

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities such as boards, commissions, councils, and offices that provide health and social services to California’s vulnerable and at-risk residents.

The Budget includes total funding of \$140.1 billion (\$31.9 billion General Fund and \$108.2 billion other funds) for all programs overseen by this Agency.

DEPARTMENT OF HEALTH CARE SERVICES

The Department of Health Care Services (DHCS) administers Medi-Cal, California’s Medicaid program, which is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals. The Department also administers California Children’s Services, the Primary and Rural Health program, Family Planning, Access, Care and Treatment, Every Woman Counts, as well as county-operated community mental health and substance use disorder programs.

Significant Adjustments:

- Health Care Reform Implementation—The Budget assumes additional Medi-Cal caseload of 3.7 million individuals and costs of \$16.9 billion related to the implementation of the Affordable Care Act. Approximately 1.4 million additional people will receive Medi-Cal benefits under the current 50-50 state-federal cost

sharing arrangement, which results in costs of \$2.9 billion (\$1.4 billion General Fund). The federal government is paying nearly 100 percent of the costs of the remaining 2.3 million new individuals in the Medi-Cal program. Total Medi-Cal enrollment is expected to rise from 7.9 million before implementation of the Affordable Care Act to 12.4 million in 2015-16, covering nearly one-third of the state's population.

- **Expand Medi-Cal for Children Regardless of Immigration Status**—The Budget includes \$40 million General Fund to expand full-scope Medi-Cal coverage to qualified low-income immigrants under the age of 19 effective May 2016. The annual cost of this expansion is estimated to be approximately \$132 million General Fund. The federal government shares in the cost of emergency- and pregnancy-related services.
- **Presidential Immigration Actions**—On November 20, 2014, the President announced executive actions that would allow certain undocumented immigrants to temporarily remain in the United States without fear of deportation. These actions were intended to provide stability to the immigrants' families and boost the economy. On February 16, 2015, a federal district court enjoined implementation of these actions. The Budget includes partial-year 2015-16 costs of \$20.9 million (\$16.8 million General Fund) for Medi-Cal for qualified individuals, which presumes the courts allow the federal government to proceed with implementing the executive actions beginning October 2015 and that full implementation will occur over 24 months.
- **Dental Provider Rate Restoration**—The Budget restores the 10-percent provider rate reduction for Medi-Cal dental providers at an annual cost of \$60 million (special and federal funds).
- **Provider Rates**—Chapter 3, Statutes of 2011 (AB 97), reduced most Medi-Cal provider rates by up to 10 percent. The 2014 Budget Act assumed retroactive recoupment of rate reductions for some services in fee-for-service Medi-Cal. The 2014 Budget Act also exempted additional providers, including high-cost prescription drugs, specialty physician services, various distinct-part nursing facilities, Bay Area Community Based Adult Services Centers, and nonprofit pediatric dental surgery centers. The Budget reflects an estimated \$152 million annual General Fund cost for these exemptions and delays. The Budget also increases managed care rates by \$125 million General Fund in 2015-16. Additional rate increases will be considered as part of a special legislative session on healthcare financing.

- Skilled Nursing Quality Assurance Fee—The Budget extends a quality assurance fee on skilled nursing facilities and provides for a 3.62-percent increase in reimbursement rates in 2015-16. This fee leverages additional federal funding that offsets General Fund expenditures in these facilities.
- Behavioral Health Treatment—The Budget includes \$228.7 million (\$114.3 million General Fund) in 2015-16 for behavioral health treatment services for individuals with Autism Spectrum Disorder up to 21 years of age. The services are now a required Medi-Cal benefit.
- Children’s Health Insurance Program (CHIP) Reauthorization—On April 16, 2015, the President signed the Medicare Access and CHIP Reauthorization Act. The Act reauthorizes CHIP through September 2017 and includes enhanced federal funding for the CHIP program effective October 1, 2015. The Budget includes General Fund savings of \$381 million in 2015-16 as a result of the Act.
- Health Homes Program—The Budget includes \$61.6 million in non-state funds for additional payments to health plans that participate in the Health Homes Program beginning January 2016. Chapter 642, Statutes of 2013 (AB 361), permits DHCS to develop a health homes program that would enhance care management and coordination for beneficiaries with complex needs. The program will provide comprehensive care management, care coordination, health promotion, comprehensive transitional care, individual and family support, and referral to community and social support services. The program will be funded primarily through federal funds, with the non-federal funding coming from non-state sources.
- Caregiver Resource Centers—The Budget provides \$4.9 million General Fund for caregiver resource centers, an increase of \$2 million. These facilities focus on providing information and services to families who provide care to family members that suffer from chronic or degenerative cognitive disorders that affect adults, such as Alzheimer’s, stroke, or traumatic brain injury.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) administers programs that provide services and assistance payments to needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

Significant Adjustments:

- **In-Home Supportive Services (IHSS) Overtime**—In January 2015, a federal court vacated the United States Department of Labor rule that required overtime pay for IHSS workers under the Fair Labor Standards Act. The federal government appealed this decision and in the interim, the state has halted implementation of IHSS overtime until the federal courts decide the legality of the rule. The Budget contains \$270 million General Fund in 2015-16 with an assumed October 1, 2015 effective date if the federal rule is upheld.
- **In-Home Supportive Services 7-Percent Restoration**—The Budget includes a one-time General Fund augmentation of \$226 million in 2015-16 to restore service hours. An ongoing fund source will be addressed through a special legislative session on healthcare financing.
- **Presidential Immigration Actions**—The Budget includes partial-year 2015-16 costs of \$9.8 million General Fund for increased services, which presumes the courts allow the federal government to proceed with implementing the President’s executive actions on immigration beginning October 2015 and that full implementation will occur over 24 months.
- **Federal Immigration Assistance**—The Budget includes \$15 million General Fund for contracts or grants to non-profit organizations to provide application assistance for naturalization or to undocumented immigrants for deferred action, and support immigration-related education and outreach efforts.
- **Housing Support Program**—The Budget contains \$35 million General Fund for CalWORKs Housing Support Program services, an increase of \$15 million, which provides additional support to CalWORKs families for whom homelessness is a barrier to self-sufficiency.
- **Continuum of Care Reform**—The Budget provides \$17.7 million General Fund to counties for the purpose of recruiting, retaining, and supporting foster care parents and relative caregivers. This funding is a major component of upfront statewide efforts to improve California’s child welfare system and outcomes by increasing the use of home-based family care and the provision of services and supports to home-based family care, reducing the use of congregate care placement settings. The goal is to create faster paths to permanency, resulting in shorter durations of involvement in the child welfare and juvenile justice systems.

- Community Care Licensing—The Budget includes \$3 million General Fund and 28.5 positions to address a backlog of complaint cases and expand training and technical assistance. Beginning in January 2017, DSS will begin increasing inspection frequency to every three years for all facilities, every two years by 2018 for all facility types except child care, and annually by 2019 for adult day care and residential care facilities for the elderly. Ongoing staffing costs will be approximately \$14 million.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services provides consumers with developmental disabilities a variety of services and supports that allow them to live and work independently or in supported environments. Potential rate increases will be considered as part of the special session on healthcare financing.

Significant Adjustments:

- Closure of State Developmental Centers—The Budget begins the process of closing the Sonoma Developmental Center by the end of 2018, and also plans for the future closure of the Fairview Developmental Center and the non-secure treatment portion of the Porterville Developmental Center, with the last closure completed in 2021.
- Transition of Sonoma Residents—In anticipation of the closure of the Sonoma Developmental Center, the Budget includes \$49.3 million (\$46.9 million General Fund) to support the transition of Sonoma residents to community settings. These resources will fund the initial development of homes to support consumers, provide additional training for providers, and develop additional programs such as supported living services, crisis services, and transportation support and services. This funding will also be used for coordination of the closure.
- Certification Issues—The Budget includes \$21.4 million (\$12.8 million General Fund) and 298 positions for costs related to the ongoing implementation of Program Improvement Plans at the Sonoma, Fairview, and Porterville Developmental Centers. The Program Improvement Plans maintain annual eligibility for approximately \$91 million in federal funds.
- Porterville Incompetent to Stand Trial Bed Expansion—The Budget contains \$18.8 million General Fund and 182 positions in 2015-16 for the Porterville Secure Treatment Program. Additional beds are needed to accommodate the increasing number of individuals who need to be restored to competency in order to stand trial.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals 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 and voluntary patients.

Significant Adjustments:

- Restoration of Competency Expansion—The Budget includes \$10.1 million General Fund to expand the Restoration of Competency Program by up to 108 beds to address the existing waitlist. The program provides for treatment of certain Incompetent to Stand Trial patients in county jails rather than inpatient treatment at a state hospital. This expansion should help reduce the waitlist for Incompetent to Stand Trial defendants.
- Incompetent to Stand Trial beds—The Budget contains \$8.7 million General Fund and 74.6 positions to activate 50 beds at Coalinga State Hospital to treat *Coleman* patients (currently treated at Atascadero), and use the vacated beds at Atascadero for Incompetent to Stand Trial commitments. The Budget also includes \$8.3 million General Fund and 73.1 positions to activate an additional 55 beds at Atascadero State Hospital.
- *Coleman* Housing—The Budget contains \$4.6 million General Fund to activate 30 beds at the California Medical Facility in Vacaville to add sufficient capacity for the Department to serve *Coleman* patients. There is a need to activate this unit and increase the inpatient capacity within the psychiatric programs to respond to changing patient needs and address Special Master concerns regarding the waitlist for acute psychiatric beds in state prison.
- Expand Secure Treatment Area at Metropolitan State Hospital—The Budget provides \$3.6 million General Fund for preliminary plans and working drawings to increase the secure bed capacity at Metropolitan State Hospital. Total project costs are approximately \$31 million. The project is estimated to be completed in 2017-18 and will add approximately 200 new forensic treatment beds, which can be used to treat Incompetent to Stand Trial patients.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people in California.

Significant Adjustments:

- **Licensing and Certification**—To meet mandated state and federal licensing and certification workload and implement quality improvement projects within the Licensing and Certification Program, the Budget includes \$21.8 million in special funds and 237 positions for 2015-16. In addition, the Budget includes \$9.5 million in special funds to augment the Department’s contract with Los Angeles County to allow the County to complete high-priority federal and state workload as well as \$378,000 in special funds and three state positions to provide on-site oversight, training, and quality improvement activities in the County.
- **State Syringe Exchange**—The Budget contains \$3 million General Fund ongoing for a syringe exchange program that will allow for the statewide purchasing of syringe disposal containers, sterile syringes, and other materials to be used by local health departments and community-based organizations to reduce the transmission of bloodborne pathogens such as HIV and Hepatitis C.
- **Hepatitis C Demonstration Projects**—The Budget contains \$2.2 million General Fund for three years (\$6.6 million total) for the Department of Public Health to provide competitive grants for demonstration projects aimed at Hepatitis C prevention. These projects will include innovative outreach, screening, and linkage to and retention in care efforts for low-income individuals with Hepatitis C.
- **Pre-Exposure Prophylaxis Access and Affordability**—The Budget provides \$2 million General Fund ongoing for Pre-Exposure Prophylaxis outreach and education pilot programs. These programs are intended to reduce new HIV infections for uninsured and underinsured at-risk individuals who are in communities experiencing significant increases in new HIV infections.

DEPARTMENT OF AGING

The Department of Aging promotes the independence and well-being of older adults, adults with disabilities, and families.

Significant Adjustment:

- **Long-Term Care Ombudsman**—The Budget includes \$2.4 million (\$1 million General Fund) to increase unannounced facility monitoring visits and complaint investigations and increase the recruitment, supervision, and training of paid and volunteer Ombudsman representatives.

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