

HEALTH AND HUMAN SERVICES

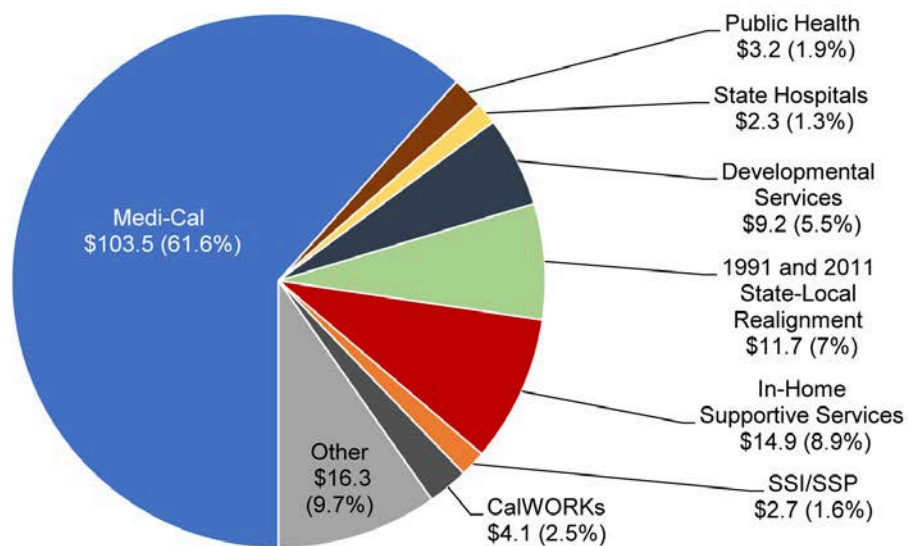
The Health and Human Services Agency oversees departments and state entities that provide health and social services to California's most vulnerable and at-risk residents. The Budget includes \$167.9 billion (\$47.4 billion General Fund and \$120.5 billion other funds) for all health and human services programs.

The Budget supports a healthy California for all through important investments that integrate health and human services, promote person-centered, data-driven public programs and services, and improve the lives of California's most vulnerable.

The 2019 Budget Act assumed the suspension of various health and human services investments effective December 31, 2021. These suspensions include, but are not limited to, Proposition 56 supplemental payment increases, reversing the 7-percent reduction in In-Home Supportive Services hours, and Developmental Services payment increases. The Budget proposes to continue the suspensions added by the 2019 Budget Act, but delay them by 18 months until July 1, 2023.

The Budget forecast assumes federal approval of the Managed Care Organization tax authorized in Chapter 348, Statutes of 2019 (AB 115) with revenue beginning to accrue in 2021-22.

Health and Human Services Proposed 2020-21 Funding^{1/}
All Funds
 (Dollars in Billions)



^{1/} Totals \$167.9 billion for support, local assistance, and capital outlay. This figure includes reimbursements of \$15.7 billion, and excludes \$38.7 million in Proposition 98 funding in the Department of Developmental Services', Department of Social Services', and Department of Youth and Community Restoration's budgets and county funds that do not flow through the state budget.

Note: Numbers may not add due to rounding.

Major Health and Human Services Program Caseloads

	2019-20 Revised	2020-21 Estimate	Change
Medi-Cal	12,834,700	12,880,436	45,736
California Children's Services (CCS) ^{1/}	14,497	14,497	0
CalWORKs	363,095	358,090	-5,005
CalFresh	1,902,319	1,980,713	78,394
SSI/SSP (support for aged, blind, and disabled)	1,206,032	1,184,493	-21,539
Child Welfare Services ^{2/}	111,446	109,996	-1,450
Foster Care	41,530	41,530	0
Adoption Assistance	88,118	89,134	1,016
In-Home Supportive Services	561,283	586,390	25,107
Regional Centers	350,047	368,622	18,575
State Hospitals ^{3/}	6,690	6,761	71
Developmental Centers ^{4/}	297	322	25
Vocational Rehabilitation	23,567	23,567	0
Youth and Community Restoration Average Daily Population	773	862	89

^{1/} Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

^{2/} Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas on a monthly basis. Due to transfers between each service area, cases may be reflected in more than one service area.

^{3/} Represents the year-end population, includes JBCT. Beginning in 2017-18, reflects psychiatric programs shifted from State Hospitals to CDCR.

^{4/} Represents average in-center population as of January 31 each year.

MAKING HEALTH CARE AFFORDABLE

The 2019 Budget Act made significant investments to expand coverage and increase the affordability of health care by:

- Instituting a state individual mandate to stabilize the health insurance market;
- Augmenting premium assistance for Covered California enrollees, making California the first state in the nation to provide additional state premium assistance for the middle class;
- Extending Medi-Cal to income-eligible young adults regardless of immigration status;
- Expanding eligibility for no-cost Medi-Cal for persons aged 65 and older and persons with disabilities up to 138 percent of the federal poverty level;
- Restoring optional benefits and extending full-scope Medi-Cal coverage to new mothers with a maternal mental health diagnosis;
- Expanding preventative services with a specific focus on screening for adverse childhood experiences;
- Increasing Medi-Cal provider rates;
- Repaying loans for doctors and dentists who agree to serve Medi-Cal patients in under-resourced parts of the state; and
- Addressing the high costs of prescription drugs.

These investments provide more Californians with coverage and strengthen the overall health care system by encouraging individuals to use preventative and primary care services. Keeping people covered and healthy slows the growth of the average Californian's personal health care expenses.

This year, the Budget proposes additional investments to continue this momentum on affordability and coverage in California's health care system. Specifically, the Budget includes bold plans to address health care cost trends, strengthen California's public option, lower prescription drug prices for all Californians, and continue progress towards universal health care. These efforts will focus on returning cost savings to consumers and employers and will align with the efforts of the Healthy California for All Commission, which is charged with exploring policy solutions that drive toward a unified health care system that is universal, affordable, high-quality, and equitable for all.

Central to the success of making health care affordable are efforts to reduce administrative burdens and improve data interoperability. The Administration is committed to continuing to work with providers, health plans, and other stakeholders to make these improvements.

OFFICE OF HEALTH CARE AFFORDABILITY

Improving the affordability of private insurance will benefit millions of working Californians, and this endeavor must be accompanied by efforts to address underlying cost drivers. Given the size and complexity of California's health care system, the Administration will propose the establishment of the Office of Health Care Affordability in spring 2020.

This Office will be charged with increasing price and quality transparency, developing specific strategies and cost targets for the different sectors of the health care industry, and financial consequences for entities that fail to meet these targets. The ultimate goal is for savings to return to consumers who are directly impacted by increasing health care costs.

The Office will also create strategies to address hospital cost trends by region, with a particular focus on cost increases driven by delivery system consolidation. To improve health outcomes, the Office will also work to establish standards to advance evidence-based and value-based payments to physicians, physician groups, and hospitals, as well as to advance administrative simplification.

STRENGTHENING CALIFORNIA'S PUBLIC OPTION

Since its inception in 2014, Covered California has provided the state with a public option by engaging in extensive vetting and negotiation with health insurance companies on premiums, networks, benefit design, and quality. As a result, 99.5 percent of individual market consumers have a choice of plans and some of the lowest premium increases in the nation. The state will leverage both Covered California and Medi-Cal to build an even more robust public option in California. The Health and Human Services Agency will develop options to strengthen enrollment, affordability, and choice through Covered California, including opportunities to leverage the statewide network of existing public Medi-Cal managed care plans.

CONTINUING THE WORK TO REDUCE PRESCRIPTION DRUG COSTS

High prescription drug costs are a national problem that impacts all patients and drives up the cost of health care for everyone. Absent federal action to address these rising costs, the state will use its market power to secure better prices from pharmaceutical manufacturers for taxpayers, employers, and consumers.

In January 2019, Governor Newsom issued Executive Order N-01-19 to address increases in prescription drug costs, and the Department of Health Care Services began to transition pharmacy services from Medi-Cal managed care to a fee-for-service system. This transition will standardize the Medi-Cal pharmacy benefit statewide, improve the availability of pharmacy services with a pharmacy network that includes approximately 94 percent of the state's pharmacies, and strengthen California's ability to negotiate state supplemental drug rebates with drug manufacturers. The transition is estimated to result in hundreds of millions of dollars in annual General Fund savings by fiscal year 2022-23.

The Budget includes three proposals to reduce drug costs for taxpayers, employers, and consumers:

- **Medi-Cal Best Price**—Current law authorizes the Department of Health Care Services to negotiate state supplemental rebates based, in part, on the best prices that manufacturers provide to other purchasers within the United States. The Budget proposes to expand the Department's authority to consider the best prices offered by manufacturers internationally when conducting negotiations for state supplemental rebates.
- **Rebates for Non-Medi-Cal Drug Purchases**—Currently, the Department of Health Care Services receives federally mandated rebates and state-negotiated supplemental rebates from drug manufacturers for drugs purchased on behalf of Medi-Cal enrollees only. The Budget proposes to leverage the purchasing power of the Medi-Cal program to negotiate supplemental rebates on behalf of targeted populations outside the Medi-Cal program.
- **Increasing the State's Purchasing Program**—The Department of General Services will continue expanding partnerships with local pharmaceutical purchasers to solicit participation in, and troubleshoot barriers to, the state's pharmaceutical purchasing program.

In the spring of 2020, the Administration will propose two additional initiatives in this area:

- **Golden State Drug Pricing Schedule**—The Administration will propose to establish a single market for drug pricing within the state. This proposal would enable all purchasers—Medi-Cal, California Public Employees' Retirement System, Covered California, private insurers, self-insured employers, and others—to combine their purchasing power. Drug manufacturers would have to bid to sell their drugs—at a uniform price—in the California market. California would invoke a most-favored-nation clause in the manufacturer price bid, which would require manufacturers to offer prices at or below the price offered to any other state, nation, or global purchaser if they wish to sell their products in California.
- **Generic Contracting Program**—The Administration will negotiate partnerships to establish the state's own generic drug label. The state would contract with one or more generic drug manufacturers to manufacture certain generic drugs on behalf of the state and participating entities. This proposal will increase competition in the generic market, resulting in lower generic drug prices for all purchasers.

COMBATTING THE YOUTH VAPING EPIDEMIC

To address the rapidly increasing youth use of potent nicotine-based vaping products, the Budget proposes a new nicotine content-based E-cigarette tax. The vaping tax will begin on January 1, 2021, and will be \$2 for each 40 milligrams of nicotine in the product. The new tax will be in addition to all existing taxes on E-cigarettes, which are presently taxed as tobacco products under state law. Revenues from the new tax are expected to be \$32 million in 2020-21, and will be deposited into a new special fund to be used for administration, enforcement, youth prevention, and health care workforce programs.

The Budget includes \$9.9 million and 10.5 positions for the Department of Tax and Fee Administration to administer the proposed tax and \$7 million for the California Highway Patrol to establish a task force in collaboration with the Department of Justice dedicated to combatting the underground market in vaping products. Similar to the implementation of Proposition 56, the Administration anticipates proposing a spending plan for the remainder of the revenues in the 2021-22 Governor's Budget. In addition to the tax, the Administration will support a statewide ban of all flavored nicotine products as of January 1, 2021.

MAKING PROGRESS IN THE FIGHT AGAINST OPIOIDS

In response to increasing rates of opioid overdose deaths, the California Department of Public Health convened the Statewide Opioid Safety Workgroup to coordinate activities of over 40 state agencies and community organizations. California is making progress in addressing the epidemic. Opioid prescriptions have dropped significantly, and Medi-Cal prescriptions for buprenorphine—one of the most effective treatment options for opioid use disorder—increased six-fold in the last five years. California’s opioid overdose death rate—one-third of the national average—is on a slower upward trend than the rest of the nation.

The Budget continues efforts to combat opioid overdose through better prevention, early intervention, and treatment to stabilize conditions before they become severe. Specifically, the Budget includes \$89.2 million in 2019-20 for the Medication Assisted Treatment Expansion Project, which has added over 650 access points across the health care and criminal justice systems. The Project’s Naloxone Distribution Program, which aims to reduce opioid overdose through the provision of naloxone, helped reverse over 8,000 opioid overdoses as of October 2019. The Budget also includes \$426 million (\$62.6 million General Fund) to support the Drug Medi-Cal Organized Delivery System, which provides expanded substance use disorder treatment for Medi-Cal beneficiaries.

HEALTH AND HUMAN SERVICES AGENCY

DEPARTMENT OF EARLY CHILDHOOD DEVELOPMENT

The Budget proposes to establish the Department of Early Childhood Development under the Agency to promote a high-quality, affordable, and unified early childhood system that improves program integration and coordination. For additional information, see the Early Childhood chapter.

OFFICE OF THE SURGEON GENERAL

The Budget includes \$10 million one-time General Fund for the development of an adverse childhood experiences cross-sector training program that will be accredited by the Office of the Surgeon General, in addition to a statewide adverse childhood

experiences public awareness campaign. See the Early Childhood chapter for more information.

CENTER FOR DATA INSIGHTS AND INNOVATION

The Budget proposes to consolidate existing resources to establish a Center for Data Insights and Innovation within the Agency. The Center will focus on leveraging data to develop knowledge and insights to improve program delivery and drive system transformation across health and human services.

The Center will integrate the Office of Innovation, the Office of the Patient Advocate, and the Office of the Health Information Integrity to achieve the following outcomes: (1) improve the operational use and quality of integrated data for program planning, policy development, and rigorous research and evaluation; (2) increase the state's ability to create evidence-based programs and maximize federal reimbursements; (3) enhance the capacity of state staff to use linked data to inform policy and decision making; (4) increase collaboration between university-based researchers and state staff to translate data into knowledge; and (5) improve the rigor, transparency, and reproducibility of research with Agency data in order to create better services that generate more equitable outcomes for all Californians.

BEHAVIORAL HEALTH

The Administration is focused on improving outcomes for the state's behavioral health system through a number of initiatives that improve the integration and parity of behavioral health treatment with physical health. To further these efforts, the Administration is establishing the Behavioral Health Task Force at the Health and Human Services Agency. The Task Force will bring together relevant state departments, counties, consumers, health plans, providers, and other stakeholders. The Task Force will review existing policies and programs to improve the quality of care, and coordinate system transformation efforts to better prevent and respond to the impacts of mental illness and substance use disorders in California's communities.

As discussed later in this chapter, the Administration is proposing a new Medi-Cal Healthier California for All initiative to make Medi-Cal, including behavioral health benefits, a more consistent and seamless system.

Further, the Health and Human Services Agency and the Department of Managed Health Care will be working with health plans, providers, patient representatives, and

other parties to update and strengthen its enforcement of behavioral health parity laws and other health plan requirements. Enforcement efforts will focus on timely access to treatment, network adequacy, benefit design, and plan policies. The Administration will propose any updates to implement these efforts this spring.

PROPOSITION 63—MENTAL HEALTH SERVICES ACT

Proposition 63, also known as the Mental Health Services Act (MHSA), was approved by the voters in 2004 and imposes a 1-percent tax on personal income in excess of \$1 million. Revenue generated under the Act primarily supports county mental health services.

In 2018, audits determined there was insufficient action taken by the state to ensure that unspent MHSA funds were being recovered and reallocated under the statutory time frames. As a result, Chapter 328, Statutes of 2018 (SB 192) established a methodology for determining prudent county reserves of MHSA funds. Because of the change in methodology, it is estimated that counties currently have slightly more than \$500 million in local reserves, of which \$161 million must be shifted to mental health prevention and treatment services by June 30, 2020—a marked improvement from previous years.

The MHSA has become a foundational element of California's mental health system in the 15 years since Proposition 63 was enacted. However, communities behavioral health needs have evolved during that time and the Act should be updated to reflect this knowledge. Currently, MHSA funds cannot be used for substance use disorder treatment. The Act should be updated to better focus on people with mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and for early intervention for youth. The Administration will submit a proposal in the spring regarding this proposed reform.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services. Medi-Cal is a public health care program that provides comprehensive health care services at no or low cost for low-income individuals. The federal government mandates basic services be included in the program, including: physician services; family nurse practitioner services; nursing facility services; hospital inpatient and outpatient services; laboratory and radiology services; family planning; and early and periodic screening, diagnosis, and treatment services for children. In addition to these

mandatory services, the state provides optional benefits such as outpatient drugs, dental services, home and community-based services, and medical equipment. The Department also operates the California Children's Services and the Primary and Rural Health programs, and oversees county-operated community mental health and substance use disorder programs.

The Medi-Cal budget is \$105.2 billion (\$23.6 billion General Fund) in 2019-20 and \$107.4 billion (\$26.4 billion General Fund) in 2020-21. The Budget assumes that caseload will decrease approximately 1.3 percent from 2018-19 to 2019-20 and increase approximately 0.4 percent from 2019-20 to 2020-21. Medi-Cal is projected to cover approximately 12.9 million Californians, approximately one-third of the state's population, in 2020-21.

Chapter 348, Statutes of 2019 (AB 115) establishes a three-and-a-half year Managed Care Organization (MCO) provider tax, effective July 1, 2019. The federal government is currently reviewing the state's proposed tax structure. The Budget reflects these revenues beginning in 2021-22.

MEDI-CAL HEALTHIER CALIFORNIA FOR ALL

Medi-Cal has significantly expanded and changed over the last ten years, in large part due to the federal Patient Protection and Affordable Care Act. Since implementing the Affordable Care Act, the Department has undertaken many initiatives and embarked on innovative demonstration projects to improve the beneficiary experience.

Today, some Medi-Cal enrollees may need to access six or more separate delivery systems, including managed care, fee-for-service, mental health, substance use disorder, dental, developmental, and/or In Home Supportive Services. The need for care coordination increases with greater system fragmentation, greater clinical complexity, and/or decreased patient capacity for coordinating their own care. To improve clinical outcomes and assist beneficiaries with navigating this complex system, the Department is seeking to better coordinate between and integrate these delivery systems.

To this end, the Department is launching a Medi-Cal Healthier California for All initiative (formerly known as CalAIM, or the California Advancing and Innovating Medi-Cal initiative), which builds upon the critical successes of waiver demonstration programs such as Whole Person Care, the Coordinated Care Initiative, Health Homes, and public hospital system delivery transformation. Medi-Cal Healthier California for All proposes to

provide a wider array of services and supports for patients with complex and high needs.

Medi-Cal Healthier California for All has three primary goals:

- Identify and manage member risk and need through whole person care approaches and addressing social determinants of health;
- Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
- Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems, and payment reform.

Transformation of the delivery system is necessary to improve outcomes for Medi-Cal beneficiaries as well as to achieve long-term cost avoidance. The reforms proposed through Medi-Cal Healthier California for All represent a comprehensive approach to achieving these goals. These changes will position the state to better connect individuals—including children and youth in foster care, individuals experiencing homelessness, individuals with substance use disorders, and individuals involved in the justice system—to the services they need. Attaining these goals will have significant impacts on an individual's health and quality of life, and through iterative system transformation, ultimately reduce the per-capita cost over time.

To implement the Medi-Cal Healthier California for All initiative effective January 1, 2021, the Budget includes \$695 million (\$348 million General Fund), growing to \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23. This investment will provide for enhanced care management and in lieu of services, necessary infrastructure to expand whole person care approaches statewide, and build upon existing dental initiatives. Beginning in 2023-24, the Administration proposes to phase out infrastructure funding, resulting in ongoing cost of \$790 million (\$395 million General Fund). In addition, the Administration plans to submit a proposal in the spring for the state operations component of implementing the new Medi-Cal Healthier California for All initiative. The Budget includes a placeholder of \$40 million (\$20 million General Fund) for these costs.

In alignment with the Medi-Cal Healthier California for All initiative, the Budget includes \$45.1 million General Fund in 2020-21 and \$42 million General Fund in 2021-22 for the Department to implement a Behavioral Health Quality Improvement Program. This will provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help counties prepare for opportunities through the Medi-Cal Healthier California for All

initiative. Improvements include enhanced data-sharing capability for care coordination and establishing the foundational elements of value-based payment such as data collection, performance measurement, and reporting. These core investments build off the \$70 million in the 2019 Budget Act to provide value-based provider payments for services and projects focused on behavioral health integration.

EXPANDING COVERAGE AND BENEFITS

Since the implementation of the Affordable Care Act, the percentage of Californians who are uninsured has dropped by more than half, to 7.2 percent. Last year, the state expanded eligibility for no-cost Medi-Cal for eligible persons age 65 and older and persons with disabilities up to 138 percent of the federal poverty level, and to otherwise eligible undocumented young adults through age 25. The 2019 Budget Act also restored optional benefits—including audiology and speech therapy services, podiatric services, optical lab and optician services, and incontinence cream/washes—and extended full-scope Medi-Cal coverage to new mothers with a maternal mental health diagnosis.

The Budget proposes to make additional progress towards universal coverage by expanding eligibility for full-scope Medi-Cal benefits to all persons aged 65 years and older, regardless of immigration status, no sooner than January 1, 2021. This proposal builds upon the children's Medi-Cal expansion under Chapter 18, Statutes of 2015 (SB 75), and the young adult Medi-Cal expansion under Chapter 67, Statutes of 2019 (SB 104).

The Budget includes \$80.5 million (\$64.2 million General Fund) for this expansion, including In-Home Supportive Services costs. It is anticipated that most undocumented persons aged 65 and older who will be eligible are already receiving federally required coverage for emergency care. This expansion will provide preventative care to an estimated 27,000 undocumented persons in the first year. Full implementation costs are projected to be approximately \$350 million (\$320 million General Fund) in 2022-23 and ongoing.

REFORMING NURSING FACILITY FINANCING

Currently, the state provides annual cost-based increases and quality incentive payments to nursing facilities, funded partially by a Quality Assurance Fee equivalent to 6 percent of facility revenues. The resulting revenue draws down additional federal funding.

The existing framework, authorized initially in 2004 and last extended in 2015, sunsets on July 31, 2020. The Budget proposes to reform the funding framework to move from a primarily cost-based methodology to one that better incentivizes value and quality. The intent of these reforms is to further enable nursing facilities to invest in quality patient care while assuring the long-term financial viability of these essential Medi-Cal providers.

Other Significant Adjustments:

- 2019-20 Budget—The Budget includes decreased expenditures in the Medi-Cal program of approximately \$91.7 million General Fund compared to the 2019 Budget Act. The majority of the current year decrease results from lower-than expected managed care and fee-for-service costs, and one-time reconciliations for activity in several prior fiscal years.
- Drug Rebate Fund Reserve—The Budget allocates \$181 million to the Medi-Cal Drug Rebate Fund reserve. This reserve is intended to alleviate the General Fund impact related to drug rebate volatility.
- Hearing Aids for Children—The Budget proposes to create a state program to assist families with the cost of hearing aids and related services for children without health insurance coverage for hearing aids in households with incomes up to 600 percent of the federal poverty level.
- Medi-Cal Rx (Pharmacy Carve-Out)—The Budget includes savings of \$178.3 million (\$69.5 million General Fund) associated with the carve-out of the Medi-Cal pharmacy benefit from managed care to fee-for-service effective January 1, 2021.
- Supplemental Payment Pool for Non-Hospital 340B Clinics—The Budget proposes the creation of a new supplemental payment pool that would provide payments to non-hospital clinics for 340B pharmacy services. This proposal is linked to the Medi-Cal Rx initiative. The Budget includes \$52.5 million (\$26.3 million General Fund) for the program, assuming a January 1, 2021 implementation date.
- County Administration—The Budget includes an increase of \$67.7 million (\$23.7 million General Fund) for county eligibility determination activities based on growth in the California Consumer Price Index.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Department's major programs include CalWORKs, CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, and Disability Determination. The Budget includes \$29.5 billion (\$11.7 billion General Fund) for DSS programs in 2020-21.

Consistent with core government functions being performed by public employees, counties administer core social services programs on behalf of the state. Funding to support the administration of these programs has been systematically reviewed and adjusted over the past decade to reflect program changes and increased costs. The Administration is committed to continuing to work with the counties and the County Welfare Directors Association to make further adjustments, as needed.

Significant Adjustments:

- California Access to Housing and Services Fund—The Budget provides \$750 million one-time General Fund to establish a new fund, with the goal of reducing street-based homelessness and increasing the number of stable housing units. See the Homelessness chapter for additional information.
- CalFresh Application Assistance—The Budget includes \$5 million General Fund annually to maintain the GetCalFresh.org website, a statewide online application assistance tool that provides a streamlined application experience and allows clients to apply on multiple platforms. The website will be maintained until a CalSAWS statewide portal becomes operational and offers the same level of client service and language access.
- CalFresh Administration Budgeting Methodology—The Budget holds CalFresh county administration funding in 2020-21 to the 2019-20 level, resulting in increased costs of \$26.9 million General Fund. The Administration will continue to work with representatives of counties and the County Welfare Directors Association of California to develop recommendations for a new budgeting methodology to determine the annual funding level necessary to support CalFresh administration, with the goal of proposing the new methodology in the May Revision.

- Food Banks—The Budget includes \$20 million one-time General Fund for existing Emergency Food Assistance Program providers and food banks to support increased food purchases to partially mitigate the loss of CalFresh benefits due to federal rule changes.
- CalWORKs and CalFresh Program Improvement—The Budget includes \$3 million (\$1.3 million General Fund) to support increased staffing resources at DSS for the CalWORKs and CalFresh programs to improve program outcomes, services, administration, and oversight.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The CalWORKs program, California’s version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total TANF expenditures are \$8.3 billion (state, local, and federal funds) in 2020-21. The amount budgeted includes \$5.7 billion for CalWORKs program expenditures and \$2.6 billion in other programs. Other programs include expenditures for Child Care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, Work Incentive Nutritional Supplement, California Community Colleges Child Care and Education Services, Cal Grants, and the Department of Child Support Services. Average monthly CalWORKs caseload is estimated to be approximately 358,000 families in 2020-21, a 1.4-percent decrease from the revised 2019-20 projection. Due largely to an improving economy, caseload has decreased every year from a recent peak of 587,000 in 2010-11.

Other Significant Adjustments:

- CalWORKs Grant Increase—As referenced in the Early Childhood chapter, the Budget reflects a 3.1-percent increase to CalWORKs Maximum Aid Payment levels, effective October 1, 2020, which is estimated to cost \$73.6 million in 2020-21 and \$98.1 million in 2021-22. These increased grant costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccounts of the Local Revenue Fund.

- **County Indigent Health Savings**—The Budget reflects \$589.8 million in projected county indigent health savings in 2020-21 to offset General Fund costs in the CalWORKs program, a decrease of \$13.1 million from 2019-20. This decrease is more than offset by additional indigent health net savings of \$301.3 million available from 2017-18.

IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related services such as housework, transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to assist individuals to remain safely in their homes and prevent more costly institutionalization. The Budget includes \$14.9 billion (\$5.2 billion General Fund) for the IHSS program in 2020-21, a 16-percent increase in General Fund costs over the revised 2019-20 level. Average monthly caseload in this program is estimated to be 586,000 recipients in 2020-21, a 4.5-percent increase from the revised 2019-20 projection.

Other Significant Adjustments:

- **Minimum Wage**—The Budget reflects \$1.1 billion (\$523.8 million General Fund) to support planned minimum wage increases of \$13 per hour on January 1, 2020 and \$14 per hour on January 1, 2021.
- **Full-Scope Medi-Cal Expansion for Undocumented Persons Aged 65 and Over**—The Budget includes \$5.9 million General Fund in 2020-21, growing to \$119.5 million General Fund in 2021-22, to support increased IHSS costs associated with the proposed expansion of full-scope Medi-Cal coverage for undocumented persons 65 years of age or older, beginning January 1, 2021. See the Department of Health Care Services section for more information.
- **Training for County Social Workers and Managers**—The Budget includes \$3.7 million (\$1.9 million General Fund) in 2020-21 and \$240,000 (\$120,000 General Fund) ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients to promote consistency across all counties with respect to program requirements.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT (SSI/SSP)

The federal SSI program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with an SSP grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration administers the SSI/SSP program, making eligibility determinations, computing grants, and issuing combined monthly checks to recipients. The state-only Cash Assistance Program for Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal noncitizens who are ineligible for SSI/SSP due solely to their immigration status.

The Budget includes \$2.66 billion General Fund in 2020-21 for the SSI/SSP program. This represents a 1.6-percent decrease from the revised 2019-20 budget. The average monthly caseload in this program is estimated to be 1.18 million recipients in 2020-21, a 1.8-percent decrease from the 2019-20 projection. The SSI/SSP caseload consists of 69.4 percent disabled persons, 29.3 percent aged, and 1.4 percent blind.

Effective January 2020, the maximum SSI/SSP grant levels are \$943 per month for individuals and \$1,583 per month for couples. The projected growth in the Consumer Price Index is 1.7 percent for 2021. As a result, the maximum SSI/SSP monthly grant levels will increase by approximately \$13 and \$20 for individuals and couples, respectively, effective January 2021. CAPI benefits are equivalent to SSI/SSP benefits.

The 2019 Budget Act included \$25 million General Fund ongoing to assist homeless, disabled individuals applying for SSI/SSP benefits.

CHILDREN'S PROGRAMS

Child Welfare Services include family support and maltreatment prevention services, child protective services, foster care services, and adoptions. California's child welfare system provides a continuum of services to children who are either at risk of or have suffered abuse and neglect. Program success is measured in terms of improving the safety, permanence, and well-being of children and families served. The Budget includes \$598.9 million General Fund in 2020-21 for services to children and families in these programs, an increase of \$38.9 million General Fund, or 6.9 percent, over the 2019 Budget Act. When federal and 1991 and 2011 Realignment funds are included, total funding for children's programs is over \$6.4 billion in 2020-21.

HEALTH AND HUMAN SERVICES

In 2017, California began implementation of the Continuum of Care Reform (CCR), as enacted in Chapter 772, Statutes of 2015 (AB 403). The reforms emphasize home-based family care, improved service delivery, and increased the role of children and families in assessment and case planning. The reforms also provide for greater coordination of child welfare and mental health services. The Budget includes \$548.6 million (\$373 million General Fund) to continue implementation of CCR.

Since CCR efforts began, the number of California youth in congregate care settings has fallen from 5,500 to roughly 3,500 today, a decline of nearly 40 percent. Counties are accelerating approvals of home-based family care settings for children, and the number of resource families, intensive services foster care, and therapeutic foster care settings is increasing, as is the licensed capacity of short-term residential therapeutic programs.

Other Significant Adjustments:

- Child Welfare Workforce Development—The Budget includes \$11 million (\$5.6 million General Fund) to establish an additional child welfare social workers regional training academy in northern California (bringing the statewide total to five academies), increase ongoing training for social workers and supervisors, assess training effectiveness, and modernize how social worker training is monitored and used to inform workforce development planning.
- California Automated Response and Engagement System—The Budget includes \$54.4 million (\$27.2 million General Fund) to reflect updated project cost estimates, an increase of \$14.2 million General Fund compared to the 2019 Budget Act.

IMMIGRATION SERVICES

The Department of Social Services funds qualified nonprofit organizations to provide immigration services to immigrants who reside in California via the unaccompanied undocumented minors and Immigration Services Funding programs. The Budget continues to include \$65 million General Fund in 2020-21 and ongoing for immigration services.

In November 2019, \$5 million appropriated in the 2018 Budget Act was made available for Deferred Action for Childhood Arrivals (DACA) Legal Services. This funding, provided to qualified contractors, supports legal services, application-filing fees, and education and outreach services for individuals needing to renew their DACA immigration status. The Administration continues to monitor litigation regarding the DACA program.

Other Significant Adjustments:

- **California Newcomer Education and Well-Being Project**—The Budget includes \$15 million one-time Proposition 98 General Fund for the California Newcomer Education and Well-Being Project (CalNEW). CalNEW was established in 2017-18 to assist school districts in improving refugee and unaccompanied undocumented minors students' well-being, English-language proficiency, and academic performance. The funding, which is available over three years, will also provide school-based supports to immigrant families to address harms caused by the federal “public charge” rule.
- **Immigration Legal Services on Community College Campuses**—As referenced in the Higher Education chapter, the Budget includes \$10 million ongoing Proposition 98 General Fund for California Community College campuses to support the provision of immigration legal services.
- **Social Entrepreneurs for Economic Development Initiative**—The Budget includes \$10 million one-time General Fund for the California Workforce Development Board to launch the Social Entrepreneurs for Economic Development Initiative to provide micro-grants and entrepreneurial training to immigrants.
- **Dreamer Resource Liaisons**—As referenced in the Higher Education chapter, the Budget includes an increase of \$5.8 million ongoing Proposition 98 General Fund to fund Dreamer Resource Liaisons and student support services, including those related to career pathways and economic mobility, for immigrant students on community colleges, pursuant to Chapter 788, Statutes of 2019 (AB 1645).

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides individuals with developmental disabilities a variety of services that allow them to live and work independently or in supported environments. California is the only state that provides services to individuals with developmental disabilities as an entitlement. The Budget includes \$9.2 billion (\$5.7 billion General Fund) and estimates that approximately 369,000 individuals will receive developmental services by the end of 2020-21.

REFORMING THE FINANCING OF DEVELOPMENTAL SERVICES

The Budget proposes additional investments in developmental services and establishes a Developmental Services Performance Incentive Program. During the past ten years,

the composition of regional center consumers has significantly changed. Today's consumers have more significant behavioral and healthcare needs, and have shifted in age and ethnicity. Specifically, behavioral health needs have grown by 48 percent, while those with an autism spectrum diagnosis have grown by 177 percent.

DDS, in collaboration with the Developmental Services Task Force and other stakeholders, will make recommendations on how to reform the financing and streamlining of the developmental services delivery system to improve the quality of services delivered. This requires establishing a system that prioritizes outcomes, innovation, and value, which is driven by a funding structure that provides transparency, oversight, and accountability.

DEVELOPMENTAL SERVICES PERFORMANCE INCENTIVE PROGRAM

The Budget includes \$78 million (\$60 million General Fund) to establish a Performance Incentive Program for Developmental Services administered through the Regional Center system. The program will provide incentive payments to Regional Centers to increase the quality of services and addressing disparities while improving data collection to demonstrate value. The Performance Incentive Program is intended to align with each Regional Center's performance contract, but will require Regional Centers to meet an advanced tier of performance measures to receive additional payments.

The goals of the program are: (1) focusing on a quality system that values personal outcome goals for people, such as an improved life or meaningful activities; (2) developing service options to better meet the needs of individuals and families in a person-centered way; (3) promoting the most integrated community settings; and (4) increasing the number of individuals who are competitively employed.

STATE-OPERATED FACILITIES

In 2015, the state announced the planned closure of the three remaining developmental centers: Sonoma, Fairview, and the general treatment area of Porterville. The last residents at Fairview and the Porterville general treatment area are transitioning to the community in January 2020. The Department will continue operating the secure treatment program at Porterville, the Canyon Springs community facility, and state-operated acute crisis facilities in Northern, Central, and Southern California, with an estimated population of 322 by June 30, 2021. To reduce the number of individuals with developmental disabilities found incompetent to stand trial (IST) and

awaiting placement, the Budget includes \$8.9 million General Fund for the temporary activation of one 20-bed unit in the Porterville secure treatment program. The additional unit will sunset June 30, 2024, as more integrated community resources are developed.

COMMUNITY SERVICES

With the developmental center closures, the Department continues to strengthen its focus on community services and the safety net. The Budget includes \$7.5 million General Fund to develop five enhanced behavioral support homes with secure perimeters aimed at providing long-term IST placement, which would become operational in 2021-22, and \$1.1 million General Fund for post-placement follow-up activities with residents transitioning from the remaining developmental centers into the community.

Other Significant Adjustments:

- Supplemental Rate Increases for Additional Service Codes—The Budget includes \$18 million (\$10.8 million General Fund) in 2020-21 and \$35.9 million (\$21.6 million General Fund) in 2021-22 to provide supplemental rate increases for Early Start Specialized Therapeutic Services, Infant Development and Independent Living services, consistent with the supplemental rate increases included in the 2019 Budget Act.
- Enhanced Caseload Ratios for Young Children—The Budget includes \$16.5 million (\$11.2 million General Fund) to establish a reduced regional center service coordinator caseload ratio for consumers who are under the age of five years.
- Systemic, Therapeutic, Assessment, Resources and Treatment Training—The Budget includes \$4.5 million (\$2.6 million General Fund) to provide training on person-centered, trauma-informed, and evidence-based support services for individuals with co-occurring developmental disabilities and mental health needs.
- Warm Shutdown of Fairview Developmental Center—The Budget includes \$11.9 million General Fund to extend the warm shutdown period at Fairview Developmental Center through 2020-21 until a site assessment is completed to inform the disposition of the property.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients. The Budget includes \$2.2 billion (\$2 billion General Fund) in 2020-21 for support of the Department. The patient population is expected to reach 6,761 by the end of 2020-21, including patients receiving competency treatment in jail-based settings.

DIVERSION OF THE INCOMPETENT TO STAND TRIAL POPULATION

The Department continues to experience a growing number of incompetent to stand trial (IST) commitments—who are referred from trial courts—awaiting admission to the state hospital system. The number of ISTs pending placement into the state hospital system was approximately 800 individuals in December 2019.

To help address this need, the Budget includes \$24.6 million General Fund in 2020-21 to implement a Community Care Collaborative Pilot Program. This initiative will establish a six-year pilot program in three counties that provides incentives to treat and serve individuals deemed IST in the community. The total costs of the pilot program over six years is estimated to be \$364.2 million General Fund. This pilot program will primarily target development of community-based treatment options for individuals deemed IST and increase local investments in strategies to reduce the rate of arrests, rearrests, and cycling in and out of institutions for this population.

The Budget also includes \$8.9 million General Fund in 2020-21 and \$11.2 million General Fund annually thereafter to expand the Jail-Based Competency Treatment program to eight additional counties. This expansion is estimated to increase capacity by up to 63 beds in 2020-21. These efforts are intended to reduce the pending placement time and the waitlist for ISTs referred to DSH treatment programs.

IMPROVING IN-PATIENT CARE AND OUTCOMES

In 2013, the Department initiated a Clinical Staffing Study to develop a data-driven approach to standardize staffing at the five state hospitals. Through the Mission-Based Review process, the Department of Finance and State Hospitals completed an evaluation of the Hospital Forensic Departments and 24-Hour Care Nursing Services, and resources for both were included in the 2019 Budget Act. The Budget includes

\$39.9 million and 127.2 positions based on the evaluation of the two remaining components of the Clinical Staffing Study: Treatment Planning and Delivery and Protective Services.

- **Treatment Planning and Delivery**—The Budget includes \$32 million General Fund and 80.9 positions for the first year of a five-year phase-in to standardize clinician-to-patient ratios, significantly increasing the number of treatment teams and primary care physicians in the state hospitals. This will improve patient outcomes, result in shorter lengths of stay, and reduce patient violence and staff injuries. This proposal also funds two important initiatives: the implementation of trauma-informed care and the development of a comprehensive discharge planning program.
- **Protective Services**—The Budget includes \$7.9 million General Fund and 46.3 positions to support most protective services functions at Napa State Hospital and outside custody and executive leadership system-wide. This will reduce overtime hours and provide additional officers in housing units, which will improve security for patients and staff. The methodology developed for Napa is intended to serve as a model for the standardization at the other state hospitals.

INFRASTRUCTURE

The Budget also includes several investments in the state hospital system infrastructure. The Budget includes \$10.5 million General Fund beginning in 2020-21 and annually thereafter through fiscal year 2026-27, to mitigate ligature risks across the four hospitals accredited by The Joint Commission (TJC). This project is necessary to meet standards for acute psychiatric hospitals required by the federal Centers for Medicaid and Medicare Services, and to maintain TJC accreditation. In addition, the Budget includes \$49.3 million for critical replacements of roofs that have exceeded the useful life expectancy at the state hospitals. The proposal will provide for two roof replacement projects at Metropolitan State Hospital, four at Napa State Hospital, and one at Patton State Hospital.

DEPARTMENT OF YOUTH AND COMMUNITY RESTORATION

The 2019 Budget Act included resources to transition the Division of Juvenile Justice from the Department of Corrections and Rehabilitation to the Health and Human Services Agency as an independent department, effective July 1, 2020. The Budget includes

additional resources to establish the Division of Juvenile Justice as the Department of Youth and Community Restoration and support the administrative functions necessary to operate independently. The new department will consist of 1,415.9 positions and \$289.7 million (\$260.8 million General Fund) in 2020-21 and \$295.6 million (\$266.8 million General Fund) in 2021-22 and annually thereafter. The proposed funding level reflects the establishment of a new training academy, and continues funding for therapeutic communities (\$8 million General Fund ongoing).

This transition aligns with the rehabilitative mission and core values of the Agency by providing trauma-informed and developmentally appropriate services to youth in California's state juvenile justice system. This transition will improve the state's ability to provide youth in the juvenile justice system with the services necessary to return safely to the community and become responsible and successful adults.

In addition, the 2019 Budget Act included \$2 million for the Division of Juvenile Justice to partner with California Volunteers to assist current and recent Division of Juvenile Justice-committed youths in petitioning for honorable discharge designations by pairing those youth with credible messenger AmeriCorps volunteers who themselves had previous experience with the criminal justice system. The Division and California Volunteers have entered into an interagency agreement and are in the process of awarding a grant to an entity that will advertise the program and hire navigators to assist youth in seeking honorable discharge designations.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people of California. The Budget includes \$3.2 billion (\$211.7 million General Fund) in 2020-21 for the Department.

CALIFORNIA COGNITIVE CARE COORDINATION INITIATIVE

The Budget includes \$3.6 million one-time General Fund to establish a coordination and training initiative through the Alzheimer's Disease Centers to develop a "train the trainer" program that will help family caregivers navigate the complexities of the disease. The new initiative will support caregivers by bridging the gap between the medical system and social services in order to treat the multiple and complicated dimensions of Alzheimer's Disease. The initiative aligns closely with work underway by the Governor's Alzheimer's Disease Preparedness and Prevention Task Force.

LICENSING AND CERTIFICATION

The Department of Public Health regulates many types of health care facilities and entities in the state. To meet mandated state licensing and certification workload, improve care, and better protect the safety of patients, the Budget proposes an additional \$32.9 million Licensing and Certification Program Fund and 92 positions for 2020-21. This augmentation will increase by \$24.5 million in fiscal year 2021-22 and \$5.4 million in in fiscal year 2022-23, supporting an additional 76.6 positions and the continued phase-in of resources for the Department's contract with Los Angeles County. These resources will allow the Department to complete licensure and re-licensure workload and the timely investigation of complaints to mitigate any future backlogs. In addition, the Budget proposes \$3 million from the Internal Departmental Quality Improvement Account to implement quality improvement projects and provide enhanced provider and program support within the Licensing and Certification Program. These resources will allow the Licensing and Certification Program to expand its capacity to better respond to stakeholders and future efforts to streamline and standardize practices.

2011 REALIGNMENT FUNDING

To provide services more efficiently and effectively, 2011 Realignment shifted responsibility and dedicated funding for public safety services to local governments. In addition, community mental health programs previously funded in 1991 Realignment are now funded primarily by revenue dedicated for 2011 Realignment.

The programs and funding for 2011 Realignment are funded through two sources: a state special fund sales tax rate of 1.0625 percent totaling \$7.8 billion, and \$749 million in Vehicle License Fees. These funds are deposited into the Local Revenue Fund 2011 for allocation to the counties and are constitutionally guaranteed for the purposes of 2011 Realignment.

2011 Realignment Estimate¹ - at 2020-21 Governor's Budget

	2018-19	2018-19 Growth	2019-20	2019-20 Growth	2020-21	2020-21 Growth
Law Enforcement Services	\$2,560.7		\$2,633.8		\$2,757.2	
Trial Court Security Subaccount	559.7	7.3	567.0	12.3	579.3	11.2
Enhancing Law Enforcement Activities Subaccount ²	489.9	221.3	489.9	257.4	489.9	259.1
Community Corrections Subaccount	1,311.2	54.8	1,366.0	92.6	1,458.6	83.6
District Attorney and Public Defender Subaccount	37.9	3.7	41.6	6.2	47.7	5.6
Juvenile Justice Subaccount	162.0	7.3	169.3	12.3	181.7	11.2
<i>Youthful Offender Block Grant Special Account</i>	(153.1)	(6.9)	(160.0)	(11.6)	(171.7)	(10.6)
<i>Juvenile Reentry Grant Special Account</i>	(8.9)	(0.4)	(9.3)	(0.7)	(10.0)	(0.6)
Growth, Law Enforcement Services		294.4		380.8		370.7
Mental Health³	1,120.6	6.8	1,120.6	11.4	1,120.6	10.4
Support Services	3,756.7		3,885.6		4,103.4	
Protective Services Subaccount	2,336.2	61.0	2,397.2	103.2	2,500.4	93.2
Behavioral Health Subaccount	1,420.5	67.8	1,488.4	114.7	1,603.0	103.5
<i>Women and Children's Residential Treatment Services</i>	(5.1)	-	(5.1)	-	(5.1)	-
Growth, Support Services		135.6		229.3		207.1
Account Total and Growth	\$7,868.0		\$8,250.1		\$8,559.0	
Revenue						
1.0625% Sales Tax	7,156.8		7,498.1		7,800.6	
General Fund Backfill ⁴	-	-	4.7	-	9.4	
Motor Vehicle License Fee	711.2		747.3		749.0	
Revenue Total	\$7,868.0		\$8,250.1		\$8,559.0	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

¹ Dollars in millions.

² Base Allocation is capped at \$489.9 million. Growth does not add to the base.

³ Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

⁴ General Fund backfill pursuant to Revenue and Taxation Code sections 6363.9 and 6363.10.

Other Health and Human Services Adjustments:

- Child Support Payments—The Budget proposes to increase the amount of child support payments passed through to CalWORKs families, effective January 1, 2022, from the current \$50 to \$100 for a family with one child and \$200 for a family with two or more children (see the Early Childhood chapter for more information). The Budget also proposes statutory changes to forgive child support payment arrearages or past due amounts that are determined to be uncollectible, beginning January 1, 2022.
- Increased Support for Local Child Support Agencies—The Budget includes an increase of \$56 million (\$19.1 million General Fund) for Local Child Support Agency administrative costs. See the Early Childhood chapter for more information.

