

Review of 2019-2020 California State Budget

OUTLINE

- Background
- Themes
- Proposed legislation implemented via budget
- Other items of relevance to CHBRP
- Summary

September 13, 2019

Jeffrey Rollman, MPH, NRP
CHBRP Graduate Student Intern



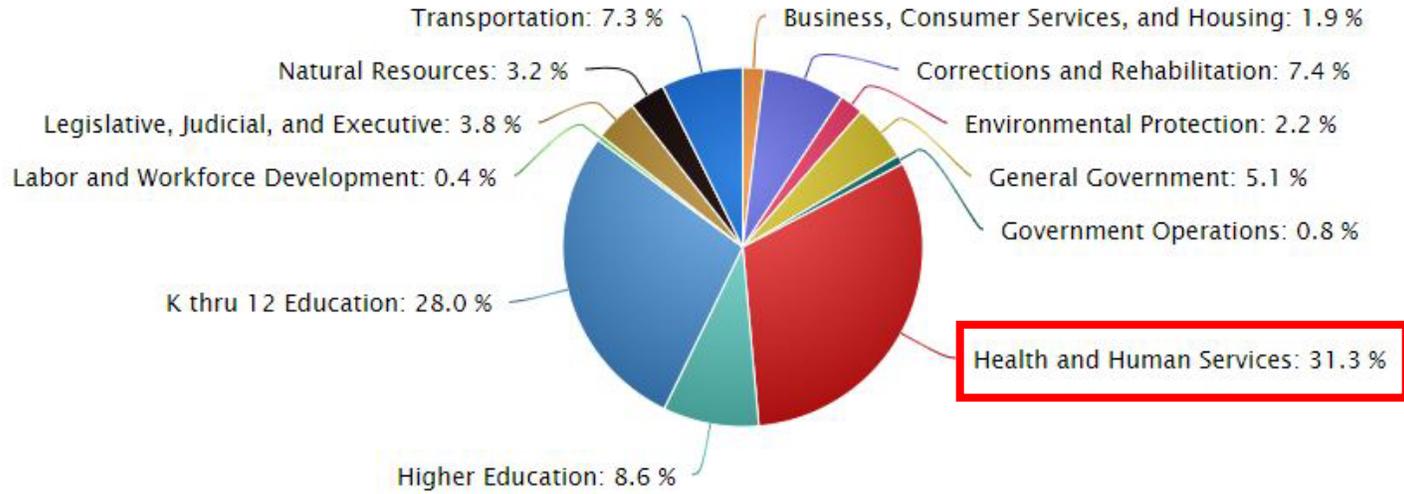
Background

- 2019-2020 state budget signed by Gov. Gavin Newsom on June 27
- \$214.8 billion state spending (\$147.8 billion General Fund)
 - 6.7% state spending and 6.6% General Fund spending increase
- Several line item vetoes from Governor, though none pertinent to health and human services
- 31.3% (\$67.1 billion) towards health and human services
 - \$67.1 billion from state funds, \$163 billion total funds
 - \$106.6 billion DHCS (primarily Medi-Cal), \$60.8 billion from feds

Visuals

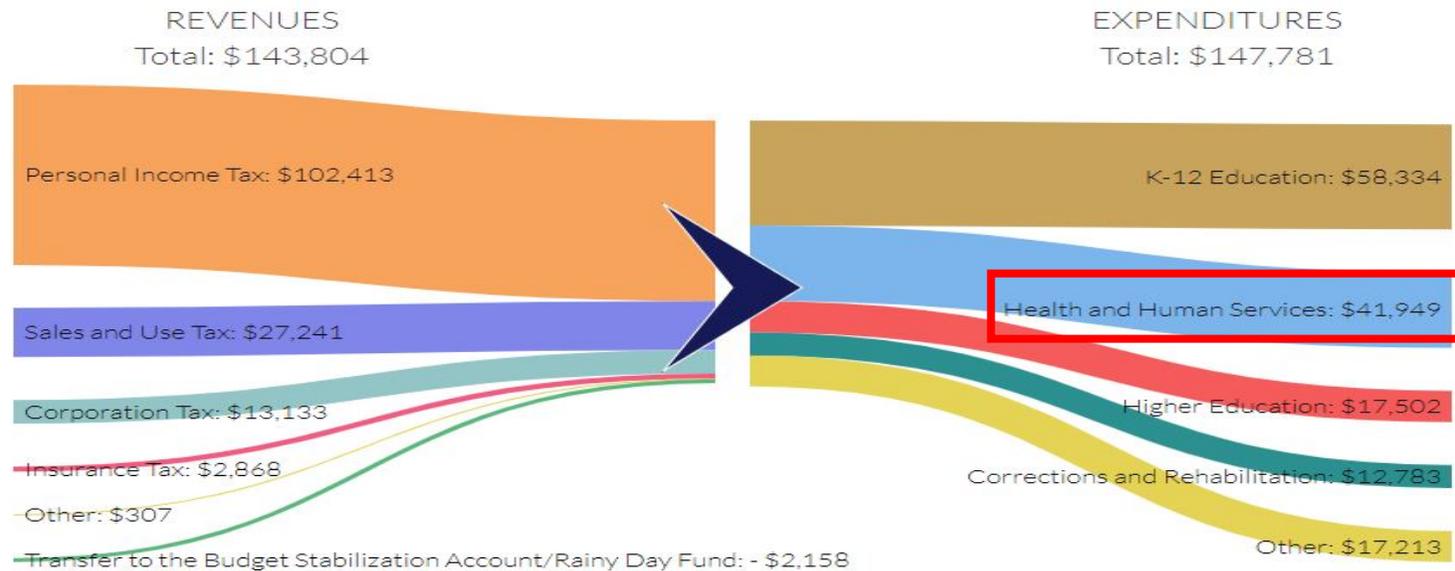
Total State Funds

Total \$215 Billion



General Fund Revenues vs Expenditures

(Dollars in Millions)



Source: CA Department of Finance

<http://www.ebudget.ca.gov/2019-20/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>

Key Themes

- Health coverage expansion and support
 - Via Medi-Cal eligibility changes and Covered California subsidies
- Expanded Medi-Cal benefits
- Focus on homelessness
- Emphasis on mental health and substance use disorder

Health coverage expansion and support

- Medi-Cal eligibility changes
 - Expansion of Medi-Cal to undocumented young adults (ages 19-25) who meet eligibility criteria aside from immigration status → 90,000 young adults
 - Expansion of Medi-Cal coverage to the aged, blind and disabled (123% to 138% of FPL)
 - Pre-enroll state inmates into Medi-Cal prior to release (~85% of last year's 48.5K parolees eligible)
 - Maternal mental health condition (eligible up to 1 year postpartum)
- Covered California subsidies (\$429 million)
 - New premium assistance to those with incomes 400% to 600% of FPL
 - Supplemental state support (in addition to federal subsidies) to 200% to 400% of FPL

Expanded Medi-Cal benefits

- Restoration of Medi-Cal “optional benefits” (2 year appropriation)
 - Audiology and speech therapy services
 - Incontinence creams and washes
 - Optician and optical lab services
 - Podiatric services
- Increased Medi-Cal provider payments (\$1.3 billion for 1 year)
- New benefits for adult screenings for opioids and other drugs (SBIRT)
- New benefit for Medi-Cal trauma MH screenings (\$23 million plus \$50 million for training)
- Whole Person Care Pilots (\$100 million)
 - County pilots to coordinate health, behavioral health and social services for individuals with housing insecurity

Focus on homelessness

- \$2.75 billion in one-time investments
 - \$650 million for construction and expansion of emergency shelters
 - \$400 million in TANF/CalWORKs grants to assist low-income families with housing insecurity
 - \$34 million to support college student rapid rehousing
- Whole Person Care pilots (\$100 million plus \$20 million for counties without pilots)
 - Pilots to coordinate health, behavioral health and social services for individuals with housing insecurity

Mental health and substance use disorder

- Funding increases to state mental health hospital system
 - Increased personnel FTEs and treatment beds in state-owned or state-funded mental hospitals for judicially and civilly committed mental health patients
- Behavioral health counselors in EDs (\$20 million)
 - Screenings, interventions and referrals for MH and SUD
- Mental health workforce investments (\$110 million)
 - Physician supply (psychiatry residency spots), nurses/social work recruitment
 - OSHPD grants for MH peer personnel training programs
- Mental health school services (\$50 million)
 - County MH department and K-12 school partnerships and linkages

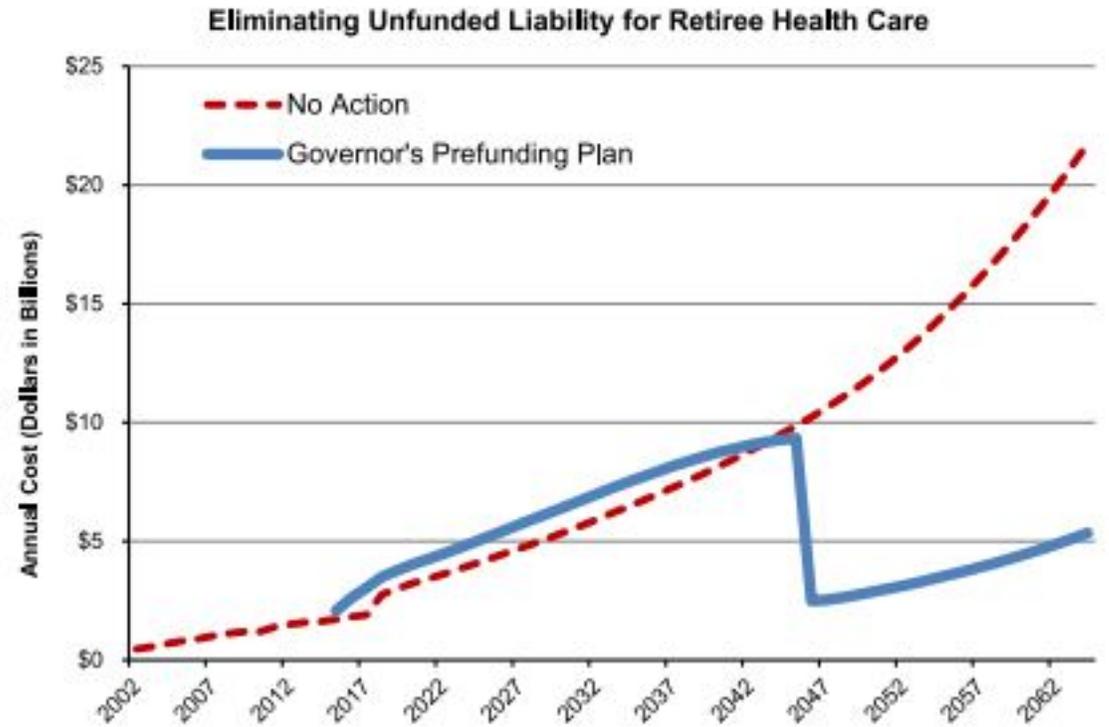
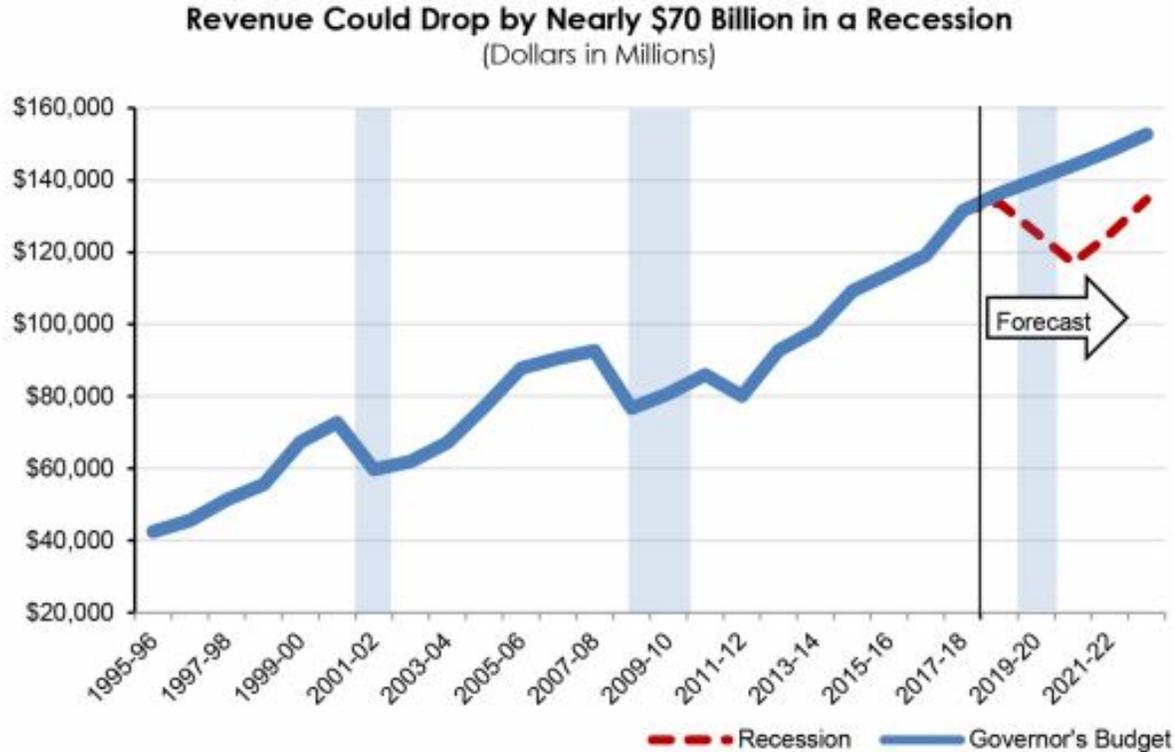
Proposed legislation implemented via budget

- Both examples started as legislation but moved to budget instead
- Medi-Cal expansion for undocumented immigrants (AB-4)
 - Young adults ages 19-25 who otherwise meet Medi-Cal eligibility criteria but for immigration status (approx. 90,000 persons)
 - Begins January 1, 2020
 - \$98 million (\$74 million General Fund)
- College Promise Program: 2 years of tuition for waivers for first-time, full-time community college students (AB-2)
 - Adds a second year to the College Promise Program
 - \$42.6 million

Other items of relevance to CHBRP

- Budgeting via Franchise Tax Board to support implementation of state individual mandate (SB-78)
 - Minimum Essential Coverage Individual Mandate begins January 1, 2020
 - Exemptions: hardship or religious conscience (administered by Covered California)
- Authorizes funding to implement SB-501 (dental general anesthesia)
 - Stricter requirements and training to administered outpatient dental GA
- DHCS study to examine state-run long-term care insurance program
- Value-based payments to Medi-Cal providers to incentivize process measures (\$250 million)
- Governor's Executive Order on pharmacy benefit carve-out (via SB-78)
 - Requires DHCS data sharing and establishment of stakeholder work group
 - 7/12/19 DCHS report on top 25 and leg barriers; transition to full FFS 1/1/21?

Looming recession and unfunded liabilities?



Summary

- Themes:
 - Coverage expansion and support
 - Medi-Cal benefit
 - Homelessness
 - Mental health and substance use disorder
- Flexible legislative process
- Many items of relevance to CHBRP
- Overall: rosier picture for health spending, but possible recession and huge unfunded liabilities will likely impact state budget in future