



2022-23 Budget Act

Department of Health Care Services

Effective July 1, 2022

**Gavin Newsom
Governor
State of California**

**Mark A. Ghaly, MD, MPH
Secretary
California Health and Human Services Agency**

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This document provides a summary of the 2022-23 Budget Act, including related statutory changes. The DHCS budget builds on the Administration’s previous investments and enables the Department to continue to transform Medi-Cal into a system that operates more efficiently and effectively for its millions of beneficiaries, and the people of California as a whole. The whole-system, whole-person, population health approach will preserve and improve the overall health and well-being of Californians—as we progress on the goal of a Healthy California for All.

GENERAL BUDGET OVERVIEW

For Fiscal Year (FY) 2022-23, the DHCS budget includes a total of \$144.2 billion and 4,641.5 positions for the support of DHCS programs and services. Of that amount, \$1.6 billion funds state operations (DHCS operations), while \$142.6 billion supports local assistance (funding for program costs, partners, and administration). These expenditures are consistent with the final Budget Act of 2022, as reflected in Chapter 43, Statutes of 2022 (SB 154), and Chapter 45, Statutes of 2022 (AB 178), and the final Budget Act of 2021, as recently amended by Chapter 44, Statutes of 2022 (AB 180).

Total DHCS Budget

(Includes non-Budget Act appropriations)

Fund Source*	FY 2021-22 Enacted Budget	FY 2021-22 Revised Budget	FY 2022-23 Budget
Local Assistance (LA)			
LA General Fund	\$ 28,344,371	\$ 25,498,115	\$ 36,802,077
LA Federal Funds	\$ 83,799,696	\$ 86,456,395	\$ 88,816,908
LA Special Funds	\$ 14,538,757	\$ 14,586,413	\$ 14,991,931
LA Reimbursements	\$ 1,180,334	\$ 1,323,172	\$ 1,978,609
Total Local Assistance	\$ 127,863,158	\$127,864,095	\$142,589,525
State Operations (SO)			
SO General Fund	\$ 311,380	\$ 318,248	\$ 530,567
SO Federal Funds	\$ 568,665	\$ 574,309	\$ 643,421
SO Special Funds	\$ 358,268	\$ 413,954	\$ 422,459
SO Reimbursements	\$ 21,291	\$ 21,509	\$ 25,079
Total State Operations	\$ 1,259,604	\$ 1,328,020	\$1,621,526
Total Funds			
Total General Fund	\$ 28,655,751	\$ 25,816,363	\$ 37,442,644
Total Federal Funds	\$ 84,368,361	\$ 87,030,704	\$ 89,460,329
Total Special Funds	\$ 14,897,025	\$ 15,000,367	\$ 15,414,390
Total Reimbursements	\$ 1,201,625	\$ 1,344,681	\$ 2,003,688
Total Funds	\$ 129,122,762	\$129,192,115	\$144,211,051
<i>* Dollars in Thousands</i>			

MAJOR BUDGET ISSUES AND UPDATES

Medi-Cal for All

The Budget includes expanding full-scope Medi-Cal coverage to over 700,000 undocumented adults aged 26 through 49, effective no sooner than January 1, 2024. This expansion is anticipated to result in costs of \$834 million total funds (\$625 million General Fund) in FY 2023-24 and \$2.6 billion total funds (\$2.1 billion General Fund) at full implementation. With this expansion, full-scope Medi-Cal coverage will be available to all otherwise eligible Californians regardless of immigration status.

The Budget includes approximately \$67 million total funds (\$53 million General Fund) in FY 2021-22 and \$745 million total funds (\$628 General Fund) in FY 2022-23 benefit costs to expand full-scope Medi-Cal benefits to older adults 50 years of age or older implemented on May 1, 2022.

The Budget includes \$287 million total funds (\$197 million General Fund) in FY 2021-22 and \$334 million total funds (\$226 million General Fund) in FY 2022-23 for the undocumented young adult population. The young adult expansion implemented January 2020.

Value Based Payments

Skilled Nursing Facility Financing Reform

The budget includes a new nursing facility financing methodology effective from January 1, 2022 to December 31, 2026, while implementing reforms that incentivize quality patient care, emphasize the critical role of workforce, hold skilled nursing facilities accountable for quality of care through both a new Workforce & Quality Incentive Program and new quality sanctions, better balance distribution of annual rate increases, and result in the long-term financial viability of these providers in the Medi-Cal managed care environment. In addition, the Budget includes a one-year extension of the 10-percent COVID-19 rate increase and includes additional rate increases subject to facilities meeting specified workforce standards such as a collective bargaining agreement or labor-management committee. The FY 2022-23 budget includes \$340 million total funds (\$165 million General Fund) to implement nursing facility financing reform.

Federally Qualified Health Center (FQHC) Alternative Payment Model Project

The budget includes language that authorizes DHCS to implement the alternative payment model reimbursement methodology for FQHCs to incentivize delivery system and practice transformation through flexibilities available by moving away from volume-based reimbursement methodology.

Retention Payments for Hospital, Skilled Nursing Facility, and Other Specified Health Care Workers

AB 180, Budget Bill Jr. #7 for 2021-22, includes \$1,083,000,000 (\$1,077,600,000 local assistance and \$5,400,000 state operations) for one-time payments to eligible California

hospital, nursing facility, and other specified workers who have been at the frontlines delivering care to the most acute patients during the COVID-19 pandemic.

Medi-Cal's Strategy to Support Health and Opportunity for Children and Families

DHCS is responsible for the health care of over 50 percent of California's children. DHCS takes this responsibility seriously and is committed to improving children's health and opportunities. To this end, DHCS launched a forward-looking strategy for children and families enrolled in Medi-Cal. The strategy unifies the common threads of existing and newly proposed child and family health initiatives, and solidifies DHCS' accountability and oversight of children's services. Providing a comprehensive vision of children's health investments that outlines key policy developments and how they fit together as well as new strategies to establish greater accountability for the care provided to children. The Budget includes the following:

- **Equity and Practice Transformation Payments**

Equity and Practice Transformation Payments will advance equity; address gaps in preventive, maternity, and behavioral health care measures; reduce COVID-19 driven disparities; support upstream interventions to address social drivers of health and improve early childhood outcomes; and prepare practices to accept risk-based contracts and move towards value-based care. Such actions align with the goals of the Medi-Cal Comprehensive Quality and Equity Strategy and the Bold Goals 50x2025 initiative.

The budget includes a combined \$700 million in total funds over multiple years. Of the \$700 million total, \$140 million total funds (\$70 million General Fund) is provided in FY 2022-23. Over the multiyear period, the \$700 million will support:

- A statewide learning collaborative for grantees (\$25 million total funds), practice-level activities (\$25 million total funds), and equity and practice transformation payments (\$650 million total funds).
- \$200 million total funds (\$100 million General Fund) from the equity and transformation payments will be used to prepare practices for value-based care, including implementing practice infrastructure such as electronic health record systems, improved data collection and exchange, and implementation of care management systems.

- **Reduce Premiums to Zero**

The Budget includes \$53.3 million total funds (\$19.7 million General Fund) to reduce premiums to zero for programs under the Children's Health Insurance Program (CHIP) and the 250 Percent of Federal Poverty Level Working Disabled Program.

- **Discontinue Child Health and Disability Program (CHDP) and Expand Children's Presumptive Eligibility**

The Budget sunsets the CHDP program by July 1, 2024 and preserves presumptive eligibility enrollment activities currently offered through the CHDP gateway, as well as

activities currently performed by CHDP counties under the Childhood Lead Poisoning Prevention Program.

California Advancing and Innovating Medi-Cal (CalAIM) Updates

The Budget includes \$1.1 billion total funds (\$459 million General Fund) in FY 2021-22 and \$3.1 billion total funds (\$1.2 billion General Fund) in FY 2022-23. The updates to CalAIM include:

- **Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) and Subacute Carve-in Delay:** The delay of the transition of ICF/DDs and Subacute Care Facilities into managed care from January 1, 2023 to July 1, 2023.
- **Population Health Management Service:** The Population Health Management Service is anticipated to go live statewide in July 2023, with additional PHM Service capabilities incrementally phased in thereafter.
- **Transitions to Managed Care:** The transition of all mandatory populations to managed care pursuant to CalAIM in January 2023.
- **Justice Package:** The coverage of medications consistent with the full scope of covered outpatient drugs under Medi-Cal State Plan as part of the 90-day pre-release services.
- **Designated State Health Programs (DSHP):** The Budget replaces CalAIM DSHP funding with General Fund support in order to ensure sufficient funding authority to implement CalAIM.

Behavioral Health

Behavioral Health Bridge Housing

The Budget includes funding for behavioral health bridge housing, totaling \$1.5 billion General Fund (\$1 billion in FY 2022-23 and \$500 million in FY 2023-24), to address the immediate housing and treatment needs of people experiencing unsheltered homelessness with serious behavioral health conditions by providing time-limited operational supports in various bridge housing settings.

Mobile Crisis Services

The Budget includes \$108.5 million total funds (\$16.3 million General Fund) to add qualifying 24 hours a day, 7 days a week community-based mobile crisis intervention services as soon as January 1, 2023, as a mandatory Medi-Cal benefit available to eligible Medi-Cal beneficiaries, statewide.

Los Angeles County Misdemeanor Incompetent to Stand Trial (IST) Services and Supports

The Budget includes \$100 million General Fund payable to Los Angeles County to support and expand access to treatment for moderately to severely mentally ill, justice-involved individuals,

including through the construction, acquisition, or rehabilitation of a mental health care treatment facility or facilities.

Behavioral Health County Recoupment Update

The Budget updates the county recoupment amount for psychiatric inpatient hospital claims and overpayments related beneficiaries with unsatisfactory immigration status based on updated claims data and delays these recoupments by one year, resulting in the loss of \$61 million in General Fund savings in FY 2022-23. The Budget assumes recoupments related to an U.S. Department of Health and Human Services Office of Inspector General audit settlement will continue to be recouped from county realignment funds in FY 2021-22 through FY 2024-25.

New Opioid Settlements Fund State-Directed Program

As prescription opioid-related overdoses have decreased over time due to successful interventions addressing prescribing patterns, deaths related to synthetic opioids and psychostimulants with abuse potential have increased. Illicit synthetic opioids (primarily fentanyl and fentanyl analogs) and psychostimulants with abuse potential (such as methamphetamine and cocaine) have become increasingly available in the drug supply. Illicit fentanyl, stimulant, and polydrug-related overdoses require new and varied intervention approaches.

The Budget includes \$39.1 million one-time Opioid Settlements Fund (OSF) in FY 2022-23.

- Increase Medication Assisted Treatment Expansion Project to distribute naloxone to homeless service providers by \$10 million (from \$5 million to \$15 million).
- Increase SUD provider workforce training funding by \$29.1 million (from \$22 million to \$51.1 million).

Crisis Continuum Planning

The Budget includes \$1.5 million General Fund in FY 2022-23 to continue the contract to support planning for the statewide 988 implementation and behavioral health crisis continuum of care at the California Health and Human Services Agency (CalHHS).

Benefits and Delivery System

Doula Benefit

Based on discussions with stakeholders and additional policy development, the budget assumes the rate paid for doula services to be an estimated average cost per individual case of \$1,094.

- The implementation date for the doula benefit will be shifted from July 2022 to January 2023.
- The Budget includes \$974,000 total funds (\$377,000 General Fund) in 2022-23 for the doula benefit.

Telehealth

As a result of discussions with the Telehealth Advisory Workgroup, as required pursuant to Assembly Bill 133 (Committee on Budget, Chapter 143, Statutes of 2021), the Budget includes the telehealth policy approaches DHCS will implement upon the end of the public health

emergency (PHE). Below are a few key highlights of the DHCS telehealth policy that will be implemented upon the end of the PHE:

- Maintains payment parity of baseline coverage of video, audio-only and asynchronous telehealth modalities to the extent the rendered services meet the intent of the applicable face-to-face billing code.
- Maintains ability of FQHC and Rural Health Clinic providers and their associated patients to be in settings outside out of the clinic for the provision of care provided via telehealth modalities and for the clinics to be paid for billable services in accordance with existing billing policies.
- Allows the establishment of new patients via in-person or video-only visits and does not allow the establishment of new patients using audio-only modalities; DHCS will consider exceptions to this policy with stakeholder input and as policy evolves relative to audio only visits.
- Patient consent requirements in which among other things, DHCS, with stakeholder input, will develop model language that will support patient choice and equitable access to care.
- Patient right to in-person services and requires telehealth only providers, no sooner than January 1, 2024, to offer services via in-person face-to-face contact or links the individual to a provider who can render in-person care.
- Patient choice of telehealth modality and requires, no sooner than January 1, 2024, that audio-only telehealth providers must offer video telehealth visits; DHCS will allow for exceptions if providers lack broadband access.
- Demonstration of Network Adequacy in which Medi-Cal managed care plans, county Mental Health Plans and county Drug Medi-Cal Organized Delivery System plans will have an ability to use clinically appropriate video synchronous interaction as a means of demonstrating compliance with the network adequacy time or distance standards.

Cognitive Health Assessments

Chapter 484, Statutes of 2021 (SB 48) makes an annual cognitive health assessment a covered benefit to Medi-Cal beneficiaries who are 65 years of age or older, if they are otherwise ineligible for a similar assessment as part of an annual wellness visit under Medicare. The Budget includes \$74,000 total funds (\$36,000 General Fund) for cognitive health assessments.

Medi-Cal Dental Policy Evidence Based Practices

The Budget includes \$37.1 million total funds (\$12.9 million General Fund) to implement Medi-Cal dental policy that includes evidence-based practices consistent with the American Association of Pediatric Dentists and the American Dental Association.

Family Planning, Access, Care and Treatment (FPACT) Human Papillomavirus (HPV) Vaccine Coverage

The budget includes \$8 million total funds (\$4.6 million General Fund) to expand the FPACT program to include the HPV vaccine for individuals age 19 through 45.

Home- and Community-Based Alternatives (HCBA) Waiver

The Budget includes \$303.5 million total funds (\$151.7 million General Fund) to implement changes related to the waiver renewal application submitted for a new five-year term from January 1, 2022 through December 31, 2023. The waiver increases the number of slots available, expands the Community Transition Service, add Assistive Technology as a new waiver service, adds Paramedical Services as an extended State Plan benefit, adds Pediatric Day Health Centers licensed to operate a Transitional Health Care Needs Optional Service Unit, and increases the rate paid to Personal Care Agencies.

New Tribal Investments

- Friendship House of American Indians - The Budget includes \$15 million General Fund to support the construction cost of The Village San Francisco.
- Yurok Tribe of California - The Budget includes \$15 million General Fund for the Tribe to establish a Regional Wellness Center.

Conforms Coverage of Clinical Trials in the Medi-Cal Program to Federal Law

The Department is required to conform the coverage and reimbursement of routine patient costs associated with participation in qualifying clinical trials in the Medi-Cal program with federal law. Currently, federal law defines clinical trials more broadly than current state law and the Budget updates state law to come into compliance with this new federal requirement. The Budget includes \$4.3 million total funds (\$1.6 million General Fund) for this change in FY 2022-23.

COVID-19 Public Health Emergency Budget Impact Update

Major updates to COVID-19 assumptions and projected impacts include:

- **Testing in Schools.** The Budget Act of 2021 included \$575 million total funds (\$265 million General Fund) for COVID-19 testing in schools in FY 2021-22, not accounting for increased federal medical assistance percentage (FMAP). However, schools have largely relied on direct federal funding to support testing costs rather than billing Medi-Cal for eligible students. As a result, the revised budget for FY 2021-22 no longer assumes costs related to schools directly billing Medi-Cal for COVID-19 testing in FY 2021-22, but instead includes \$200 million in costs for the state to directly purchase COVID-19 tests for use in schools. The Budget also includes \$405 million total funds (\$102 million General Fund) in FY 2022-23 for schools to directly bill Medi-Cal for COVID-19 testing, coinciding with the assumed end of direct federal funding.
- **Vaccine Administration Costs.** As part of American Rescue Plan (ARP), the federal government assumed full responsibility to cover vaccine administration costs in Medi-Cal beginning April 1, 2021. Based on more recent information about vaccination take-up, claiming, and the payment timing, the Budget includes \$251.4 million total funds (\$26.3 million General Fund) in FY 2021-22 and \$176.5 million total funds (\$9.4 million General Fund) in FY 2022-23 to cover vaccine administration costs, not accounting for increased FMAP. These amounts are adjusted to avoid double counting the impact of increased FMAP available under the federal Families First Coronavirus Response Act (FFCRA). (Note that manual processes to claim 100 percent federal funding for vaccine

administration will lag behind payments, such that some General Fund costs are budgeted in FY 2021-22 and FY 2022-23, to be recovered in the following fiscal year.)

- **Funding for County Redeterminations.** The Budget includes \$36.5 million total funds (\$18.3 million General Fund) in 2021-22 and \$109.5 million total funds (\$54.8 million General Fund) in 2022-23 to support increased county workload to redetermine eligibility for individuals that remained enrolled in Medi-Cal due to the continuous coverage requirement during the COVID-19 PHE.

New Additional Funding for Health Enrollment Navigators

The Budget adds \$60 million total funds (\$30 million General Fund) to the Health Enrollment Navigators Project through FY 2025-26.

Unwinding the Public Health Emergency. The Budget includes funding for the following items:

- **Separate Billing by Federally Qualified Health Centers (FQHCs) for COVID-19 Vaccine Administration.** The Budget includes \$47 million total funds (\$7 million General Fund) in FY 2022-23 to continue separate billing by FQHCs for COVID-19 vaccines.
- **Presumptive Eligibility for Individuals 65 and older, Blind, or Disabled.** The Budget includes \$73 million total funds (\$37 million General Fund) to continue presumptive eligibility for these populations.
- **Increased Rates for Intermediate Care Facilities for the Developmentally Disabled (ICF/DDs).** The Budget includes \$44 million total funds (\$21 million General Fund) to maintain a 10 percent increase to ICF/DD rates.
- **Oxygen and Respiratory Durable Medical Equipment (DME) to 100 Percent of Medicare.** The Budget includes \$13 million total funds (\$6 million General Fund) to maintain oxygen and respiratory DME rates at 100 percent of the Medicare rate.

Additional Two Quarters of Increased Federal Medical Assistance Percentage (FMAP).

Increased FMAP funding under the Families First Coronavirus Response Act (FFCRA) is available through the end of the quarter in which the federal PHE ends. The Budget assumes the PHE will be extended through mid-October 2022 and increased FMAP is assumed to be available through December 2022, two additional quarters beyond what was assumed in the Governor's Budget in January 2022. With those two additional quarters and other updates to conform to overall expenditure projections, the Budget reflects \$5.4 billion in increased FMAP funding and related General Fund savings of \$3.5 billion in FY 2021-22, and \$3.6 billion in increased FMAP funding and related General Fund savings of \$2.3 billion in FY 2022-23.

Caseload and Redeterminations. As a condition of receiving increased FMAP, regular eligibility redeterminations have been suspended since the start of the PHE, leading to steady growth in caseload. With the PHE assumed to end mid-October 2022, the Budget assumes

redetermination activities are initiated November 2022, with the first redeterminations completed in January 2023. The first individuals no longer eligible for Medi-Cal would leave the program in February 2023, with redeterminations progressing gradually over the following 12 months. Based on more recent actuals and this updated timeline, the Budget includes costs of \$8.9 billion total funds (\$2.5 billion General Fund) in FY 2021-22 and \$11.1 billion total funds (\$3.1 billion General Fund) in FY 2022-23.

Grants to Support Wellness and Build Resilience of Children, Youth, and Parents

The Budget includes \$120.5 million General Fund in FY 2022-23 as part of a multiyear plan to provide \$175 million from the General Fund for the following:

- **Wellness and Resilience Building Supports for Children, Youth, and Parents.** The multiyear plan includes \$85 million General Fund.
- **Video Series to Provide Parents with Resources and Skills to Support their Children’s Mental Health.** The multiyear plan includes \$15 million General Fund.
- **Leveraging of Emerging Technologies to Develop Next Generation Digital Supports for Remote Mental Health Assessment and Intervention.** The multiyear plan includes \$75 million General Fund.

Other Children and Youth Behavioral Health (CYBHI) Updates

The Budget reflects some updates to the timing of payments in the CYBHI:

- **Student Behavioral Health Incentive Program.** The amount budgeted for this item in FY 2022-23 has been increased to \$194 million total funds (\$97 million General Fund), an increase of \$65 million total funds (\$32 million General Fund) compared to the January 2022 Governor’s Budget proposal.
- **School Behavioral Health Partnerships and Capacity.** The Budget assumes that the \$100 General Fund million multiyear appropriation in the FY 2021-22 Budget Act for school behavioral health partnerships and capacity will shift to FY 2023-24.
- **CalHOPE Student Support.** About \$3 million General Fund that was previously assumed to be spent in FY 2021-22 has been shifted to FY 2022-23.
- **CalHOPE Funding Update.** Funding is included to support CalHOPE through December 2023:
 - \$10.9 million General Fund in FY 2021-22
 - \$80 million General Fund in FY 2022-23.
 - \$40 million General Fund in FY 2023-24.

Further, the FY 2022-23 Budget includes an additional \$30 million total funds (\$16.4 million General Fund and \$13.6 million Mental Health Services Fund), to support the California Peer-Run Warm Line (beyond the amounts identified for this purpose in the CalHOPE funding above.)

Financing

Proposition 56 Payments

Consistent with the Budget, DHCS will fully transition the following payments to ongoing rate increases supported by the General Fund, beginning in FY 2022-23:

- Adverse Childhood Experiences Screenings
- AIDS Waiver
- Community-Based Adult Services
- Developmental Screenings
- Freestanding Pediatric Subacute
- Home Health Services
- Intermediate Care Facilities for the Developmentally Disabled
- Non-emergency Medical Transportation (by converting the existing Proposition 56 supplemental payment to an ongoing rate increase, costs budgeted with other Proposition 56 changes)
- Pediatric Day Health Care

The Budget includes \$148 million General Fund to support these transitioning payments in FY 2022-23 and ongoing. Additionally, because Proposition 56 revenues are limited and will not fully cover the costs of remaining Proposition 56 payments, the Budget provides an additional \$295 million from the General Fund in FY 2022-23 to fully fund these remaining payments.

AB 97 Eliminations

The Budget eliminates the AB 97 provider rate reductions on the following provider types:

- Nurses (all types)
- Alternative birthing centers
- Audiologists/hearing aid dispensers
- Respiratory care providers
- Durable medical equipment
- Chronic dialysis clinics
- Non-emergency medical transportation
- Emergency medical air transportation
- COVID-19 diagnostic testing or specimen collection
- Blood banks
- Occupational therapy
- Orthotists
- Psychologists
- Medical social work or medical social services
- Speech pathologists
- Outpatient heroin detoxification services
- Dispensing opticians
- Optometrists
- Acupuncturists

- Portable imaging services
- Community clinics
- Free clinics
- Surgical clinics
- Rehabilitation clinics
- Clinics exempt from licensure including non-hospital county-operated community clinics
- Services provided under the California Children's Services Program
- Services provided under the Genetically Handicapped Persons Program
- Podiatrists
- Prosthetists

The Budget includes \$19.6 million total funds (\$9 million General Fund) in FY 2022-23 for these changes.

The Budget also clarifies via trailer bill language the intent to exempt several recent benefits (there is no fiscal impact associated with services because these recent benefits have been budgeted assuming no AB 97 reductions):

- Doula services
- Community health worker services
- Continuous glucose monitoring system or continuous glucose monitoring system supplies and accessories
- Health care services delivered via remote patient monitoring
- Asthma prevention services
- Dyadic services
- Medication Therapy Management

Continuous Glucose Monitoring (CGM) Reimbursement Methodology Update

The Budget revised the estimated cost for CGM to \$6.1 million total funds (\$2.2 million General Fund) in FY 2021-22 and \$9.7 million total funds (\$3.5 million General Fund) in FY 2022-23.

New General Fund Support for the Dental Transformation Initiative (DTI)

The Budget includes funding to support a DTI deficiency with \$30.2 million to be paid in FY 2022-23 and \$1.5 million to be paid in FY 2023-24.

Health Plan Monetary Sanctions

The Budget includes language noting the monetary sanctions collected in FY 2022-23 shall be deposited into the General Fund and allows DHCS to award grants to qualifying non-profit legal aid programs and organizations that serve Medi-Cal managed care enrollees in the County of Los Angeles or other impacted counties, as necessary.

Pharmacy Recoupment

The Budget assumes the forgiveness of retroactive recoupments for independent pharmacies. The Budget reflects \$48.4 million total funds savings in FY 2023-24, consistent with a

placeholder budgeting assumption that recoupments from non-independent pharmacies resume effective September 2022. The Budget will be updated in the future to reflect the fiscal impact of resuming recoupments for these pharmacies if and when this takes place.

Home and Community-Based Services (HCBS) Spending Plan Update

The 2021 Budget Act appropriates funding made available pursuant to the American Rescue Plan Act of 2021 to enhance, expand, and strengthen Home and Community-Based Services (HCBS). The HCBS Spending Plan includes 27 initiatives across six departments. The federal Centers for Medicare & Medicaid Services approved California's HCBS Spending Plan on January 4, 2022. The FY 2022-23 Budget reflects the following baseline adjustments:

- The projection of available enhanced HCBS funding has decreased by \$161 million based on revised claiming data.
- Expenditures for the DHCS Assisted Living Waiver have increased by \$22 million HCBS Fund and decreased \$60 million Federal Fund due to updated projections and a revised estimate of federal financial participation.
- Expenditures for Department of Social Services In-Home Supportive Services Care Economy payments have decreased by \$8 million HCBS Fund and increased General Fund by \$29 million.
- Expenditures for DHCS Contingency Management have decreased by \$79,000 HCBS Fund and increased by \$27 million Federal Fund due to a revised estimate of federal financial participation partially offset by the addition of a care manager component to the program.
- \$12.5 million HCBS Fund for Department of Developmental Services Enhanced Community Integration for Children and Adolescents has shifted from state operations to local assistance.

The net impact of these baseline changes would result in a deficiency of \$175 million in the HCBS Fund. In order to prevent this deficiency, the Administration included the following adjustments to the HCBS Spending Plan:

- Elimination of \$110 million HCBS Fund (\$297 million Total Fund) for Community Based Residential Continuum Pilots for Vulnerable, Aging, and Disabled Populations.
- Decrease of \$65 million HCBS Fund for the Developmental Services Rate Model Implementation resulting in an equivalent increase in General Fund costs in 2023-24.

New Budget Items Added by the Legislature

The Budget includes a number of new items, largely one-time, proposed and adopted by the Legislature:

- \$8 million General Fund for startup costs for the 988 National Suicide Prevention Lifeline.
- \$10 million General Fund for Alameda County supportive housing.
- \$10 million General Fund to backfill lost federal Title X family planning funding.

- \$15 million General Fund (half of a two-year amount of \$30 million General Fund) to support Equity and Infrastructure Payments for Clinic Abortion Providers.
- \$5 million General Fund for a Foster Youth Substance Use Disorder Grant Program.
- \$10.9 million total funds (\$3.3 million General Fund) in FY 2022-23 and \$26.2 million total funds (\$7.9 million General Fund) ongoing for a rate increase for Medi-Cal acupuncture services.
- \$20 million General Fund for a Los Angeles County Reproductive Health Pilot Program.
- \$10 million General Fund for Program of All-Inclusive Care for the Elder (PACE) Infrastructure funding.
- \$3.5 million General Fund is available to support residential outpatient licensing and certification activities.
- \$40 million General Fund for the California Health Facilities Financing Authority to provide cash flow loan to non-designated public hospitals.

Additionally, AB 178 includes language in Control Section 19.56 that appropriates additional legislative priorities. There are several priorities that have been identified as applicable to DHCS and they are noted below. There may be other legislative priorities not specifically identified as applicable to DHCS at the time this document was drafted.

- \$17.2 million General Fund to the County of Los Angeles for the Clinica Monsenor Oscar A Romero's Centro Alaxik.
- \$1.5 million General Fund to the County of Ventura for the Westminster Free Clinic.

Trailer Bills

SB 184, the Health Omnibus Trailer Bill, contains the following:

- Align Medi-Cal Redeterminations with Federal Guidelines
- CalAIM
- Conform Coverage of Clinical Trials in the Medi-Cal Program to Federal Law
- Dental Managed Care Extension
- Extend Medi-Cal Suspension for Incarcerated Adults
- Federally Qualified Health Center Alternative Payment Model Project
- Hospital and Skilled Nursing Facility COVID-19 Worker Retention Pay
- Medi-Cal Provider Rates
- Full-Scope Medi-Cal Expansion 26 to 49
- Medication Assisted Treatment Expansion Project
- Opioid Settlement Fund
- Qualifying Community-Based Mobile Crisis Intervention Services
- Reducing Premiums for Optional Targeted Low Income Children's Program (OTLICP), 250 Percent Working Disabled Program (WDP), and Children's Health Insurance Program (CHIP)
- Record Retention Requirements
- Shift of Suicide Prevention Fund
- Child Health and Disability Prevention Program Transition to Children's Presumptive Eligibility

- Telehealth
- Continuous Glucose Monitoring Reimbursement Methodology
- Federal Public Health Emergency Unwinding
- Medi-Cal Dental Policy Evidence Based Practices
- Continuous Coverage 0-5*
- Share of Cost Reform*

*The Budget includes trigger language noting that the trailer bill becomes inoperative on January 1, 2025 if the conditions described in Section 14005.12 are not met.

AB 186, the Public Health Omnibus Trailer Bill, contains the following:

- Medi-Cal Physician & Dentist Loan Repayment Program
- Nursing Facility Financing Reform

AB 2724 contains the trailer bill language for Alternate Health Care Service Plan.

The Trailer Bill Language for Copayments in the Medi-Cal Program is pending August action.

STATE OPERATIONS AND NON-ESTIMATE LOCAL ASSISTANCE BUDGET ADJUSTMENTS

The Budget includes additional expenditure authority of \$516.3 million total funds (\$292.6 million General Fund) for budget change proposals, and an additional 391.5 positions (303.5 Perm, 24.0 limited-term (LT) to Perm, and resources equivalent to 64.0 LT positions).

Detailed budget change proposal narratives can be found on the Department of Finance website at <https://esd.dof.ca.gov/dofpublic/viewBcp.html>. To view DHCS requests, search for 4260 in the search bar.

(Dollars in millions)

Chart totals may not match due to rounding.

Budget Change Proposal Number	Budget Change Proposal Title	Positions	Total Funds	General Fund
4260-090-BCP-2022-GB	Behavioral Health Timely Access to Care Oversight (SB 221)	8.0 Perm	\$1.32	\$.66
4260-064-BCP-2022-GB	Behavioral Health Workload	33.0 Perm 1.0 LT to Perm 5.0 LT*	\$21.2	\$9.7
4260-080-BCP-2022-GB	Compliance Oversight of Insurance Policies for Licensed Alcohol and Drug Abuse Recovery or Treatment Facilities (AB 1158)	4.0 Perm	\$.62	
4260-061-BCP-2022-GB	Encounter Data Improvement Support	3.0 LT*	\$17.4	\$1.7***

Budget Change Proposal Number	Budget Change Proposal Title	Positions	Total Funds	General Fund
4260-060-BCP-2022-GB	Further Strengthen Fiscal Functions and Operations	10.0 Perm 5.0 LT*	\$2.3	\$1.1
4260-066-BCP-2022-GB	Increased Program Workload	31.5 Perm 4.0 LT to Perm	\$5.6	\$2.5
4260-174-BCP-2022-GB	Indian Health Program Grant Restoration	3.0 LT*	\$12.0**	\$12.0**
4260-081-BCP-2022-GB	Maternal Care and Services (SB 65)	2.0 LT*	\$.51	\$.25
4260-062-BCP-2022-GB	Medi-Cal Enterprise Systems Modernization: Federal Draw and Reporting – Operations		\$4.6	\$2.3
4260-175-BCP-2022-GB	Medication Assisted Treatment Expansion Project	5.0 Perm	\$101	\$96**
4260-059-BCP-2022-GB	Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval, Oversight and Monitoring	9.0 LT*	\$1.3	\$.66
4260-067-BCP-2022-GB	Transforming Quality Outcomes and Health Equity in Medi-Cal	19.0 Perm	\$4.7	\$2.3
4260-217-BCP-2022-MR	Community Assistance, Recovery and Empowerment Court	7.0 Perm	\$15.2	\$15.2
4260-224-BCP-2022-MR	Village San Francisco and Yurok Tribe of California Regional Wellness Center		\$30.0**	\$30.0**
4260-286-BCP-2022-MR	Opioid Settlements Fund State-Directed Programs		\$39.1**	
4260-192-BCP-2022-A1	Data Analytics and Management Support	13.0 Perm 2.0 LT to Perm 4.0 LT*	\$7.6	\$3.7
4260-193-BCP-2022-A1	Interoperability Federal Rule Implementation	21.0 LT*	\$4.5	\$2.3
4260-194-BCP-2022-A1	California Medi-Cal Enterprise Systems Modernization	5.0 Perm	\$20.8	\$2.7
4260-195-BCP-2022-A1	Office of Compliance	12.0 Perm	\$2.1	\$1.0
4260-196-BCP-2022-A1	Behavioral Health Bridge Housing Program	16.0 Perm	\$42.1	\$42.1
4260-198-BCP-2022-A1	California Advancing and Innovating Medi-Cal (CalAIM) Implementation	95.0 Perm 2.0 LT to Perm 9.0 LT*	\$107.8	\$53.9
4260-199-BCP-2022-A1	COVID-19 Public Health Emergency-Resuming Regular Operations	8.0 LT*	\$26.2	\$13.1

Budget Change Proposal Number	Budget Change Proposal Title	Positions	Total Funds	General Fund
4260-200-BCP-2022-A1	Managed Care Plan Compliance and Oversight Program	13.0 Perm	\$3.2	\$1.6
4260-201-BCP-2022-A1	Managed Care Program Annual Report (MCPAR)	21.0 Perm	\$3.5	\$1.8
Joint BCP				
4260-068-BCP-2022-GB	Electronic Visit Verification Phase II	6.0 LT to Perm 3.0 LT*	\$10.7	\$.710
4260-197-BCP-2022-A1	Opioid Settlements Fund Oversight and State-Directed Programs	11.0 Perm	\$33.9	
4260-214-BCP-2022-MR	Transfer Caregiver Resource Centers Expenditure Authority to California Department of Aging		(\$14.9)**	(\$14.9)**
Legislative Adds				
4260-328-BCP-2022-L	Equity and Infrastructure Payment for Clinic Abortion Providers	1.0 LT*	\$.2	\$.2
4260-330-BCP-2022-L	Licensing and Certification Workload		\$3.6	\$3.6
4260-323-BCP-2022-L	988 National Suicide Prevention Lifeline Start-Up Funding		\$8**	\$8**
	Total	303.5 Per 24 LT to Prm 64.0 LT*	\$516.3	\$292.6

* Resources equivalent to limited-term positions

**Resources include Non-Estimate Local Assistance items

***Reimbursement Fund