



To: CHEAC General Membership

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RE: 2023-24 Budget Agreement Addendum

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Overview

The California Legislature has concluded its work on the 2023 Budget Act, including by sending to the Governor a series of budget trailer bills with technical amendments and clean-up in the final week of the legislative session. On Wednesday, the Governor signed into law the majority of end of session budget trailer bills. This memo details additional investments of interest included in the 2023 Budget Act that were not detailed in CHEAC’s June Budget Agreement Memo.

Public Health Workforce Development and Training

Public Health Nurse Certification Fee Waivers. SB 104, the Legislature’s End of Session Budget Bill Jr. measure, includes provisions related to public health nurse certification fee waivers. Recall, CHEAC and the California Can’t Wait Coalition secured a \$10 million one-time General Fund investment to waive PHN certification fees for three years. Provisions in SB 104 address technical implementation issues identified by the Board of Registered Nursing (BRN).

SB 104 specifies that applicants for a PHN certificate shall not be required to pay fees between January 1, 2024, and January 1, 2025. Applicants renewing their PHN certificate between January 1, 2024, and January 1, 2026, also shall not be required to pay fees. The Department of Finance

is authorized to transfer \$6.66 million to the BRN to backfill revenues that would have otherwise been collected.

CHEAC anticipates an additional allocation for the third year of PHN certification fee waivers in the 2024 Budget Act.

COVID-19

COVID-19 IT Systems. The final budget provides \$126.6 million one-time General Fund to continue the state's efforts to protect the public against COVID-19 and maintain significant information technology systems, including the California COVID Reporting System for laboratory data management and CalCONNECT for case and outbreak investigation.

Emergency Medical Services

EMSA Director Modifications. Recall, the 2023 Budget Act included provisions that remove the physician requirement for the Director of the Emergency Medical Services Authority (EMSA) and create a new Chief Medical Officer (CMO) position with authority over clinical leadership and oversight.

[SB 137](#), the End of Session Health Budget Trailer Bill, included additional provisions related to the EMSA Director and CMO positions by specifying that both roles are subject to confirmation by the California State Senate and that both roles serve at the pleasure of the Governor.

Medi-Cal & Health Care Programs

Designated State Health Program. In 2023-24 through 2026-27, the budget includes total General Fund savings of \$646.4 million from the Designated State Health Program (DSHP) to cover costs of the CalAIM Providing Access and Transforming Health (PATH) Initiative.

CalAIM Transitional Rent Waiver. The 2023 Budget Act provides \$17.9 million (\$6.3 million General Fund) in 2025-26, increasing to \$116.6 million (\$40.8 million General Fund) at full implementation, to allow up to six months of rent or temporary housing to individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, correctional facilities, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.

Reproductive Health Services Waiver. The 2023 Budget Act include \$200 million (\$15 million General Fund) in 2024-25 for a one-time grant program through a Section 1115 federal demonstration waiver to support access to family planning and related services, system transformation, capacity, and sustainability of California's safety net. This funding builds on investments made through the 2022 Budget Act for reproductive health services and aims to promote comprehensive family planning and related services as the state responds to recent federal actions.

CalRx Reappropriation. The 2023 Budget Act includes a \$2 million one-time General Fund reappropriation and specifies the funds may be used for reproductive health care, if necessary. The budget includes statutory provisions to provide flexibility to the CalRx Program to procure

various pharmaceutical drugs, such as Mifepristone and Misoprostol, to address urgent and emerging reproductive health care needs.

Covered California Individual Shared Responsibility Penalty. The 2023 Budget Act provides \$361.7 million, increasing in future years, in revenues from the Individual Shared Responsibility Mandate penalty to the Health Care Affordability Reserve Fund (HCARF). Recall, the Administration previously proposed using the revenues for state General Fund.

Health Coverage Affordability Program. Covered California will receive \$82.5 million in 2023-24 and \$165 million ongoing in new HCARF revenues to bring down the costs of health care coverage obtained through the state's Exchange.

One Dollar Premium Subsidy. The 2023 Budget Act provides \$20.35 million ongoing General Fund to subsidize the premium cost of Covered California consumers for health plans due to federal policy related to abortion coverage.

Substance Use Disorders

Overdose Prevention and Harm Reduction Initiative. \$61 million one-time Opioid Settlements Fund over four years was included in the 2023 Budget Act to provide grants to local health jurisdictions and community-based organizations to support syringe exchange and disposal program activities, including treatment navigators.

Opioid and Fentanyl Response. \$14 million one-time Opioid Settlements Fund over four years was included in the 2023 Budget Act for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter 783, Statutes of 2022 (AB 2365) and to support innovative approaches to make fentanyl test strips and naloxone more widely available.

Naloxone Distribution Project Expansion. The 2023 Budget Act provides \$74.8 million in 2023-24, \$35.8 million in 2024-25, \$24.8 million in 2025-26, and \$24.1 million in 2026-27 from the Opioid Settlements Fund to expand the Naloxone Distribution Project to increase distribution to county agencies, first responders, law enforcement, and community-based organizations.

CalRx Naloxone Access Initiative. \$30 million one-time in Opioid Settlements Fund was included in the 2023 Budget Act to support the development or procurement of a lower-cost, generic version of a naloxone nasal product through the state's CalRx Program operated by CalHHS and HCAI. According to the Administration, this partnership will enable to the state to make naloxone more accessible statewide.

Climate Health

Public Health Climate and Health Resilience Planning. The 2023 Budget Act included a \$25 million reduction in 2022-23 for climate and health resilience planning grants to local health departments. If sufficient General Fund exists in January 2024, this budget reduction will be restored.

Other Programs & Initiatives

Health Equity & Racial Justice Fund. Despite the June budget agreement including placeholder trailer bill language to establish the Health Equity and Racial Justice (HERJ) Fund to collect funds to support community-based organizations and initiatives that promote health equity and racial justice, sponsors of the request were unable to reach a final agreement with the Newsom Administration. According to the sponsoring coalition, the Newsom Administration wanted provisions explicitly prohibiting the use of HERJ Funds for advocacy purposes. The [coalition did not agree](#) to the language, and the HERJ Fund was not established in statute.

HHS Innovation Accelerator Initiative. The 2023 Budget Act provides \$43 million in 2023-24 and \$32 million in 2024-25 one-time General Fund for the CalHHS Innovation Accelerator Initiative to address major health challenges, such as diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease. In August, CalHHS issued a request for proposals (RFP) for a contractor for the Innovation Accelerator Initiative.

CHW Reallocations. The 2023 Budget Act reallocated \$115 million General Fund from 2023-24 to 2024-25 and 2025-26 by \$57.5 million each year to support the HCAI Community Health Worker Program.

Promotoras de Salud Program. The 2023 Budget Act includes \$10 million one-time General Fund to support the Promotoras de Salud Program in the Department of Health Care Access and Information (HCAI). The program is intended to support community health, behavioral health, and social services supports in local communities.

Southern Border Response. The 2023 Budget Act includes \$150 million one-time General Fund to CDSS to continue humanitarian support efforts in partnership with various local providers at the Southern California Border.

Budget Resources

Please visit our [CHEAC Budget Advocacy](#) webpage for more information.

Questions. For questions on the items highlighted above or other budget-related inquiries, please feel free to contact Michelle Gibbons and Jack Anderson at (916) 327-7540 or via email at mgibbons@cheac.org and janderson@cheac.org, respectively.