



2023-24 Governor's Budget

Department of Health Care Services Highlights

January 10, 2023

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Governor
State of California**

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DEPARTMENT OF HEALTH CARE SERVICES OVERVIEW

The mission of the state Department of Health Care Services (DHCS) is to provide Californians with access to affordable, integrated, high-quality health care including medical, dental, mental health, substance use disorder treatment services, and long-term care. To fulfill its mission, the Department finances and administers a number of individual health care service delivery programs, including the state's Medicaid Program (Medi-Cal), which provides health care services to low-income persons and families who meet defined eligibility requirements. This important state/federal partnership provides vital health care to over 15 million or about one in three Californians.

The Department also administers programs for special populations and several other non-Medi-Cal programs, including:

- Genetically Handicapped Persons Program, California Children's Services Program, and Newborn Hearing Screening Program for low-income and seriously ill children and adults with specific genetic diseases.
- Office of Tribal Affairs is responsible for coordinating and directing the delivery of health care to Californians in rural areas and to underserved populations through the following programs: Indian Health Program, American Indian Maternal Support Services, and Tribal Emergency Preparedness Program.
- Licensing and certification, monitoring, and complaints for Driving-Under-the-Influence Programs, Narcotic Treatment Programs, Psychiatric Health Facilities, Mental Health Rehabilitation Centers, and outpatient and residential behavioral health treatment providers. DHCS also oversees and conducts complaint investigations on registered and certified Alcohol and Other Drug counselors.
- Community mental health services and substance use disorder treatment services funded by federal block grants, the Mental Health Services Fund, and other funding sources.
- Public health, prevention, and treatment programs provided via the Every Woman Counts Program, the Prostate Cancer Treatment Program, and the Family Planning, Access, Care, and Treatment Program.

GENERAL BUDGET OVERVIEW

The budget for DHCS supports vital services that reinforce the state’s commitment to preserve and improve the overall health and well-being of all Californians while operating within a responsible budgetary structure. For Fiscal Year (FY) 2023-24, the Governor’s Budget proposes a total of \$144.4 billion, and 4,772 positions for the support of DHCS programs and services. Of that amount, \$1.3 billion funds state operations (DHCS operations), while \$143.1 billion supports local assistance (funding for program costs, partners, and administration). The position count for 2023-24 includes the changes requested via budget change proposals.

Total DHCS Budget

(Includes non-Budget Act appropriations)

Fund Source*	FY 2022-23	FY 2022-23	FY 2023-24
	Enacted Budget	Revised Budget	Governor’s Budget
Local Assistance (LA)			
LA General Fund	\$ 36,802,077	\$ 32,695,025	\$ 39,058,284
LA Federal Funds	\$ 89,035,408	\$ 92,080,489	\$ 86,156,282
LA Special Funds	\$ 14,773,431	\$ 15,300,739	\$ 15,801,817
LA Reimbursements	\$ 1,978,609	\$ 2,270,287	\$ 2,066,086
Total Local Assistance	\$ 142,589,525	\$ 142,346,540	\$ 143,082,469
State Operations (SO)			
SO General Fund	\$ 530,567	\$ 549,327	\$ 350,622
SO Federal Funds	\$ 644,921	\$ 663,526	\$ 597,047
SO Special Funds	\$ 420,959	\$ 569,242	\$ 371,979
SO Reimbursements	\$ 25,079	\$ 25,674	\$ 25,612
Total State Operations	\$ 1,621,526	\$ 1,807,769	\$ 1,345,260
Total Funds			
Total General Fund	\$ 37,332,644	\$ 33,244,352	\$ 39,408,906
Total Federal Funds	\$ 89,680,329	\$ 92,744,015	\$ 86,753,329
Total Special Funds	\$ 15,194,390	\$ 15,869,981	\$ 16,173,796
Total Reimbursements	\$ 2,003,688	\$ 2,295,961	\$ 2,091,698
Total Funds	\$ 144,211,051	\$ 144,154,309	\$ 144,427,729
<i>* Dollars in Thousands</i>			

NEW MAJOR BUDGET ISSUES AND PROPOSALS

Adult Expansion Age 26 – 49

The Governor's Budget includes \$844 million total funds (\$634.8 million General Fund) to expand full-scope Medi-Cal coverage to adults aged 26 through 49, regardless of immigration status, effective January 1, 2024. With this expansion, full-scope Medi-Cal coverage will be available to all otherwise eligible Californians regardless of immigration status. This expansion is consistent with the 2022 Budget Act.

Managed Care Organization (MCO) Tax

DHCS proposes to enact a three-year MCO tax renewal effective January 1, 2024 through December 31, 2026, to provide additional revenue for the Medi-Cal program to support access to health care services and minimize the need for reductions to the program. This tax renewal will maintain the structure from the prior tax authorized in AB 115 (Chapter 348, Statutes of 2019) with minor modifications including updates to the base enrollment period to reflect calendar year 2021 enrollment data and adjusted for enrollment changes to managed care plans effective January 1, 2024. The proposed MCO provider tax would offset an estimated \$6.5 billion in General Fund costs in Medi-Cal through FY 2026-27 (\$316.5 million FY 2023-24 and about \$2 billion annually in FY 2024-25 and each of the following two years). The Department is proposing trailer bill language related to the MCO tax proposal. The Administration will explore opportunities over the next few months to increase the MCO tax to provide support for the Medi-Cal program.

Designated State Health Program (DSHP) and Primary Care and Obstetric Rate Increases

DHCS has submitted a proposal to continue the DSHP program under the California Advancing and Innovating Medi-Cal (CalAIM) 1115 waiver effective January 1, 2023 to December 31, 2026. The DSHP proposal would allow DHCS to claim \$646.4 million in federal funding over four years to support the Providing Access and Transforming Health (PATH) program. As part of its approval of DSHP proposals, the federal Centers for Medicare and Medicaid Services (CMS) require that states provide rate increases for certain services if the Medicaid to Medicare provider rate ratio is below 80 percent. Effective January 1, 2024, primary care will receive a 10 percent increase in fee-for-service for all codes under 80 percent of Medicare and obstetric and doula care will receive a 10 percent increase (including for the codes that don't have a Medicare equivalent) in both fee-for-service and managed care. The impact in FY 2022-23 is estimated to be \$40.4 million General Fund savings from DSHP claiming. The net impact from the provider rate increases and DSHP claiming is estimated to be \$22 million total funds (\$152.9 million General Fund savings) in FY 2023-24. The Department is proposing trailer bill language related to the DSHP and corresponding rate increases. The Administration will continue to evaluate the need for additional targeted provider rate increases at May Revision.

California's Behavioral Health Community-Based Continuum (CalBH-CBC) Waiver

As a part of the CalAIM transformation, DHCS will seek approval of a new proposed Medicaid Section 1115 demonstration, titled California's Behavioral Health Community-Based Continuum (CalBH-CBC) Demonstration, to expand access and strengthen the continuum of mental health services for Medi-Cal members living with serious mental illness (SMI) and serious emotional disturbance (SED), through a staged implementation beginning no sooner than January 1, 2024. The fiscal impact for the DHCS and Department of Social Services over the five years of the waiver is estimated to be \$6.1 billion total funds (\$314 million General Fund). The DHCS budget includes \$5.7 million total funds (\$0.31 million General Fund) in FY 2023-24 for the waiver.

CalBH-CBC will expand behavioral health services from prevention, wellness, outpatient and recovery to crisis, inpatient, and residential services statewide, with a focus on children and youth, people experiencing or at risk of homelessness, and justice-involved individuals. The CalBH-CBC Demonstration complements and amplifies the state's current and planned initiatives to build out the behavioral health continuum of care, such as the Community Assistance, Recovery and Empowerment (CARE) Act, Children and Youth Behavioral Health Initiative, Behavioral Health Continuum Infrastructure Program, Bridge Housing, peer and recovery services, and mobile crisis, to name a few. Building off these critical investments, the CalBH-CBC Demonstration will:

- Strengthen the continuum of community-based services that reduce the need for institutional care by expanding coverage for evidence-based therapies and home-based services for children and families, Assertive Community Treatment (ACT), Forensic ACT, Coordinated Specialty Care for First-Episode Psychosis, Supported Employment Services, Rent/Temporary Housing, and Community Health Worker services in the county behavioral health delivery system;
- Improve integrated medical, behavioral health and social services for foster children and youth;
- Build statewide centers of excellence in behavioral health services to support statewide practice transformations;
- Enhance quality of care and pre-discharge care coordination in psychiatric hospitals and residential settings;
- Implement strategies to decrease lengths of stay in emergency departments; and
- Provide coverage for short-term inpatient psychiatric and residential mental health treatment in facilities that meet the federal criteria for an institution for mental disease (IMD).

California Advancing and Innovating Medi-Cal (CalAIM)

- **Transitional Rent**

To improve the well-being and health outcomes of Medi-Cal members during critical transitions, DHCS will seek an amendment to the CalAIM waiver to authorize an additional Community Support for use by Medi-Cal Managed Care Plans. The new Community Support would allow the provision of up to six months of rent or temporary

housing to eligible individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, a correctional facility, or the foster care system and who are at risk of incurring other Medicaid state plan services, such as inpatient hospitalizations or emergency department visits.

- **Behavioral Health Payment Reform Cash Flow Funding**

The proposed budget includes \$375 million General Fund one-time in FY 2023-24 to initially fund the non-federal share of behavioral health-related services at the start of the CalAIM Behavioral Health Payment Reform. These funds will mitigate a significant cash flow issue for counties as they transition from cost-based reimbursement to fee-schedule. The Department is also proposing trailer bill language to create a continuously appropriated fund to facilitate the implementation of county intergovernmental transfers.

- **Justice Involved**

People who are now, or have spent time, in jails and prisons experience disproportionately higher rates of physical and behavioral health diagnoses and are at higher risk for injury and death as a result of trauma, violence, overdose, and suicide than people who have never been incarcerated. Addressing the unique and considerable health care needs of justice-involved populations—who are disproportionately people of color, and of whom at least 80 percent are eligible for Medi-Cal—will help to improve health outcomes, deliver care more efficiently, and advance health equity. Key to that is establishing Medi-Cal enrollment processes, providing targeted Medi-Cal services to individuals while they are incarcerated immediately prior to their release, and ensuring continuity of coverage and services after incarceration as part of coordinated re-entry planning.

DHCS has implemented pre-release Medi-Cal eligibility and enrollment processes as of January 1, 2023 and is awarding \$151 million in PATH funding to support correctional agencies to collaborate with county social services departments to support planning and implementation of pre-release Medi-Cal enrollment processes. DHCS continues to seek approval of the proposed section 1115 CalAIM demonstration request to cover a targeted set of Medi-Cal services during a 90-day period prior to release to support successful community re-entry. These targeted services include care coordination; physical and behavioral health clinical consultation services including behavioral health referrals/linkages; medications for addiction treatment (MAT); medications; associated laboratory/radiology services; and for use post-release into the community a supply of medication and necessary durable medical equipment. In addition, DHCS continues to seek approval for \$410 million in additional PATH funding that will support planning and implementation of pre-release and re-entry planning services in the 90 days prior to release. The Governor's Budget includes an estimated \$109.7 million total fund (\$39.1 million General Fund) in FY 2023-24 for the CalAIM inmate pre-release program.

Reproductive Waiver

California has long prioritized the goal of providing access to contraceptives and other reproductive health services. Disparities in access persist, however, including disparities based on geography, income, and race. Since the Supreme Court's June 2022 decision in *Dobbs v. Jackson Women's Health Organization*, California's providers have seen an influx of patients traveling from other states to access abortion and other reproductive health services that are no longer available in their state, whether due to express legal prohibitions, the chilling effect those prohibitions create for other reproductive health services or growing "reproductive health deserts" that lack local providers due to the hostile state regulatory and reimbursement landscape.

DHCS seeks to continue California's progress toward equitable access to comprehensive family planning and related services, even as the state's reproductive health safety net grapples with the multifaceted pressures described above. In partnership with the Centers for Medicare and Medicaid Services, DHCS will develop an 1115 demonstration waiver that would advance the following goals:

- Support access to family planning and related services for Medi-Cal enrollees, as well as other individuals who may face barriers to access.
- Support the capacity and sustainability of California's reproductive-health safety net.
- Promote system transformation for California's reproductive-health safety net.

The Governor's Budget proposes to invest \$200 million total fund (\$15 million General Fund) in FY 2024-25 for the Reproductive Health Services 1115 waiver.

Strengthening Oversight for Substance Use Disorder Licensing and Certification

DHCS has the sole authority to license, certify, and monitor substance use disorder (SUD) recovery or treatment facilities to support the health and safety of program clients (Health and Safety Code, Division 10.5, Chapter 7.5, Sections 11830.1, 11834.01 and 11834.30). DHCS is responsible for all activities associated with facility licensure and/or certification, compliance with statutory and regulatory requirements, and client-related health and safety issues. These activities include, but are not limited to, initial facility application and on-site reviews, renewal processes, on-site monitoring compliance reviews, and complaint investigations of facilities, counselors, and client deaths. Since the fees for SUD facilities to support oversight were last increased in 2014, nine legislative bills have passed that have resulted in additional SUD provider oversight requirements, increasing DHCS workload and staffing requirements (31 new positions). In conjunction with expanded SUD facility compliance oversight responsibilities, in recent years the Residential and Outpatient Program Licensing Fund (ROPLF) has experienced a decline in revenue, causing the ROPLF to become insufficient to sustain existing staff resources. DHCS seeks to properly staff SUD facility compliance oversight functions. The Governor's Budget proposes to strengthen compliance oversight of outpatient substance use disorder programs including establishing a new mandatory certification program. Additionally, the Department is proposing trailer bill language to require mandatory certification of substance

use disorder programs and modify the ROPLF fee process beginning in FY 2023-24 to, among other things, allow for more predictable budgeting for fee payers.

Community Assistance, Recovery and Empowerment (CARE) Court

Complementing the \$57 million one-time General Fund included in the 2022 Budget Act, the budget includes \$16.5 million General Fund in FY 2023-24 for CARE Act related county costs. In October 2022, the Department allocated the \$57 million for one-time administrative CARE Act startup costs to cover information technology infrastructure costs and planning and preparation activities. The budget assumes the counties of Glenn, Orange, Riverside, San Diego, Stanislaus, and Tuolumne and the City and County of San Francisco implement the program beginning October 1, 2023. The budget assumes county behavioral health costs for these counties in FY 2023-24 associated with clinical assessments and time spent in court by county reimbursed-behavioral health providers. DHCS assumes the remaining counties implement the provisions of this act no later than December 1, 2024. The Administration will continue to work with counties and stakeholders to refine the ongoing program cost estimate.

Opioid Response Package

Deaths related to synthetic opioids and psychostimulants with abuse potential have increased. Preliminary data indicates there were 6,843 opioid-related overdose deaths in California in 2021, 5,722 of these deaths were related to fentanyl, a potent synthetic opioid typically prescribed as a pain medication. The Governor’s Budget proposes to utilize \$32 million in Opioid Settlement Funds to support state-directed programs related to opioid remediation and abatement in California by expanding the Naloxone Distribution Program (NDP). This proposed funding would be in addition to the \$35.7 million (General Fund) allocated in the budget for FY 2022-23 and ongoing for the NDP.

988 Update

DHCS has contracted with Didi Hirsch Mental Health Services (Didi Hirsch) to improve and expand mental health crisis and suicide prevention services. These improvements will include workforce expansion, increases in answered call volume, extensions of service hours, and the availability of chat and text options for callers utilizing the 988 services.

DHCS has executed and manages several contracts designed to distribute state and federal funding to all 13 California 988 Suicide and Crisis Call Centers, allowing for the maintenance and expansion of the workforce to respond to an increase in call volume due to 988 implementation. California currently has the highest 988 call volume in the country, with an answer rate of 88 percent. California is in the top 21 states for 988 in-state answer rate, while answering more 988 calls than the combined call volume of 26 other states, more than twice the individual call volume of all other states except New York and Texas. For example, in August 2022, California answered 29,175 calls at 89 percent in-state answer rate; New York and Texas answered the next highest call numbers at 16,059 and 14,561, respectively, but at lower in-state answer rates – 82 percent for New York and 67 percent for Texas. For reference, 90 percent in-

state answer rate is the current goal set by Substance Abuse and Mental Health Services Administration (SAMHSA).

DHCS will continue to work with the Governor's Office of Emergency Services (CalOES) to ensure the California 988 call centers contact handling equipment can support the new Federal Communications Commission 988 carrier mandate and ensure calls can be transferred from 988 to 911 and vice versa. DHCS is partnering with CalOES, California Health and Human Services Agency (CalHHS), and key partners and stakeholders in the 988-planning process. DHCS, Department of Managed Health Care, and CalHHS are proposing trailer bill language as cleanup language for AB 988 (Bauer-Kahan, Chapter 747, Statutes of 2022) per the Governor's signing message.

Children and Youth Behavioral Health Initiative (CYBHI) Update

The Governor's Budget continues to reflect funding amounts approved in the Budget Acts of 2021 and 2022. The ongoing funding for the CYBHI will support the launch, operation, and maintenance of the behavioral health virtual services and e-Consult platforms. The behavioral health virtual services platform will provide, regardless of payer, virtual behavioral health services and educational content to all California children and youth (ages 0-25) their families. Launching no sooner than January 2024, the platform will include key functions such as screening for mental health or substance use disorders; pre-clinical coaching and counseling services available by chat, text video, phone; and, connecting users, as-needed, to off-platform clinical services in the community. The statewide e-Consult service will provide remote and real-time consultation support with behavioral health clinical experts, along with training on resources and use of virtual services platform to pediatric, primary care, and other health care providers.

DHCS also requests continued appropriation of \$25.5 million to address the urgent needs and emergent issues facing children, youth, and families. This funding, approved as part of a multiyear appropriation in the Budget Act of 2022, will support the development of a video series to provide parents and caregivers with resources and the development of next generation digital supports for remote mental health assessment and intervention.

CalHOPE

The Governor's Budget includes \$105 million total funds (including \$96.4 million General Fund and \$9 million Mental Health Services Fund (MHSF)) in FY 2022-23 and \$44.6 million total funds (including \$40 million General Fund and \$4.6 million MHSF) in FY 2023-24.

DHCS seeks funding to continue operating the CalHOPE program, including:

- Media messaging to destigmatize stress and anxiety and promote help-seeking, including using trusted messengers to reach diverse populations.
- CalHOPE web services.
- CalHOPE Warm Line.
- CalHOPE Connect partnership with up to 30 community-based organizations, with over 400 peer crisis counselors.

The CalHOPE program, available to all Californians, is a critical component of the statewide crisis continuum of support. DHCS will continue to support key CalHOPE services via the CYBHI virtual services platform when it launches no sooner than January 2024.

Delay on Behavioral Health Bridge Housing Funding

The 2022 Budget Act provided \$1 billion General Fund for Behavioral Health Bridge Housing in FY 2022-23, with another \$500 million General Fund planned for FY 2023-24. The Governor's Budget delays half (\$250 million) of the FY 2023-24 funding until FY 2024-25 given the state's projected General Fund revenue decline. Additionally, due to updated timelines to release funds, \$50 million of the funding approved for FY 2022-23 is expected to be spent in FY 2023-24.

Delay on Behavioral Health Continuum Infrastructure Program (BHCIP) Funding

DHCS is releasing BHCIP funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure. BHCIP Round 1: Crisis Care Mobile Units, Round 2: County and Tribal Planning Grant, Round 3: Launch Ready, and Round 4: Children and Youth projects totaling \$1.22 billion, were awarded in 2021 and 2022. The request for application process in the amount of \$480 million for BHCIP Round 5: Crisis and Behavioral Health Continuum is currently underway with award announcements anticipated for Spring 2023. BHCIP Round 6: Outstanding Needs Remaining is currently in the planning/stakeholder engagement process but is proposed to be delayed until FY 2024-25 and FY 2025-26, reducing costs by \$480.7 million General Fund in FY 2022-23.

COVID-19 Impacts and Federal Public Health Emergency (PHE) Extension

The DHCS budget assumes COVID-19 related impacts of \$15.9 billion total funds (\$488 million General Fund) in FY 2022-23 and \$12.3 billion total funds (\$3.2 billion General Fund) in FY 2023-24.

For FY 2022-23, this represents General Fund savings of \$773.8 million compared to the 2022 Budget Act. This downward adjustment is primarily related to additional increased federal medical assistance percentage (FMAP) savings from assuming the PHE ends in mid-April 2023 instead of mid-October 2022, offset by increased caseload costs.

For FY 2023-24, the Medi-Cal Local Assistance Estimate projects increased General Fund costs related to COVID-19 impacts of about \$2.7 billion compared to FY 2022-23. This increase primarily reflects the net impact of:

- \$3.6 billion in General Fund costs from the loss of increased FMAP in FY 2023-24 (only a few hundred million dollars of General Fund savings from the period through March 2023 are projected to lag into FY 2023-24).
- \$627 million in General Fund savings as the redeterminations resume and caseload begins to fall in August 2023.

- Other, relatively smaller, offsetting savings as spending related to various other COVID impacts declines.

These estimates do not reflect the impact of recent congressional action to end the continuous enrollment requirement beginning April 2023 or the gradual phase-down of increased FMAP over calendar year 2023. DHCS continues to evaluate the impact of the recent federal legislation and these impacts will be reflected in the May Revision.

Delay Buyback of Two-Week Checkwrite Hold

The 2022 Budget Act included funding to buy back the current two-week delay of fee-for-service (FFS) checkwrite payments at the end of each June. This buyback is now proposed to be delayed until FY 2024-25. This action reduces costs by \$1.1 billion total funds (\$378 million General Fund) in FY 2022-23.

At this time, the Department proposes the following trailer bill language:

- **Enhanced Accountability in the Lanterman-Petris Short Act Data and Reporting** - DHCS proposes to expand Lanterman-Petris-Short (LPS) Act data reporting requirements primarily by: 1) requiring counties to collect and report data quarterly to DHCS from their local entities implementing LPS involuntary holds rather than those entities reporting directly to DHCS, and 2) authorizing DHCS to levy civil money penalties against facilities and counties for failure to submit data timely. The civil money penalties would be subject to an appeals process and penalty revenue would be deposited into a new continuously appropriated special fund to support DHCS implementation of SB 929 (Chapter 539, Statutes of 2022).
- **Increase Medical Provider Interim Payment Loan Authority** - DHCS proposes to change the funding threshold available through a Medical Provider Interim Payment (MPIP) loan to a percentage of the Medi-Cal Estimate, rather than a static \$2 billion amount, for use in the event a signed budget is not in place at the beginning of a fiscal year or there is a deficiency in budget authority.
- **Drug Medi-Cal Claiming Timeliness** - DHCS proposes to change the Drug Medi-Cal claim timeliness from six months to twelve months to create parity with the claim timeliness requirements for Medi-Cal fee-for-service, specialty mental health services, and federal regulations.
- **Conform Statutory Estimate Requirements to Recent Program Changes** - DHCS proposes to align requirements in statute with how the Medi-Cal program is currently funded and budgeted. Specifically, changes would reflect greater enrollment and costs in managed care rather than fee-for-service.
- **Eliminate the Initial Evaluation and Trial Program for Acute Inpatient Intensive Rehabilitation Services** - DHCS proposes to eliminate the statutory provisions related to initial evaluation (7-10 days) and 14-day trial program for acute inpatient intensive rehabilitation services to align with CMS guidance and current clinical best practice.

- **Establishment of Medi-Cal County Behavioral Health Special Fund** - DHCS proposes to create a continuously appropriated fund and allow counties to voluntarily deposit county funding into the new fund, helping reduce administrative burdens to counties.
- **Psychiatric Treatment Residential Facilities Cleanup** - DHCS proposes AB 2317 (Chapter 589, Statutes of 2022) clean up to align psychiatric residential treatment facility interdisciplinary team member requirements with federal statutes and make other technical changes to minimize jeopardizing federal financial participation. The change primarily includes replacing a mental health professional with a psychologist, as defined, and removing a nurse practitioner from the team membership.
- **Designated State Health Programs (DSHP)** – This proposal authorizes reimbursement levels for primary care and obstetric care to the extent required by the federal CMS as a condition of claiming federal financial participation for DSHP.
- **Managed Care Organization (MCO) Provider Tax** – DHCS is proposing to renew the MCO provider tax effective January 1, 2024, that would provide a three-year source of funding for the Medi-Cal program.

CASELOAD UPDATES

Medi-Cal

This section provides an overview of caseload projections for the Medi-Cal program. Projected caseload levels are summarized in the following tables:

Estimated Average Monthly Certified Eligibles

November 2022 Estimate

	<u>Eligibles</u>			<u>Year over Year Change</u>	
	FY 2021-22	FY 2022-23	FY 2023-24	<u>Percent</u>	
				FY 2021-22 to FY 2022-23	FY 2022-23 to FY 2023-24
Seniors	1,119,600	1,195,400	1,218,600	6.77%	1.94%
Persons with Disabilities	1,095,200	1,090,300	1,095,500	-0.45%	0.48%
Families and Children	7,492,200	7,846,400	7,458,500	4.73%	-4.94%
Optional Expansion	4,604,200	5,038,700	4,602,800	9.44%	-8.65%
Miscellaneous	57,600	61,800	62,000	7.29%	0.32%
Total	14,368,800	15,232,600	14,437,400	6.01%	-5.22%

Change from May 2022 Estimate

	<u>Eligibles</u>		<u>Percent</u>	
	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23
Seniors	(1,600)	21,200	-0.14%	1.81%
Persons with Disabilities	(1,200)	400	-0.11%	0.04%
Families and Children	1,400	221,300	0.02%	2.90%
Optional Expansion	(1,900)	189,500	-0.04%	3.91%
Miscellaneous	(1,900)	(1,600)	-3.19%	-2.52%
Total	(5,200)	430,800	-0.04%	2.91%

The overall Medi-Cal caseload is projected to continue to grow steadily through July 2023, consistent with the Medi-Cal Local Assistance Estimate's (Estimate) assumption that the federal

PHE, and related restrictions on disenrolling members, continue through that time. (Projections will be updated at the May Revision to account for recent congressional action that moves up the timeline for redeterminations by one month). Consistent with recent actuals, this growth is assumed to be concentrated among the Affordable Care Act (ACA) Optional Expansion population and families with children. These projections will be updated for the May Revision to reflect the impact of recent federal changes to the PHE unwinding schedule, as well as more recent actual caseload levels.

Family Health Programs

This section provides an overview of caseload projections for the Family Health programs. Projected caseload levels are summarized below.

California Children’s Services

	PY	CY	BY	Change from	
CCS State Only	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
November 2022	9,546	9,301	12,679	-2.57%	36.32%
May 2022	9,206	12,812			
Change from May 2022	340	(3,511)			
% Change from May 2022	3.69%	-27.40%			

- CCS caseload is based on average quarterly members.
- Members began shifting to Medi-Cal in late FY 2019-20 due to the economic impact of the COVID-19 public health emergency and continued to shift through the end of FY 2020-21. Additional months of enrollment have remained relatively flat through June 2022.
 - o November 2022 CCS state only base caseload projections reflect actual COVID-19 impacts through June 2022.
 - o The ongoing impact from the public health emergency is estimated in the CCS COVID-19 Caseload Impact policy change and included in the counts shown above.
- The decrease from the prior estimate for FY 2022-23 is due to changes in the assumption of when the public health emergency will end.
- The projected increase between fiscal years is due to the projected end of the public health emergency and the resumption of eligibility redeterminations assumed to result in eligibles returning to the state only program.

Genetically Handicapped Persons Program

	PY	CY	BY	Change from	
GHPP State Only	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
November 2022	653	654	656	0.15%	0.31%
May 2022	652	655			
Change from May 2022	1	(1)			
% Change from May 2022	0.15%	-0.15%			

- GHPP caseload is based on average monthly members.
- Caseload projections are expected to remain relatively flat from the prior estimate and between fiscal years.

Every Woman Counts

	PY	CY	BY	Change from	
EWC	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
November 2022	22,809	23,348	28,297	2.36%	21.20%
May 2022	23,899	24,321			
Change from May 2022	(1,090)	(973)			
% Change from May 2022	-4.56%	-4.00%			

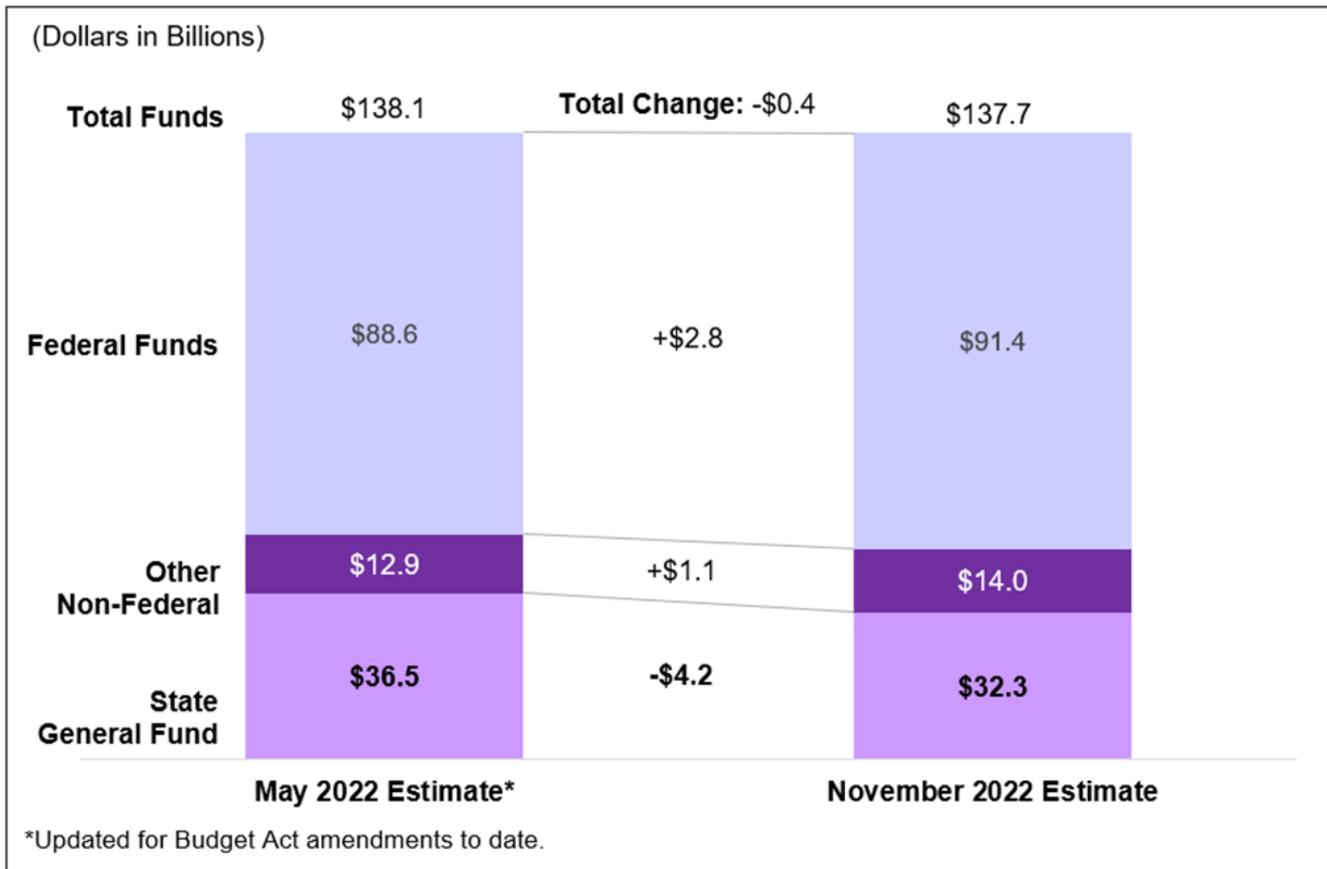
- EWC caseload is based on average monthly users by date of payment.
- There decrease from the prior estimate is due to changes in the assumption of when the public health emergency will end.
- The projected increase between fiscal years is due to the projected end of the public health emergency and assuming caseload will return to the pre-COVID-19 level.

SUMMARY OF MEDI-CAL LOCAL ASSISTANCE ESTIMATE INFORMATION

Funding in the Medi-Cal Estimate makes up the vast majority of local assistance spending in the DHCS budget. Other local assistance funding includes support for programs in the Family Health Estimate (described in the next section), Mental Health Services Act funding, and a number of other local assistance items primarily consisting of federal behavioral health grants.

DHCS estimates Medi-Cal spending to be \$137.7 billion total funds (\$32.3 billion General Fund) in FY 2022-23 and \$138.9 billion total funds (\$38.7 billion General Fund) in FY 2023-24. This does not include Certified Public Expenditures of local governments or General Fund expenditures in other state departments.

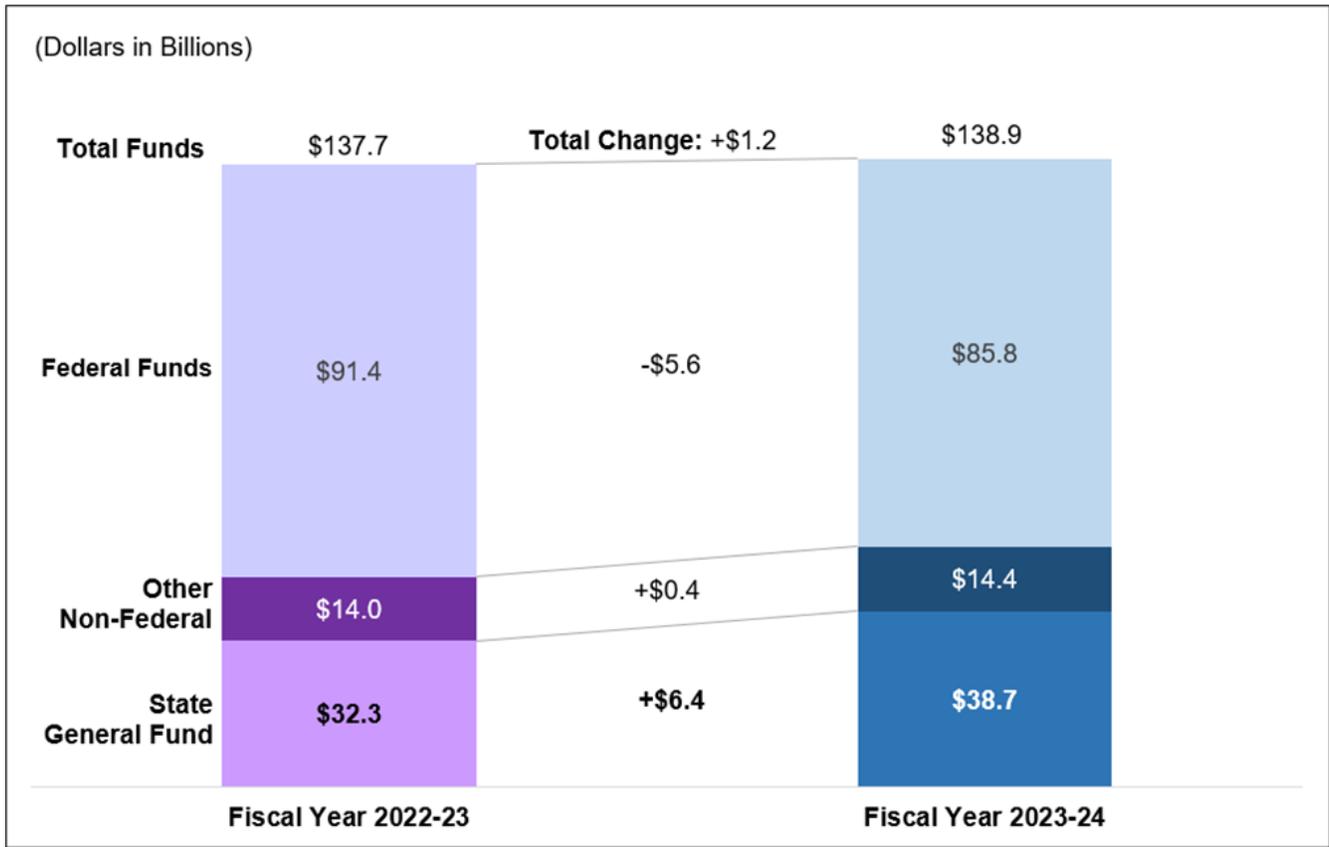
FY 2022-23 Comparison



The November 2022 Medi-Cal Local Assistance Estimate projects a \$0.4 billion decrease in total spending (a \$4.2 billion decrease in General Fund spending) for FY 2022-23 compared to the 2022 Budget Act. This reflects a 0.2 percent increase in estimated total spending and an 11.6 percent decrease in estimated General Fund spending.

For information on the major drivers of changes in estimated General Fund spending in FY 2022-23, see the November 2022 Medi-Cal Local Assistance Estimate available on the DHCS website.

Year-Over-Year Change from FY 2022-23 to FY 2023-24



After the adjustments described previously, the Medi-Cal Estimate projects that spending will increase by \$1.2 billion total funds (\$6.4 billion General Fund) in FY 2023-24 compared to FY 2022-23. This reflects a 0.9 percent increase in total funds and a 19.9 percent increase in General Fund spending.

For information on the major drivers of changes in estimated General Fund spending between FY 2022-23 and FY 2023-24, see the November 2022 Medi-Cal Local Assistance Estimate available on the DHCS website.

SUMMARY OF FAMILY HEALTH LOCAL ASSISTANCE ESTIMATE INFORMATION

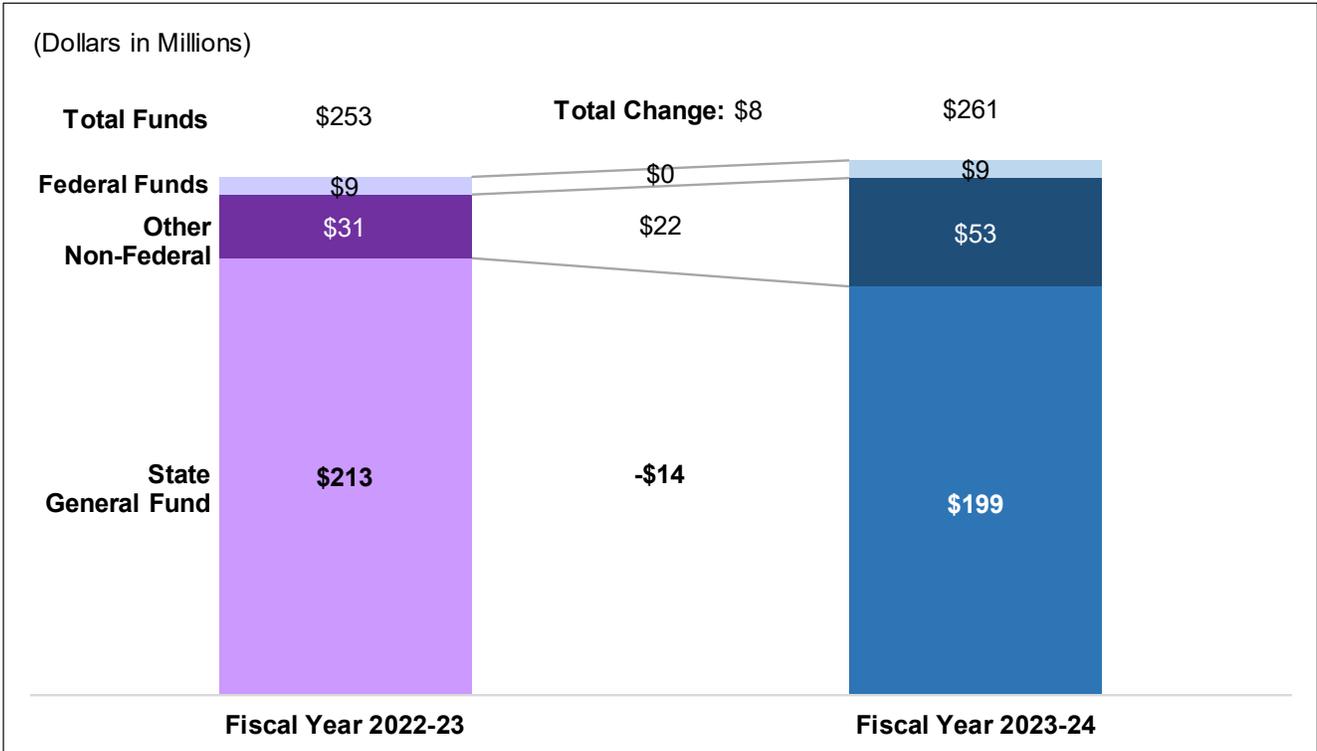
DHCS estimates Medi-Cal spending to be \$252.1 million total funds (\$212.5 million General Fund) in FY 2022-23 and \$260.7 million total funds (\$198.6 million General Fund) in FY 2023-24. This does not include Certified Public Expenditures of local governments or General Fund expenditures in other state departments.

FY 2022-23 Comparison



As displayed above, the November 2022 Family Health Local Assistance Estimate for FY 2022-23 projects that total spending will decrease by \$12 million (4.5 percent) and General Fund spending will decrease by \$14 million (6.2 percent) compared to the May 2022 Estimate. For more information, see the November 2022 Family Health Local Assistance Estimate available on the DHCS website.

FY 2022-23 to FY 2023-24 Year over Year Comparison



The Estimate projects that total spending will increase by \$8 million (3.2 percent) and General Fund spending will decrease by \$14 million (6.6 percent) between FY 2022-23 and FY 2023-24. For more information, see the November 2022 Family Health Local Assistance Estimate available on the DHCS website.

STATE OPERATIONS AND NON-ESTIMATE LOCAL ASSISTANCE BUDGET ADJUSTMENTS

The Governor’s Budget proposes additional expenditure authority of \$82.2 million total funds (\$16.1 million General Fund) for 145.0 positions (117.0 permanent positions (Perm), 13.0 limited-term (LT) to Perm, and resources equivalent to 15.0 LT positions).

(Dollars in millions)

Budget Change Proposal Title	Budget Change Proposal Number	Positions	Total Funds	General Fund
California Cancer Care Equity Act (SB 987)	4260-079-BCP-2023-GB	3.0 Perm 1.0 LT*	\$1.1	\$0.5
Care Coordination for Individuals Exiting Temporary Holds or Conservatorships (AB 2242)	4260-096-BCP-2023-GB	2.0 Perm	\$0.3	\$0.2
Children’s Psychiatric Residential Treatment Facilities (AB 2317)	4260-077-BCP-2023-GB	15.0 Perm	\$2.6	\$1.2
Community Assistance, Recovery, and Empowerment Court (SB 1338)	4260-142-BCP-2023-GB	2.0 Perm	\$5.0	\$5.0
Dental Program Procurement	4260-058-BCP-2023-GB	2.0 Perm 4.0 LT to Perm	\$1.8	\$0.4
Enhanced Lanterman-Petris Short Act Data and Reporting (SB 929)	4260-074-BCP-2023-GB	10.0 Perm	\$2.4	\$1.2
Gender-Affirming Care (SB 923)	4260-094-BCP-2023-GB	11.0 Perm 3.0 LT*	\$2.7	\$1.3
Health Care Coverage: Contraceptives (SB 523)	4260-078-BCP-2023-GB	3.0 Perm	\$0.5	\$0.2
Health Care Coverage: Maternal and Pandemic-Related Mental Health Conditions (SB 1207)	4260-080-BCP-2023-GB	2.0 Perm	\$0.3	\$0.2
Local Educational Agency Medi-Cal Billing Option Program Withhold Return	4260-054-BCP-2023-GB	-	\$7.4	-
Medi-Cal Enterprise System Modernization	4260-059-BCP-2023-GB	7.0 Perm 6.0 LT*	\$7.8	\$1.4
Medi-Cal Managed Care Plans: Mental Health Benefits (SB 1019)	4260-098-BCP-2023-GB	5.0 Perm	\$1.4	\$0.7
Medi-Cal: Short-Term Community Transitions Program (SB 281)	4260-097-BCP-2023-GB	2.0 LT^	-	-
Opioid Settlements Fund State Directed Programs	4260-188-BCP-2023-GB	-	\$32.0**	-
Program of All-Inclusive Care for the Elderly (PACE) Monitoring and Program Operations	4260-051-BCP-2023-GB	10.0 Perm	\$1.7	\$0.7

Budget Change Proposal Title	Budget Change Proposal Number	Positions	Total Funds	General Fund
Public Social Services: Hearings (AB 1355)	4260-095-BCP-2023-GB	2.0 Perm	\$0.5	\$0.2
Specialty Mental Health Services: Foster Youth Presumptive Transfer (AB 1051)	4260-073-BCP-2023-GB	5.0 Perm	\$0.8	\$0.4
Strengthening Oversight for Substance Use Disorder Licensing and Certification	4260-052-BCP-2023-GB	12.0 Perm	\$2.0	-
Program Workload	4260-055-BCP-2023-GB	16.0 Perm 3.0 LT to Perm 5.0 LT*	\$3.8	\$1.9
Joint BCPs				
988 Suicide and Crisis Lifeline (AB 988)	4260-092-BCP-2023-GB	10.0 Perm	\$5.5	
Electronic Visit Verification Phase II	4260-060-BCP-2023-GB	3.0 LT to Perm	\$2.1	\$0.5
Statewide Automated Welfare System Ongoing Support	4260-069-BCP-2023-GB	3.0 LT to Perm	\$0.5	\$0.1
	Total	117.0 Per 13.0 LT to Perm 15.0 LT	\$82.2**	\$16.1

* Resources equivalent to limited-term positions

**Resources include Non-Estimate Local Assistance items

Chart totals may not match due to rounding.

^Effective 2024-25.

California Cancer Care Equity Act (SB 987) requests new positions and limited-term expenditure authority under SB 987 (Chapter 608, Statutes of 2022) to implement and maintain the new workload resulting from the statute's requirements to verify that Medi-Cal managed care health plans make good faith efforts to contract with a National Cancer Institute (NCI)-Designated Cancer Center, a site affiliated with the NCI Community Oncology Research Program, or a qualifying academic cancer center (herein referred to as cancer centers) in their counties of operation. DHCS will need to develop a cancer center referral program for enrollees with a complex cancer diagnosis, as defined; provide technical assistance to managed care plans (MCPs); develop any necessary monitoring tools; conduct ongoing monitoring activities; take corrective action, when necessary; and develop a process, in consultation with stakeholders, to continually update and further define complex cancer diagnosis for the purposes of these cancer center referrals.

Care Coordination for Individuals Exiting Temporary Holds or Conservatorships (AB 2242) requests new positions and expenditure authority under AB 2242 (Chapter 867, Statutes of 2022) to develop a statewide model care coordination plan for implementation by all facilities

designated by the counties and approved by DHCS, for the involuntary detainment, evaluation and treatment of adults or minors. Resources will also permit DHCS to coordinate the stakeholder process and provide ongoing technical assistance.

Children’s Psychiatric Residential Treatment Facilities (AB 2317) requests new positions and expenditure authority under AB 2317 (Chapter 589, Statutes of 2022) to establish and oversee a new licensing category, Psychiatric Residential Treatment Facility (PRTF), for children and youth requiring inpatient psychiatric services in order to promulgate regulations and to develop and implement policies and processes related to the PRTF licensing on-site review operations, clinical practice standards, treatment modalities and provide legal consultation and opinion.

Community Assistance, Recovery, and Empowerment Court (SB 1338) requests new positions and expenditure authority under SB 1338 (Chapter 319, Statutes of 2022) to support the implementation of Community Assistance, Recovery and Empowerment (CARE) Court, including;

- Training and technical assistance.
- Developing guidance for counties on CARE Court responsibilities relating to the Supporter Program.
- Additional CARE Court technical assistance on CARE Court statute.
- CARE plan services to all counties and CARE Courts.
- Implementing additional processes and measures to support ongoing data collection, validation, and reporting.

Dental Program Procurement requests new positions, the conversion of limited-term resources to permanent and expenditure authority to oversee and support a major procurement effort, contract transition, and related efforts, to secure a new Fiscal Intermediary, Dental Information Technology Maintenance and Operations, contract for the Medi-Cal Dental Fee-for-Service delivery system.

Enhanced Lanterman-Petris Short Act Data and Reporting (SB 929) requests new positions and expenditure authority under SB 929 (Chapter 539, Statutes of 2022) to expand existing data collection and reporting requirements to address data deficiencies in the collection of critical information pertaining to involuntary detentions under the Lanterman-Petris-Short Act. Key changes to the data collection and the required annual report includes the requirement for each entity involved in implementing a “5150”, a 72-hour detention of an individual for mental health assessment, and evaluation as defined and authorized in Welfare & Institutions Code Section 5150, to provide the required data elements to conduct an analysis and evaluation of the data submitted to determine if it is in alignment with legislative intent.

Gender-Affirming Care (SB 923) requests new positions and limited-term expenditure authority under SB 923 (Chapter 822, Statutes of 2022) to plan, coordinate, and manage the expansion of Post Adjudicated Claims and Encounter System to Drug Medi-Cal-Organized Delivery System and Program of All-Inclusive Care for the Elderly organizations to implement and evaluate compliance with providing Transgender, Gender Variant, and Intersex (TGI)-inclusive health care.

Health Care Coverage: Contraceptives (SB 523) requests new positions and expenditure authority related to the requirements of SB 523 (Chapter 630, Statutes of 2022) to lead policy development and implementation, conduct ongoing monitoring activities, analyze covered services to determine which contraceptive services may need to be carved out to Fee-For-Service due to federal impermissibility, and facilitate those carve outs.

Health Care Coverage: Maternal and Pandemic-Related Mental Health Conditions (SB 1207) requests new positions and expenditure authority under SB 1207 (Chapter 618, Statutes of 2022) to implement and maintain the new workload resulting from the statute's additional requirements for Medi-Cal (MCPs) to develop a maternal mental health program; provide technical assistance to MCPs; develop any necessary monitoring tools; and conduct ongoing monitoring activities.

Local Educational Agency Medi-Cal Billing Option Program Withhold Return requests a one-time appropriation to reimburse local educational agencies for excess administrative withholds associated with the Local Educational Agency Medi-Cal Billing Option Program.

Medi-Cal Enterprise System Modernization requests new positions and limited-term expenditure authority to continue the strategy development effort and continued development/refinement of the MES Modernization roadmap based on DHCS business priorities. This will build upon the information provided in the modernization approach (IT Product Delivery Strategy Development Approach) document delivered on June 15, 2022 and the modernization strategy deliverables, including a roadmap, to be delivered in June 2023.

Medi-Cal Managed Care Plans: Mental Health Benefits (SB 1019) requests new positions and expenditure authority to meet the expanded workload created by SB 1019 (Chapter 879, Statutes of 2022), which requires MCPs to conduct annual outreach and education to members regarding mental health benefits covered by the MCP, pursuant to existing law. This service will be based on a plan that the MCP develops and submits to DHCS, upon approval of the MCP's Population Needs Assessment.

Medi-Cal: Short-Term Community Transitions Program (SB 281) requests an extension of limited-term expenditure authority to maintain the workload of the temporary, state-funded California Community Transitions Program extended by the passage of SB 281 (Chapter 898, Statutes of 2022).

Opioid Settlements Fund State Directed Programs requests limited-term expenditure authority to support state-directed programs related to opioid remediation and abatement in California by expanding the existing Naloxone Distribution Project.

Program of All-Inclusive Care for the Elderly (PACE) Monitoring and Program Operations requests new positions and expenditure authority to meet all federal and state requirements related to the administration, operation, monitoring, and oversight of PACE.

Public Social Services: Hearings (AB 1355) requests new positions and expenditure authority to provide clinical and legal expertise in reviewing proposed State Fair Hearing decisions and assisting the director, or their designee, in drafting alternative hearing decisions, as required by AB 1355 (Chapter 944, Statutes of 2022).

Specialty Mental Health Services: Foster Youth Presumptive Transfer (AB 1051) requests new positions and expenditure authority under AB 1051 (Chapter 402, Statutes of 2022) to assist foster children placed in a group home, community treatment facilities, Children’s Crisis Residential Programs, or short-term residential therapeutic programs outside of their county of original jurisdiction are able to access Specialty Mental Health Services in a timely manner, consistent with their individual strengths and needs, and with Early and Periodic Screening, Diagnosis, and Treatment.

Strengthening Oversight for Substance Use Disorder Licensing and Certification requests approval to increase the Residential and Outpatient Program Licensing Fund (ROPLF) fees for residential and outpatient recovery and treatment programs effective July 1, 2023. Upon approval of the proposed fee increase, requests new positions and expenditure authority to strengthen compliance oversight including establishing a new mandatory certification for outpatient substance use disorder programs.

Program Workload requests resources and expenditure authority to address the following workloads:

- Medi-Cal Health Enrollment Navigators (Navigators) Project
- Strengthening Preventive Services for Children in Medi-Cal
- Short-Term Residential Therapeutic Program (STRTP) Mental Health Program Approval (MHPA) Oversight and Monitoring
- Administration

Joint BCP (Other Departments Are Lead)

988 Suicide and Crisis Lifeline (AB 988) requests new positions and expenditure authority under AB 988 (Chapter 747, Statutes of 2022) to implement and maintain the new workload resulting from the statute’s oversight activities.

Electronic Visit Verification (EVV) Phase II (Multi-Departmental) requests the conversion of limited-term resources to permanent to ensure the EVV Phase II Project has continued progress towards implementation and operation of an EVV solution for California required by the federal 21st Century Cures Act while avoiding further federal penalties for failure to meet federal implementation deadlines.

Statewide Automated Welfare System (CalSAWS) Ongoing Support requests the conversion of limited-term resources to permanent positions to direct, govern, and oversee the planning and implementation of the CalSAWS as well as the critical ongoing support as technology continues to evolve and change over time, and evaluation of new capabilities to enhance or develop additional services is required.