

4150 Department of Managed Health Care

The Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system in California. The Department achieves this mission by:

- Licensing and regulating managed health care plans, including all Health Maintenance Organizations (HMOs), some Preferred Provider Organizations (PPOs), Exclusive Provider Organizations (EPOs), Medicare Advantage, most Medi-Cal managed care plans, and specialized plans. In total, the DMHC oversees plans that provide comprehensive health coverage to more than 21 million Californians and regulates approximately 90 percent of the commercial health care marketplace in California.
- Enforcing the body of statutes collectively known as the Knox-Keene Health Care Service Plan Act of 1975, as amended.
- Conducting medical surveys and financial examinations to ensure health plans are complying with the law and are financially stable to serve their enrollees.
- Operating a 24-hour-a-day Help Center to resolve health care consumer complaints and administer the Independent Medical Review program.
- Reviewing proposed health plan rate changes for sufficient justification and reasonableness.
- Monitoring the financial solvency of the medical groups with whom health plans contract to provide health benefits to their enrollees.
- Convening the Financial Solvency Standards Board, comprised of people with expertise in the medical, financial and health plan industries, to advise the Director on strategies to keep the managed care industry financially stable.

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
3870 Health Plan Program	299.8	394.8	415.0	\$42,971	\$65,659	\$68,191
9900100 Administration	-	-	2.0	9,011	11,712	11,969
9900200 Administration - Distributed	-	-	-	-9,011	-11,712	-11,969
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	299.8	394.8	417.0	\$42,971	\$65,659	\$68,191
FUNDING				2013-14*	2014-15*	2015-16*
0890 Federal Trust Fund				\$1,584	\$518	\$-
0933 Managed Care Fund				38,388	61,984	65,551
0995 Reimbursements				2,999	3,157	2,640
TOTALS, EXPENDITURES, ALL FUNDS				\$42,971	\$65,659	\$68,191

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Health and Safety Code Sections 1340-1399.818 inclusive; California Code of Regulations, Title 28, sections 1000-1300.826.

DETAILED BUDGET ADJUSTMENTS

	2014-15*			2015-16*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Federal Mental Health Parity	\$-	\$-	-	\$-	\$3,336	11.0
• Additional Enrollment into Individual Market	-	-	-	-	1,134	7.0
• AB 1962 (Chapter 567, Statutes of 2014): Dental Plans Medical Loss Ratio	-	-	-	-	189	1.5
• SB 1182 (Chapter 577, Statutes of 2014): Large Group Claims Data Exposure	-	-	-	-	85	0.5
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$4,744	20.0
Other Workload Budget Adjustments						
• Retirement Rate Adjustments	\$-	\$827	-	\$-	\$827	-
• Pro Rata	-	-	-	-	776	-
• Salary Adjustments	-	539	-	-	540	-
• Benefit Adjustments	-	234	-	-	273	-

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

† Past year appropriations are net of subsequent budget adjustments.

4150 Department of Managed Health Care - Continued

	2014-15*			2015-16*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Miscellaneous Baseline Adjustments	-	2,034	-7.5	-	-125	-2.0
Totals, Other Workload Budget Adjustments	\$-	\$3,634	-7.5	\$-	\$2,291	-2.0
Totals, Workload Budget Adjustments	\$-	\$3,634	-7.5	\$-	\$7,035	18.0
Totals, Budget Adjustments	\$-	\$3,634	-7.5	\$-	\$7,035	18.0

PROGRAM DESCRIPTIONS

3870 - HEALTH PLAN PROGRAM

The Health Plan Program's primary objective is to regulate managed care health plans and assist consumers to resolve disputes with health plans. The program's key functions to achieve this objective are to: license managed care health plans, conduct routine and non-routine financial exams and medical surveys, review proposed premium rate increases, assist consumers with health care issues and ensure that managed health care patients receive the medical care and services to which they are entitled, assist Californians in navigating the changing health care landscape as a result of the Affordable Care Act and operate a consumer services toll-free complaint line (1-888-466-2219).

9900 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including the Executive Office, Administrative Services, and Information Technology Support.

DETAILED EXPENDITURES BY PROGRAM

		2013-14*	2014-15*	2015-16*
PROGRAM REQUIREMENTS				
3870	HEALTH PLAN PROGRAM			
	State Operations:			
0890	Federal Trust Fund	\$1,584	\$518	\$-
0933	Managed Care Fund	38,388	61,984	65,551
0995	Reimbursements	2,999	3,157	2,640
	Totals, State Operations	\$42,971	\$65,659	\$68,191
SUBPROGRAM REQUIREMENTS				
9900100	Administration			
	State Operations:			
0933	Managed Care Fund	\$9,011	\$11,712	\$11,969
	Totals, State Operations	\$9,011	\$11,712	\$11,969
SUBPROGRAM REQUIREMENTS				
9900200	Administration - Distributed			
	State Operations:			
0933	Managed Care Fund	\$-9,011	\$-11,712	\$-11,969
	Totals, State Operations	\$-9,011	\$-11,712	\$-11,969
TOTALS, EXPENDITURES				
	State Operations	42,971	65,659	68,191
	Totals, Expenditures	\$42,971	\$65,659	\$68,191

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	299.4	402.3	399.0	\$21,761	\$28,620	\$28,496

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4150 Department of Managed Health Care - Continued

1 State Operations	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
Total Adjustments	0.4	-7.5	18.0	-	-849	1,389
Net Totals, Salaries and Wages	299.8	394.8	417.0	\$21,761	\$27,771	\$29,885
Staff Benefits	-	-	-	8,767	12,538	13,258
Totals, Personal Services	299.8	394.8	417.0	\$30,528	\$40,309	\$43,143
OPERATING EXPENSES AND EQUIPMENT				\$12,436	\$23,040	\$24,698
SPECIAL ITEMS OF EXPENSES				7	2,310	350
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$42,971	\$65,659	\$68,191

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2013-14*†	2014-15*	2015-16*
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,584	\$75	-
Consumer Assistance Program Federal Grant Augmentation	-	443	-
TOTALS, EXPENDITURES	\$1,584	\$518	\$-
0933 Managed Care Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$51,428	\$58,538	\$65,551
Allocation for employee compensation	-	539	-
Baseline Benefit Adjustments	-	234	-
Item 9840: Augmentation for Attorneys' Fees Settlement	-	1,960	-
Retirement Baseline Adjustments	-	827	-
Schedule 7A Current Service Level Adjustment	-	-114	-
Prior Year Balances Available:			
Chapter 28, Statutes of 2012	212	-	-
Managed Care Fund (0933) Carryover Adjustment	-	212	-
Totals Available	\$51,640	\$62,196	\$65,551
Unexpended balance, estimated savings	-13,040	-212	-
Balance available in subsequent years	-212	-	-
TOTALS, EXPENDITURES	\$38,388	\$61,984	\$65,551
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$2,999	\$3,157	\$2,640
TOTALS, EXPENDITURES	\$2,999	\$3,157	\$2,640
Total Expenditures, All Funds, (State Operations)	\$42,971	\$65,659	\$68,191

FUND CONDITION STATEMENTS

	2013-14*	2014-15*	2015-16*
0933 Managed Care Fund^s			
BEGINNING BALANCE	\$16,570	\$23,277	\$3,694
Prior Year Adjustments	1,076	-	-
Adjusted Beginning Balance	\$17,646	\$23,277	\$3,694
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	45,322	42,958	65,693

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4150 Department of Managed Health Care - Continued

	2013-14*	2014-15*	2015-16*
4143500 Miscellaneous Services to the Public	1	1	1
4163000 Investment Income - Surplus Money Investments	83	83	83
4171100 Cost Recoveries - Other	1,285	1,285	1,285
Transfers and Other Adjustments			
Revenue Transfer from Managed Care Fund (0933) to Office of Patient Advocate Trust Fund (3209) per Chapter 552, Statutes of 2011	-2,439	-1,884	-1,880
Total Revenues, Transfers, and Other Adjustments	<u>\$44,252</u>	<u>\$42,443</u>	<u>\$65,182</u>
Total Resources	\$61,898	\$65,721	\$68,876
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	3	-	-
4150 Department of Managed Health Care (State Operations)	38,387	61,984	65,551
8880 Financial Information System for California (State Operations)	230	42	104
Total Expenditures and Expenditure Adjustments	<u>\$38,621</u>	<u>\$62,026</u>	<u>\$65,655</u>
FUND BALANCE	\$23,277	\$3,694	\$3,221
Reserve for economic uncertainties	23,277	3,694	3,221
3133 Managed Care Administrative Fines and Penalties Fund ^s			
BEGINNING BALANCE	<u>\$803</u>	<u>\$1,292</u>	<u>\$565</u>
Adjusted Beginning Balance	\$803	\$1,292	\$565
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	1	1	4
4173000 Penalty Assessments - Other	1,465	1,000	5,500
Transfers and Other Adjustments			
Revenue Transfer from Managed Care Administrative Fines and Penalties Fund (3133) to Medically Underserved Account for Physicians, Health Professions Education Fund (8034) per Chapter 607, Statutes of 2008, Section 12 (a)	-977	-1,000	-1,000
Revenue Transfer from Managed Care Administrative Fines and Penalties Fund (3133) to the Major Risk Medical Insurance Fund (0313) per Chapter 607, Statutes 2008	-	-728	-4,500
Total Revenues, Transfers, and Other Adjustments	<u>\$489</u>	<u>\$-727</u>	<u>\$4</u>
Total Resources	<u>\$1,292</u>	<u>\$565</u>	<u>\$569</u>
FUND BALANCE	\$1,292	\$565	\$569
Reserve for economic uncertainties	1,292	565	569

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
Totals, Authorized Positions	299.4	402.3	399.0	\$21,761	\$28,620	\$28,496
Salary and Other Adjustments	0.4	-7.5	-2.0	-	-849	67
Workload and Administrative Adjustments						
AB 1962 (Chapter 567, Statutes of 2014): Dental Plans Medical Loss Ratio						
Corporation Examiner	-	-	1.5	-	-	98
Additional Enrollment into Individual Market						
Assoc Govtl Program Analyst	-	-	2.0	-	-	122
Assoc Info Sys Analyst (Spec)	-	-	1.0	-	-	65
Atty	-	-	1.0	-	-	78
Atty III	-	-	1.0	-	-	107
Consumer Assistance Techn	-	-	1.0	-	-	36

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4150 Department of Managed Health Care - Continued

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
Legal Secty	-	-	0.5	-	-	22
Nurse Evaluator II	-	-	0.5	-	-	35
Federal Mental Health Parity						
Asst Hlth Care Svc Plan Analyst (Limited Term 06-30-2017)	-	-	6.0	-	-	302
Atty III (Limited Term 06-30-2017)	-	-	3.0	-	-	322
Office Techn (Gen)	-	-	1.0	-	-	36
Staff Hlth Care Svc Plan Analyst	-	-	1.0	-	-	67
SB 1182 (Chapter 577, Statutes of 2014): Large Group Claims Data Exposure						
Sr Legal Analyst	-	-	0.5	-	-	32
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	-	-	20.0	\$-	\$-	\$1,322
Totals, Adjustments	<u>0.4</u>	<u>-7.5</u>	<u>18.0</u>	<u>\$-</u>	<u>\$-849</u>	<u>\$1,389</u>
TOTALS, SALARIES AND WAGES	299.8	394.8	417.0	\$21,761	\$27,771	\$29,885

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