HEALTH TRAILER BILL SUMMARY – AB 118

Please note, the below summary only highlights items anticipated to be of interest to local health departments.

Opioid Settlements Fund Transfers

- Requires State Controller to transfer funds received in the Litigation Deposits Fund allocated to the state for state opioid remediation from the 2023 opioid settlements with manufacturers Teva Pharmaceuticals Ltd. And Allergan, and pharmacies CVS, Walgreens, and Walmart to the Opioid Settlements Fund.
- Requires State Controller to transfer funds received in the Litigation Deposits Fund to the Opioid Settlements Fund from any future judgements, bankruptcies, or settlements pursuant to future Budget Act appropriation.

Health Care Affordability Reserve Fund

- Authorizes a loan of $600 million from the Health Care Affordability Reserve Fund to the General Fund in the 2023-24 fiscal year; requires loan to be repaid in the 2025-26 fiscal year.
- Requires moneys collected from the Individual Shared Responsibility Penalty to be deposited into the Health Care Affordability Reserve Fund.

Covered California Financial Assistance

- Pursuant to the 2023 Budget Act, requires the financial assistance program to be funded at an amount up to $82.5 million for coverage year 2024.
- Expresses legislative intent to, beginning in the 2024-25 fiscal year, appropriate up to $165 million in the annual Budget Act for each coverage year of the program after coverage year 2024.

DMHC Standard Templates

- Requires DMHC to develop standard templates for a schedule of benefits, explanation of benefits, a cost-sharing summary, or any similar document. The standard template(s) may include standard definitions, notice and explanatory language, benefit and limitation descriptions, and any other information determined by the director.
- Authorizes DMHC to require health plans to utilize standard templates developed by DMHC.

EMSA Director Modifications

- Removes statutory requirement for the Emergency Medical Services Authority (EMSA) Director to be a physician and surgeon licensed in California who has substantial experience in the practice of emergency medicine.
- Requires EMSA to have a chief medical officer (CMO) who shall be appointed by the Governor upon nomination by the CalHHS Secretary.
- Requires CMO to be a physician and surgeon licensed in California who has substantial experience in the practice of emergency medicine or emergency response in California.
- Requires CMO to provide clinical leadership and oversight concerning treatment, education, and other matters involving medical decision-making and delivery of patient care, including, but not limited to, scope of practice, trauma system organization, stroke and STEMI requirements, and first aid and CPR training.

Certification of Alcohol and Other Drug Programs

- Repeals existing statutory language related to DHCS voluntary certification procedures for alcohol and other drug recovery services.
- Requires alcohol and other drug facilities to seek a mandatory, two-year certification from DHCS.

- Defines entities with a physical location in California that provides one or more services to clients: treatment services; recovery services; detoxification services; medications for addiction treatment.
- Exempts specified facilities from certification requirements, including certain clinics and health facilities, community care facilities, and county jails and state correctional institutions.
- Sets forth certification requirements, including, but not limited to, application information, personnel, policies and procedures, reporting and inspections, penalties and enforcement.

Share of Cost Provisions

- Modifies "share of cost" definition to "spend down amount of excess income" necessary to become eligible for Medi-Cal. Includes conforming statutory modifications throughout.

California Children's Services (CCS) Whole Child Model Expansion

- No sooner than January 1, 2025, authorizes DHCS to expand the Whole Child Model (WCM) program in a county organized health system or Regional Health Authority in the following counties: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito.
- Requires DHCS, no later than January 1, 2025, to:
    - Annually provide an analysis on CCS enrollment trends for WCM and non-WCM counties in a way that enables a comparison of trends between the two categories of CCS counties.
    - Develop utilization and quality measures, to be reported on an annual basis, that relate specifically to CCS specialty care and report on measures for both WCM and non-WCM counties. Requires DHCS to consider recommendations from the CCS Redesign Performance Measure Quality Subcommittee and available data regarding the percent of children receiving a special care center visit.
    - Require any WCM managed care plan (MCP) that is subject to one or more findings in its most recent annual medical audit pertaining to access or quality of care in the CCS program to implement quality improvement strategies that are specifically targeted to the CCS population as determined by DHCS.
- Requires WCM MCP to ensure that a CCS-eligible child has a primary point of contact who shall be responsible for the child's care coordination.
- Requires MCPs to support the establish referral pathways in non-WCM counties, including, but not limited to, identifying children who may be eligible for the CCS program through internal reports, provider directed referrals, or direct referrals from the Medi-Cal MCP.
- Extends operative date of statewide WCM program stakeholder advisory group until December 31, 2026.

Medi-Cal Program Forecasting and Assumptions

- Reworks existing statutory language related to Medi-Cal program fiscal forecasting and assumptions.
- Beginning for 2024-25 Medi-Cal estimates, requires DHCS to separately identify expenditures for county and other local assistance administration, including a narrative description of how forecasts were prepared.

Managed Care Organization Tax

- Requires reimbursement rates for primary care services, obstetric care services, doula services, and specified outpatient mental health services to be 87.5 percent of reimbursements provided by the Medicare program on the effective date of federal approvals and no sooner than January 1, 2024.
- Requires Medi-Cal managed care plans to reimburse a network provider offering primary care services, obstetric care services, doula services, and specified outpatient mental health services at least the amount the network provider would be paid for those services in the Medi-Cal fee-for-service delivery system.
- Requires DHCS to submit to the Legislature as part of the 2024-25 Governor's Budget a plan for targeted increases to Medi-Cal payments or other investments designed to advance access, quality, and equity for Medi-Cal beneficiaries and promote provider participation in the Medi-Cal program in specified domains, including primary care, obstetric care, family planning services and women's health providers, designated public hospitals, and investments to maintain and grow the health care workforce.
- Establishes the Medi-Cal Provider Payment Reserve Fund to support targeted increases to Medi-Cal payments or other investments to advance access, quality, and equity of Medi-Cal payments.
- Authorizes the transfer of $150 million from the Medi-Cal Provider Payment Reserve Fund to the Distressed Hospital Loan Program Fund in 2023-24.
- Authorizes transfers of $75 million each calendar year to the University of California to expand graduate medical education programs.
- Authorizes the transfer of $50 million in 2023-24 to the Small and Rural Hospital Relief Fund to support the Small and Rural Hospital Relief Program for seismic assessment and construction.

CalRx Technical Cleanup

- Extends authority of CalHHS to enter into exclusive or nonexclusive contracts on a bid or negotiated basis, for purposes of the California Affordable Drug Manufacturing Act of 2020, indefinitely.
- Requires CalHHS to enter into partnerships for the procurement of general prescription drugs and authorizes CalHHS to hire contractors to oversee and manage these partnerships.

Newborn Hospital Gateway

- Requires all qualified Medi-Cal providers participating in Medi-Cal presumptive eligibility programs to use the Newborn Hospital Gateway system to report a Medi-Cal eligible newborn born within their facility within 72 hours after birth or one business day after discharge, whichever is sooner.
- Requires DHCS to consult with consumer, provider, county, and health plan representatives in developing the Newborn Hospital Gateway.
- Specifies go-live date of July 1, 2024, or the effective date of the Children's Presumptive Eligibility Program (CPE) portal implementation, whichever is later.

Doula Benefit Workgroup

- Modifies operative dates of the DHCS Doula Medi-Cal Benefit Workgroup to no later than April 1, 2023, until June 30, 2025.

Health Care Workforce Investment Delays

- Modifies and reverts several investments made in the 2022 Budget Act related to health care workforce development. Investments of most interest include nursing initiative grants ($70 million General Fund) and community health worker initiative grants ($15 million General Fund).

- Specifies the 2023 Budget Act provides $57.5 million each year for the 2024-25 and 2025-26 fiscal years.

Mandatory Foster Youth MCP Enrollment

- Requires enrollment in a Medi-Cal managed care plan for children and youth in foster care who reside in a county operating a Single Plan model of managed care (Alameda, Contra Costa, and Imperial), effective January 1, 2025.
- Specifies requirements for Medi-Cal managed care plans and DHCS to ensure transition of this population into managed care, continuity of care, and continued timely access to care.