



To: CHEAC General Membership

From: [Michelle Gibbons](#), Executive Director
[Betsy Armstrong](#), Senior Policy Analyst
[Jack Anderson](#), Policy Analyst

Date: June 14, 2018

RE: Legislature Adopts 2018-19 Budget Package

Today, the Legislature adopted the 2018-19 budget package, meeting the June 15 constitutional deadline for passing a budget. However, several trailer bills have not yet been acted upon due to the requirement for bills to be in print for 72 hours prior to being heard. It is anticipated that the remaining trailer bills will be taken up on Monday. As such, we have indicated below bills that will be considered next week and aspects of those bills most relevant to local health departments. Should the content of those bills change, updates will be provided.

The Legislature's roughly \$200 billion (total funds) budget package adopts the Administration's May Revision revenue estimates with updated property tax growth rates and continues to fill the rainy-day fund to its constitutional target. In addition, the Legislature's budget package creates two new reserve accounts (AB 1830) to protect California in the event of economic downturn, the Budget Deficit Savings Account and the Safety Net Reserve Fund. The Legislature provided an initial FY 2018-19 \$200 million deposit into the Safety Net Reserve Fund, which is intended protect CalWORKs and Medi-Cal in the event of a recession.

Other key aspects of the budget are provided below:

AB 85 1991 Realignment Diversions. Adopts the Governor's May Revision estimates that \$688.8 million and \$773.2 million will be diverted from counties to the State in FY 2017-18 and FY 2018-19, respectively and the FY 2015-16 true-up amount of \$231.1 from the Governor's January budget proposal. An updated true-up amount is expected in the final budget signed by the Governor.

BUDGET BILL (SB 840)

Diabetes Awareness Campaign. Provides \$2.5 million to support a diabetes awareness outreach campaign by the California Department of Public Health. The goal is to: 1) increase public awareness of the problem of diabetes in the state and link to heart disease; 2) increase awareness of personal risk and risk factors for diabetes; 3) increase awareness of prevention and treatment resources and where to access information; and 4) incorporate stakeholder feedback, which may include local health departments. Campaign activities can include traditional media, social media, and targeted grassroots events/activities.

Sexually Transmitted Disease Prevention. Provides \$2 million one-time General Fund to the California Department of Public Health (CDPH) *to allocate to local health departments to support STD outreach, screening and other core services.*

- Counties shall be targeted and prioritized based on population and incidence of STDs.
- Funds shall be allocated to targeted counties in a manner that balances the need to spread funding to as many counties as possible and the need to provide meaningful services to each funded county.
- In awarding funding, CDPH may authorize innovative and impactful strategies and services.
- Funds must enhance services currently provided and may not replace existing services.
- Up to \$200,000 of the \$2 million provided may be used to support state implementation.

Cannabis. Adopts the Governor's May Revise revenue estimates and proposals. Provides \$10 million for equity programs to provide no-cost or low-cost loans and grants to small businesses contingent on the passage of SB 1294.

Proposition 56 Revenues. Adopts the Governor's May Revision revenue estimates in addition to the following actions:

- **Tobacco Prevention and Oral Health Rollover.** Approves the May Revise proposal to continuously appropriate Proposition 56 funding to CDPH. It is our understanding that this fix will allow the state to grant flexibility to local jurisdictions to rollover funding to future years.
- **Medi-Cal Funding.** Places \$1 billion in Prop. 56 funding for Medi-Cal into a non-budget item to be appropriated in a future bill.
- **Pediatric Day Health Services Funding.** Provides \$8.9 million (\$7 million Prop. 56, \$1.6 million General Fund) at the Department of Health Care Services (DHCS) and \$350,000 General Fund at the Department of Developmental Services to increase rates for pediatric day health care services.

All Children Thrive Program. Provides \$10 million (Mental Health Services Act - State Administrative Fund) one-time over three years to implement the All Children Thrive pilot program to address childhood trauma. Key elements of the program include:

- Beginning January 2019, CDPH must enter into three-year sole source contracts with community partners focused on high needs cities and counties to test public health approaches to preventing childhood trauma and countering its effects. Contracts are exempt from the normal contracting process.
- Community partners must:
 - Partner with UCLA Center for Healthier Children, Families and Communities (UCLA) and Public Health Advocates (PHA) to develop and implement pilot goals, requirements and standards.
 - Convene an equity advisory group with UCLA and PHA to guide the design and implementation.
 - Identify evidence-based interventions and public health practices for preventing childhood trauma, diminishing risks, improving child, family and community wellbeing.
 - Develop a data system and dashboard process to track outcomes.
 - Develop model programs, policies and practices for *implementation by cities and counties*.
 - Conduct an awareness campaign.
 - Subject to funding, fund cities and counties that commit to an All Children Thrive framework for the duration of the pilot.
 - Evaluate the impact of the All Children Thrive pilot activities, identify best practices, report findings to the CDPH and the Mental Health Oversight and Accountability Commission and Legislative budget committees.
- \$1 million may be used by CDPH to administer the program.

Valley Fever. Provides \$2 million one-time over three years to support a public awareness campaign by CDPH for valley fever, \$3 million to the Valley Fever Institute at the Kern County Medical Center, and \$3 million to the University of California for valley fever research.

Vector Surveillance. Provides \$500,000 to the University of California to support the California Vector-Borne Disease Surveillance Gateway.

Health Care Workforce. Provides \$15 million to be used by UC schools of medicine without a medical center to support a federally recognized residency program that uses telemedicine or a program to increase the number of psychiatry residents who may use telemedicine in a medically underserved or rural part of the state.

Suicide Prevention. Provides \$4.3 million from MHSA funds to support suicide hotlines throughout the state.

Medi-Cal Reimbursement for Mobile Vision Services. Approves \$1 million General Fund one-time for payments to mobile vision service providers for services previously covered under the pilot program and not reimbursable under Medi-Cal for dates of service between July 2, 2018 and December 31, 2018.

HEALTH (AB 1810)

California Perinatal Equity Initiative. Provides \$8 million one-time General Fund for CDPH to establish the California Perinatal Equity Initiative to expand the scope of interventions and fill gaps in current programming offered through the Black Infant Health Program. CDPH will establish a process *to allocate funds to up to 15 county health departments* for the purpose of improving black infant birth outcomes and reducing infant mortality. County health departments may use allocated funds to:

- Create a local grant program to develop Community Centers of Excellence in perinatal health. Recipients of local grants may be hospitals, FQHCs, women's health clinics, county clinics, non-profit clinics, or community-based organizations. Recipients must implement or expand specified pregnancy programs, fatherhood or partnership programs, home visitation and case management programs, or other local needs-based strategies.
- Provide technical assistance to recipients of local grants and coordinate with local partners, including hospitals, FQHCs, health facilities, and community-based organizations.
- Conduct local public awareness efforts around birth outcome inequities and the importance of preconception health, prenatal care, and evidence-based interventions to improve prenatal health and birth outcomes.
- Participate in collaborative statewide learning efforts and share best practices.
- Collect and report data and information on process and outcome measures from programs and activities conducted using allocated funds.

In developing and implementing the initiative, CDPH is required to consult with stakeholders, including representatives of county health departments, health providers, and any appropriate state department or agency.

Breast and Cervical Cancer Treatment Program. Eliminates current treatment caps and allows individuals to be eligible for coverage for the duration of treatment as long as the individual continues to meet all other program eligibility requirements.

Lead-Related Construction. Authorizes the CDPH Lead-Related Construction Program to increase certification fees to \$87 to support an additional staff position. Requires CDPH to ensure that processing times for completed applications do not exceed an average of 60 days.

Needle Exchange Programs. Provides criminal prosecution protections for public entities and employees for distribution of needles, syringes, or any materials deemed by a local or state health department as necessary to prevent the spread of communicable diseases or to prevent drug overdose, injury, or disability. Indefinitely extends provisions authorizing certain entities to apply to CDPH to operate a clean needle and syringe exchange program. Modifies the CDPH application process by shortening the public comment period from 90 days to 45 days before CDPH may approve a needle or syringe exchange program.

Council on Health Care Delivery Systems. Provides \$5 million to support activities related to establishing a five-member Council on Health Care Delivery Systems as an independent body to develop a plan that includes options for achieving a statewide universal health care delivery system. Requires a report to the Legislature and Governor by October 2021 detailing a timeline of benchmarks and steps necessary to implement delivery system changes and achieve a unified financing system.

Health Care Cost Transparency Database. Provides \$60 million to establish a Health Care Cost Transparency Database to collect and report information regarding the cost of health care in California. Requires the Office of Statewide Health Planning and Development (OSHPD) to establish, implement, and administer the database with data provided from health care service plans and health insurers. Specifies the database shall detail medical payments and pricing, as well as information on population health, prevention, screening, and wellness utilization, and chronic disease condition treatment and management.

HOMELESSNESS

The Legislature made significant investments to address homelessness, some of which are highlighted below:

Homeless Emergency Aid Program (Housing - SB 850). Provides \$500 million one-time General Fund for emergency aid for local governments to respond to homelessness. Program funds are intended for one-time uses that address homelessness, including prevention, criminal justice diversion programs and emergency aid.

Funding is to be appropriated as follows:

- \$250 million to administrative entities (designated continuums of care). Total funding is grouped into buckets to be accessed based on the 2017 point-in-time homeless count.
- \$100 million to be allocated to each administrative entity based on their proportionate share of the total homeless population based on the 2017 point-in-time count.
- \$150 million in program funding to be allocated to cities or a city and county with a population over 330,000.

Mentally Ill Outreach and Treatment (Budget Bill - SB 840). Provides \$50 million to the DHCS to be appropriated to counties. DHCS may also provide funding to a city that meet specified requirements. DHCS must allocate funds in consultation with the Department of Finance and CSAC and must consider the incidence of homeless individuals with serious mental illness and the county population.

HUMAN SERVICES (AB 1811)

CalWORKs Home Visiting Initiative Program. Provides \$158.5 million in one-time Temporary Assistance for Needy Families (TANF) funds over three years to establish the voluntary CalWORKs Home Visiting Initiative Program. The program will provide evidence-based and culturally-competent health, development, and wellbeing home visiting services to CalWORKs recipients that are first-time pregnant women, first-time parents or caretaker relatives, and children for 24 months or until the child's second birthday, whichever is later. Specifies home visiting services shall consist of resources and referrals to prenatal, infant, and toddler care, infant and child nutrition, developmental screening and assessments, parent education and child development, job readiness, and domestic violence and sexual assault, mental health, and substance abuse treatment, as applicable.

The California Department of Social Services (CDSS) is required to establish an application process and award funds to counties on or after January 1, 2019, for provision of CalWORKs home visiting services. CDSS is also required to convene and consult with a workgroup of stakeholders, including representatives of county health and human services agencies, home visitors with experience in serving CalWORKs recipients, home visiting program experts, DHCS and CDPH. Participating counties are required to collect and provide data on the outcomes of participants and children served through the program.

California Fruit and Vegetable EBT Pilot Project. Provides \$9 million one-time General Fund to establish a supplemental EBT benefit mechanism to provide CalFresh beneficiaries with a benefits match ratio of at least 1:1 for the purchase of California-grown fresh fruits and vegetables from an authorized retailer. CDSS is required to work in consultation with the California Department of Food and Agriculture (CDFA) to develop guidelines and award grants to at least three nonprofit organizations or government agencies for the purpose of implementing and testing the supplemental benefit mechanism at retail outlets, including at farmers' markets.

NOT INCLUDED IN THE BUDGET

Several items proposed by the Administration, Legislature and/or stakeholders were not included in the budget passed by the Legislature. Notable items are highlighted below:

340B Drug Pricing Program. The Legislature rejected the Administration's proposal to eliminate the 340B Drug Pricing Program in Medi-Cal.

Health Care Expansion and Affordability. The Legislature rejected proposals to:

- Increase Medi-Cal eligibility up to 138 percent of federal poverty for the aged, blind and disabled.
- Expand Medi-Cal eligibility to undocumented young adults or seniors.
- Provide premium assistance for individuals between 200 and 600 percent of the federal poverty covered through Covered California.

Public Health Investment Proposals. The Legislature did not approve the following public health investments:

- \$11 million for HIV/STD prevention and education for medical providers;
- \$5 million for HIV demonstrations for older individuals and transgender women;
- \$11 million General Fund for opioid treatment navigation; and
- \$6.6 million for Hepatitis C prevention.

Medi-Cal investments. The Legislature's budget package does not include the following Medi-Cal investments:

- \$2 million (\$1 million General Fund) to provide access to medically necessary asthma education and home environmental trigger assessments for Medi-Cal beneficiaries.
- \$3 million General Fund in FY 2018-19 and \$1.5 million ongoing to allow FQHCs and RHCs to be reimbursed separately for mental health services provided on the same day as a medical service.
- \$6.6 million General Fund to increase Medi-Cal reimbursement rates for breast pumps.
- \$16.6 million General Fund in FY 2018-19 and \$41.4 million ongoing to restore key optional Medi-Cal benefits previously eliminated during the recession.
- \$13 million (\$6.5 million General Fund) ongoing to establish continuous glucose monitors as a covered benefit in Medi-Cal.
- \$8.4m (\$2.6 million General Fund) to expand the Substance Use Screen Tool for screening for misuse of opioids and other drugs.

2018-19 Budget Trailer Bills of Interest	
Budget Act of 2018	SB 840
Budget Act of 2017: Augmentation	SB 841
Health	AB 1810
Human Services	AB 1811
Housing	SB 850
Budget Deficit Savings Account: Safety Net Reserve Fund	AB 1830
<i>This chart was updated on 6/22/18.</i>	