increases to \$427 million. Specifically, the Senate action would fund the following new supplemental payments:

- \$300 million in supplemental payments to reimburse Medi-Cal pediatric primary care services at the same rate as Medicare.
- \$45 million in supplemental payments for pediatric specialty providers.
- \$40 million in supplemental payments for preventive adult dental services.
- \$30 million in supplemental payments for dental providers that treat children with special needs.
- \$4 million in supplemental payments for pediatric day health centers.
- \$4 million in supplemental payments for pediatric subacute facilities.
- \$4 million in supplemental payments for breast pumps provided under Medi-Cal.

The Senate's action makes the above new supplemental payments ongoing and directs the Department of Health Care Services to apply for federal approval for two years for all Proposition 56-funded supplemental payments. In addition,

STAFF COMMENTS



Use of Proposition 56 Revenues in Medi-Cal in 2018-19

on a one-time basis, the Senate dedicates \$150 million in available Proposition 56 revenue to workforce development programs and \$144 million to a physician incentive payment program. We estimate the Senate action would leave \$83 million in Proposition 56 revenue for Medi-Cal unspent at the end of 2018-19.



Governor's Conceptual Proposal Released After the May Revision to Spend Proposition 56 Revenue. Following the release of the May Revision, the Governor released a conceptual plan to on how to (1) spend some of the \$233 million allocated in the budget to new supplemental payments and (2) spend a significant portion of the \$571 million in unallocated revenues. This conceptual plan would spend available Proposition 56 funding in the following ways:

- ***\$500 Million on Additional Supplemental Payments.*** An unspecified portion of this \$500 million would be allocated to further increase the physician services supplemental payments that are currently authorized. An unspecified remaining portion of this \$500 million would fund supplemental payments for physician services (primarily pediatric services) that do not currently receive these payments. The intent is to increase Medi-Cal payments for designated physician services to between 85 percent and 100 percent of the reimbursement rates paid by Medicare.
- ***Between \$150 Million and \$190 Million for a Physician Loan Repayment Program.*** It is our understanding that under this proposal the state would repay student loans for physicians who provide significant care to the Medi-Cal patient population.

We estimate the Governor's conceptual proposal, in conjunction with the May Revision proposal, would leave \$114 million in Proposition 56 revenue for Medi-Cal unspent at the end of 2018-19.

STAFF COMMENTS

ISSUE 4: ANTI-DEEP POVERTY GRANTS AND COLAS

Department of Social Services

ASSEMBLY

SENATE

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- Did not take action on these issues.

- Safety Net Reserve – Create new Reserve to provide funds for human services programs that experience cuts during future recessions, create subaccounts for CalWORKs and Medi-Cal, and transfer \$1 billion into the CalWORKs subaccount.
- Ending Deep Poverty for CalWORKs Recipients – Approve \$400 million GF in 2018-19, building to \$1.5 billion in 2021-22, to increase CalWORKs grants above 50 percent of the Federal Poverty Level (FPL).
- Honest Budgeting for CalWORKs and SSI/SSP – Approve \$50 million GF in 2018-19 for a CalWORKs Cost of Living Adjustment (COLA) and \$55 million GF in 2018-19 for an SSI/SSP COLA, both occurring on January 1, 2019 and annually on that date thereafter.

GOVERNOR: These proposals were not included by the Administration.

STAFF COMMENTS



Increase CalWORKs Grants and Provide Ongoing COLA

- ☑ **Governor.** No proposal.
- ☑ **Assembly.** No proposal.
- ☑ **Senate.** Increase CalWORKs grants over three years to guarantee that grant amounts for all CalWORKs families are at least at 50 percent of federal poverty level (FPL) for their family size. Also provide annual cost-of-living adjustment (COLA) to keep grant levels at 50 percent of FPL over time.
 - **2018-19 Costs.** Beginning January 1, 2019, half-year costs of \$400 million General Fund for CalWORKs grant increase and \$50 million General Fund for CalWORKs grant COLA.
 - **Ongoing Costs.**
 - **Ongoing Grant Costs.** Ongoing costs reach \$1.5 billion General Fund annually by 2021-22.
 - **Ongoing COLA Costs.** Ongoing costs reach \$350 million General Fund annually by 2021-22, increasing each year thereafter by about \$100 million.

Senate CalWORKs Grant and COLA Proposal

Monthly Maximum CalWORKs Grants^a, Reflects Three Year Phase In

	Current Law	2018-19	2019-20	2020-21 ^b
Family of three (adult is eligible)	\$714	\$904	\$1,012	\$1,122
As a percent of FPL ^c	42%	51%	56%	60%
Family of three (adult is ineligible)^d	\$577	\$738	\$834	\$929
As a percent of FPL ^c	34%	41%	46%	50%

^a For a family of three in a high-cost county with no other income.

^b Reflects grant amounts after full phase in.

^c Estimated grant amount as a share of projected FPL for that year, as adjusted by the Consumer Price Index.

^d About one-half of CalWORKs cases are families in which an adult is ineligible to receive cash assistance due to immigration status, receipt of SSI/SSP, not complying with welfare-to-work requirements, or having exhausted the 48-month time limit.

STAFF COMMENTS



Reinstate the Annual SSP COLA

- Governor.** No proposal.
- Assembly.** No proposal.
- Senate.** Provide annual cost-of-living adjustment (COLA) to state-funded portion of Supplemental Security Income/State Supplementary Payment (SSI/SSP) beginning January 1, 2019.
 - **2018-19 Costs.** \$55 million General Fund cost for six months of 2018-19.
 - **2019-20 Costs.** Roughly \$160 million General Fund cost in 2019-20, which includes the full-year cost of the 2018-19 COLA plus six months of costs for the 2019-20 COLA.

Maximum SSI/SSP Monthly Grants Under Current Law and Senate Action

	Current Law		Senate Action
	January 2018	January 2019 ^a	January 2019 ^b
Individuals			
SSI	\$750.00	\$771.00	\$771.00
SSP	160.72	160.72	167.08
Totals	\$910.72	\$931.72	\$938.08
Couples			
SSI	\$1,125.00	\$1,157.00	\$1,157.00
SSP	407.14	407.14	423.26
Totals	\$1,532.14	\$1,564.14	\$1,580.26

^a Under current law, the SSI portion of the grant is expected to receive a federal COLA of 2.8 percent.

^b Reflects the proposed January 2019 state-funded COLA for the SSP portion of the grant based on the California Necessities Index (3.96 percent in 2019).