



March 28, 2024

The Honorable Caroline Menjivar  
Chair, Senate Budget & Fiscal Review Subcommittee No. 3 on Health & Human Services  
1021 O Street, Suite 6720  
Sacramento, CA 95814

**RE: DHCS Budget: PNA PATH – REQUEST FOR REAPPROPRIATED FUNDING  
Budget Hearing April 4, 2024 – Sen. Budget & Fiscal Review Subcommittee No. 3**

Dear Senator Menjivar,

The County Health Executives Association of California (CHEAC), representing local health departments throughout the state, writes to request reallocation of unexpended FY 2022-23 and FY 2023-24 Support for Vital Public Health Activities funds originally appropriated to the California Department of Public Health (CDPH) to the Department of Health Care Services (DHCS) to establish and enhance local health department capacity and infrastructure to meet new requirements as part of the California Advancing and Innovating Medi-Cal (CalAIM) Population Health Management (PHM) Strategy.

We appreciate the leadership demonstrated in prior years by the Legislature and Administration to provide stable funding for increased public health workforce and infrastructure. Local health departments have worked diligently to hire new staff and many of these new positions are now filled. However, hiring was hampered by various challenges, including recruitment hurdles and accelerated retirements prompted by the pandemic and the harassment endured by public health officials. As a result of these challenges and the requirement to spend at least 70 percent of funds on staff, there are likely to be some unexpended funds from the first two years (FY 2022-23 and FY 2023-24). Instead of reverting back to the General Fund, local health departments request that unexpended funds support the infrastructure needed for successful implementation of the CalAIM PHM strategy, which includes a Population Needs Assessment (PNA) in partnership with Medi-Cal managed care plans and other stakeholders.

As part of the state's CalAIM Initiative, DHCS is requiring Medi-Cal managed care plans meet their PNA requirement to identify priority needs of local communities and Medi-Cal members by meaningfully engaging with local health departments and their community health assessment (CHA) and community health improvement plan (CHIP) activities. According to the Administration, CDPH will pursue a statutory change to require all local health departments, beginning January 1, 2028, to conduct a three-year CHA and CHIP cycle that is synchronized with DHCS Medi-Cal managed care plan timelines. Local health departments and managed care plans have been instructed to utilize 2024-27 as a ramp-up period to begin transitioning to the statewide three-year synchronized cycle.

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Importantly, local health departments do not have dedicated funding to support this new required work in partnership with Medi-Cal managed care plans. Utilizing the state's existing CalAIM Providing Access and Transforming Health (PATH) structure, which is intended to build the infrastructure needed for successful CalAIM initiatives, CHEAC requests reallocation of unexpended FY 2022-23 and FY 2023-24 Support for Vital Public Health Activities funds to establish a competitive funding opportunity titled PNA PATH. This funding would assist local health departments in building key capabilities such as data exchange platforms, data visualization and analysis tools, project management, staffing or consultants, in addition to supporting community engagement activities, and other related purposes.

With this dedicated funding to support the expanded use of CHAs and CHIPs, California local health departments are eager to strengthen collaborative partnerships with Medi-Cal managed care plans and other partners to comprehensively assess the health status of communities and develop actionable plans to improve the health of California residents.

Should you have any questions, please contact me at [mgibbons@cheac.org](mailto:mgibbons@cheac.org) or 916-327-7540. Thank you.

Respectfully,

As signed by

Michelle Gibbons  
Executive Director

cc: Honorable Members, Senate Budget & Fiscal Review Subcommittee No. 3  
Scott Ogus, Deputy Staff Director, Senate Budget & Fiscal Review Subcommittee No. 3  
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Kirk Feely, Fiscal Director, Senate Republican Caucus  
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