HEALTH TRAILER BILL SUMMARY – SB159

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

Health Care Affordability Reserve Fund Loan to General Fund (GOV 100520.5)

- Delays repayment of the Health Care Affordability Reserve Fund loan to the state General Fund, originally set to be repaid in 2025-26, to three annual installments of $200 million in fiscal years 2026-27, 2027-28, and 2028-29.

Office of Oral Health Clinical Dental Rotations (HSC 104751)

- Requires the CDPH Office of Oral Health, in consultation with the Dental Board of California, the California Dental Association, California dental schools, and other stakeholders, to support the establishment of community-based clinical education (CBCE) rotations for dental students in their final year or dental residents.
- Exempts CDPH Office of Oral Health from public contracting requirements.
- Specifies eligible community clinical dental settings include but are not limited to FQHCs, private dental offices, and mobile dentistry, and requires settings to be in a designated dental health professional shortage area (DHPSA).
- Requires CDPH Office of Oral Health to compile data and prepare a report to the Legislature on or before July 1, 2027, that outlines desired outcomes related to number of underserved children and adults served by students and residents, total number of student and resident trainees, number and types of community-based preventive and treatment procedures provided by students, the proportion of graduating dental students and residents rotating in CBCE sites who express interest in working in a DHPSA, and the proportion of graduating students with CBCE training who will be recruited to FQHCs or other rural and community health clinics through state loan repayment programs, including the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act Program.
- Specifies provisions in effect until June 30, 2029, and repeals provisions as of that date.

Repeal of State Dental Program General Fund Backfill (RTC 30130.59)

- Repeals statutory provisions requiring an ongoing General Fund backfill in the event of reduced Proposition 56 revenues to maintain the state dental program at $30 million annually.

Electronic Cigarette Settlements Fund (GOV 12536)

- Establishes in the State Treasury the Electronic Cigarette Settlements Fund. Requires CDPH to administer the fund.
- Requires the Controller, upon the order of the Department of Finance, to transfer specified JUUL Labs, Inc. settlement funds from the Litigation Deposits Fund to the Electronic Cigarette Settlements Fund.
- Upon appropriation by the Legislature, requires that moneys from the Electronic Cigarette Settlements Fund to be used for activities in accordance with the terms reached in the settlement.
- Specifies provisions in effect until July 1, 2035, and repealed as of January 1, 2036.

Syndromic Surveillance (HSC 131360-131380)

- Subject to an appropriation, authorizes CDPH to designate an existing syndromic surveillance system or create a new syndromic surveillance system to facilitate the reporting of electronic health data.
- Specifies the purpose is to authorize CDPH to collect public health and medical data in near real time to detect and investigate changes in the occurrence of disease in the population, especially as a result of a disease outbreak or other public health emergency, disaster, or special event and to support responses to emerging public health threats and conditions impacting the health of California residents.

- Requires the state syndromic surveillance system to, at a minimum, provide local health departments access to and use of a secure, integrated electronic health system with standardized analytical tools and processes to rapidly collect, evaluate, share, and store syndromic surveillance data.
- Authorizes CDPH to modify at any time the list of data elements, electronic transmission standards, data transmission schedules, and instructions pertaining to the program. Exempts these changes from administrative regulation and rulemaking requirements.
- Defines a specified entity required to provide data, as a general acute care hospital with an emergency department. Authorizes CDPH to adopt regulations to specify any other entity that is required to provide data pursuant to this section.
- Requires specified entities to collect and report data electronically in as near as possible to real-time to:
    - The syndromic surveillance system developed by CDPH in accordance with the schedule, standards, and requirements established by CDPH; and
    - A local health department that participates in a syndromic surveillance system or maintains its own system.
- Authorizes a specified entity to decline reporting electronic health data to CDPH if the LHD in which the specified entity is located participates in or maintains its own syndromic surveillance system that has, or by no later than July 1, 2027, will have, the capacity to transmit the specified entity's required electronic health and medical data to CDPH's designated syndromic surveillance system in near real time and the specified entity reports electronic health data and medical data to the LHD syndromic surveillance system.
- Requires CDPH to provide guidance and technical assistance to LHDs that participate in or maintain their own syndromic surveillance system to develop automated transmission of data from local systems into the state system by July 1, 2027.
- Retains authority for LHD to require a specified entity to submit additional data to the LHD in addition to the data required to be submitted to CDPH.
- Specifies data elements, electronic transmission standards, data transmission schedules, and instructions include but are not limited to elements adopted for use by the CDC's Public Health Information Network Messaging Guide for Syndromic Surveillance: Emergency Department, Urgent Care, Inpatient and Ambulatory Care Settings (release 2.0 or any subsequent versions).
- Specifies no civil or criminal penalty, fine, sanction, or finding, denial, suspension, or revocation of licensure from any person or facility may be imposed based upon the failure to provide data elements required by statute, unless the data elements, electronic submission standards, and data transmission schedule submissions required to be provided by the specified entity was printed in the California Code of Regulations and CDPH notified the entity of the data reporting requirement at least six months prior to the date of the claimed failure to report or submit the data.
- Requires CDPH to provide each LHD as near as possible to real-time access to its jurisdiction's data entered into the state syndromic surveillance system.
- Authorizes CDPH, at its discretion, to approve the sharing of data with state governmental entities, local health departments, and specified entities (if access is limited to the specified entity's own data). CDPH may, at its discretion, share data with persons with a valid scientific interest who are engaged in demographic, epidemiological, or other similar studies related to health. Authorizes CDPH, at its discretion, to share data with the CDC if the CDC agrees in writing to maintain the confidentiality of the data before confidential data is disclosed.
- Specifies all data collected pursuant to this chapter shall be confidential. Specifies data sharing confidentiality and privacy provisions.

Health Care Worker Wage Increase Delay (LAB 1181.16)

- Delays specified health care worker wage increases pursuant to SB 525 (Chapter 890, Statutes of 2023) until either of the following occurs:

- If, on or before October 15, 2024, the Director of Finance notifies the Joint Legislative Budget Committee that the Department of Finance has determined that agency cash receipts for the period from July 1-September 30, 2024, are at least three percent higher than the agency cash receipts projected at the time of the 2024 Budget Act was enacted for the same period based on current law as of the 2024 Budget Act, the minimum wage increases shall be effective October 15, 2024.
- If DHCS notifies the Joint Legislative Budget Committee that it has initiated data retrieval necessary to implement an increase to hospital quality assurance fee revenues for the program period beginning January 1, 2025, which would fund increases to supplemental Medi-Cal program payments to hospitals that will provide significant new revenues to hospitals and could support hospitals in complying with, and partially mitigate Medi-Cal program costs of, the minimum wage increase shall be effective the earlier of January 1, 2025, or 15 days after the date of the DHCS notification to the Joint Legislative Budget Committee.

WIC Program Online Retailers (HSC 123322)

- Requires CDPH to establish WIC requirements for retail food delivery systems, including criteria for vendor authorization and management and online shopping.
- Requires WIC authorized vendors approved for online shopping to maintain a fixed physical location in California.
- Requires CDPH, to the extent feasible within existing resources, to regularly monitor the impact that online purchases made through the WIC program have on reducing barriers to healthy food for people who live in food deserts as well as the impact that online WIC purchases have on increasing the size of food deserts or the number of food deserts in California.

School-Linked Behavioral Health Services (WIC 5961.4)

- Authorizes DHCS to contract with an entity to administer the school-linked statewide behavioral health provider network.
- Requires the entity administering the school-linked behavioral health provider network to do the following:
  - Create and administer a process for enrolling and credentialing all eligible practitioners and providers seeking to provide medically necessary schoolsite services.
  - Create and administer a process for the submission and reimbursement of claims eligible to be reimbursed, which may include resolving disputes related to the school-linked statewide all-payer fee schedule and administering fee collection.
  - Create and administer a mechanism for the sharing of data between the contracted entity and a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite services subject to the school-linked statewide all-payer fee schedule that is necessary to facilitate timely claims processing, payment, reporting, avoid duplication of claims, allow for tracking of grievance remediation, and facilitate coordination of care and continuity of care for enrollees.
- Requires a provider or practitioner of medically necessary schoolsite services participating in the school-linked behavioral health provider network to do the following:
  - Comply with all administrative requirements necessary to be enrolled in credentialed, as applicable, by the entity that administers the school-linked statewide behavioral health provider network.
  - Submit all claims for reimbursement for services billed under the school-linked statewide all payer fee schedule through the entity that administers the statewide behavioral health provider network.
  - If the provider has or enters into a direct agreement with a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite services outside the school linked statewide all payer fee schedule, providers shall be allowed to bill for services provided directly under the terms of the established agreement.

- Requires a health care service plan, insurer, or Medi-Cal managed care plan that covers medically necessary schoolsite services subject to the school-linked statewide all-payer fee schedule to comply with all administrative requirements necessary to cover and reimburse those services set forth by the contracted entity that administers the statewide behavioral health provider network.
- If an agreement exists outside of the school-linked statewide all-payer fee schedule, between a provider and a health care service plan, insurer, or Medi-Cal managed care plan, the health care service plan, insurer, or Medi-Cal managed care plan shall do the following:
    - At a minimum, reimburse the contracted provider at the school-linked statewide all-payer fee schedule rate.
    - Provide to DHCS data deemed necessary and appropriate for program reporting and compliance purposes.
    - Comply with all administrative requirements necessary to cover and reimburse medically necessary services subject to the statewide all-payer fee schedule, as determined by DHCS.
- Requires DHCS to establish and charge a fee to participating health care service plans, insurers, or Medi-Cal managed care plans to cover the reasonable cost of administering the school-linked statewide behavioral health provider network. Requires DHCS to set the fees at an amount that it projects is sufficient to cover all administrative costs incurred by the state associated with implementing this network and consider the assessed volume of claims and providers that are credentialed and enrolled by the contracted entity.
- Specifies DHCS shall not assess the insurer fee until the time that the contract between the department and the entity begins.
- Authorizes DHCS to periodically update the amount and structure of the fees, as necessary, to provide sufficient funding for the network. Requires fees to be evaluated annually and based on the state's projected costs for the forthcoming fiscal year. Requires DHCS to notify the Legislature of proposed fee increases through the submission of the semiannual Medi-Cal estimates provided to the Legislature.
- Establishes the Behavioral Health Schoolsite Fee Schedule Administration Fund in the state treasury. Requires DHCS to administer the fund consistent with statute.
- Authorizes funds to be loaned to the state General Fund. Specifies resources remaining in the fund at the end of a fiscal year shall be available for use in the following fiscal year and taken into consideration and establishment of fees for the subsequent fiscal year.

Children's Hospital Directed Payments (WIC 14197.6)

- Requires DHCS, for dates of service no sooner than July 1, 2024, to establish a directed payment reimbursement methodology, or revise one or more existing directed payment methodologies, applicable to children's hospitals. Requires Medi-Cal managed care plans to reimburse children's hospitals in accordance with the DHCS requirements of the directed payment arrangement.
- Requires DHCS to establish the form and manner of the directed payments in consultation with representatives of children's hospitals.
- Requires DHCS to seek any federal approvals that it deems necessary. Specifies implementation of the directed payment shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and not otherwise jeopardized.
- Continuously appropriates $115 million annually from the General Fund, no sooner than July 1, 2024, to DHCS to support the directed payments to children's hospitals.
- Authorizes DHCS to modify amounts available for directed payments to children's hospitals in an amount not to exceed $75 million annually if the Protect Access to Health Care Act of 2024 is approved by the voters at the November General Election ballot and children's hospitals receive increased reimbursement rates or payments.

- Specifies intent of the Legislature that the payments are to augment amounts that would otherwise be payable to children's hospitals by a medical managed care plan or DHCS. It is not the intent of the Legislature that the payments implemented replace amounts that would otherwise be payable by a medical managed care plan or DHCS to children's hospitals.

Medi-Cal Provider Payment Increases and Investments Act (MCO Tax) (WIC 14124.160-14124.168)

- Specifies goals of the act, including to improve access to high-quality care for Medi-Cal members, promote provider participation in the Medi-Cal program, and strengthen the Medi-Cal program's foundation through reimbursement methodologies that are more competitive with other payors and, where applicable, allow for periodic adjustments to keep pace with health care cost inflation.
- Removes as a designated expenditure from the Medi-Cal Provider Payment Reserve Fund a $75 million annual transfer to the University of California for graduate medical education programs.
- Adds as designated expenditures from the Medi-Cal Provider Payment Reserve Fund the following:
  - $40 million transfer to support HCAI health care workforce investments.
  - Increased costs from children's Medi-Cal continuous eligibility up to age five.
  - DHCS administration of the MCO tax and revenue disbursements.
- Provides Medi-Cal provider rate increases for the following provider types and services, effective January 1, 2025:
  - Abortion care and family planning services (including Family PACT providers)
  - Physician emergency department services
  - Ground emergency medical transportation**.**
  - Air ambulances
  - Community-based adult services
  - Congregate living health facilities
  - Pediatric day health centers
  - Community health workers (to achieve 100 percent of Medicare rate)
- Provides Medi-Cal provider rate increases for the following provider types and services, effective January 1, 2026:
  - Physician and nonphysician health services
  - Services and supports for FQHCs and RHCs
  - Private duty nursing
  - Continuous Medi-Cal coverage for children up to age five
  - Non-emergency medical transportation
- Specifies that if the MCO tax initiative on the November 2024 General Election Ballot is approved by voters, MCO tax disbursements pursuant to the final budget act agreement shall be inoperable effective January 1, 2025.

340B Clinic Directed Payments (WIC 14105.468)

- Requires DHCS to establish and implement a directed payment program, beginning for dates of service on or after January 1, 2025, under which a qualifying nonhospital 340B community clinic may earn payments from contracted Medi-Cal managed care plans, subject to an appropriation by the Legislature.
- Requires DHCS, beginning for dates of service on or after January 1, 2026, to increase the amount of directed payments with amounts allocated from the Medi-Cal Provider Payment Reserve Fund.

- Requires DHCS, in consultation with affected stakeholders and Medi-Cal managed care plans, to establish the methodology parameters and eligibility criteria for the directed payments to qualifying nonhospital 340B community clinics. These parameters shall include, but is not limited to, the milestones and metrics that a community clinic must meet in order to receive a directed payment.
- Requires DHCS to seek any federal approvals that it deems necessary. Specifies implementation of the directed payment shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and not otherwise jeopardized.

Children's Medi-Cal Continuous Eligibility (INS 12693.74)

- Requires a child to remain continuously eligible for Medi-Cal coverage up to five years of age to the extent federal financial participation is available, necessary federal approvals are obtained, and state systems have been programmed.
- Requires DHCS to issue a declaration certifying readiness of continuous eligibility coverage. Authorizes the DHCS director to modify eligibility criteria to the extent necessary if continuous eligibility jeopardizes the state's ability to receive federal financial participation.
- Specifies that if voters approve the MCO Tax proposal at the November General Election, continuous eligibility provisions are repealed as of January 1, 2025. If voters do not approve of the initiative, the provisions shall become operative on January 1, 2026.

DHCS COVID-19 Vaccine Coverage (WIC 14124.12)

- Amends existing statute to align COVID-19 vaccine administration payments to payment reimbursement structures for vaccines administered in accordance with the Medi-Cal state plan.

Public Hospital Directed Payments (WIC 14197.4)

- Requires DHCS for voluntary intergovernmental transfers associated with payments to designated public hospital systems, in consultation with the designated public hospital systems, to determine the available funding for the non-federal share associated with intergovernmental transfers for the rate year, in addition to the fiscal year.
- Authorizes DHCS, commencing with the 2025 calendar year, to assess a fee not to exceed five percent on intergovernmental transfers to reimburse DHCS for the administrative costs of operating the directed payment programs and for the support of the Medi-Cal program.
- Modifies statutory references to defined designated public hospitals.

County Medi-Cal Eligibility Increases (WIC 14154)

- Suspends cost-of-doing-business increases for county Medi-Cal eligibility administration from 2024-25 through 2027-28.

Distressed Hospital Loan Program (HSC 129385)

- Extends availability of Distressed Hospital Loan Program funds from June 30, 2026, to December 31, 2031.

Major Risk Medical Insurance Program (MRMIP) Elimination (WIC 15877)

- Ceases coverage through the DHCS Major Risk Medical Insurance Program on December 31, 2024.
- Requires DHCS to direct participating health plans to inform all MRMIP subscribers of the sunset of the program.
- Requires participating health plans to send specified notifications to subscribers regarding other health coverage options through the California Health Benefit Exchange on August 1, October 1, and December 1, 2024.
- Authorizes DHCS to disclose subscriber information to the Exchange to assist program subscribers transition into new coverage. Specifies various confidentiality and privacy protections related to disclosure of information.

- Requires DHCS to complete payments to, or payment reconciliations with, participating health plans or other contractors, process appeals, and conduct other necessary termination activities.
- Beginning November 1, 2024, and ending upon the completion of coverage transitions, requires DHCS to provide monthly updates to legislative health and budget committees on the status of the transition of subscribers to other coverage. Updates shall include the number of subscribers who have transitioned, to where, the number remaining in the program, and any available demographic information of each subscriber.

Behavioral Health Services Oversight and Accountability Commission (WIC 5845)

- Allows the commission to delegate to the Executive Director any power, duty, purpose, function or jurisdiction that the commission may lawfully delegate.
- Allows the Executive Director to redelegate to their designee.

BHSA Innovation Partnership Fund (WIC 5845.1)

- Amends existing BHSA-related statute to allow private donations or grants, federal or state grants, and any accrued interest to be utilized for the BHSA Innovation Partnership Fund.

AIDS Drug Assistance Program (ADAP) Rebate Fund

- Authorizes CDPH Office of AIDS to expend ADAP Rebate Funds to support prevention services for individuals most vulnerable to HIV, including but not limited to harm reduction services, internal and external condoms, or other preventive measures to limit individuals from contracting HIV. Specifies to the extent that funds are available, authorizes the CDPH Office of AIDS to allocate funds to local health departments and community-based organizations to support HIV prevention.
- Authorizes CDPH, to the extent activities are an allowable use of the AIDS Drug Assistance Program Rebate Fund, to spend up to $23 million from the ADAP Rebate Fund to implement the following:
    - Beginning January 1, 2025, increase ADAP and PrEP-Assistance Program financial eligibility standards from a modified adjusted gross income that does not exceed 500 percent of the federal poverty level per year based on family size and household income to 600 percent of the federal poverty level per year based on family size and household income**.**
    - Beginning January 1, 2025, increase the cap on premium payments from $1,938 per month to $2,996 per month for the Office of AIDS Health Insurance Premium Payment (HIPP) program, the Employer-Based HIPP Program, and the Medicare Premium Payment Program.
    - Beginning January 1, 2025, modify the ADAP formulary to an open formulary.
    - Allocate $5 million annually for three years, beginning July 1, 2024, to the Transgender, Gender Nonconforming, and Intersex Wellness and Equity Fund to fund services related to care and treatment for eligible individuals living with HIV and AIDS.
    - Allocate $10 million annually for three years, beginning July 1, 2024, to fund the Harm Reduction Supply Clearinghouse to fund HIV prevention supplies to California syringe access programs.
    - Allocate $200,000 in 2024-25, available until June 30, 2027, for the Office of AIDS to create, develop, or contract for a needs assessment and analysis to identify needs for client navigation and retention services for clients enrolled in a Ryan White HIV/AIDS Program through the Office of AIDS.

- Allocate $200,000 in 2024-25, available until June 30, 2027, for the Office of AIDS to create, develop, or contract for a needs assessment and analysis aimed at understanding the potential needs for Pre-Exposure Prophylaxis (PrEP) Navigation Services Program.
- Allocate $5 million in 2024-25, available until June 30, 2027, to distribute funding to a community-based organization (CBO) to make internal and external condoms available pursuant to Education Code 35292.7 if Senate Bill 954 of the 2023-24 Regular Session becomes effective.

- Requires CDPH to submit to the Legislature as part of the 2025-26 Governor's Budget a plan for modernization and expansion of ADAP and related programs with a focus on addressing the epidemic of HIV/AIDS in California. The plan must be developed in consultation with stakeholders and the Legislature should consider whether the proposed activity is an eligible use of the ADAP Rebate Fund, availability of funding, and whether the action advances access to services.