

**2020-21 May Revision**

**Highlights**

**Department of Health Care Services**



**GAVIN NEWSOM  
GOVERNOR  
State of California**

**Mark A. Ghaly, MD, MPH  
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**May 14, 2020**

## **CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES OVERVIEW**

The California Department of Health Care Services' (DHCS) mission is to provide Californians with access to affordable, integrated, high-quality health care including medical, dental, mental health, substance use treatment services, and long-term care. Our vision is to preserve and improve the overall health and well-being of all Californians.

DHCS helps provide Californians access to quality health care services that are delivered effectively and efficiently. Its programs integrate all spectrums of care, primarily via Medi-Cal, California's Medicaid program. Medi-Cal is a federal/state partnership providing comprehensive health care to individuals and families who meet defined eligibility requirements. Medi-Cal coordinates and directs the delivery of important services to approximately 13 million Californians.

The Department also offers programs to special populations and administers several other non-Medi-Cal programs:

- Low-income and seriously ill children and adults with specific genetic diseases receive services through various programs including the Genetically Handicapped Persons Program, California Children's Services Program, and Newborn Hearing Screening Program.
- Programs for Californians in rural areas and for underserved populations include Indian Health, the Rural Health Services Development Program, the Seasonal Agricultural and Migratory Workers Program, the State Office of Rural Health, the Medicare Rural Hospital Flexibility Program / Critical Access Hospital Program, the Small Rural Hospital Improvement Program, and the J-1 Visa Waiver Program.
- Licensing and certification, monitoring, and complaints for Driving-Under-the-Influence Programs, Narcotic Treatment Programs, and outpatient and residential treatment providers. DHCS also oversees and conducts complaint investigations on certified Alcohol and Other Drug counselors.
- Community mental health services and substance use disorder treatment services are funded by federal block grants, the Mental Health Services Act and other funding.
- 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) 2020-21, the Governor’s May Revision includes a total of \$115.7 billion for the support of DHCS programs and services. Of that amount, \$960 million funds state operations, while \$114.7 billion supports local assistance.

The May Revision reflects the negative impacts of the unprecedented COVID-19 pandemic on California’s economy. As such, the May Revision includes a limited number of new proposals, and reflects a modification to some of the previously submitted proposals included in the Governor’s 2020-21 proposed January budget. The Department estimates significantly increased Medi-Cal caseload peaking at 14.5 million in July 2020 due to COVID-19 related unemployment. Federal stimulus funds provide increased Federal Medical Assistance Percentage funding from January 1, 2020 through the duration of the federal public health emergency, and Medi-Cal program eligibility is maintained to help the state’s low income residents respond to the COVID-19 pandemic and meet federal requirements. The May Revision also proposes difficult program reductions due to the severe budget shortfall caused by the COVID-19 Recession.

### Total DHCS Budget

*(Includes non-Budget Act appropriations)*

*(Dollars in thousands)*

Fund Source*	2019-20 Budget Act	2020-21 Governor’s Budget	2020-21 May Revision	% Change from Budget Act
General Fund	\$23,685,667	\$26,439,511	\$23,705,636	0.1%
Federal Funds	\$67,083,537	\$67,543,712	\$73,828,530	10.1%
Special Fund & Reimbursements	\$15,791,159	\$13,382,103	\$18,119,134	14.7%
<b>Total Funds</b>	<b>\$106,560,363</b>	<b>\$107,365,326</b>	<b>\$115,653,300</b>	<b>8.5%</b>

### State Operations

(Dollars in thousands)

<b>State Operations by Fund Source *</b>				
<b>Fund Source</b>	<b>2019-20 Budget Act</b>	<b>2020-21 Governor's Budget</b>	<b>2020-21 May Revision</b>	<b>% Change from Budget Act</b>
General Fund	\$273,275	\$258,598	\$260,464	-4.7%
Federal Funds	\$535,188	\$472,659	\$492,566	-8.0%
Special Funds & Reimbursements	\$63,163	\$224,167	\$207,026	227.8%
<b>Total State Operations</b>	<b>\$871,626</b>	<b>\$955,424</b>	<b>\$960,056</b>	<b>10.1%</b>

### Local Assistance

(Dollars in thousands)

<b>FY 2019-20 Local Assistance by Fund Source*</b>				
<b>Fund Source</b>	<b>2019-20 Budget Act</b>	<b>2019-20 Revised Governor's Budget</b>	<b>2019-20 Revised May Revision</b>	<b>% Change from Budget Act</b>
General Fund	\$23,412,392	\$23,310,219	\$22,957,906	-1.9%
Federal Funds	\$66,548,349	\$65,718,181	\$65,531,710	-1.5%
Special Funds & Reimbursements	\$15,727,996	\$15,148,879	\$14,122,780	-10.2%
<b>Total Local Assistance</b>	<b>\$105,688,737</b>	<b>\$104,177,279</b>	<b>\$102,612,396</b>	<b>-2.9%</b>

<b>FY 2020-21 Local Assistance by Fund Source*</b>				
<b>Fund Source</b>	<b>2019-20 Budget Act</b>	<b>2020-21 Governor's Budget</b>	<b>2020-21 May Revision</b>	<b>% Change from Budget Act</b>
General Fund	\$23,412,392	\$26,180,913	\$23,445,172	0.1%
Federal Funds	\$66,548,349	\$67,071,053	\$73,335,964	10.2%
Special Funds & Reimbursements	\$15,727,996	\$13,157,936	\$17,912,108	13.9%
<b>Total Local Assistance</b>	<b>\$105,688,737</b>	<b>\$106,409,902</b>	<b>\$114,693,244</b>	<b>8.5%</b>

## **MAJOR PROGRAM BUDGET ISSUES AND PROPOSALS**

On March 4, 2020, Governor Newsom declared a state of emergency in response to the developing pandemic of COVID-19. A statewide stay at home order was introduced on March 19, 2020. The federal government declared a national public health emergency on January 31, 2020, (renewed on April 21, 2020) and a national emergency on March 13, 2020. These actions triggered the availability of Medicaid and Children's Health Insurance Program flexibilities, including under Section 1135 of the Social Security Act. Additionally, the President signed major federal legislation, including the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act that provides increased federal funding in Medicaid and creates options for states to address the COVID-19 pandemic.

The effects of the COVID-19 pandemic are unprecedented in modern times from a public health emergency and economic perspective. Income from wages and salaries in the current recession is projected to drop 20 percent vs. 6 percent during the Great Recession, with more than 4.2 million state and federal unemployment claims having been filed since mid-March. The May Revision maintains Medi-Cal program eligibility for the optional expansion population and undocumented children and young adults, in order to help the state's low income residents respond to the COVID-19 pandemic. In response to the public health emergency and COVID-19 Recession, the May Revision proposes \$890 million (-\$567.7 million General Fund) costs in 2019-20 and \$8.9 billion (\$203.3 million General Fund) costs in 2020-21. These amounts reflect the net impact of a variety of factors, including:

- Increased Federal Funding - A decrease of \$4.9 billion General Fund (on a cash basis), associated with the assumed receipt of an enhanced Federal Medical Assistance Percentage (FMAP) from January 1, 2020 through June 30, 2021. This includes federal funding reflected in the Department of Social Services and Department of Developmental Services budgets for Medicaid-covered services.
- Increased Caseload - Costs related to a projected significant increase in Medi-Cal caseload peaking at 14.5 million in July 2020. Medi-Cal caseload is projected to increase due to unemployment and federal rules that require the state to halt disenrollment of Medi-Cal beneficiaries as a condition of receiving the increased FMAP.
- COVID-19 Response- General Fund costs and additional federal funding related to Medi-Cal response to COVID-19.
- Budget Reductions - Savings related to temporarily decreased utilization of services due to non-pharmaceutical interventions for COVID-19 and various budget reductions as listed below.

## **COVID-19 Response**

The COVID-19 pandemic has had a profound fiscal impact across policy areas and beneficiary populations within the Medi-Cal program. The Department has requested federal approval for the following program modifications through various Section 1135 and 1115 waivers and State Plan Amendments resulting in \$386.7 million (\$118.4 million General Fund) costs in 2019-20 and \$284.5 million (\$99.1 million General Fund) costs in 2020-21. Additionally, there will be trailer bill language proposed as indicated.

- Uninsured Coverage Expansion: Extend coverage to the optional uninsured eligibility group to provide access to COVID-19 diagnostic testing and testing related services at no cost to the individual. Reimbursement for the COVID-19 testing and testing related services are covered at 100 percent federal funding. Additionally, California has requested, through an 1115 demonstration waiver, federal approval to provide COVID-19 treatment services at no cost to the individual, at 100 percent federal funding. This request to the federal government is pending.
- Hospital Presumptive Eligibility (HPE) Expansion: To expand HPE to include the aged (65 years of age and older), disabled, and blind population. This proposal also requests the expansion of current PE period limitations across all PE coverage groups to two periods within a 12-month timeframe.
- Waive Share of Cost (SOC) for COVID-19 Test and Treatment: To waive costs associated with the testing of the COVID-19 and, for those that test positive, all costs associated with the treatment of this virus for certain beneficiaries in the Medically Needy SOC program.
- Emergency Paid Sick Leave Act under FFCRA for In Home Supportive Services (IHSS) providers and Waiver Personal Care Services (WPCS) providers: To allow IHSS and WPCS providers to receive up to 80 hours of paid emergency sick leave, in certain situations, when it is specifically related to COVID-19.
- Adult Acetaminophen, Cough & Cold: To temporarily cover adult acetaminophen containing products and cough and cold products, selected by the Department.
- Clinical Lab COVID-19 Reimbursement Rates: To pay all COVID-19 related laboratory testing and collection procedure codes at 100 percent of Medicare and exempt those codes from the 10 percent payment reduction.
- Long Term Care (LTC) COVID-19 Reimbursement Rate: To provide a 10 percent per diem rate increase, to cover the increased costs that skilled nursing facilities have experienced directly due to COVID-19, such as increased costs for staff and supplies.
- Behavioral Health Rates: Waiver of the interim rate setting methodology for Specialty Mental Health, Drug Medi-Cal (DMC) and DMC-Organized Delivery System to provide

temporary interim reimbursement. Final reimbursement will be subject to existing final reconciliation processes.

- Medi-Cal Eligible Inmates: To cover expenditures on behalf of Medi-Cal eligible individuals who are inmates for services provided in public institutions, including jails and prisons. This coverage includes testing, diagnosis and treatment of COVID-19, or other State Plan covered services where medically appropriate to ensure care is provided in a safe way without transporting individuals to acute care facilities.
- Institutions for Mental Diseases (IMD) Bed Capacity and Ancillary Services: To cover certain expenditures on behalf of Medi-Cal beneficiaries under 65 years of age who are patients in IMDs during the COVID-19 emergency and to waive the 16-bed limitation and prohibition on federal financial participation for new beds created during the emergency.

### **Budget Reductions**

The May Revision proposes a number of budget reductions including the elimination of previously proposed policies from the January Governor's Budget, programs that have started implementation but will be discontinued, elimination of some optional benefits, elimination of some Proposition 56 supplemental payments and programs, various rate reductions or program efficiencies and fund transfers.

### **2019 Budget Act Reversions**

The May Revision proposes to revert and reduce funding from various augmentations that were included in the 2019 Budget Act. These adjustments include reverting funding for behavioral health counselors in emergency departments, Medi-Cal Health Enrollment Navigators, and the Medical Interpreters Pilot Project (trailer bill language will be included). In addition, the May Revision proposes to eliminate the augmentation for Caregiver Resource Centers and the California Health Information Exchange Onboarding Program (CalHOP). These changes result in General Fund savings of \$38.5 million in 2019-20 and \$13.1 million in 2020-21.

### **Withdrawal of January Governor's Budget Proposals**

The January Governor's Budget included funding to support a number of proposals. In light of the severe state budget shortfall, funding for the following proposals has been withdrawn in the May Revision, resulting in General Fund savings of \$596.9 million in 2020-21 compared to the January Governor's Budget:

<b>Proposal Description</b>	<b>General Fund Savings (Dollars in Millions)</b>
Delay the California Advancing and Innovating Medi-Cal (CalAIM) Initiative	\$347.5
Eliminate the Behavioral Health Quality Improvement Program	\$45.1
Withdraw the Full-Scope Medi-Cal Expansion to Undocumented Older Adults	\$59.2
Eliminate the Aged, Blind and Disabled Federal Poverty Level Increase (Trailer bill language included.)	\$67.7
Eliminated the Aged, Blind and Disabled Medicare Part B Disregard (Trailer language bill included.)	\$0.3
Withdraw the Supplemental Payment Pool for Non-Hospital 340B clinics	\$26.3
Eliminate the Postpartum Mental Health Expansion of Medi-Cal to postpartum individuals who are receiving health care coverage and who are diagnosed with a maternal mental health condition. (Trailer bill language included.)	\$45.8
Withdraw the Hearing Aid proposal which assisted with the cost of hearing aids and related services for children without health insurance in households with incomes up to 600 percent of the federal poverty level.	\$5

### **Elimination of Various Adult Optional Benefits**

The May Revision proposes to eliminate or modify optional services under Medi-Cal, including:

- Dental (reduce to the partial restoration levels of 2014);
- Audiology services;
- Speech therapy services;
- Optometric and optician/optical lab services;
- Podiatric services;
- Incontinence cream and washes;
- Acupuncture services;
- Nurse anesthetist services;
- Occupational therapy services;
- Physical therapy services;
- Pharmacist delivered services;
- Screening, Brief Intervention, Referral to Treatments for Opioids and Other Drugs
- Diabetes Prevention Program

The proposal to eliminate or modify the Medi-Cal optional benefits will not apply to beneficiaries under the Early and Periodic Screening, Diagnostic and Treatment benefit; beneficiaries receiving long-term care in a nursing facility; beneficiaries receiving pregnancy-related services and services for the treatment of other conditions that might complicate the pregnancy; emergency services; medical and surgical services provided by a doctor of dental medicine or dental surgery; otherwise excluded optional benefits included within the scope of federally qualified health center services or rural health clinic services; or to any other beneficiaries as required under federal law, or as identified by DHCS for purposes of maximizing federal financial participation.

Furthermore, the May Revision proposes to eliminate the Community-Based Adult Services (CBAS) and Multipurpose Senior Services Program (MSSP). The effective date for CBAS would be no sooner than July 1, 2020 for a General Fund local assistance savings of \$106.8 million in 2020-21 and \$255.8 million in 2021-22 (full implementation). The effective date for MSSP would be no sooner than July 1, 2020. Trailer bill language will be included as applicable for the elimination of optional benefits as well as the elimination of CBAS and MSSP.

### **Elimination of Various Proposition 56 Supplemental Payments and Programs**

The May Revision proposes to eliminate funding for various Proposition 56 supplemental payments and programs, effective July 1, 2020, unless otherwise stated below:

- Eliminates supplemental payments for physicians, dental, developmental screenings, non-emergency medical transportation, family planning and women' health. Effective no later than January 1, 2021 eliminates the supplemental payments for CBAS and ICF-DD.
- Eliminates the Value Based Payment, Behavioral Health Integration Program, Pediatric Hospital Payments and the Loan Repayment Program for Cohort 2-5 with a reduction of administrative costs. DHCS will continue to support Cohort 1 commitments.
- Reduced but not eliminated: Adverse Childhood Experience (ACEs) Screening and ACEs Provider Training.
- There is no change to Proposition 56 supplemental payments for Home Health, Pediatric Day Health, Free Standing-Pediatric Subacute, and the HIV/AIDS Waiver.

Proposition 56 funding available from these actions is proposed to fund \$1.2 billion in growth in the Medi-Cal program, offsetting General Fund costs by the same amount. Additionally, DHCS will be proposing trailer bill language where appropriate.

### **Various Rate Reductions or Program Efficiencies**

In addition to the savings identified above, the May Revision includes a number of additional reductions, resulting in savings of \$1.1 billion (\$386.9 million General Fund) in 2020-21 compared to the January Governor's Budget. Major proposed reductions include:

- Reduce managed care capitation rates for gross medical expenses for the period of July 1, 2019 through December 31, 2020. - \$586 million (\$182 million General Fund) (Trailer bill language included.)
- Implement various managed care rate adjustments and efficiencies. - \$283.1 million (\$91.6 million General Fund) (Trailer bill language included.)
- Eliminate state-funded Family Mosaic Project for an ongoing General Fund savings of \$1.1 million beginning in 2020-21. (Trailer bill language included.)
- Eliminate Prospective Payment System carve-outs for Federally Qualified Health Centers and Rural Health Clinics. - \$100 million (\$50 million General Fund)
- Eliminate the Health Insurance Premium Payment Program (HIPP) - \$0.7 million (\$0.4 million General Fund) (Trailer bill language included.)
- Eliminate the County Allocation for Child Health and Disability Prevention Program Case Management - \$18.7 million (\$6.6 million General Fund) (Trailer bill included.)
- Eliminate the Martin Luther King Jr. Community Hospital Supplemental Payments. - \$65.4 million (\$17.2 million General Fund) (Trailer bill language included.)
- Reinstate Medi-Cal estate recovery - \$33.8 million (\$16.9 million General Fund) (Trailer bill language included.)
- Freeze Medi-Cal County Administration cost of doing business increases after this change funding for Medi-Cal County Administration would be \$42.2 million (\$21.1 million General Fund) less than proposed in the January Governor's Budget. (Trailer bill language included.)

### **Fund Transfers**

- County Medical Services Program (CMSP) - The CMSP Board has amassed a considerable reserve since the state changed their realignment allocation in the wake of implementing the Affordable Care Act. The 2019 Budget Act suspended the Board's annual allocation until the reserve level reaches two years of expenditures, shifting the revenues the Board otherwise would have received to offset General Fund costs in the CalWORKs program. In light of the COVID-19 pandemic, the May Revision proposes to shift \$50 million of the reserves in each of the next four fiscal years to offset General Fund CalWORKs costs. In recognition of the expedited timeline by which the reserves would return to reasonable levels, the May Revision also proposes to restore the Board's annual allocation beginning in 2021-22. Additionally, DHCS will propose trailer bill language as appropriate.
- Utilize \$327.2 million from the Medi-Cal Drug Rebate Fund, the Children's Health and Human Services Special Fund, the Health Care Services Plan Fines and Penalties Fund, and the proposed E-Cigarette tax to fund the Medi-Cal program.

### **Other Budget Items**

#### **Skilled Nursing Facilities (SNFs)**

The May Revision maintains the nursing facility reform framework proposed in the January Governor's Budget. In addition, the May Revision assumes a 10-percent rate increase for SNFs

and ICF-DDs for the duration of the public health emergency, at a General Fund cost of \$72.4 million in 2019-20 and \$41.6 million in 2020-21. These changes reflect the increased costs that skilled nursing facilities have faced relating to COVID-19. DHCS received approval from the federal Centers for Medicare and Medicaid Services (CMS) to implement this increase May 13, 2020.

### **Managed Care Organization (MCO) Tax**

On April 3, 2020, the federal government approved the state's revised proposal to implement a tax on MCOs to help fund the Medi-Cal program. The new MCO tax is effective from January 2020 through December 2022. The May Revision reflects \$1.7 billion General Fund savings from the approval of the MCO tax in 2020-21.

### **State-Only Claiming**

California provides state-only full scope Medi-Cal services to eligible, nonexempt, qualified immigrants. Under state-only Medi-Cal, for the covered populations, federal financial participation is only available for emergency and pregnancy related services and the nonemergency or non-pregnancy related services are covered with state general funds. The May Revision includes \$1.4 billion from the General Fund in 2020-21 to return federal funding that is estimated to have been claimed for ineligible covered benefits.

### **Hospital Quality Assurance Fee and Children's Health Care Coverage**

In February 2020, the federal government approved the state's Hospital Quality Assurance Fee and associated State Plan Amendments. The May Revision reflects this approval and shift of expected fee-for-service payments from current year to budget due to delay in approval. Additionally, the May Revision postpones a portion of 2019-20 and 20-21 children's health care payments to reflect lower than average anticipated fee collection due to the COVID-19 pandemic.

## **BUDGET CHANGE PROPOSAL ADJUSTMENTS**

The May Revision includes adjustments to some of the previously proposed January Governor's Budget proposals. Consistent with the Governor's proposed January budget, the May Revision does not propose any new permanent position authority for DHCS. Instead, the Department will use existing, vacant permanent positions to address any newly-funded workload.

### **New May Revision Proposals:**

#### **4260-193-BCP-2020-MR: Medi-Cal Enterprise Systems Modernization: Federal Draw and Reporting System Project**

General Fund:	\$ 1,115,000
Federal Fund:	<u>\$10,037,000</u>
TOTAL:	\$11,152,000

DHCS requests one-time funding to continue the modernization effort for the Federal Draw and Reporting project. This request includes provisional language to provide funding of up to \$1,115,000 General Fund for this project. The request also includes a baseline budget adjustment to reflect the transition of the Medi-Cal Eligibility Data System Modernization project included under a multi-departmental budget change proposal from Office of Systems Integration and the Department of Social Services to DHCS.

#### **4260-196-BCP-2020-MR: CA-MMIS Reappropriation**

General Fund:	\$ 5,138,000
Federal Fund:	<u>\$13,062,000</u>
TOTAL:	\$18,200,000

DHCS, California Medicaid Management Information System Division, requests one-year limited-term expenditure authority reappropriation for contract cost utilizing unspent 2019-20 funding for Turnover and Takeover efforts due to the timing of final contract payments.

### **Joint Proposals (Other Departments)**

#### **4260-198-BCP-2020-MR: Electronic Visit Verification (Multi-Departmental)**

General Fund:	\$ 228,000
Federal Fund:	<u>\$3,046,000</u>
TOTAL:	\$3,274,000

This multi-departmental proposal (under the California Health and Human Services Agency) requests one-time limited-term expenditure authority equivalent to 7.0 positions to support the Electronic Visit Verification Phase II planning and implementation efforts.

**Modified January Governor’s Budget Proposals**

BCP Numbers	BCP Title	Modified Request	Description
4260-131-BCP-2020-GB 4260-209-BCP-2020-MR	Conform Inmate Eligibility to Federal Law	\$3,748,000 (\$1,244,000 GF)  <i>Permanent resources equivalent to 1.0 position and one-time expenditure authority for system changes</i>	DHCS requests resources to implement the statutory provisions of the federal Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT) Act (H.R. 6 Public Law 115-271 Section 1001). The revised proposal includes reduced system costs and enhanced federal funding.
4260-053-BCP-2020-GB 4260-234-BCP-2020-MR	Medi-Cal Dental Program Integrity	\$467,000 (\$234,000 GF)  <i>Permanent resources equivalent to 3.0 positions</i>	DHCS modified its request for resources to support the federally-mandated oversight and audit functions of the Dental program. The revised proposal does not include resources previously requested for Dental Managed Care, which the May Revision continues to propose for elimination effective January 1, 2021.
4260-060-BCP-2020-GB 4260-235-BCP-2020-MR	Drug Medi-Cal Organized Delivery System (DMC-ODS)	\$1,150,000 (\$575,000 GF)  <i>One-Time expenditure authority to continue funding for the External Quality Review Organization (EQRO) contract</i>	DHCS modified its request for resources to improve and support oversight of the California's Medicaid Section 1115 DMC-ODS Waiver by extending the EQRO contract. The revised proposal does not include funding of \$300,000 (\$150,000 GF) for staffing resources included in the Governor's January Budget to support the continuation of the DMC-ODS through CalAIM.

**Continuing January Governor's Budget Proposals**

<b>BCP Number</b>	<b>Proposal Title</b>
4260-062-BCP-2020-GB	County Eligibility Oversight and Monitoring
4260-064-BCP-2020-GB	California 1115 Waiver - Medi-Cal 2020
4260-065-BCP-2020-GB	Dental Services Program Procurements Administrative Services Organization
4260-069-BCP-2020-GB	Electronic Visit Verification Phase II Planning
4260-080-BCP-2020-GB	Managed Care Organization Provider Tax (AB 115)
4260-082-BCP-2020-GB	Managed Care Alternative Access Standards (AB 1642)
4260-084-BCP-2020-GB	Medi-Cal Home- and Community-Based Services (SB 289)
4260-086-BCP-2020-GB	Program of All-Inclusive Care for the Elderly (AB 1128)
4260-068-BCP-2020-GB	Medi-Cal Rx State Operations (Pharmacy Carve-Out)
4260-061-BCP-2020-GB	Behavioral Health Network Adequacy
4260-057-BCP-2020-GB	Short-Term Residential Therapeutic Programs Mental Health Program Approval, Oversight and Monitoring
4260-067-BCP-2020-GB	Family PACT Program Administration & Integrity

**Withdrawn January Governor's Budget Proposals**

<b>BCP Number</b>	<b>Proposal Title</b>
4260-083-BCP-2020-GB	Aged, Blind, and Disabled Federal Poverty Level Program (AB 1088)
4260-059-BCP-2020-GB	Data Transparency Workload
4260-063-BCP-2020-GB	Program and Policy Lead Support for Eligibility and Enrollment Projects
4260-066-BCP-2020-GB	Medi-Cal Dental Program Workload
4260-182-BCP-2020-GB	Behavioral Health Quality Improvement Program



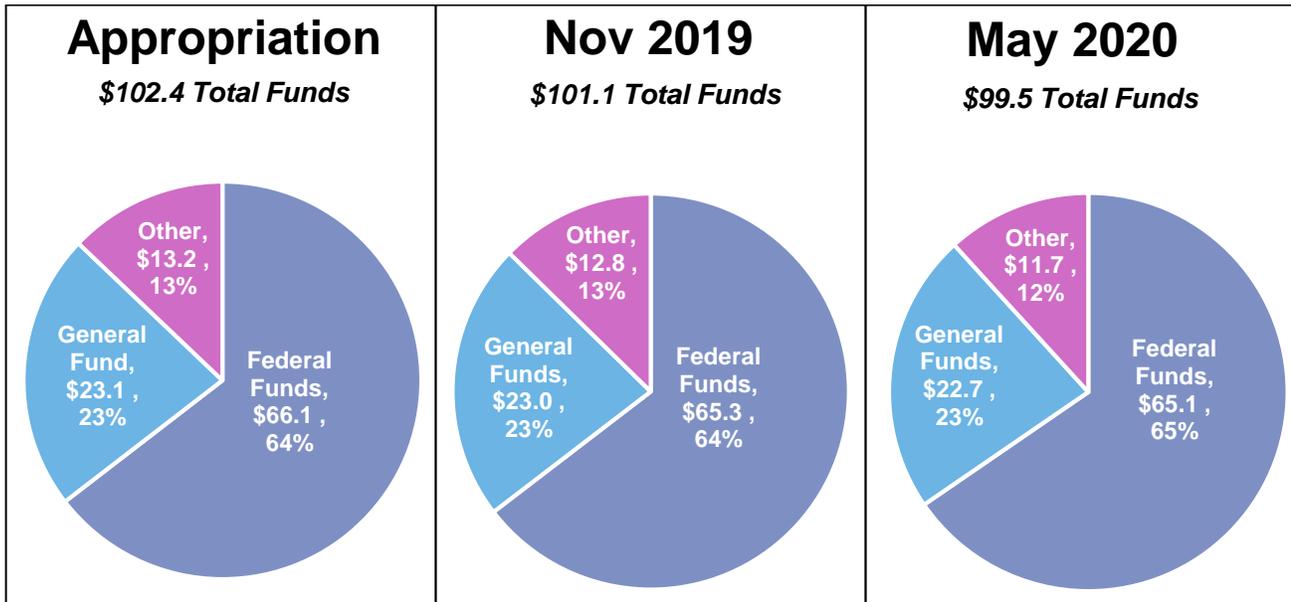
**MEDI-CAL LOCAL ASSISTANCE ESTIMATE  
MANAGEMENT SUMMARY**

## Medi-Cal Local Assistance Estimate Management Summary May 2020

Medi-Cal spending is estimated to be \$99.5 billion in Fiscal Year (FY) 2019-20 and \$112.1 billion in FY 2020-21. This does not include Certified Public Expenditures of local governments or General Fund of other state departments.

### FY 2019-20

*(Dollars in Billions, Rounded)*



The May 2020 Estimate for FY 2019-20 projects a \$390.2 million surplus General Fund compared to the FY 2019-20 Budget Appropriation and a \$298.4 million surplus General Fund from November 2019 Estimate.

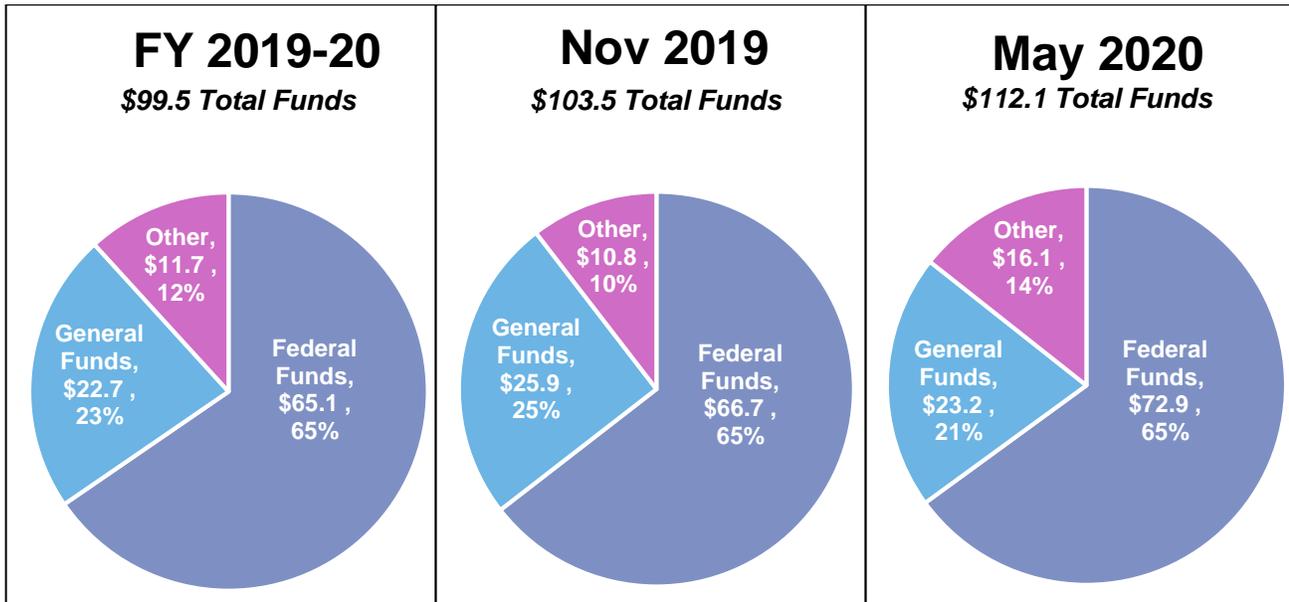
### FY 2019-20, General Fund

*(Dollars in Millions, Rounded)*

	May 20	Appropriation	Change from Approp	Nov 19	Change from Nov 19
Medical Care Services	\$21,603.1	\$22,083.80	(\$480.7)	\$21,935.40	(\$332.3)
County Administration	\$985.7	\$899.50	\$86.2	\$950.70	\$35.0
Fiscal Intermediary	\$124.9	\$120.60	\$4.3	\$126.00	(\$1.1)
<b>Total</b>	<b>\$22,713.7</b>	<b>\$23,103.90</b>	<b>(\$390.2)</b>	<b>\$23,012.20</b>	<b>(\$298.4)</b>

## FY 2020-21

(Dollars in Billions, Rounded)



The Medi-Cal General Fund costs are estimated to increase by \$438 million between FY 2019-20 and FY 2020-21.

## FY 2020-21, General Fund

(Dollars in Millions, Rounded)

	May 20	FY 2019-20	Change from FY 2019-20	Nov 19	Change from Nov 19
<b>Medical Care Services</b>	\$22,124.6	\$21,603.1	\$521.5	\$24,884.40	(\$2,759.8)
<b>County Administration</b>	\$905.0	\$985.7	(\$80.7)	\$860.30	\$44.7
<b>Fiscal Intermediary</b>	\$122.1	\$124.9	(\$2.8)	\$120.20	\$1.9
<b>Total</b>	\$23,151.7	\$22,713.7	\$438.0	\$25,864.90	(\$2,713.2)

The following pages briefly describe the significant changes in both FY 2019-20 and FY 2020-21.

## SIGNIFICANT ITEMS

### CASELOAD

Although Medi-Cal Caseload has gradually declined since 2016, caseload is estimated to increase significantly due to the COVID-19 pandemic and related unprecedented economic downturn, high unemployment, and suspending disenrollment during the federal public health emergency.

Prior to the COVID-19 pandemic, the Medi-Cal caseload was expected to decline as the economy continued to improve. These decreases were mainly in the Families and Optional Expansion categories. These categories are now estimated to experience most of the growth anticipated with the pandemic.

The Medi-Cal Local Assistance Estimate is projecting an increase of eligibles of 0.27 percent from FY 2018-19 to FY 2019-20 and 9.23 percent growth from FY 2019-20 to FY 2020-21. Caseload is expected to increase in May and June 2020 with a peak in monthly certified eligibles of 14.5 million in July 2020 and a gradual decrease during the remainder of FY 2020-21.

FY	Total Average Monthly Caseload
FY 2018-19	13,003,000
FY 2019-20	13,038,000
FY 2020-21	14,241,600

### COVID-19

The effects of the COVID-19 pandemic are unprecedented in modern times from a public health emergency and economic perspective. This has a fiscal impact across policy areas and beneficiary populations within the Medi-Cal program. A summary of the major estimated impacts from the COVID-19 pandemic on Medi-Cal is below.

<i>Dollars in Millions</i>							
				Change from FY 2019-20			
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	Policy Change Number (PC)	Total Funds (TF)	General Fund (GF)	Total Funds (TF)	General Fund (GF)	Total Funds (TF)	General Fund (GF)
<b>COVID-19 Caseload Impact</b>	251	\$898.6	\$319.0	\$7,609.6	\$2,766.6	\$6,711.0	\$2,447.6
As a result of the COVID-19 pandemic and related non-pharmaceutical interventions, nonessential businesses have closed and restaurants have scaled back, leading to significant economic disruption and job loss. Some newly unemployed individuals are expected to apply for and qualify for Medi-Cal. In addition, the federal Families First Coronavirus Response Act (FFCRA) requires states to halt disenrollment of Medicaid beneficiaries as a condition of receiving a temporary increase in the federal medical assistance percentage (FMAP). As a result, Medi-Cal enrollment is expected to significantly increase, leading to increased costs.							
<b>COVID-19 Utilization Change</b>	247	(\$652.4)	(\$229.0)	(\$395.7)	(\$146.8)	\$256.7	\$82.2
As a result of the COVID-19 pandemic and related non-pharmaceutical interventions, the Department estimates a decrease in Medical and Dental Fee-for-Service (FFS) utilization, resulting in savings.							

<i>Dollars in Millions</i>							
						<b>Change from FY 2019-20</b>	
		<b>FY 2019-20</b>		<b>FY 2020-21</b>		<b>FY 2020-21</b>	
<b>Name</b>	<b>Policy Change Number (PC)</b>	<b>Total Funds (TF)</b>	<b>General Fund (GF)</b>	<b>Total Funds (TF)</b>	<b>General Fund (GF)</b>	<b>Total Funds (TF)</b>	<b>General Fund (GF)</b>
<b>COVID-19 Emergency FMAP - DHCS</b>	250	\$0.0	(\$775.0)	\$0.0	(\$2,554.2)	\$0.0	(\$1,779.2)
The FFCRA increases the FMAP on regular Medicaid 50-percent expenditures by 6.2 percentage points and the Children's Health Insurance Program (CHIP) FMAP by 4.34 percentage points beginning in January 2020 through the last day of the calendar quarter in which the national public health emergency ends. This shifts costs to the federal government that otherwise would be paid for from the state General Fund. The Estimate assumes the increased FMAP continues through June 30, 2021. This policy change budgets General Fund savings from the emergency increased FMAP related to benefit costs in the Department's budget. The increased FMAP has not been applied to supplemental payments and county match funding as of this Estimate. Supplemental payments mainly consist of Intergovernmental Transfers and Certified Public Expenditures. The fiscal impact on a cash basis is pending additional CMS guidance.							
<b>COVID-19 Emergency FMAP – Other Depts</b>	248	\$257.7	\$0.0	\$1,296.0	\$0.0	\$1,038.3	\$0.0
This policy change reflects additional federal funding from the emergency increased FMAP that offsets what otherwise would be General Fund costs in other state departments, including the California Department of Social Services, the California Department of Developmental Services, and the California Department of Aging. (The General Fund savings are reflected in the budgets of these other departments.)							
<b>COVID-19 Emergency FMAP – Other Admin</b>	OA 102	\$0.0	(\$1.0)	\$0.0	(\$2.0)	\$0.0	(\$1.0)
This policy change reflects General Fund savings from the emergency increased FMAP related to other administrative costs in the Department's budget.							
<b>COVID-19 Uninsured Eligibility Group</b>	245	\$17.9	\$9.5	\$10.2	\$5.4	(\$7.8)	(\$4.2)
The FFCRA provides for the cost of COVID-19 testing and related services provided through Medi-Cal to be fully reimbursed by the federal government. Additionally, FFCRA allows states to provide testing and related services for uninsured individuals, also fully reimbursed by the federal government. California requested, through a Section 1115 waiver, federal approval to provide COVID-19 treatment services with 100 percent federal funding. This request is still pending. This PC reflects federal funding for COVID-19 testing and federal and state funding for COVID-19 treatment. Upon approval of the state's 1115 waiver request, state costs incurred in Medi-Cal for COVID-19 treatment for the uninsured would be replaced with federal funds.							
<b>COVID-19 Behavioral Health</b>	249	\$135.3	\$13.3	\$77.7	\$7.7	(\$57.6)	(\$5.7)
Due to COVID-19, there has been a significant decrease in utilization of certain Specialty Mental Health and Drug Medi-Cal outpatient services, while costs per unit of service have increased. To account for the higher cost per unit of service and help counties maintain their provider networks, the Department implemented increases to interim reimbursement rates for these services.							
<b>COVID-19 Additional Impacts</b>	246	\$233.4	\$95.5	\$286.6	\$126.6	\$53.2	\$31.1
This policy change estimates the net costs associated with various other Medi-Cal program impacts resulting from the COVID-19 pandemic.							

## PROPOSED BUDGET REDUCTIONS

The COVID-19 pandemic has resulted in an economic recession and a severe General Fund budget shortfall. The table below lists major program reductions, fund transfers, and revenue proposals that are proposed in Medi-Cal to address the state's budget situation.

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>CalAIM - Dental Benefits</b>	N/A	\$0.0	\$0.0	(\$112.5)	(\$56.3)	(\$112.5)	(\$56.3)
The Department has delayed the implementation of the CalAIM – Dental initiative.							
<b>CalAIM - Enhanced Care Mgmt</b>	N/A	\$0.0	\$0.0	(\$225.0)	(\$112.5)	(\$225.0)	(\$112.5)
The Department has delayed the implementation of the CalAIM – Enhanced Care Management initiative.							
<b>CalAIM – In Lieu of Services (ILOS)</b>	N/A	\$0.0	\$0.0	(\$357.5)	(\$178.8)	(\$357.5)	(\$178.8)
The Department has delayed the implementation of the CalAIM – In lieu of Services initiative.							
<b>Undocumented Older Californians Expansion</b>	N/A	\$0.0	\$0.0	(\$74.5)	(\$58.3)	(\$74.5)	(\$58.3)
The Department proposes to no longer implement coverage of benefit costs to expand full-scope Medi-Cal benefits to adults 65 years of age or older, regardless of immigration status.							
<b>Hearing Aid Coverage</b>	N/A	\$0.0	\$0.0	(\$5.0)	(\$5.0)	\$0.0	\$0.0
The Department proposes to no longer implement coverage for hearing aids and associated services to non-Medi-Cal children, who otherwise do not have health insurance coverage for these services and are at or below 600% Federal Poverty Level.							
<b>Non-Hospital 340B Clinic Supplemental Payments</b>	N/A	\$0.0	\$0.0	(\$52.5)	(\$26.3)	\$0.0	\$0.0
The Department proposes to no longer implement supplemental payments to non-hospital 340B clinics.							
<b>Optional Adult Dental Partial Elimination</b>	256	\$0.0	\$0.0	(\$67.8)	(\$22.9)	(\$67.8)	(\$22.9)
This new policy change estimates the savings of a partial elimination of optional adult dental services.							
<b>Discontinue Adult Optional Benefits</b>	257	\$0.0	\$0.0	(\$284.2)	(\$125.5)	(\$284.2)	(\$125.5)
This policy change estimates the savings from discontinuing Medi-Cal FFS and managed care coverage for audiology, incontinence creams and washes, speech therapy, podiatry, optical lab/optician services, acupuncture, Community-Based Adult Services (CBAS), optometry, nurse anesthetists, occupational therapy, and physical therapy, effective no sooner than July 1, 2020.							
Refer to separate policy changes for the changes to partial dental services, the Multipurpose Seniors Services Program, certain pharmacist services, and the Diabetes Prevention Program.							
<b>Multipurpose Senior Services Program - CDA</b>	38	\$0	\$0	(\$20.2)	(\$0.5)	(\$20.2)	\$9.1
There is no change from the prior estimate for FY 2019-20. FY 2020-21 is a decrease due to an anticipated reduction in expenditures. The change from FY 2019-20 to FY 2020-21 is a decrease resulting from the proposed elimination of funding and the program ending, effective no sooner than July 1, 2020.							

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>Pharmacist-Delivered Medi-Cal Services</b>	51	(\$0.9)	(\$0.3)	(\$1.9)	(\$0.7)	(\$0.9)	(\$0.4)
<p>AB 1114 (Chapter 602, Statutes of 2016) authorized reimbursement to pharmacies for the provision of the certain pharmacist-delivered Medi-Cal services at 85% of the physician fee schedule. In FY 2019-20, the costs for these certain pharmacist-delivered Medi-Cal services were assumed to be fully captured in the FFS base.</p> <p>Effective no sooner than July 1, 2020, the Department proposes to eliminate coverage for these certain pharmacist-delivered services that were authorized in AB 1114.</p>							
<b>Eliminate Proposition 56 Supplemental Payments</b>	259	\$0.0	\$0.0	(\$2,173.4)	\$0.0	(\$2,173.4)	\$0.0
<p>This policy change estimates the elimination of Proposition 56 supplemental payment funding for physician services, dental services, Medi-Cal family planning, developmental screenings, Community-Based Adult Services (CBAS), non-emergency medical transportation services, Intermediate Care Facilities for the Developmentally Disabled (ICF/DDs) services, hospital-based pediatric physician services, and women's health services are proposed in FY 2020-21.</p> <p>The effective date of the elimination is proposed to be July 1, 2020 for fee-for-service (FFS) and managed care for all the aforementioned Proposition 56 supplemental payments, except for ICF/DDs and CBAS. The effective date of the elimination for ICF/DDs and CBAS is proposed effective July 1, 2020 for FFS and January 1, 2021 for managed care.</p> <p>Refer to the Proposition 56 Value-Based Payments policy change for details on the VBP changes.</p>							
<b>Prop 56 – Value-Based Payment Program</b>	146	(\$85.80)	(\$78.9)	(\$388.8)	(\$178.6)	(\$310.1)	(\$103.0)
<p>FY 2019-20 and FY 2020-21 estimate a decrease due to the removal of Behavioral Health Integration Incentive (BHI) program dollars previously budgeted, as this program will no longer be implemented</p> <p>FY 2020-21, also includes a decrease due to removal of previously budgeted SFY 2020-21 VBP program dollars as the program will now sunset as of June 30, 2020.</p> <p>The change from FY 2019-20 to FY 2020-21 is a decrease due to the removal of the previously budgeted BHI and VBP program dollars.</p>							
<b>Prop 56 – Adverse Childhood Experiences (ACEs) Screenings</b>	158	\$0.2	\$1.1	(\$16.1)	(\$5.8)	(\$3.9)	(\$2.5)
<p>The increase in FY 2019-20 from the prior Estimate is due to updated FFS caseload data and managed care capitation costs. Proposition 56 funding for ACEs screenings is estimated to be reduced in FY 2020-21, due to a reduction in the payment amount for each screening.</p>							
<b>Prop 56 – Provider ACES Trainings</b>	189	(\$13.5)	(\$6.8)	(\$40.0)	(\$20.0)	\$3.5	\$1.8
<p>In FY 2019-20 the decrease from the prior Estimate is due to reduced consultant activities related to the Provider ACEs Trainings. Proposition 56 funding for provider ACEs screening trainings is estimated to be reduced in FY 2020-21.</p>							

<i>Dollars in Millions</i>							
Name	PC	Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
		TF	GF	TF	GF	TF	GF
<b>Prop 56 Physicians &amp; Dentist Loan Repayment Program</b>	199	\$0.0	\$0.0	\$0.0	\$0.0	\$13.5	\$0
There is no change from the previous estimate for FY 2019-20 and FY 2020-21. The difference from FY 2019-20 to FY 2020-21 is an increase due to the awarded loan repayments beginning payments in FY 2020-21 for cohort 1. The program is now proposed to contain a single cohort and will not include awards for cohorts 2-5 previously expected.							
<b>Use of Prop 56 to Fund Medi-Cal Growth</b>	264	\$0.0	\$0.0	\$0.0	(\$1,176.6)	\$0.0	(\$1,176.6)
This new policy change identifies Proposition 56 dollars that will be used to fund growth in the Medi-Cal program.							
<b>Health Enrollment Navigators</b>	OA 12	(\$24.2)	(\$12.1)	(\$3.7)	(\$1.7)	\$18.9	\$9.4
FY 2019-20 is a decrease due to a shift in the implementation date and a reduction to total expected expenditures. FY 2020-21 is a decrease due to removal of funding for these activities. The change from FY 2019-20 to FY 2020-21, in the current Estimate, is a decrease due to the removal of the funding for activities that would have been provided in FY 2020-21.							
<b>CA Health Information Exchanges Onboarding Program</b>	OA 21	(\$14.3)	(\$1.4)	(\$13.9)	(\$1.4)	\$20.8	\$2.1
FY 2019-20 is a decrease due to obtaining federal approvals later than previously anticipated. FY 2020-21, is a decrease due to lower than anticipated expenditures in the budget year because the Department proposes removal of funding. The change from FY 2019-20 to FY 2020-21, in the current Estimate, is an increase due to a full year of program implementation occurring in FY 2020-21.							
<b>Diabetes Prevention Program (DPP)</b>	46	(\$0.1)	\$0.0	(\$3.2)	(\$0.9)	(\$2.2)	(\$0.5)
The DPP was established as of January 1, 2019; however, no FFS payments are estimated in FY 2019-20 due to delays in DPP provider enrollment. Effective no sooner than July 1, 2020, the Department proposes to eliminate the DPP in FFS and managed care.							
<b>Medi-Cal Interpreters Pilot Project</b>	N/A	(\$5.0)	(\$5.0)	\$0.0	\$0.0	\$0.0	\$0.0
SB 165 (Chapter 365, Statutes of 2019) appropriated \$5 million GF for the support of medical interpreter pilot projects through June 30, 2024. Medical interpreter pilot projects were not established in FY 2019-20. The Department proposes to revert the \$5 million GF funding and not implement medical interpreter pilot projects.							
<b>Expansion to Screening for Additional Substances</b>	N/A	\$0.0	\$0.0	(\$7.4)	(\$2.5)	\$0.0	\$0.0
SB 78 (Chapter 38, Statutes of 2019) required the Department to expand the Medi-Cal benefit for adult Alcohol Misuse Screening and Behavioral Counseling Interventions in Primary Care to include screening for additional substances (i.e., opioids and other drugs). The Department proposes to no longer implement the expansion for screenings for additional substances.							
<b>FPL Increase for Aged and Disabled Person</b>	N/A	\$0.0	\$0.0	(\$135.9)	(\$67.9)	(\$135.9)	(\$67.9)
The Department proposes to no longer implement an income disregard for countable income over 100% of the Federal Poverty Level (FPL) up to 138% of the FPL for the Aged, Blind, and Disabled (ABD) FPL program.							
<b>Provisional Postpartum Care Extension</b>	N/A	\$0.0	\$0.0	(\$45.8)	(\$45.8)	(\$45.8)	(\$45.8)

Name	PC	Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
		TF	GF	TF	GF	TF	GF
<p>The Department proposes to no longer implement coverage of beneficiaries who receive pregnancy-related services, and are diagnosed with a mental health condition, to remain eligible for Medi-Cal postpartum care for up to 12 months after the last day of the pregnancy.</p>							
<b>Medicare Part B Disregard</b>	N/A	\$0.0	\$0.0	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)
<p>This Department proposes to no longer implement coverage of the cost for eligibles in the Aged, Blind, and Disabled (ABD) program to remain eligible for the program regardless of the state's payment of their Medicare Part B premiums, as long as they meet all other Medi-Cal eligibility requirements.</p>							
<b>CHDP Case Management</b>	OA 10	\$0	\$0	(\$18.7)	(\$6.6)	(\$18.7)	(\$6.6)
<p>The FY 2020-21 and the FY 2019-20 to FY 2020-21 decreases are due to elimination of funding for the FY 2020-21 allocation.</p>							
<b>Retro Managed Care Rate Adjustments</b>	103	\$51.3	\$28.6	\$96.8	\$86.8	\$201.0	\$192.3
<p>The change for FY 2019-20 is due to updating State-only recoupment amounts to actuals, CY 2019 CCI Full Dual rates based on plan reported base data, and the inclusion of net costs from wire transfer recoupments. The change for FY 2020-21 is updated payment timing for CCI CY 2020 Full Duals, updated MLK and pass-through final payment rates, and rate corrections for CY 2017 and CY 2018 CCI Full Dual rates. The change from FY 2019-20 to FY 2020-21 is due to a payment shift for CCI CY 2020 Full Duals, rate corrections for CY 2017 and CY 2018 CCI Full Duals in FY 2020-21, and 18 months of pass-through payments occurring in FY 2020-21</p>							
<b>Family Mosaic Capitated Case Mgmt. (Other M/C)</b>	109	(\$0.2)	(\$3.4)	(\$1.0)	\$1.3	(\$0.9)	\$2.2
<p>FY 2019-20 is a decrease in GF and TF due to a decrease in actual member months and the retroactive federal funding payback for the period of FY 2014-15 through FY 2018-19 now occurring in FY 2020-21. Federal funding is not obtainable since developed capitation rates are not actuarially certifiable due to the small population size.</p> <p>FY 2020-21 and the change from FY 2019-20 to FY 2020-21, in the current Estimate, is a decrease due to the proposed program discontinuance effective July 1, 2020.</p>							
<b>County Admin Allocation</b>	CA 1	\$12.7	\$0	(\$42.2)	(21.1)	\$12.7	\$12.7
<p>The change from the prior estimate for FY 2019-20 is a FF increase due to the \$12,731,000 GF augmentation provided by Section 36 and Executive Order No. E 19/20 – 135 (EO 19/20 – 135). The change from the prior estimate for FY 2020-21 is a decrease due to no longer applying a California Consumer Price Index (CCPI) increase. The change from FY 2019-20 to FY 2020-21, in the current estimate, is an increase based on anticipated county expenditures.</p>							
<b>HIPP Premium Payouts (Misc. Svcs)</b>	196	(\$0.1)	(\$0.1)	(\$0.9)	(\$0.4)	(\$0.7)	(\$0.4)
<p>The Health Insurance Premium Payment (HIPP) program is a voluntary program for full-scope Medi-Cal beneficiaries who have a high cost medical condition. Under the HIPP program, the Department pays for premiums, coinsurance, deductibles, and other cost sharing obligations when it is cost effective. In FY 2019-20, decreased costs for HIPP is estimated due to reduced enrollment based on new eligibility requirements.</p> <p>Effective no sooner than July 1, 2020, the Department proposes to discontinue the HIPP program and transition members to Medi-Cal managed care.</p>							

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>Eliminate FQHC &amp; RHC PPS Carve Outs</b>	254	\$0.0	\$0.0	(\$100.0)	(\$50.0)	(\$100.0)	(\$50.0)
This policy change estimates the savings resulting from eliminating Prospective Payment System (PPS) carve-outs for FQHCs and Rural Health Clinics for Medi-Cal services including pharmacy, dental and other services with the exception of Specialty Mental Health and Drug Medi-Cal Services. This is a new policy with an assumed effective date of January 1, 2021.							
<b>Adjust Managed Care Cap Payments for July 2019 – Dec 2020</b>	255	\$0.0	\$0.0	(\$585.9)	(\$182.0)	(\$585.9)	(\$182.0)
This PC estimates the savings associated with reducing the managed care capitation rates gross medical expense (GME) by 1.5% for the period July 1, 2019 through December 31, 2020 (Bridge Period) as a result of the COVID-19 pandemic and the related stay at home order. This GME rate reduction is for the Adult, Child, ACA, and Seniors and Persons with Disabilities categories. This is a new PC.							
<b>Managed Care Efficiencies</b>	258	\$0.0	\$0.0	(\$283.1)	(\$91.6)	(\$283.1)	\$91.6
This PC estimates the savings associated with implementing Managed Care rate adjustments and efficiencies as deemed actuarially appropriate. This is a new PC.							
<b>Medi-Cal Drug Rebate Fund (Reserve)</b>	53	\$0.0	\$169.9	\$0.0	(\$181.0)	\$0.0	(\$169.6)
The Department established the Medi-Cal Drug Rebate Fund (Fund 3331), effective July 1, 2019. In the current Estimate, FY 2019-20 includes an estimated \$169.6 million fund reserve, which is based on updated rebate collections in FY 2019-20. In FY 2020-21, due to the severe State budget shortfall related to the COVID-19 pandemic, all available rebate collections will be transferred to the GF leaving no reserve in the Medi-Cal Drug Rebate Fund in FY 2020-21. The change from the FY 2020-21 reserve from the prior Estimate is a decrease of \$181 million.							
<b>Fund 3311 Transfer to the General Fund</b>	262	\$0.0	\$0.0	\$0.0	(\$36.6)	\$0.0	(\$36.6)
In light of reduced state revenues due to COVID-19, this new policy change utilizes dollars in the Health Care Services Plan Fines and Penalties Fund 3311 to support the Medi-Cal program.							
<b>Fund 3156 to the General Fund</b>	261	\$0.0	\$0.0	\$0.0	(\$100.0)	\$0.0	(\$100.0)
In light of reduced state revenues due to COVID-19, this new policy change utilizes dollars in the Children's Health and Human Services Special Fund (3156) to fund the Medi-Cal program.							
<b>Medi-Cal Estate Recoveries</b>	253	\$0.0	\$0.0	(\$33.8)	(\$16.9)	(\$33.8)	(\$16.9)
The Department proposes to restore Medi-Cal Estate Recoveries to the federal maximum in FY 2020-21.							
<b>Electronic Cigarette Products Tax</b>	263	\$0.0	\$0.0	\$0.0	(\$9.6)	\$0.0	(\$9.6)
This new policy change reduces the General Fund and replaces those funds with Electronic Cigarette Products Tax funds.							

## OTHER SIGNIFICANT CHANGES

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>State Only Claiming Adjustments</b>	244	\$0.0	\$0.0	\$0.0	\$1,292.7	\$0.0	\$1,292.7
This policy change estimates the reimbursement to the federal government for claiming for non-emergency or non-pregnancy related services provided to eligible, nonexempt, qualified immigrants with state only full scope Medi-Cal coverage (excluding behavioral health).							
<b>Behavioral Health State Only Claiming Adjustment</b>	238	\$0.0	\$0.0	\$0.0	\$148.5	\$0.0	\$148.5
This new policy change estimates the reimbursement to the federal government for claiming for Specialty Mental Health Services and Drug Medi-Cal provided for ineligible beneficiaries claimed retroactively from FY 2008-09 to FY 2018-19, and estimated FFP repayments for FY 2019-20 and FY 2020-21.							
<b>Drug Medi-Cal Organized Delivery System Waiver</b>	63	(\$36.8)	(\$6.5)	(\$31.3)	(\$1.2)	\$53.5	\$13.8
This policy change estimates the cost of the Drug Medi-Cal Organized Delivery System waiver for opt-in counties to provide Substance Use Disorder (SUD) services. The decrease in FY 2019-20, from the prior estimate, is due to delayed implementation of the Partnership Health Plan (PHP) counties from February 2020 to July 2020, excluding Trinity county due to the county opting out, and including updated claims payment data from more counties. The FY 2020-21 decrease from the prior estimate is due to a decreased estimate based on updated claims payment data from more counties. The increase from CY to BY is due to PHP counties starting in FY 2020-21.							
<b>SMHS Base</b>	71, 72	(\$265.1)	(\$8.1)	(\$355.4)	(\$14.7)	\$93.9	\$30.3
These policy changes estimate the base cost for specialty mental health services provided to adults and children. The decrease from the prior estimate for FY 2019-20 and FY 2020-21 is due to updated estimated ACA utilization and cost for SD/MC FFS Inpatient clients based on paid claims data through December 2019.							
<b>Medi-Cal Access Program Mothers 213-322% FPL</b>	4	\$28.0	\$0.0	\$28.3	\$0.0	\$0.3	\$0.0
FY 2019-20 and FY 2020-21 is an increase due to an updated projected per member, per month and supplemental capitation payments. Additionally, the average expected deliveries methodology has been updated to include reported and non-reported deliveries. Previously, only reported deliveries were captured. The change from FY 2019-20 to FY 2020-21, in the current estimate, is a slight increase due to an increase in the projected average monthly caseload in FY 2020-21. Additionally, the FMAP for Title XXI decreases from 76.5% to 65% beginning October 1, 2020.							
<b>Medicare Optional Expansion Adjustment</b>	17	(\$29.1)	(\$14.5)	\$29.1	\$7.3	\$57.4	(\$44.1)
FY 2019-20 is a GF decrease due to shifting the Long Term Care payment from FY 2019-20 to FY 2020-21. FY 2020-21, is a GF increase due to the Long Term Care payment shift and due to utilizing more recent actual memos for the FY 2020-21 projection. The change from FY 2019-20 to FY 2020-21, in the current estimate, is a GF decrease due to fewer months being adjusted for in FY 2020-21.							

<i>Dollars in Millions</i>							
Name	PC	Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
		TF	GF	TF	GF	TF	GF
<b>ACA Disproportionate Share (DSH) Reduction</b>	28	\$602.9	\$76.4	\$664.0	\$69.8	(\$690.5)	(\$90.0)
Pursuant to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the DSH reductions have been delayed to December 1, 2020 and the nationwide \$4 billion FFY 2020 DSH Reduction has been eliminated. The decreased savings in FY 2019-20 is due to the DSH reduction savings, starting with a \$4 billion nationwide reduction in FFY 2021 and shifting savings to start in FY 2020-21. The net decrease in savings in FY 2020-21 is based on an increased estimate of the State's share of the estimated FFY 2021 DSH reduction, and the transition of University of California Designated Public Hospital (UC DPH) DSH payments to a quarterly payment cycle. The CY to BY net savings increase is based on an increased estimate of the State's share of the FFY 2021 DSH reductions and updated UC DPH payment schedule.							
<b>Behavioral Health Treatment (BHT)</b>	29	(\$57.3)	(\$25.9)	\$45.2	\$29.9	\$130.8	\$77.1
This policy change estimates the costs for providing Behavioral Health Treatment services for children under age 21 with a diagnosis of autism spectrum disorder (ASD), or Behavioral Intervention Services for the same age group who do not have an ASD diagnosis. The net change from the prior estimate is due to a lower number of supplemental payments for FY 2018-19 claims and a BHT managed care rate increase for calendar year (CY) 2021. Utilization for BHT services (supplemental capitation payments) is expected to increase for FY 2020-21.							
<b>LEA Expansion</b>	33	(\$80.5)	\$0.0	\$0.3	\$0.0	\$80.5	\$0.0
In September 2015, the Medi-Cal LEA BOP submitted State Plan Amendment (SPA) 15-021 to the Centers for Medicare and Medicaid Services (CMS) for approval to add new assessment/treatment services, and new practitioner types, and to lift the claiming limitation of 24 services in a 12 month period for beneficiaries without an Individualized Education Plan or Individualized Family Service Plan (IEP/IFSP), effective July 1, 2015. SPA 15-021 is still pending approval from CMS. As a result of the delay, expanded LEA claiming has shifted to begin in FY 2020-21 and previously estimated costs in the BY has shifted to the out-year. The change from the prior estimate, for FY 2020-21 is an increase due to the first year costs were estimated to be higher than the subsequent year cost.							
<b>Blood Factor Reimbursement Methodology</b>	54	\$0.0	\$0.0	(\$26.2)	(\$9.6)	(\$35.6)	(\$13.1)
This policy change estimates the savings related to the proposed reimbursement methodology for blood factors. The increase in savings for budget year is due to adding the estimated savings for non-Hemophilia Treatment Centers (HTC) clinics.							
<b>Drug Rebates</b>	56, 57, 60, 62, 116	(\$158.8)	\$0.0	\$207.4	\$0.0	\$277.8	\$0.0
These policy changes estimate the revenues collected from the Breast and Cervical Cancer Treatment, Family Planning, Access, Care and Treatment, State Supplemental, Federal and Managed Care drug rebates. The Drug rebates savings estimates have been updated based on rebate collections data through December 2019; and FFS and managed care data through January 2020.							
<b>Medi-Cal Rx</b>	OA 48, PCs: 52, 55, 59	\$0.0	\$0.0	\$4.1	\$1.4	(\$174.2)	(\$68.1)
On January 7, 2019, the Governor issued Executive Order N-01-19, requiring that all Medi-Cal pharmacy services be transitioned from managed care (MC) to fee-for-service (FFS) by January 1, 2021. Transitioning pharmacy services from managed care to Fee-For-Service (FFS) delivery system is referred to as Medi-Cal Rx. The combined impact of the Medi-Cal Rx related policy changes is estimated to be -\$174.2 million TF (-\$68.1 million GF) savings in FY 2020-21. The change in FY 2020-21 is due to removing savings from Cal MediConnect dual contracts that will not be carved-out of managed care plans.							

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>Pharmacy Retroactive Adjustments</b>	237	\$0.0	\$0.0	(\$189.8)	(\$54.0)	(\$189.8)	(\$54.0)
<p>SPA 17-002 approved the Medi-Cal Pharmacy Actual Acquisition Cost (AAC) and Professional Dispensing Fee (PDF) reimbursement methodology, with an effective date of April 1, 2017. Providers continued to be paid under the previous reimbursement methodology until the new methodology was implemented on February 23, 2019. Retroactive adjustments for the 23-month period, from April 1, 2017 to February 23, 2019, was to be implemented via the Erroneous Payment Correction (EPC) process. The first iteration of the EPC for one month of claims (April 2017) and was installed on May 23, 2019. The remaining retroactive adjustments have since been delayed pending the resolution of the lawsuit <i>California Pharmacists Association, et al. v. Kent, et al.</i></p> <p>This new policy change assumes the pharmacy retroactive adjustments will resume in July 2020 for providers that have a Department-approved Alternative Payment Plan (APA) and non-APA providers.</p>							
<b>Low Income Health Program (LIHP)</b>	OA 4, 84, 90, 91	(\$41.0)	\$0.0	\$0.0	\$0.0	(\$147.9)	\$0.0
Changes to the LIHP final reconciliations resulted in a net decrease of approximately \$41 million TF from the prior estimate in FY 2019-20.							
<b>Medi-Cal 2020 Designated State Health Programs</b>	243	\$0.0	\$0.0	\$0.0	(\$92.3)	\$0.0	(\$92.3)
<p>This policy change estimates the additional federal financial participation (FFP) received for Certified Public Expenditures (CPEs) from state only programs under the California Medi-Cal 2020 Section 1115(a) Medicaid Demonstration (Medi-Cal 2020). General Fund savings realized under this program will be used as the state share to fund the Dental Transformation Initiative (DTI). The annual limit the State-Only programs may claim for Medi-Cal 2020 DSHP is \$75 million in FFP each Demonstration Year (DY) for a five year total of \$375 million FFP. In the current estimate, \$92.3 million FFP will be claimed in FY 2020-21.</p>							
<b>2020 MCO Enrollment Tax Managed Care Plans</b>	218	\$0.0	\$0.0	\$0.0	(\$1,686.6)	\$0.0	(\$1,686.6)
<p>This is a new policy change. This policy change estimates the transfer of funds collected from the enrollment tax on managed care organizations (MCOs) to the General Fund (GF) to be retained by the Department beginning January 1, 2020.</p> <p>The change from CY to BY is due to implementation timing of this policy.</p>							
<b>2020 MCO Enrollment Tax Mgd. Care Plans – Funding Adj.</b>	219	\$0.0	\$0.0	\$0.0	(\$1,038.0)	\$0.0	(\$1,038.0)
<p>This is a new policy change. This policy change estimates the transfer of funds collected from the tax on managed care organizations (MCOs) to the General Fund (GF) to be used by the Department to fund related managed care capitation rate increases. The change from CY to BY is due to implementation timing of this policy.</p>							
<b>2020 MCO Enrollment Tax Mgd. Care Plans – Incr. Cap.</b>	220	\$0.0	\$0.0	\$3,177.1	\$1,083.0	\$3,177.1	\$1,083.0
<p>This is a new policy change. This policy change estimates the cost of capitation rate increases that are offset by managed care organization (MCO) tax proceeds. The tax proceeds will be used for the non-federal share of capitation rate increases. The increase from CY to BY is due to implementation timing of this policy.</p>							

<i>Dollars in Millions</i>							
		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>Two Plan Model</b>	92	(\$300.6)	(\$142.7)	\$63.7	\$60.8	\$541.3	\$460.9
FY 2019-20 is a decrease due to lower than previously projected eligibles and applying final weighted rates. The change for FY 2020-21 is due to updated draft weighted rates having been applied to FY 2020-21. The previous estimate used FY 2019-20 weighted draft rates for the FY 2020-21 estimate. The change from FY 2019-20 to FY 2020-21 is due to a rate update between years. FY 2020-21 includes an FMAP adjustment for ACA and Title 21 (T21).							
<b>County Organized Health Systems</b>	93	(\$196.6)	(\$100.7)	\$5.9	(\$1.9)	\$299.3	\$230.0
The FY 2019-20 estimate decreased due to lower than previously projected eligibles and applying final weighted rates. The change for FY 2020-21 is due to updated draft weighted rates having been applied to FY 2020-21. The previous estimate used FY 2019-20 weighted draft rates for the FY 2020-21 estimate. The change from FY 2019-20 to FY 2020-21 is due to a rate update between years. FY 2020-21 includes an FMAP adjustment for ACA and T21.							
<b>Geographic Managed Care</b>	94	(\$65.2)	(\$28.0)	(\$6.5)	\$5.9	\$83.1	\$78.3
The FY 2019-20 estimate decreased due to lower than previously projected eligibles and applying final weighted rates. The change for FY 2020-21 is due to updated draft weighted rates having been applied to FY 2020-21. The previous estimate used FY 2019-20 weighted draft rates for the FY 2020-21 estimate. The change from FY 2019-20 to FY 2020-21 is due to a rate update between years. FY2020-21 includes an FMAP adjustment for ACA and T21.							
<b>Regional Model</b>	98	(\$22.2)	(\$8.3)	\$1.2	\$1.1	\$38.6	\$26.1
The FY 2019-20 estimate decreased due to lower than previously projected eligibles and applying final weighted rates. The change for FY 2020-21 is due to updated draft weighted rates having been applied to FY 2020-21. The previous estimate used FY 2019-20 weighted draft rates for the FY 2020-21 estimate. The change from FY 2019-20 to FY 2020-21 is due to a rate update between years. FY2020-21 includes an FMAP adjustment for ACA and T21.							
<b>PACE (Other M/C)</b>	99	\$27.8	\$13.9	\$60.5	\$30.2	\$196.0	\$98.0
FY 2019-20 is an increase due to a higher 2020 rate adjustment due to higher than previously estimated eligible enrollment and timing of adjustment. FY 2020-21 is an increase due to higher than estimated actuals through December 2019, the addition of a new plan, higher than actual enrollments from the Family Health Centers of San Diego plan, and a higher 2021 rate adjustment. The change from FY 2019-20 to FY 2020-21, is a net increase due to additional plans being implemented and a full year of enrollment being captured for the newer plans. The 2021 rate adjustment increased from higher than previously estimated based on eligible enrollment and timing of adjustment.							
<b>Coordinated Care Initiative Risk Mitigation</b>	114	\$45.7	\$22.9	(\$45.7)	(\$22.9)	(\$111.3)	(\$55.6)
This policy change estimates additional payments to and recoveries from managed care plans participating in the Coordinated Care Initiative related to the risk mitigation strategies. The changes for FY 2019-20 and FY 20-21 are due to recoupments previously budgeted in FY 2019-20 now shifting to FY 2020-21. This results in a decrease in recoupments for CY and in increase in recoupments for BY.							
<b>San Mateo Health Plan Reimbursement</b>	234	\$0	\$0	\$30.0	\$30.0	\$30.0	\$30.0
This new policy change estimates the reimbursement to San Mateo Health Plan for additional costs related to a rate adjustment for Burlingame Long Term Care a Distinct Part Skilled Nursing Facility. This is a one-time reimbursement occurring in FY 2020-21.							

<i>Dollars in Millions</i>							
Name	PC	Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
		TF	GF	TF	GF	TF	GF
<b>Ground Emergency Medical Transportation QAF</b>	117	\$27.7	\$0.2	\$15.3	(\$0.3)	(\$27.4)	\$7.1
<p>SB 523 (Chapter 773, Statutes of 2017) requires the Department to impose a GEMT QAF, effective July 1, 2018, on all ground emergency medical transports, which will be used to provide an add-on to the reimbursement rates for base ground emergency transport services. This policy change estimates the costs of the fee-for-service (FFS) and managed care add-on payments and the 10% healthcare coverage offset to the General Fund.</p> <p>The change for FY 2019-20 and FY 2020-21, from the prior estimate, is a net increase in the FFS and Managed Care annual estimates due to updated utilization data and revised GF offset estimates. The change from FY 2019-20 to FY 2020-21, in the current estimate, is a net decrease due to the Erroneous Payment Correction (EPC) for the FY 2018-19 FFS add-on occurring in FY 2019-20, less of the GF offset occurring in FY 2020-21, and revised estimates for FY 2020-21 estimates based on updated actual utilization data.</p>							
<b>DPH Interim &amp; Final Recons</b>	124	\$203.4	\$0.0	(\$35.9)	\$0.0	(\$60.3)	\$0.0
<p>This policy change estimates the funds for the reconciliation of Designated Public Hospital (DPH) interim payments to the DPH's finalized hospital inpatient costs. For FY 2019-20, the increase from the prior estimate is due to the DY 2008-09 payment for \$141 million TF/FF, which was expected to occur in FY 2018-19, but was not paid until FY 2019-20. In addition, updated final reconciliation estimates and movements of final reconciliation years, between CY and BY, based on the timing of outstanding cost report appeals and audit completions, added to the changes for FY 2019-20 and FY 2020-21.</p>							
<b>Long Term Care Quality Assurance Fund (LTC QAF) Expenditures</b>	130	\$0.0	\$1.2	\$0.0	(\$28.1)	\$0.0	(\$115.3)
<p>Effective August 1, 2013, the revenue generated by the Long Term Care (LTC) Quality Assurance (QA) fees are collected and deposited into the Long Term Care Quality Assurance Fund (LTCQAF). This policy change budgets the transfers from the LTCQAF to the General Fund (GF).</p> <p>The decrease in GF savings for FY 2019-20 from the prior estimate is based on updated actual LTC QAF collections and transfer data as of April 2020. The net increase in FY 2020-21 is based on a lower estimated average monthly collection and increased withhold transfers occurring in FY 2020-21.</p>							
<b>Nursing Facility Financing Reform</b>	223	\$0.0	\$0.0	(\$59.2)	(\$28.4)	\$70.2	\$33.7
<p>AB 1629 (Chapter 875, Statutes of 2004), extended by AB 119 (Chapter 17, Statutes of 2015), requires the Department to implement a facility-specific rate methodology on Freestanding Skilled Nursing Facilities, Level-B (FS/NF-B) and Freestanding Subacute Nursing Facilities, Level-B (FSSA/NF-B), with a sunset date of July 31, 2020. The Department proposes to extend and reform this framework by tying a growing portion of future rate increases to quality measures. The FY 2020-21 estimate includes the costs of extending the QAF to FS/NF-Bs, a 3.62% rate increase from August 2020 to December 2020, and a 3.5% rate increase for calendar year (CY) 2021.</p> <p>In the May 2020 Estimate, a net decrease in FY 2020-21, is expected for this policy change due to:</p> <ul style="list-style-type: none"> <li>Increased costs from revising the CY 2021 rate increase from 1.5% to 3.5%. This resulted in an overall increased estimate of FFS and managed care costs;</li> <li>Increased FFS costs due to not assuming CalAIM long term care transitions from FFS to managed care,</li> <li>Decreased add-ons impact starting Rate Year 2020-21, and</li> <li>Decreased costs in this policy change due to removing managed care costs from this policy change as these are now budgeted in the managed care base capitation rates.</li> </ul>							

<i>Dollars in Millions</i>	Change from November 2019			Change from November 2019		Change from FY 2019-20	
	FY 2019-20			FY 2020-21		FY 2020-21	
	Name	PC	TF	GF	TF	GF	TF
<b>Prop 56 – Home Health Rate Increase</b>	121, 125	\$17.3	\$8.1	\$0.0	(\$0.5)	(\$21.7)	(\$9.8)
<b>Prop 56 – Pediatric Day Health Care Health Rate Increase</b>							
<p>Effective for dates of services on and after July 1, 2018, the Department increased rates for certain fee-for-service (FFS) home health agency and Private Duty Nursing (PDN) services and Pediatric Day Health Care (PDHC) by 50%. The Home Health and Pediatric Day Health Care (PDHC) rate increases were implemented prospectively in January 2019.</p> <p>The change from the prior estimate for FY 2019-20 is due to updated estimates of the retroactive claims adjustments. The second Erroneous Payment Correction will adjust Home Health and PDHC payments for providers that did not receive the rate increases for the period from July 2018 to December 2018, and the EPC is expected to occur by the end of FY 2019-20. The change from the prior estimate for FY 2020-21 is due to minor update to the funding splits for the home health payments, but these ongoing prospective rate increases are 100% in the FFS base. The change from CY to BY is due to assuming the retroactive adjustments are completed in FY 2019-20</p>							
<b>Hospital Quality Assurance Fee (HQAF)</b>	137, 138, 139, 204	(\$510.6)	\$685.1	\$1,424.4	(\$62.5)	\$2,118.7	(\$584.6)
<p>The HQAF program assesses a fee on applicable general acute care hospitals and matches the fee with federal financial participation providing fee-for-service (FFS) and managed care supplemental payments to hospitals. The HQAF also provides additional funding for children’s health care coverage.</p> <p><u>Hospital Payments (PCs 137,138,and 139):</u>  The -\$510.6 million TF change in FY 2019-20 is due to the updated estimate for the Hospital QAF – FFS payment policy change. The methodology used to estimate the Hospital QAF VI FFS payments is now based on the approved Hospital QAF VI model. In addition, delayed CMS approval of the Hospital QAF VI program (approved in February 2020), resulting in one less quarter of payments. The increase in FY 2020-21, from the prior estimate, is due to shifting the additional quarter of payments to the BY. There was no change in the estimates for the Managed Care Private Hospital Directed payments (PHDP) or Hospital QAF – Managed Care payments, however the funding splits were updated based on actual managed care data.</p> <p>From CY to BY, the increase in TF is due to increased FFS payments estimated in FY 2020-21, increased managed care payments due to 18 months of HQAF VI payments occurring in FY 2020-21 for the Bridge period (July 2019 to December 2020) and increased PHDP pool amounts for the FY 2018-19 rating period.</p> <p><u>Hospital QAF – Children’s Health Care – PC 204:</u> The methodology used to estimate the Hospital QAF VI children’s health care savings is now based on the approved Hospital QAF VI model. In FY 2019-20, GF savings decreased by \$685.1 million GF due to COVID-19 pandemic which cause HQAF VI children’s health care payments to be postponed to FY 2020-21. The FY 2020-21 GF savings are estimated to increase by \$62.5 million GF based on a reduced estimate of the HQAF VI children’s health care payments, which will be reconciled and paid in full at a later date. The increased GF savings, from CY to BY, is due to completion of the HQAF IV reconciliation in FY 2019-20, and higher quarterly payments estimated based shifting HQAF VI payments to start in FY 2020-21.</p>							

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
		PC	TF	GF	TF	GF	TF
<b>Private Hospital Supplemental Payments</b>	147, 150, 221	\$1.0	\$0.0	\$2.6	\$18.0	\$32.1	\$6.5
<b>FFP for Local Trauma Centers</b>							
<b>IGT Payments for Hospital Services</b>							
<p>These policy changes provide supplemental payments to hospitals. For these hospital supplemental payments, Intergovernmental Transfers (IGTs) and Special Funds provide the non-federal share of the payments. The Private Hospital Supplemental Fund payments also includes funds from a General Fund appropriation into a Special Fund.</p> <ul style="list-style-type: none"> <li>In FY 2019-20, adjustments are budgeted to correct the FY 2017-18 Affordable Care Act Optional Expansion (ACA OE) payments. The GF is required to repay overclaimed FFP. There is no change to the GF estimate in FY 2019-20 from the prior estimate.</li> <li>In FY 2020-21, adjustments have been added in the current estimate to correct FY 2013-14 to FY 2015-16 ACA OE payments. The corrections may require adjustments from the GF to repay funds owed to the Special Funds, adjustments from the GF to repay overclaimed FFP, or adjustments from the Special Funds to repay overclaimed FFP.</li> </ul> <p>The change from CY to BY is mainly due to the higher GF estimate for the FY 2013-14 to FY 2015-16 ACA OE adjustments in FY 2020-21.</p>							
<b>Graduate Medical Education (GME) Payments to DPHs</b>	140, 171	(\$572.1)	\$9.7	\$143.5	(\$7.6)	\$518.7	(\$15.0)
<b>IGT Admin &amp; Processing Fee</b>							
<p>The Graduate Medical Education Payments to DPHs policy change estimates direct and indirect GME payments to the Designated Public Hospitals (DPHs). The non-federal share of the payments will be funded with intergovernmental transfers (IGTs). This IGT Admin &amp; Processing Fee policy change estimates the savings to the General Fund due to A 5% administrative fee assessed on the IGTs in order to reimburse the Department for support costs associated with administering the program.</p> <p>The decrease in FY 2019-20 and increase in FY 2020-21 is due to delayed CMS approval of SPA 17-0009 (approved March 2020). GME payments for Affordable Care Act Optional Expansion (ACA OE) adjustments for FY 2016-17 and FY 2017-18; and all of FY 2018-19 payments have shifted to begin in FY 2020-21. In conjunction with the GME payments, the GME GF savings in have shifted to FY 2020-21. Decreased GF savings are estimated in FY 2019-20 and increased savings in FY 2020-21.</p>							

<b>CMS Deferred Claims</b>	CA 7, OA 66, OA 97, PC 200	\$0.0	(\$93.8)	\$0.0	\$230.0	\$0.0	\$156.0
<p>The Centers for Medicare and Medicaid Services (CMS) reviews claims submitted by Medicaid agencies and may defer payment on claims requiring additional information or claims CMS interprets as not meeting all federal funding requirements. Upon receiving a deferral, the state must promptly return the federal funds to CMS.</p> <p>FY 2019-20 estimates have decreased based on including actual Federal Fiscal Year 2019 Q2 deferrals and shifting three quarters (FFY 2019 Q3 to FFY 2020 Q1) of CMS deferral payments to FY 2020-21 based on a revised CMS deferral schedule. Additionally changes in FY 2019-20 include: (1) the breakout of Fiscal Intermediary (FI) funded deferrals into a new Other Administrative policy change named CMS Deferred Claims – FI and (2) an increase of \$2.1 million GF reclaimed for County Administration CMS deferrals in FY 2019-20.</p> <p>The FY 2020-21 net increase is due to the shifting three quarters previously estimated to be paid in FY 2019-20 to FY 2020-21, and including resolved Other Administration deferrals of \$301 million that offset the FY 2020-21 costs.</p>							
<b>QAF Withhold Transfer</b>	180	(\$64.7)	(\$32.4)	\$0.0	\$0.0	(\$98.9)	(\$49.4)
<p>This policy change budgets for withheld Fee-for-Service payments (FFS) associated with the Hospital Quality Assurance Fee (HQAF), the AB 1629 Quality Assurance Fee (QAF) assessed on Skilled Nursing Facilities (SNF), the QAF assessed on Intermediate Care Facilities for the Developmentally Disabled (ICF/DDs), and the Ground Emergency Medical Transportation (GEMT) QAF.</p> <p>The net decrease in FY 2019-20, from the prior estimate, is due to the delay in the federal approvals for the Hospital Quality Assurance Fee (QAF) VI program and adding the GEMT QAF withhold transfers starting in March 2020. No impact is estimated in FY 2020-21 as it is assumed that FY 2020-21 prior year withhold costs are offset by the increased Hospital QAF, Long Term Care (LTC) QAF, and GEMT QAF withholds transferred in FY 2020-21.</p>							
<b>Repayment to CMS for Contingency Fee Offsets</b>	233	\$0.0	\$0.0	\$0.0	\$10.4	\$0.0	\$10.4
<p>This new policy change estimates the repayment of over-claimed federal financial participation (FFP) for contingency fee offsets reported for the period October 2016 to September 2018.</p>							
<b>Tribal Federally Qualified Health Center</b>	236	\$0.0	\$0.0	\$1.6	\$0.3	\$1.6	\$0.3
<p>The Department is pursuing the development of the Tribal FQHC provider type in Medi-Cal, effective January 1, 2021, to allow for payment of services provided outside of tribal clinics.</p>							



**FAMILY HEALTH ESTIMATE  
MANAGEMENT SUMMARY**

## **Family Health Local Assistance Estimate Management Summary May 2020**

The Family Health Local Assistance Estimate forecasts the current and budget year expenditures for three of the Department's state-only programs; California Children's Services, Genetically Handicapped Persons Program, and Every Woman Counts. These programs assist families and individuals by providing services for low-income children and adults with special health care needs who do not qualify for enrollment in the Medi-Cal program. Costs for individuals with these special health care needs who qualify for Medi-Cal are included in the Medi-Cal Local Assistance Estimate.

The Family Health Local Assistance Estimate is categorized into three separate state-only programs. Each category includes estimated expenditures for benefits, administration, and fiscal intermediary costs:

- Benefits: Expenditures for the care of the individuals enrolled in the program, including estimated base expenditures and those added through a policy change.
- Administration: Expenditures to determine program eligibility and the costs to administer the program.
- Fiscal Intermediary: Expenditures associated with the processing of medical claims.

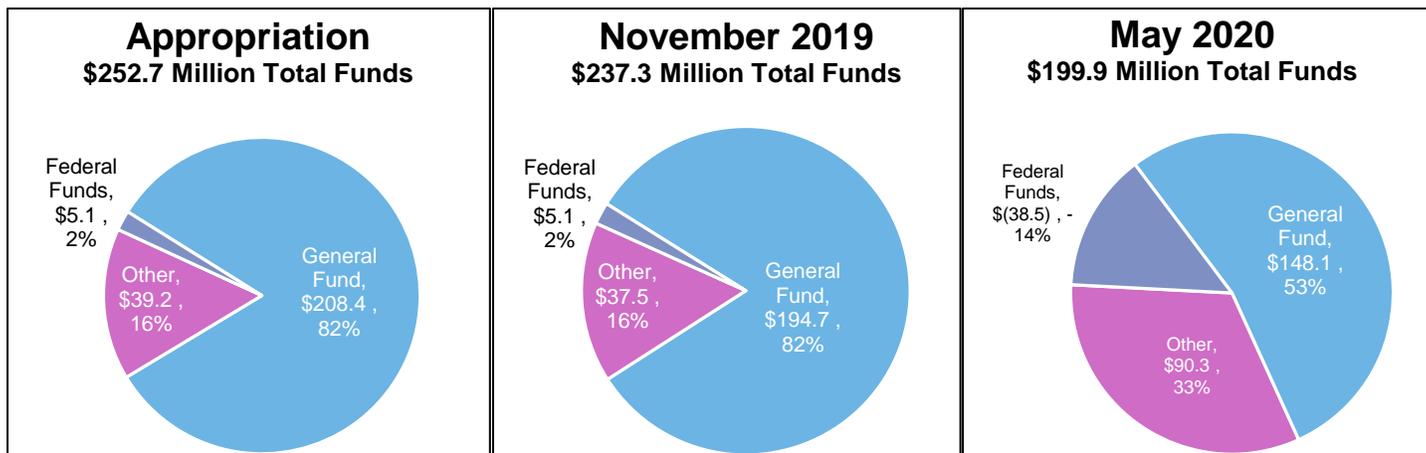
The following is a brief description of each program.

- California Children's Services (CCS): The CCS program, established in 1927, is one of the oldest public health care programs in the nation and is administered in partnership with county health departments. The CCS state-only program provides health care services to children up to age 21 who have a CCS-eligible condition, such as: cystic fibrosis, hemophilia, cerebral palsy, heart disease, cancer, or traumatic injury. Either children enrolled in the CCS state-only program do not qualify for full-scope Medi-Cal or their families cannot afford the catastrophic health care costs for the child's care.
- Genetically Handicapped Persons Program (GHPP): The GHPP program, established in 1975, provides medically necessary services and administrative case management for individuals age 21 and over with a GHPP-eligible condition, such as cystic fibrosis, hemophilia, sickle cell, Huntington's, or metabolic diseases. The GHPP state-only program is for those individuals who do not qualify for full scope Medi-Cal.
- Every Woman Counts (EWC) Program: The EWC program provides free breast and cervical cancer screening and diagnostic services to uninsured and underinsured Californians who do not qualify for Medi-Cal.

Family Health estimated program expenditures are \$199.9 million in FY 2019-20 and \$267.7 million in FY 2020-21. This does not include funds spent by county health departments on these programs.

## FY 2019-20

(Dollars in Millions, Rounded)



The May 2020 Family Health Estimate for FY 2019-20 is \$60.3 million General Fund less than the 2019-20 Budget Appropriation and \$46.6 million less than the November 2019 Estimate.

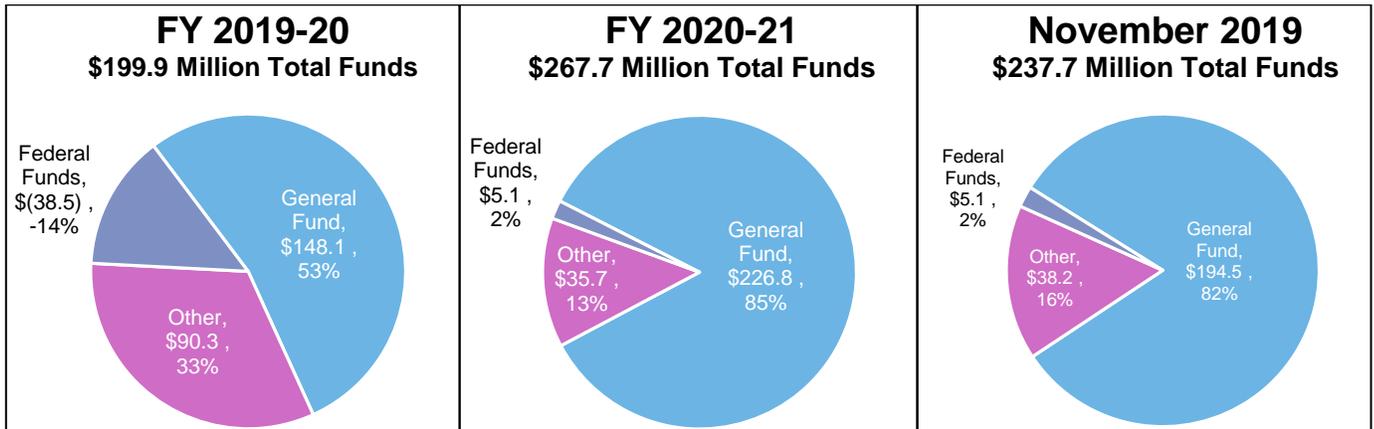
## FY 2019-20 - General Fund

(Dollars in Millions, Rounded)

	May 2020	FY 2019-20 Appropriation	Change from Approp	Nov 2019	Change From Nov 2019
<u>Item 4260-111-0001</u>					
California Children's Services (CCS)	\$ 58.40	\$ 81.15	\$ (22.74)	\$ 76.85	\$ (18.45)
Genetically Handicapped Persons Program (GHPP)	\$ 74.93	\$ 114.32	\$ (39.40)	\$ 102.70	\$ (27.78)
<u>Total Item 4260-111-0001</u>	\$ 133.33	\$ 195.47	\$ (62.14)	\$ 179.56	\$ (46.22)
<u>Item 4260-114-0001</u>					
Every Woman Counts Program (EWC)	\$ 14.75	\$ 12.91	\$ 1.84	\$ 15.12	\$ (0.37)
<u>Total Item 4260-114-0001</u>	\$ 14.75	\$ 12.91	\$ 1.84	\$ 15.12	\$ (0.37)
<b>Total General Fund</b>	\$ 148.08	\$ 208.38	\$ (60.30)	\$ 194.68	\$ (46.60)

## FY 2020-21

(Dollars in Millions, Rounded)



The May 2020 Family Health Estimate for FY 2020-21 is \$32.3 million General Fund higher than the November 2019 Estimate and is projected to increase \$78.7 million between FY 2019-20 and FY 2020-21.

## FY 2020-21 - General Fund

(Dollars in Millions, Rounded)

	May 2020			FY 2020-21	
	FY 2020-21	FY 2019-20	Change from FY 2019-20	Nov 2019	Change from Nov 2019
<u>Item 4260-111-0001</u>					
California Children's Services (CCS)	\$ 79.58	\$ 58.40	\$ 21.17	\$ 77.65	\$ 1.93
Genetically Handicapped Persons Program (GHPP)	\$ 129.39	\$ 74.93	\$ 54.46	\$ 102.12	\$ 27.27
<u>Total Item 4260-111-0001</u>	<u>\$ 208.97</u>	<u>\$ 133.33</u>	<u>\$ 75.63</u>	<u>\$ 179.76</u>	<u>\$ 29.20</u>
<u>Item 4260-114-0001</u>					
Every Woman Counts Program (EWC)	\$ 17.82	\$ 14.75	\$ 3.07	\$ 14.69	\$ 3.14
<u>Total Item 4260-114-0001</u>	<u>\$ 17.82</u>	<u>\$ 14.75</u>	<u>\$ 3.07</u>	<u>\$ 14.69</u>	<u>\$ 3.14</u>
<b>Total General Fund</b>	<b>\$ 226.79</b>	<b>\$ 148.08</b>	<b>\$ 78.71</b>	<b>\$ 194.45</b>	<b>\$ 32.34</b>

## CASELOAD

### **CCS**

CCS State-Only caseload is projected to remain relatively stable with an estimated average quarterly count of approximately 14,300 for FY 2019-20 and 14,400 for FY 2020-21.

### **GHPP**

GHPP State-Only caseload is projected to remain relatively stable with an estimated average quarterly count of 650 for FY 2019-20 and 660 for FY 2020-21.

### **EWC**

EWC caseload is based on average monthly users by date of payment. There is an increase in users from the November Estimate in FY 2019-20 due to reprocessing previously denied claims. The decrease in projected users for FY 2020-21 is estimated absent retroactive reprocessing; both FY 2018-19 and FY 2019-20 include reprocessing of claims.

## SIGNIFICANT ITEMS

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>CCS Non-Blood Factor Rebates</b>	CCS 12	(\$8.6)	(\$8.6)	\$0.6	\$0.6	\$8.6	\$8.6
Rebate collections for the non-Blood Factor drugs in the California Children's Services (CCS) State-Only program began in October 2019. From the prior estimate, the FY 2019-20 estimate includes increased General Fund (GF) savings based on collections as of April 2020. The current year savings include collections retroactive to July 2006. The change from prior estimate for FY 2020-21 is due to estimating rebate savings in FY 2019-20 and not including GF saving projections in FY 2020-21.							
<b>CCS HF Non-Blood Factor Rebates</b>	CCS 13	(\$55.3)	(\$11.7)	\$0	\$0	\$55.3	\$11.7
Rebate collections for retroactive non-Blood Factor drugs in the California Children's Services (CCS) Healthy Families (HF) program began in October 2019. This is a new policy change in the May 2020 Estimate for the actual rebate CCS HF non-BF rebates collected as of April 2020. The current year savings include collections from the retroactive period from July 2006 to December 2014. Ongoing GF savings projections are not estimated in FY 2020-21.							

<i>Dollars in Millions</i>		Change from November 2019		Change from November 2019		Change from FY 2019-20	
		FY 2019-20		FY 2020-21		FY 2020-21	
Name	PC	TF	GF	TF	GF	TF	GF
<b>GHPP Base Treatment Expenditures</b>		\$24.5	\$24.5	\$25.1	\$25.1	\$0.6	\$0.6
Estimated base treatment expenditures are higher than the prior estimate due to increased claiming in the latter half of 2019 for high-cost beneficiaries							
<b>GHPP Non-Blood Factor Rebates</b>	GHPP 8	\$0	(\$52.7)	\$0	\$2.4	\$0	\$52.7
Rebate collections for the non-Blood Factor drugs in the Genetically Handicapped Persons Program (GHPP) began in October 2019. From the prior estimate, the FY 2019-20 estimate includes increased General Fund (GF) savings based on collections as of April 2020. The current year savings include collections retroactive to July 2006. The change from prior estimate for FY 2020-21, is due to estimating rebate savings in FY 2019-20 and not including GF saving projections in FY 2020-21.							
<b>MRI and MRI Guided Biopsy Screening Benefits</b>	EWC 7	\$0.1	\$0.1	\$2.7	\$2.7	\$2.6	\$2.6
This is a new policy change to add Magnetic Resonance Imaging (MRI) breast screening and MRI guided biopsies as a payable benefit for the EWC program effective June 1, 2020.							