

**2023-24 May Revision**

**Department of Health Care Services Highlights**

**May 12, 2023**

**Governor Gavin Newsom  
State of California**

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

**Director Michelle Baass  
Department of Health Care Services**



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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 the Department 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 May Revision proposes a total of \$156 billion, and 4,799.5 positions for the support of the Department’s programs and services. Of that amount, \$1.3 billion funds state operations (DHCS operations), while \$154.7 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)*

<b>Fund Source*</b>	<b>FY 2022-23</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
	<b>Enacted Budget</b>	<b>Revised Budget</b>	<b>May Revision</b>
<b>Local Assistance (LA)</b>			
LA General Fund	\$ 36,802,077	\$ 31,275,617	\$ 37,976,629
LA Federal Funds	\$ 89,035,408	\$ 91,874,810	\$ 90,871,566
LA Special Funds	\$ 14,773,431	\$ 14,564,847	\$ 23,853,218
LA Reimbursements	\$ 1,978,609	\$ 1,839,067	\$ 1,979,491
<b>Total Local Assistance</b>	<b>\$ 142,589,525</b>	<b>\$ 139,554,341</b>	<b>\$ 154,680,904</b>
<b>State Operations (SO)</b>			
SO General Fund	\$ 530,567	\$ 571,867	\$ 372,499
SO Federal Funds	\$ 644,921	\$ 663,526	\$ 619,778
SO Special Funds	\$ 420,959	\$ 571,261	\$ 323,311
SO Reimbursements	\$ 25,079	\$ 25,674	\$ 25,612
<b>Total State Operations</b>	<b>\$ 1,621,526</b>	<b>\$ 1,832,328</b>	<b>\$ 1,341,200</b>
<b>Total Funds</b>			
Total General Fund	\$ 37,332,644	\$ 31,847,484	\$ 38,349,128
Total Federal Funds	\$ 89,680,329	\$ 92,538,336	\$ 91,491,344
Total Special Funds	\$ 15,194,390	\$ 15,136,108	\$ 24,176,529
Total Reimbursements	\$ 2,003,688	\$ 1,864,741	\$ 2,005,103
<b>Total Funds</b>	<b>\$ 144,211,051</b>	<b>\$ 141,386,669</b>	<b>\$ 156,022,104</b>
<i>* Dollars in Thousands</i>			

## **NEW MAJOR BUDGET ISSUES AND PROPOSALS**

### **Managed Care Organization (MCO) Tax and Medi-Cal Provider Rate Increases**

The May Revision includes the renewal of the MCO tax, via trailer bill language (TBL), effective April 1, 2023, nine months earlier than planned at Governor's Budget. This earlier start results in approximately \$3.7 billion in additional General Fund revenue in calendar year 2023, on an accrual basis, that was not accounted for in the Governor's Budget. To do this, the Department must submit the MCO tax proposal to the federal Centers for Medicare and Medicaid Services (CMS) by June 30, 2023. Additionally, the May Revision increases MCO tax revenue (as compared to Governor's Budget) to achieve an approximately \$5 billion annual state benefit.

The Administration proposes to use the additional total net revenue over the three and three-quarters years as follows: 1) use \$2.5 billion of the 2023 net revenue to continue supporting the Medi-Cal program and achieve a balanced budget; and 2) use the remaining \$11.1 billion to support Medi-Cal investments that will help secure access, quality, and equity in the Medi-Cal program over an eight- to ten-year period, including the May Revision proposal to increase rates to at least 87.5 percent of Medicare for specified providers, and the remainder will be put into a special fund reserve for future consideration. This strategy will allow the focused Medi-Cal augmentations to be sustainable over a long period and give certainty to providers.

Effective January 1, 2024, the Department proposes to increase rates to at least 87.5 percent of Medicare for Primary Care (inclusive of Nurse Practitioners and Physician Assistants), Maternity Care (inclusive of OB/GYN and doulas), and non-specialty mental health services. These rate increases will include the elimination of the historical AB 97 reduction and account for Proposition 56 supplemental payments for the applicable services. Additionally, the state will direct Medi-Cal managed care plans to pay providers at least the base Fee-for-Service rates including in capitated provider arrangements. These investments support the Department's Comprehensive Quality Strategy and its clinical focus on children's preventive care, maternal care and birth equity, and behavioral health integration—aligning our efforts toward upstream preventive and primary care interventions.

Following the submission of the MCO tax to CMS, the Department, in collaboration with key stakeholders in the Medi-Cal delivery system and with a focus on enhancing equitable access to care, will assess which ongoing, long-term rate augmentations will deliver the greatest benefit to improving Medi-Cal systems across California. The focus will be to look at additional augmentations to primary care, maternal care, and behavioral health as well as specialty care, outpatient, and acute care systems with attention on how to increase the commitment of providers to serve Medi-Cal members, support providers in disproportionately impacted areas, and build robust teams and

programs with a strong workforce, to ensure care is provided in the right settings, at the right time, and at the highest quality.

Following this process, the Department will return with a proposed set of investments and augmentations that will be put forward to the Legislature in the 2024-25 Governor's Budget, with an intended effective date of January 1, 2025. It is estimated that the model could achieve \$3.7 billion total funds (\$1.5 billion General Fund/MCO Tax) annually for ongoing rate increases beginning in 2025 for roughly eight to ten years, contingent on the finalization and approval of the proposed plan.

### **Community Assistance, Recovery and Empowerment (CARE) Act**

The May Revision includes \$67.3 million General Fund in FY 2023-24, \$121 million General Fund in FY 2024-25, and \$151.5 million in 2025-26 and ongoing to support estimated county behavioral health department costs for the CARE Act (Chapter 319, Statutes of 2022). Compared to the Governor's Budget, this is an increase to account for additional activities required in draft rules released by the Judicial Council, changes in the hourly rate assumed for each activity performed by the counties, and updates to the length of time in hearings. The May Revision also includes \$15 million one-time General Fund for Los Angeles County start-up funding given the December 1, 2023 implementation.

### **Medi-Cal Mobile Crisis Services Benefit**

The Department is implementing the Medi-Cal Mobile Crisis Services benefit. Mobile crisis services are a community-based intervention designed to provide de-escalation and relief to individuals experiencing a behavioral health crisis wherever they are, including at home, work, school, or in the community. Mobile crisis services are provided by a multidisciplinary team of trained behavioral health professionals in the least restrictive setting.

In December 2022, DHCS released policy guidance outlining Mobile Crisis Services implementation and operational requirements for all counties. In April 2023, DHCS extended the implementation timeframe for rural counties by six months to June 30, 2024 for Alpine, Amador, Colusa, Del Norte, Glenn, Inyo, Mariposa, Modoc, Mono, Plumas, Sierra, and Trinity Counties. All other counties continue to be required to implement the service during calendar year 2023.

### **Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Demonstration (formerly referred to as the California Behavioral Health Community-Based Continuum, or CalBH-CBC, Demonstration)**

The Department will seek federal approval of a Medicaid Section 1115 demonstration waiver to expand behavioral health services for Medi-Cal members living with serious

mental illness and serious emotional disturbance. The Department plans to submit the BH-CONNECT Demonstration proposal for federal approval in the summer of 2023 with implementation beginning no sooner than January 1, 2024. The May Revision 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 (\$306.2 million General Fund). The DHCS budget includes \$6 billion (\$185 million General Fund, \$87.5 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.6 billion federal funds) over five years to implement BH-CONNECT.

A critical part of CalAIM, the BH-CONNECT Demonstration includes both statewide and county opt-in components to strengthen the continuum of mental health services, with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals. The May Revision includes an update to the BH-CONNECT Demonstration to include a new Workforce Initiative. BH-CONNECT will make targeted long- and short-term investments in a robust, diverse behavioral health workforce. New investments will be directed toward strengthening the pipeline of behavioral health professionals needed to staff existing and new behavioral health treatment settings as well as toward improving short-term recruitment and retention efforts. The Department anticipates the BH-CONNECT workforce initiative would include \$480 million in funding for each year of the five-year demonstration period (\$2.4 billion total funding). The \$480 million would be comprised of federal funds available through the Demonstration, with the non-federal share funded through designated state health programs (DSHP) and a portion of Mental Health Services Act (MHSA) state directed revenues. The May Revision includes minor updates to the BH-CONNECT Demonstration for May Revision including updating the fiscal estimate for Centers of Excellence to reflect training and certification activities for therapy benefits; adding Federal Financial Participation for the Centers of Excellence and the cross-sector incentive pool; and making a technical correction to the start date of the initial Child Welfare-Specialty Mental Health Services assessments (joint home visits).

### **Expansion of Medi-Cal to Undocumented Individuals**

The May Revision maintains \$1.4 billion (\$1.2 billion General Fund) in 2023-24 and \$3.4 billion (\$3.1 billion General Fund) at full implementation, inclusive of In-Home Supportive Services (IHSS) costs, to expand full-scope Medi-Cal eligibility to all income eligible adults ages 26-49 regardless of immigration status on January 1, 2024. The May Revision includes increases for the two most recent expansions for adults 50 and older and ages 26-49 of \$1.6 billion General Fund in 2023-24 and an estimated \$2.4 billion General Fund annually compared to the Governor's Budget. These increases resulted from updated managed care rates, higher share of state-only costs, higher caseloads due to the COVID-19 pandemic continuous coverage requirement, and higher acuity members based on actual experience.

## **Home and Community-Based Services (HCBS) Spending Plan**

The 2021 Budget Act appropriated funds made available pursuant to the American Rescue Plan (ARP) Act of 2021 to enhance, expand, and strengthen Home and Community-Based Services (HCBS). The HCBS spending plan includes initiatives that span across six departments. The ARP required HCBS funding to be spent by March 31, 2024. In June 2022, CMS extended the deadline to March 31, 2025, giving states an additional year to spend the funds.

The May Revision reflects an update to the HCBS spending plan timeline for certain initiatives included in the approved HCBS spending plan to allow for additional time to fully expend the funds and complete initiative objectives. The May Revision proposes the following initiatives to have expenditures past March 2024, as needed:

- Department of Aging
  - Senior Nutrition Infrastructure Program
  - Access to Technology for Seniors and Persons with Disabilities
  - No Wrong Door/Aging and Disability Resource Connections
  - Direct Care Workforce (Non-IHSS) Training and Stipends (CalGrows)
- Department of Social Services
  - IHSS Career Pathways
- Department of Developmental Services
  - Developmental Services Rate Model Implementation
  - Language Access and Cultural Competency Orientations and Translations
  - Social Recreation and Camp Services for Individuals with Developmental Disabilities
  - Enhanced Community Integration for Children and Adolescents
- Department of Health Care Services
  - Eliminating Assisted Living Waiver Waitlist

### **988 Update**

The May Revision includes a one-time augmentation of \$15 million in FY 2023-24, for a total of \$19 million, from the 988 State Suicide and Behavioral Health Crisis Services Fund for California's 988 centers to maintain operations and services in FY 2023-24. This funding augmentation will support workforce expansion to handle increased answered call volume, extensions of service hours, and the availability of chat and text options for callers utilizing the 988 services.

California currently funds 988 services through federal grants, state funds, and multiple county/local funding streams. While these state and federal funds have supported initial implementation of 988 services, most of the funds are not recurring, sustainable funding sources. AB 988 establishes the 988 State Suicide and Behavioral Health Crisis Services Fund for the purposes of supporting the 988 Suicide and Crisis Lifeline.

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. The Department will re-assess the ongoing funding need for FY 2024-25 and beyond.

### **Children and Youth Behavioral Health Initiative (CYBHI) Fee Schedule Third Party Administrator (TPA)**

As part of CYBHI, the Department is mandated to establish a statewide all-payer fee schedule to reimburse school-linked behavioral health (BH) providers who provide services to students at or near a school-site. Specifically, the Department is required to:

- Develop and maintain a school-linked statewide fee schedule for medically necessary outpatient mental health or substance use disorder services provided to a student 25 years of age or younger at or near a school site, who is an enrollee of the plan or delivery system.
- Develop and maintain a school-linked statewide provider network of school site BH counselors.

Commercial health plans and the Medi-Cal delivery system, as applicable, must reimburse these school-linked providers at the published fee schedule rate, regardless of network provider status.

The May Revision includes \$10 million General Fund in FY 2023-24 to begin the development and implementation of a statewide infrastructure that will centralize provider management functions, including credentialing and quality oversight, and manage billing and claiming for the behavioral health services furnished to students by school-based and school-linked providers, under the CYBHI fee schedule. This statewide infrastructure will simplify processes and reduce administrative burdens, which will help ensure participation of local education agencies, California Community Colleges, California State University, and University of California campuses. The funding will also ensure appropriate oversight of the school-linked provider network, without requiring each local education agency and higher education campus to navigate oversight and claims submission processes of each health plan (Medi-Cal and commercial). DHCS will explore long-term funding options to support this infrastructure.

### **Extend Contingency Management Pilot**

The Department proposes to extend funding for Contingency Management after March 2024, the point at which support from the HCBS Spending Plan is planned to end for

this pilot, through the end of the CalAIM 1115 demonstration. After March 2024, counties will provide the non-federal share for contingency management services. In FY 2023-24, the extension of the pilot is estimated to result in an additional spending of \$2.5 million county funds and \$7 million federal funds.

In addition to local assistance, the Department requests state operations resources as detailed below.

## **Budget Solutions**

The May Revision includes some adjustments to reduce General Fund costs in light of the state's overall General Fund situation:

- **Reduce Medi-Cal Drug Rebate Fund Reserve.** The May Revision assumes that all drug rebates received in Medi-Cal will be transferred to the benefit of the General Fund by the end of FY 2023-24, with zero reserve in the Medi-Cal Drug Rebate Fund. Assuming no reserve in the fund at the end of FY 2023-24 results in estimated General Fund savings of \$222 million compared to the Governor's Budget.
- **Mental Health Services Fund (MHSF) Support for Behavioral Health Bridge Housing (BHBH) and CalHOPE.** The May Revision effectively eliminates the Governor's Budget's proposed delay of \$250 million in the BHBH program from FY 2023-24 to FY 2024-25 and includes \$500 million one-time Mental Health Services Fund in 2023-24, in lieu of General Fund. Compared to the Governor's Budget, this results in \$250 million in General Fund savings in FY 2023-24 and another \$250 million in General Fund savings in FY 2024-25. Finally, the May Revision includes \$50.5 million in one-time MHSF, in lieu of General Fund, to temporarily extend support for the CalHOPE program.

## **Trailer Bill Language**

The Department proposes the additional May Revision Trailer Bill Language as follows:

- **Doula Services Implementation Evaluation.** The Department proposes to extend the timelines for the workgroup to examine implementation of the doula benefit in the Medi-Cal program from April 1, 2022, until December 31, 2023, to April 1, 2023, until June 30, 2025, to align with implementation of the benefit one year later than originally anticipated. The proposal would align the date extension with the associated evaluation report and sunset date.
- **Medical Interpreter Pilot Program.** The Department proposes to extend the expenditure authority of the Medical Interpreter Pilot Project for a period of 12 months, from June 30, 2024, to June 30, 2025. The program's inoperative date would be

extended from July 1, 2024, to July 1, 2025, as well as the sunset date from January 1, 2025, to January 1, 2026.

- **Virtual Services in Driving-Under-the-Influence Programs.** The Department is proposing to clarify its authority to regulate Driving-Under-the-Influence programs offering services virtually.
- **Long-Term Care Facilities Rate Year Shift.** The Department proposes to shift reimbursement for specified long-term care facilities from an August to July rate year basis to a calendar rate year basis, effective January 1, 2024.

Updates to TBL proposed during Governor's Budget impact the following:

- **California Children's Services Whole Child Model (WCM) Expansion in County Organized Health Systems (COHS) Counties and Mandatory Managed Care Enrollment of Foster Care Children in new Single Plan and COHS Counties.** The Department proposes to remove the three Single Plan Counties—Alameda, Contra Costa, and Imperial counties—from WCM implementation proposal.
- **CalAIM Behavioral Health Payment Reform.** The Department proposes amendments that authorize the Department, rather than the Department of Finance, to submit the offset and transfer schedule to the California State Controller once counties elect to authorize the Controller to transfer certain Mental Health Services Fund and Realignment funding into the Medi-Cal County Behavioral Health Fund. Additionally, the amendments further describe when the Department will provide the transfer schedule to the Controller.

## 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

May 2023 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	1,119,700	1,200,500	1,217,200	7.22%	1.39%
Persons with Disabilities	1,095,200	1,085,500	1,087,600	-0.89%	0.19%
Families and Children	7,495,200	7,838,300	7,275,600	4.58%	-7.18%
Optional Expansion	4,600,800	5,084,200	4,534,500	10.51%	-10.81%
Miscellaneous	57,700	63,300	65,300	9.71%	3.16%
<b>Total</b>	<b>14,368,500</b>	<b>15,272,800</b>	<b>14,180,900</b>	<b>6.29%</b>	<b>-7.15%</b>

#### Change from November 2022 Estimate

	<u>Eligibles</u>			<u>Percent</u>		
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2021-22	FY 2022-23	FY 2023-24
Seniors	100	5,100	(1,400)	0.01%	0.43%	-0.11%
Persons with Disabilities	-	(4,800)	(7,900)	0.00%	-0.44%	-0.72%
Families and Children	3,000	(8,100)	(182,900)	0.04%	-0.10%	-2.45%
Optional Expansion	(3,400)	45,500	(68,300)	-0.07%	0.90%	-1.48%
Miscellaneous	100	1,500	3,300	0.17%	2.43%	5.32%
<b>Total</b>	<b>(200)</b>	<b>39,200</b>	<b>(257,200)</b>	<b>0.00%</b>	<b>0.26%</b>	<b>-1.78%</b>

The Medi-Cal caseload is projected to continue to grow through June 2023, consistent with the redetermination work starting in April 2023 pursuant to the Consolidated Appropriations Act, 2023. The Estimate assumes that the Medi-Cal caseload will fall to an estimated 12.8 million members following the redetermination period.

## 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 (CCS)

CCS State Only	PY	CY	BY	Change from	
	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
May 2023	9,546	9,682	12,134	1.42%	25.33%
November 2022	9,546	9,192	11,488		
Change from November 2022	-	490	646		
% Change from November 2022	0.00%	5.33%	5.62%		

- 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 (PHE) and continued to shift through the end of FY 2020-21. Additional months of enrollment have remained relatively flat through June 2022.
  - May 2023 state only base caseload projections reflect actual COVID-19 impacts through June 2022.
  - The ongoing impact from the PHE is estimated in the CCS COVID-19 Caseload Impact policy change and included in the counts shown above.
- The increase from the prior Estimate for FY 2022-23 is due to slightly higher actual enrollment through December 2022. The estimate assumes no additional decline in state only enrollment through the end of the fiscal year resulting from the PHE, as enrollment has remained relatively flat.
- The increase from the prior Estimate for FY 2023-24 is due to slightly higher actual enrollment through December 2022 and approval of the Consolidated Appropriations Act, 2023 ending the continuous coverage requirement on March 31, 2023. The resumption of eligibility redeterminations assumes eligible individuals returning to the state only program one month earlier than in the prior estimate.
- The projected increase between fiscal years is due to the approval of the Consolidated Appropriations Act, 2023 ending the continuous coverage requirement on March 31, 2023. The resumption of eligibility redeterminations assumes eligible individuals returning to the state only program one month earlier than in the prior estimate.

## Genetically Handicapped Persons Program (GHPP)

GHPP State Only	PY	CY	BY	Change from	
	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
May 2023	653	668	674	2.30%	0.90%
November 2022	653	654	656		
Change from November 2022	-	14	18		
% Change from November 2022	0.00%	2.14%	2.74%		

- 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 (EWC)

EWC	PY	CY	BY	Change from	
	FY 2021-22	FY 2022-23	FY 2023-24	PY to CY	CY to BY
May 2023	22,809	19,835	20,561	-13.04%	3.66%
November 2022	22,809	25,010	24,305		
Change from November 2022	-	{5,175}	{3,744}		
% Change from November 2022	0.00%	-20.69%	-15.40%		

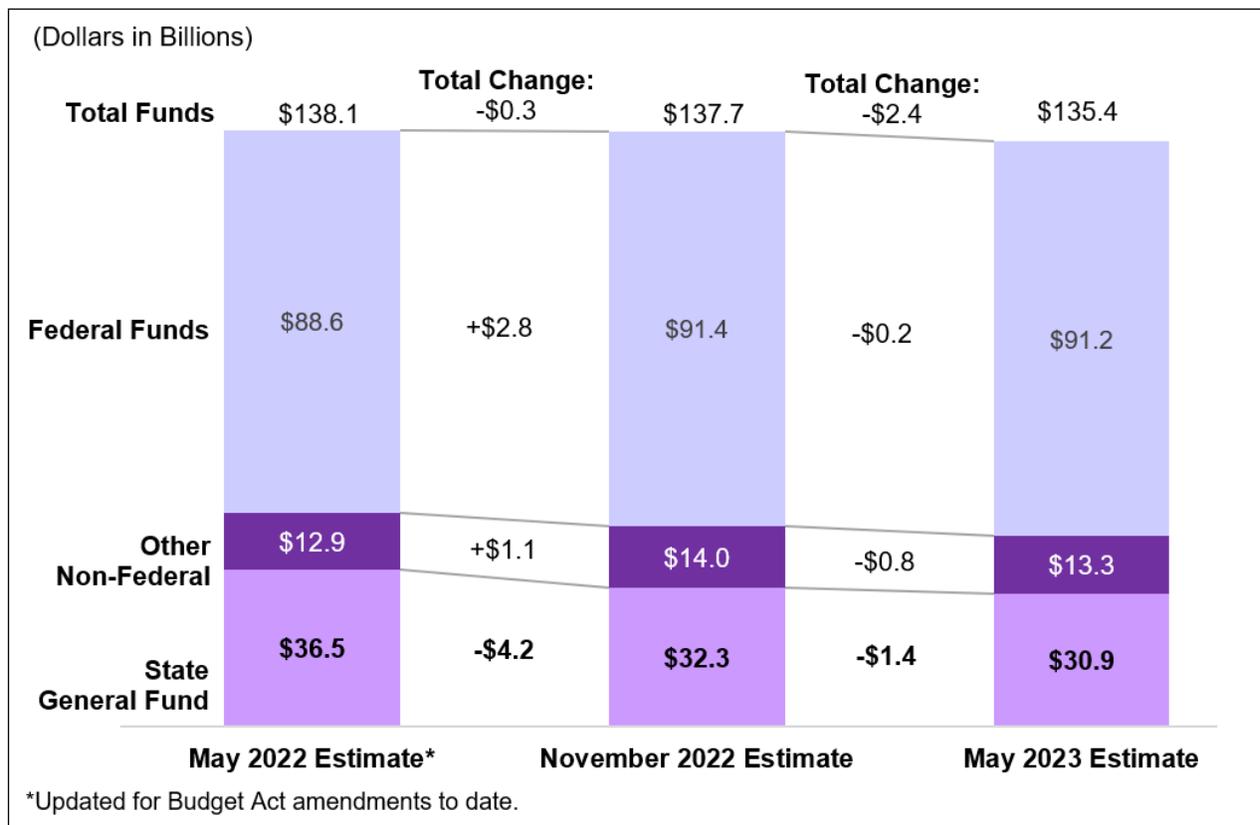
- EWC caseload is based on average monthly users by date of payment.
- EWC caseload has decreased due to the population being eligible for the Medi-Cal expansion.
- The caseload increase between fiscal years is due to historical trends.
- Currently, there are no longer any PHE impacts included in the EWC caseload estimate.

## 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 Department’s 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.

The Department estimates Medi-Cal spending to be \$135.4 billion total funds (\$30.9 billion General Fund) in FY 2022-23 and \$151.2 billion total funds (\$37.6 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.

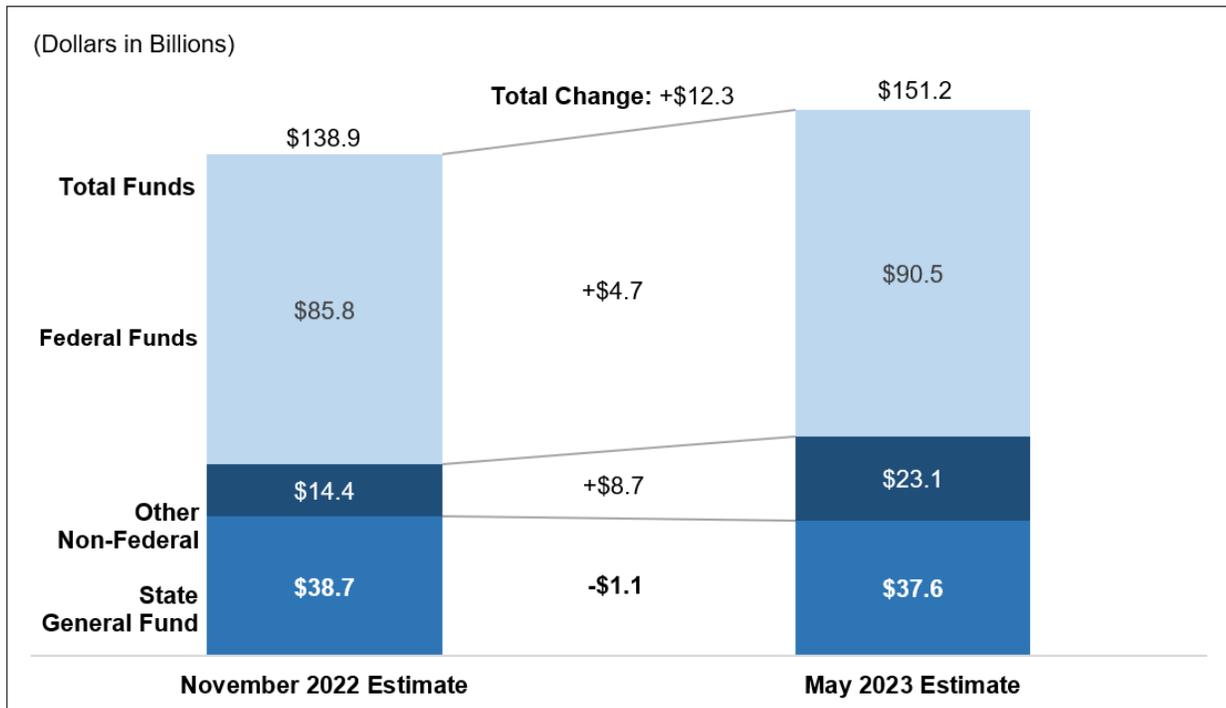
### FY 2022-23 Comparison



The May 2023 Medi-Cal Local Assistance Estimate projects a \$2.4 billion, or 1.7 percent, decrease in total spending and a \$1.4 billion, or 4.3 percent, decrease in General Fund spending compared to the November 2022 Estimate. Compared to the Budget Act of 2022, the Estimate reflects a \$2.7 billion, or 2 percent, decrease in total spending and a \$5.6 billion, or 15.4 percent, decrease in General Fund spending.

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

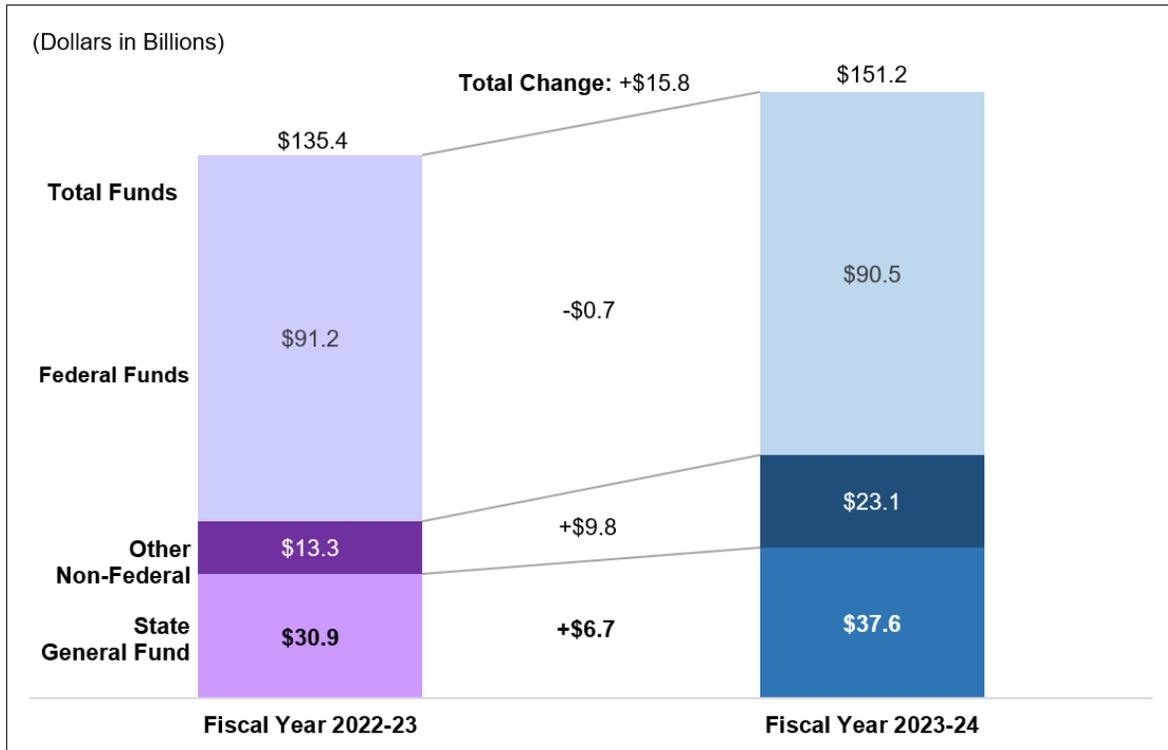
**FY 2023-24 Comparison**



The May 2023 Medi-Cal Local Assistance Estimate projects a \$12.3 billion, or 8.8 percent, increase in total spending and a \$1.1 billion, or 2.8 percent, decrease in General Fund spending compared to the November 2022 Estimate.

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

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

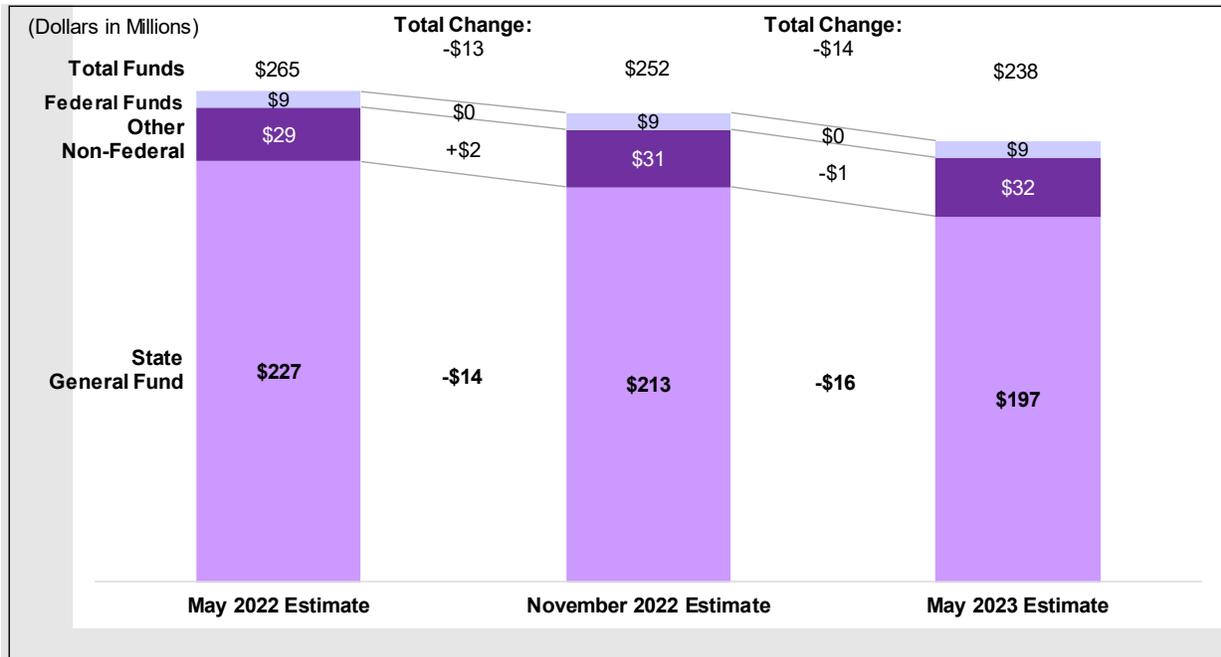


After the adjustments described previously, the Medi-Cal Estimate projects that total spending will increase by \$15.8 billion (11.7 percent) and General Fund spending will increase by \$6.7 billion (21.7 percent) between FY 2022-23 and FY 2023-24.

## SUMMARY OF FAMILY HEALTH LOCAL ASSISTANCE ESTIMATE INFORMATION

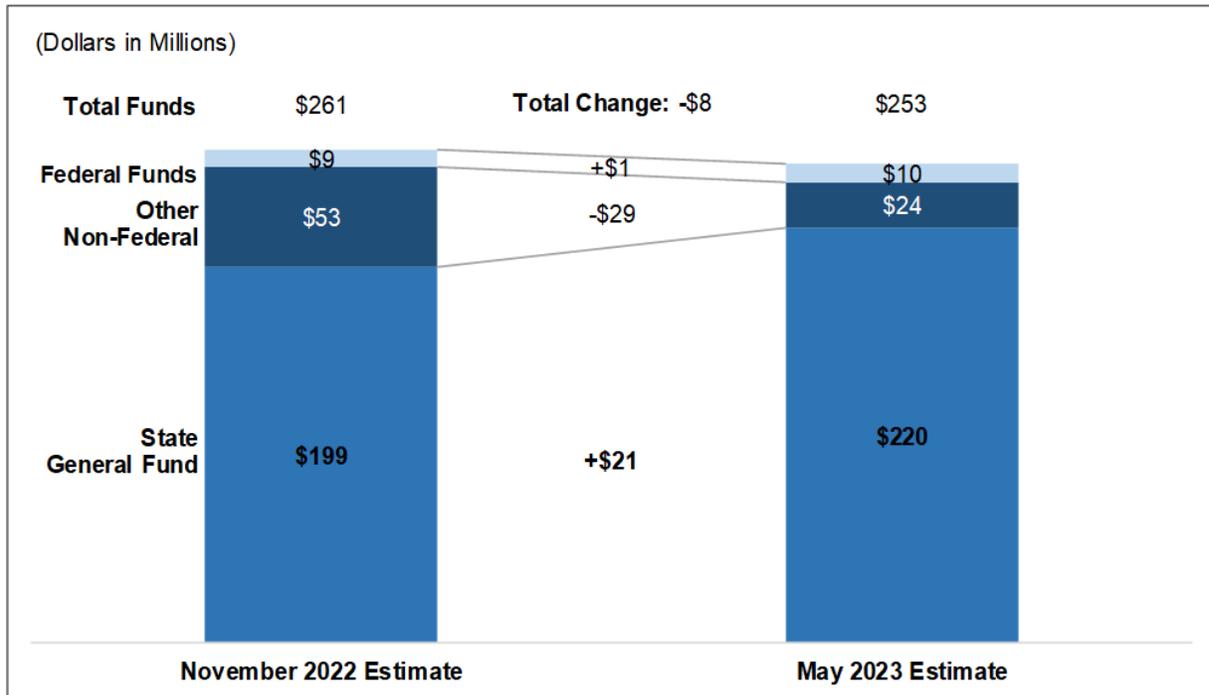
The Department estimates Family Health spending to be \$238 million total funds (\$197 million General Fund) in FY 2022-23 and \$253 million total funds (\$220 million General Fund) in FY 2023-24. This does not include Certified Public Expenditures of local governments or General Fund expenditures in other state departments.

### FY 2022-23 Comparison



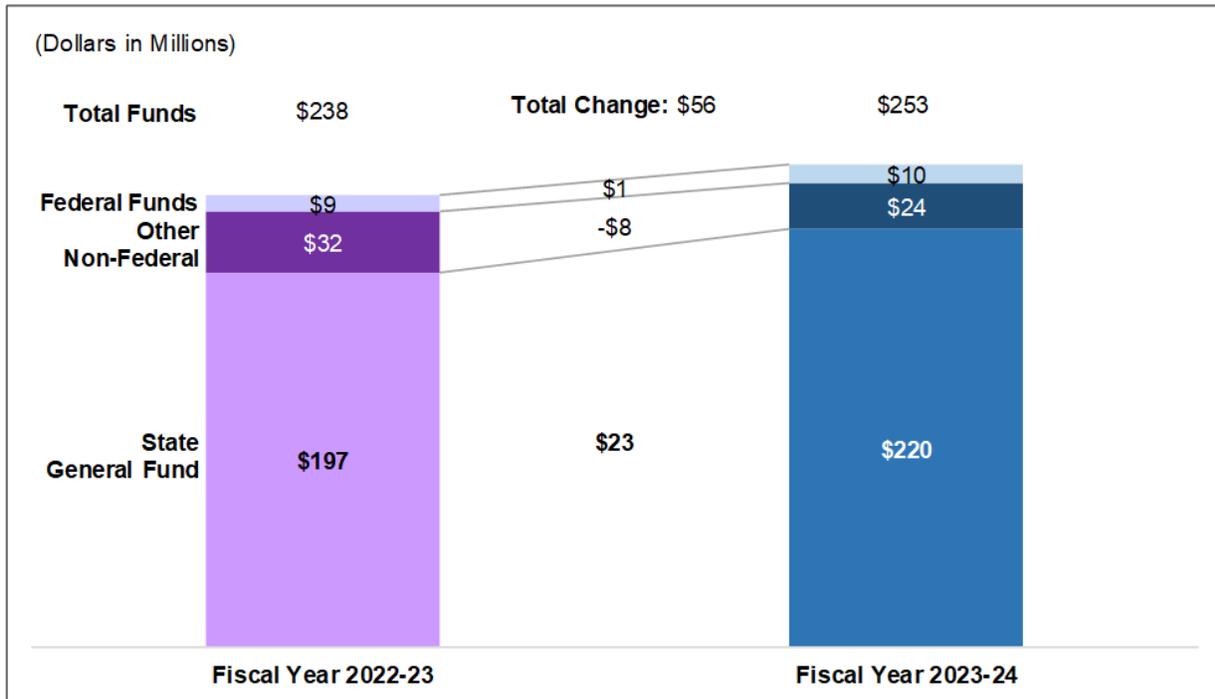
As displayed above, the May 2023 Family Health Estimate for FY 2022-23 projects a \$14 million, or 5.6 percent, decrease in total spending and a \$16 million, or 7.5 percent, decrease in General Fund spending compared to the November 2022 Estimate. Compared to the Budget Act of 2022, the Estimate reflects a \$27 million, or 10.2 percent, decrease in total spending and a \$30 million, or 13.2 percent decrease in General Fund spending. For more information, see the May 2023 Family Health Local Assistance Estimate available on the DHCS website.

**FY 2023-24 Comparison**



As displayed above, the May 2023 Family Health Estimate for FY 2022-23 projects a \$7 million, or 2.7 percent, decrease in total spending and a \$21 million, or 10.6 percent, increase in General Fund spending compared to the November 2022 Estimate. For more information, see the May 2023 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 \$16 million, or 6.7 percent, and General Fund spending will increase by \$23 million, or 11.7 percent, between FY 2022-23 and FY 2023-24. For more information, see the May 2023 Family Health Local Assistance Estimate available on the DHCS website.

## STATE OPERATIONS AND NON-ESTIMATE LOCAL ASSISTANCE BUDGET ADJUSTMENTS

The May Revision proposes additional expenditure authority of \$115.4 million total funds (\$21.1 million General Fund) for 26 positions (11 permanent positions (Perm), 15 limited-term (LT) to Perm). Combined, April 1 and May Revision budget change proposals total \$118.2 million total funds (\$21.9 million General Fund) for 28 positions (13 Perm, 15 LT to Perm) and resources equivalent to 9 LT positions.

Budget Change Proposal Title	Budget Change Proposal Number	Positions	Total Funds	General Fund
<b>May Revision Prals</b>				
Assisted Living Waiver Expansion Permanent Workload	4260-221-BCP-2023-MR	15 LT to Perm	\$0.9	\$0.3
Behavioral Health Modernization	4260-278-BCP-2023-MR		\$40.0	\$20.0
Contingency Management Pilot Extension	4260-222-BCP-2023-MR	11 Perm	\$1.5	\$0.8
Naloxone Distribution Project Expansion	4260-223-BCP-2023-MR		\$58.0**	
988 Suicide and Crisis Lifeline (AB 988)	4260-271-BCP-2023-MR		\$15.0**	
<b>April 1 Proposals</b>				
Interoperability Federal Rule Implementation	4260-203-BCP-2023-A1	9 LT*	\$1.5	\$0.1
Nursing Facility Financing Reform	4260-205-BCP-2023-A1	2 Perm	\$1.3	\$0.7
	<b>Total</b>	<b>13 Perm 15 LT to Perm 9 LT*</b>	<b>\$118.2</b>	<b>\$21.9</b>

\*Resources equivalent to limited-term positions.

\*\* Resources include Non-Estimate Local Assistance items.

Chart totals may not match due to rounding.

### DHCS May Revision Proposals

**Assisted Living Waiver Expansion Permanent Workload** requests resources and expenditure authority for continuance of existing and growing workload surrounding the administrative, operational, and monitoring and oversight needs for the expansion of the Assisted Living Waiver program.

**Behavioral Health Modernization** requests expenditure authority to support modernization of the behavioral health system. This request represents initial resources, as additional resources will be needed to implement.

**Contingency Management Pilot Extension** requests resources and expenditure authority to convert the contingency management program from a pilot funded under the CMS' approved HCBS Spending Plan funding, which expires for the pilot in March 2024, to a full opt-in benefit covered through the end of the CalAIM demonstration period.

**Naloxone Distribution Project Expansion** requests expenditure authority to support state-directed programs in further reducing overdose and death related to opioids, including fentanyl, by expanding the Naloxone Distribution Project.

**988 Suicide and Crisis Lifeline (AB 988)** requests expenditure authority from the 988 Fund to support eligible 988 call center services.

### **DHCS April 1 Proposals**

**Interoperability Federal Rule Implementation** requests resources and expenditure authority to implement and additionally plan for the new interoperability rules required by CMS.

**Nursing Facility Financing Reform** requests resources and expenditure authority to implement three major new Skilled Nursing Facility financing programs authorized by AB 186 (Chapter 46, Statutes of 2022): Workforce & Quality Incentive Program, Workforce Standards Program, and Accountability Sanctions Program.