



## CalHHS May Revision Budget Highlights

At CalHHS, we strive to create programs and services that are person centered, equity focused, and data driven.

In order to maintain our collective focus on the person being served, we follow our [Guiding Principles and Strategic Priorities](#).



**Focus on Equity**



**Put the Person back in Person-Centered**



**Actively Listen**



**Cultivate a Culture of Innovation**



**Use Data to Drive Action**



**See the Whole Person**



**Deliver on Outcomes**

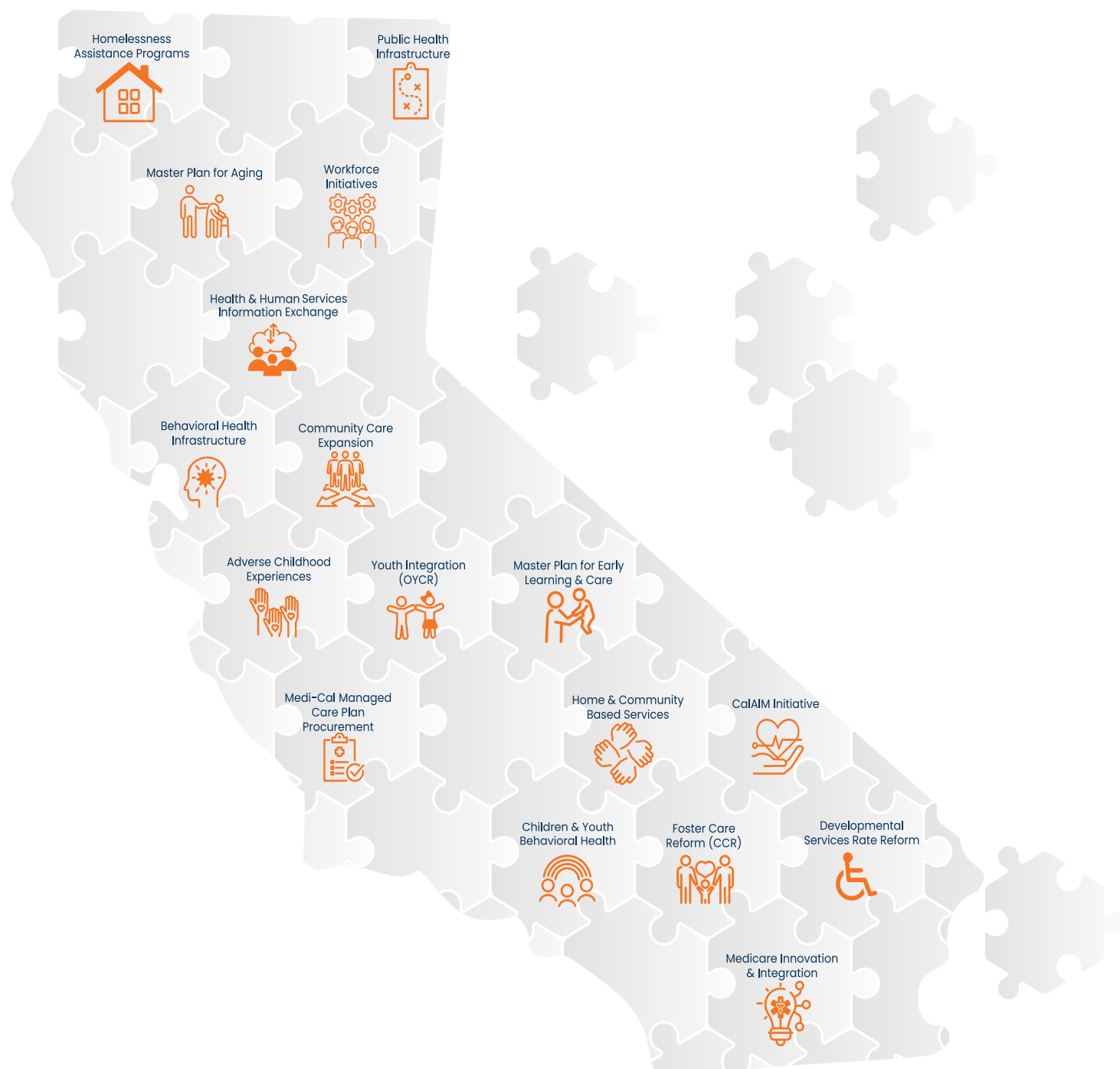
The COVID-19 pandemic has impacted every Californian, with the most significant impacts on our underserved, low-income communities. The pandemic has laid bare the inequities in our health care system and in our society overall.

Keeping the impacts of COVID-19 in mind, the 2021 Budget Act, the Governor's 2022-23 Budget, and the May Revision present a generational opportunity to improve the lives of All Californians, particularly the most vulnerable amongst us.

## Budget in Context

The May Revision continues to reflect California's values – defending a woman's right to choose, expanding access to health care for all Californians, and protecting the most vulnerable

The May Revision builds on previous efforts by making investments that target our most vulnerable communities and address the upstream needs of our communities. As we move forward, we will leverage the multiyear investments made in the 2021 Budget Act and proposed for the 2022 Budget Act to build up the foundations of a California for All.



## 2021 Budget Act

The 2021 Budget Act provided unprecedented investments to improve the lives of all Californians, with a particular focus on the most vulnerable in the state's communities. The 2021 Budget Act provided the CalHHS with the opportunity to make investments that focus our programs on the whole person – such as beginning CalAIM implementation and making historic investments in home and community-based programs – and to expand our ability to improve equity in California – such as by expanding full scope Medi-Cal to undocumented older adults.

## 2022–23 Budget Proposal

The Governor's 2022–23 January Budget includes bold investments to protect out most vulnerable communities – such as providing housing for homeless individuals with serious behavioral health issues – and to make investments that will address the upstream causes of health and human services needs in communities that have been deeply impacted by COVID-19 – such as building up our public health infrastructure.

 View the **Governor's 2022–23 January Budget**

### **Key areas of investment in the 2022–23 Budget Proposal Include:**

- Building a 21st Century Public Health System.
- Addressing Childhood Poverty.
- Making Health Care Affordable and Expanding Availability of Services for All Californians.
- Addressing the Behavioral Health Needs of California's Most Vulnerable.
- Implementing the Master Plan for Aging.
- Building a Workforce for a Healthy California for All.
- Implementing CalAIM.

## The May Revision

As we move forward, beyond the 2022–23 Budget Year, we will leverage the multiyear investments made in the 2021 Budget Act and proposed in the Governor’s Budget and May Revision to build a Healthy California For All. To do so, we will build up our health and human services workforce and strengthen the foundations of programs that serve all Californians. Key initiatives over the next several years that will advance this effort include the implementation of CalAIM, the development of a behavioral health system for all children and youth, the development of a 21st Century public health system, and the build out of a health and human services workforce that will be able to meet the needs of all Californians.

The May Revision continues to advance the health and well-being of all Californians by building upon the significant investments made in 2021–22. The proposed investments will improve the state’s ability to serve the whole person, and advance the goal that health care, housing, and social needs are considered together, not solely through the lens of separate funding streams or programs.

These proposals address Health Care Affordability and Expanding Services to All Californians, the Behavioral Health Needs of California’s Most Vulnerable, Support for Aging and Community Living, Support for California’s Children, Youth, and Families, and the Next Stage of the COVID-19 Pandemic.

## Health Care Affordability and Expanding Availability of Services for All Californians

The May Revision continues to build on efforts to improve the affordability and availability of health coverage. These investments include promoting affordable health coverage for lower- and middle-income Californians, access to affordable reproductive health care, access to low-cost insulin, and investments in the electronic health data exchange.

### Reproductive Health

To protect the right to safe and accessible reproductive health care services, the Administration will undertake a number of actions to maintain and improve availability of safe and accessible reproductive health care. These new proposals build on the \$68 million included in the Governor’s Budget to support access to reproductive health care services.

- **Uncompensated Care Funding for Reproductive Health Services** — The May Revision includes one-time \$40 million General Fund one-time, available over six years, for the Department of Health Care Access and Information to award grants to reproductive health care providers to offset the cost of providing care to low- and moderate-income individuals who do not have health care coverage for reproductive health care services.
- **California Reproductive Justice and Freedom Fund** — The May Revision

includes \$15 million General Fund one-time for the Department of Public Health to award grants to community-based reproductive health, rights, and justice organizations to conduct medically accurate and culturally competent outreach and education on sexual health and reproductive health issues.

- Comprehensive Reproductive Rights Website — The May Revision includes \$1 million General Fund for the Department of Public Health to develop and maintain a website providing accurate and updated information to the public on the right to abortion under state law, information about reproductive health care providers, and options for coverage for reproductive services

including state-funded coverage and programs.

- Research on the Unmet Needs for Reproductive Health Care Services — The May Revision includes \$1 million General Fund for the Department of Public Health to research the unmet needs for access to reproductive health care services.

### **Affordability in Covered California**

California has worked to improve affordability of Covered California plans by creating a California premium subsidy program in the 2019 Budget Act. During the federal Public Health Emergency, the federal government provided enhanced federal subsidies under the American Rescue Plan Act (ARPA), which will expire at the end of 2022.





If federal action is not taken to extend ARPA premium subsidies for 2023 and beyond, the May Revision proposes \$304 million to reinstitute California's premium subsidy program that was in effect in 2020 and 2021. The program included premium subsidies for middle income Californians who did not qualify for subsidies under the Affordable Care Act prior to the enactment of ARPA. The 2021 state subsidy program design would continue providing premium support to lower-income Californians and individuals with incomes between 400 and 600 percent of the federal poverty level.

### **Reducing the Cost of Insulin**

The downstream impacts of the market failure for affordable insulins impacts California and its residents. National data suggests as many as 1 in 4 diabetics cannot afford their insulin, and thus ration or cease taking insulin altogether. Affordable insulin is critical for black, brown, and lower income Americans because they are much more likely to have severe diabetes-related complications, such as renal disease and amputations.

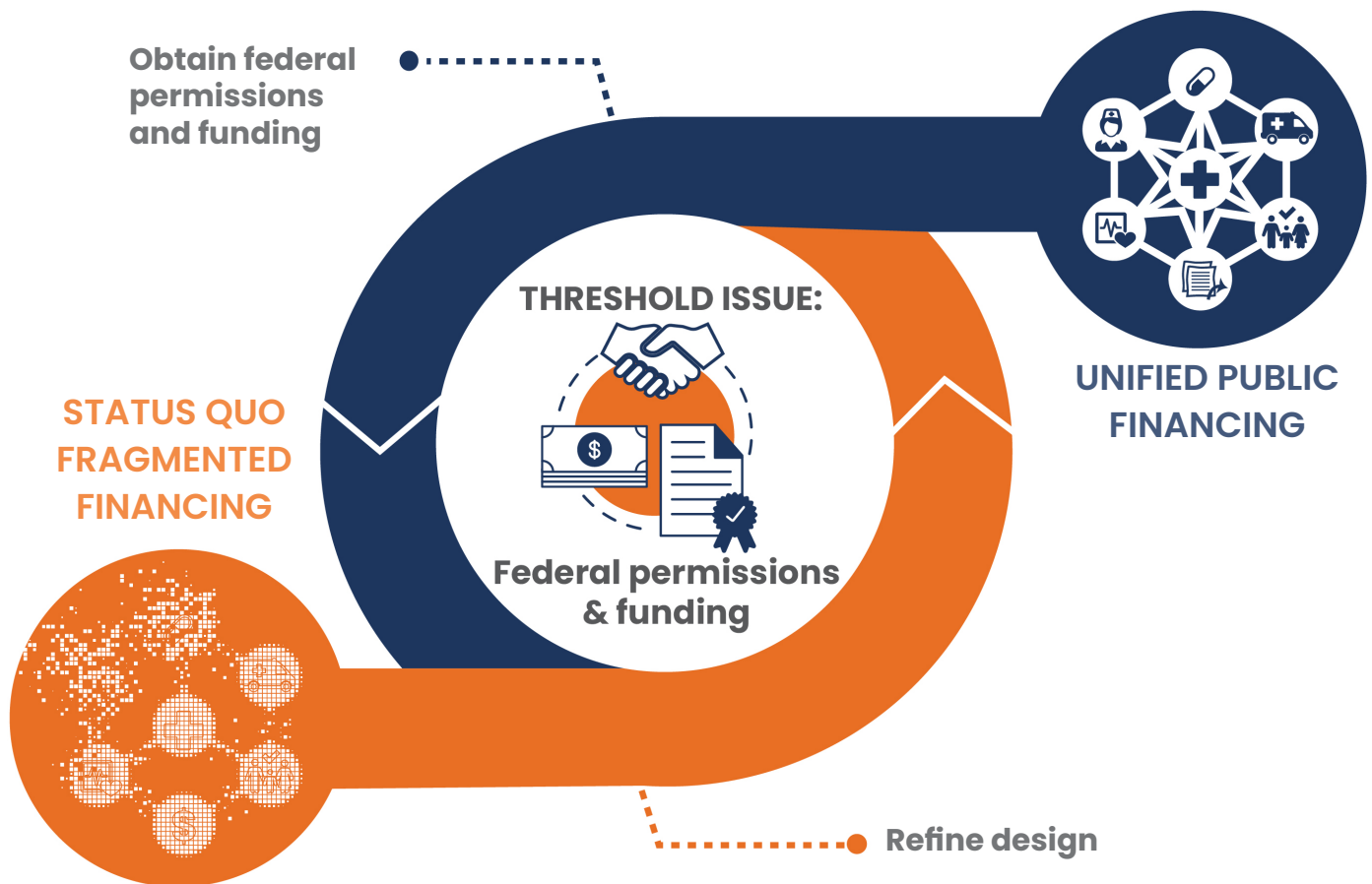
The May Revision includes \$100 million General Fund one-time for the CalRx Biosimilar Insulin Initiative to implement partnerships for increased generic manufacturing of essential medicines under Chapter 207, Statutes of 2020 (SB 852). Through a contractual partnership, the Department of Health Care Access and Information (HCAI) will invest \$50 million towards the development of low-cost interchangeable biosimilar insulin products and an additional \$50 million towards a California-based insulin manufacturing facility.

CalRx biosimilar insulin products would be a fraction of the current market price of over \$300 per vial and would disrupt market forces that keep insulin products unnecessarily high. Many Californians, such as the uninsured, underinsured, and those with high deductible plans would benefit significantly from broadly available low-cost insulin.

### **Facilitating Increased Health and Human Services Information Exchange**

Assembly Bill 133 (2021) established the Health and Human Services Data Exchange Framework (DxF) to begin in June 2024. A statewide data exchange framework will help all Californians—and the health and human service providers and organizations that care for them—have timely, secure access to the electronic information necessary to address their health and social needs as well as reduce duplicative or unnecessary treatments through more timely information sharing while saving costs system-wide.

The May Revision includes \$50 million grant program to provide technical assistance to small or under-resourced providers, particularly small physician practices, rural hospitals, and community-based organizations, while also providing education and technical assistance for entities new to information exchange. Additionally, the May Revision proposes \$200 million (\$100 million General Fund) at the Department of Health Care Services for grants and technical assistance to allow small physician practices to upgrade their clinical infrastructure, such as electronic health record systems, data collection and reporting capabilities.



## Healthy California for All Commission: Priority Actions and Next Steps

CalHHS convened the Healthy California for All Commission, which explored strategies to unify and simplify health care financing and improve the affordability of high quality, accessible, and equitable care for all. To sustain affordable access to health care, the state must also address the underlying cost drivers of health care. The final report of the Healthy California for All Commission, [Key Considerations for a Unified Financing System in California](#), elevates a shared vision of a Healthy California for All that will ensure that health care is accessible, affordable, equitable, high-quality, and universal. The report outlines the decisions and actions that will move California toward a unified financing system for health care.

The May Revision includes \$1.4 million to develop and implement a federal partner engagement strategy to understand federal approvals needed to proceed with a state-based unified financing system such as a single-payer financing system.



## Addressing the Behavioral Health Needs of California's Most Vulnerable

The COVID-19 Pandemic has exacerbated behavioral health challenges—mental health and substance use disorder—and placed significant demands on the existing system of care. Workforce shortages have widened the inequities across the system, worsened by the pandemic. In California, consistent with trends in the rest of the nation, overdose deaths have risen as well as suicidal ideation and hospitalization for self-harm behavior. In order to address these challenges, the state has made substantial investments to address the behavioral health challenges Californians are facing today resulting from the COVID-19 Pandemic, significant demand to the existing systems of care, and workforce. The May Revision builds upon those investments and focuses on leveraging new investments to increase capacity to implement the programs designed to address these critical issues.

### **Urgent Needs and Emergent Issues in Children's Behavioral Health**

The stress, trauma, and social isolation caused by the COVID-19 Pandemic intensified an already existing mental health crisis among children and youth, particularly for youth of color, low-income communities, LGBTQ+ youth, and other vulnerable groups. Equally concerning is the increase in youth suicide rates over the last decade. Mental health is

now the leading cause of hospitalization for children under 18 in California. A recent study shows that 40 percent of transgender individuals have attempted suicide, with suicide risk being highest in transgender youth. The suicide rate for Black youth in California doubled between 2014 and 2020. A recent survey of students found that 14 percent of California 7th graders and 15 percent of 9th and 11th graders considered suicide.



The May Revision proposes the following \$290 million General Fund one-time investments to implement a multi-pronged approach to address the urgent youth mental health crisis:

- Targeted Community-Based Youth Suicide Prevention Program – \$40 million one-time General Fund to develop and implement a data-driven program for youth at increased risk of suicide such as Black, Native American, Hispanic, and foster youth.
- Crisis Response and Supports – \$50 million to provide funding to cities, counties and tribes to provide school and community-based crisis response and supports following a youth suicide or youth suicide attempt.
- Wellness and Mindfulness Parent Support and Training Programs – \$85 million over two years for grants for wellness and mindfulness programs in schools and communities and expansion of parent support and training programs.
- Development of New Digital Supports for Remote Mental Health Assessment and Intervention – \$75 million to develop new digital supports for remote mental health assessment and intervention.
- Support for Culturally Diverse Future Mental Health Workers – \$25 million to identify and support the next generation of culturally diverse high school students interested in mental health careers.
- Development of Training Resources for Parents – \$15 million to develop and distribute a video series for parents to build their knowledge, tools and capacity

to support the behavioral health of their children.

### **Community Assistance, Recovery and Empowerment (Care) Court Program**

CARE Court is a new framework to deliver community-based behavioral health services and supports to Californians living with untreated schizophrenia spectrum or other psychotic disorders. CARE Court is intended to serve as an upstream intervention for the most severely impaired Californians to prevent avoidable psychiatric hospitalizations, incarceration, and Lanterman-Petris-Short Mental Health Conservatorship.

The May Revision proposes the following investments to administer CARE Court:

- Care Court Supporter Program – \$10 million General Fund ongoing to the Department of Aging for the CARE Court Supporter Program to help the participant understand, consider, and communicate decisions by providing the tools to make self-directed choices to the greatest extent possible.
- Training and Technical Assistance – \$15.2 million General Fund in 2022-23, \$1.1 million General Fund between 2023-24 and 2026-27, and \$1.3 million General Fund and ongoing for the Department of Health Care Services to provide training and technical assistance to counties, data collection, and evaluation.
- Funding for CARE Court Hearings – \$39.5 million General Fund in 2022-23 and \$37.7 million ongoing for the Judicial Branch to conduct CARE court hearings and provide resources for self-help centers.

## Opioid Response

Building on the Governor's Budget opioid response investments, the May Revision includes an additional one-time \$41.8 million opioid settlement funds in 2022-23 resulting from additional projected settlement revenue. The May Revision proposes to allocate the additional funding as follows:

- Workforce development – \$29.1 million for substance use disorder provider workforce training at the Department of Health Care Services, for a total of \$51.1 million for this program;
- Naloxone Distribution – \$10 million for the naloxone distribution project grants targeting unhoused populations, for a total of \$15 million for this program;
- Youth Opioid Education and Awareness – \$2.7 million for the public awareness campaign targeted towards youth opioid education and awareness and fentanyl risk education at the California Department of Public Health, for a total of \$40.8 million for this program.

## CalHOPE Extension

In order to address the urgent mental health needs of Californians during the COVID-19 pandemic, the state established CalHOPE, which provides safe, secure, and culturally sensitive emotional support for Californians. This includes the CalHOPE warm line and CalHOPE Connect, which partners with 30 community-based organizations and over 400 peer crisis counselors. FEMA grants supporting CalHOPE will end May 2022.

The May Revision includes \$10.9 million General Fund in 2021-22 and proposes \$80 million General Fund in 2022-23 and \$40 million General Fund in 2023-24 to continue providing crisis counseling after federal funding ends. CalHOPE provides safe, secure, and culturally sensitive emotional support for Californians. This funding will provide a bridge for CalHOPE after May 2022, until January 2024. At that point, CalHOPE will continue by integrating with the behavioral health services platform to be developed under the Children and Youth Behavioral Health Initiative.



## **Felony Incompetent to Stand Trial Waitlist Solutions**

The Department of State Hospitals continues to experience a significant growth in trial court referrals of individuals found incompetent to stand trial (IST) on felony charges. Additionally, the winter COVID-19 Omicron surge further impacted DSH's operations resulting in further growth in the waitlist of individuals deemed felony IST pending placement in a treatment program. As of the end of April 2022 there were 1,915 individuals deemed IST awaiting treatment.

The Governor's Budget proposed funding for IST solutions, informed by the Incompetent to Stand Trial Solutions Workgroup convened last fall, to address the waitlist and to break the cycle of criminalization for individuals deemed felony IST.

Based on feedback from stakeholder engagement and updated caseload projections, the May Revision includes \$530.5 million General Fund in 2022-23 and increases to \$638.5 million General Fund per year in 2025-26 and ongoing to support the following changes to the proposed solutions:

- **Early Stabilization and Community Care Coordination** — To provide immediate solutions to support access to treatment for the over 1,900 individuals currently found IST on felony charges and waiting in jail, the May Revision includes additional funding for county sheriffs for custody supports, enabling stabilization teams increased access to ISTs.

- **Expand Diversion and Community-Based Restoration Capacity** — To increase the community infrastructure required to support the felony IST population. The May Revision includes additional funding to support county overhead to support the administration of the community-based restoration and diversion programs. The May Revision also includes increased investments into community housing that will be required to serve DSH identified populations for a minimum of 30 years.
- **Improve IST Discharge Planning and Coordination** — To reduce ISTs cycling through the criminal justice system by increasing coordination with county behavioral health departments to provide treatment records when ISTs are returned from DSH to the court, enabling counties to plan for continuity of treatment when the IST is released from jail.
- **Improve the Quality of Alienist Evaluations** — To improve the quality of IST determinations and decisions regarding the need for medications.

In addition to the IST Solutions listed above, the May Revision includes funding for Los Angeles County to support access to community-based treatment and housing for individuals found incompetent to stand trial for misdemeanor charges. The May Revision includes one-time \$100 million General Fund that replaces lease revenue bond authority that was competitively awarded to Los Angeles County through the Board of State and Community Corrections.



## Support for Aging and Community Living

To further the Administration's goals of advancing inclusive, equitable communities for individuals of all ages and abilities and their families, the May Revision includes \$36.3 million General Fund in 2022-23 and ongoing funding to continue the implementation of the Master Plan for Aging.

- **Community Living Fund** — The May Revision includes \$10 million one-time available for three years for the Community Living Fund, administered by the Department of Rehabilitation, which will assist older adults and persons with disabilities

transitioning from nursing homes to independent living.

- **Home and Community-Based Services (HCBS) Infrastructure Planning and Development** — The May Revision includes \$4 million one-time General Fund in 2022-23 for the Department of Aging to develop a statewide roadmap, in partnership with the Department of Health Care Services, and to support the development of home and community-based services for individuals regardless of income in underserved areas of California.
- **Caregiver Resource Centers** — The May Revision transfers \$14.9 million ongoing General Fund and oversight





of California's Caregiver Resource Center program from the Department of Health Care Services to the Department of Aging and includes an additional \$545,000 ongoing General Fund for statewide training and technical assistance. California's 11 Caregiver Resource Centers provide critical services to family caregivers including counseling, training, care planning, and respite.

- Long-Term Care Ombudsman Outreach Campaign — The May Revision includes \$3.5 million one-time General Fund to support a Long-Term Care Ombudsman outreach campaign to raise awareness of the resources available to residents and families in skilled nursing, assisted living, and other residential facilities.
- Aging and Disability Institute of Learning and Innovation — The May Revision includes \$682,000 ongoing General Fund to establish the Aging and Disability Institute of Learning and Innovation (Institute) that will develop a comprehensive adult learning management system to support local network leaders, home and community care providers, volunteers, and the Long-Term Care Ombudsman. The Institute will create a platform to develop content and improve training to further quality, efficiency, and access to services for older adults.
- Emergency Preparedness and Response — The May Revision includes \$400,000 ongoing General Fund to develop strategies, tools, and resources to help older adults, individuals with

disabilities, family caregivers, and local partners to prepare for and respond to state emergencies and natural disasters.

### Reforming Skilled Nursing Facility Financing To Advance Quality, Value, and Equity

Currently, the state provides annual cost-based increases and quality incentive payments to skilled nursing facilities, funded partly by a Quality Assurance Fee equivalent to 6 percent of facility revenues. The resulting revenue draws down additional federal funding to support nursing facility payments. The existing framework, authorized initially in 2004 and last extended in 2020 sunsets on December 31, 2022. The May Revision proposes to reform the funding framework to better incentivize value, quality, and workforce. Building on the average 4-percent annual increase proposed in the Governor's Budget, the May Revision includes \$280 million (\$132.7 million General Fund) for the new Workforce and Quality Incentive Program for payment to facilities that meet quality benchmarks or make substantial improvements.

A long-term funding framework that assures the long-term financial viability of these vital Medi-Cal providers is predicated on enabling nursing facilities to invest in quality patient care, improving workforce retention, and empowering the voices of essential workers responsible for the health and safety of nursing home residents.



## Supporting California's Children, Youth, and Families

As California recovers from the COVID-19 pandemic, the Administration will focus its efforts on ensuring that we have an equitable recovery and that the most vulnerable among us are supported. The May Revision includes a number of proposals that seek to lift up the most vulnerable Californians, including foster youth, refugees, youth exiting incarceration, and families most impacted by COVID-19.

### CalWORKs Grant Increase

The CalWORKs program, California's version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient.

The May Revision reflects an 11-percent increase to CalWORKs Maximum Aid Payment levels, which is estimated to cost \$296.2 million in 2022-23. These increased grant costs are funded

entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.

### Foster Care Family Finding and Engagement Grant

The May Revision includes \$150 million one-time General Fund available over five years for a county-optional program to supplement foster caregiver recruitment and retention. The resources will support statewide training and technical assistance on evidence-based best practices for intensive family finding and engagement services. Each participating county must provide matching funding and build a network of support for youth such that permanent connections and homes are established.

### Foster Care Caregiver Approvals

The May Revision includes \$50 million General Fund annually beginning in 2022-23 to assist counties in reducing approval timelines for foster caregiver applications. The resources will allow counties to hire additional staff to reduce pending and probationary resource family applications.

## Child Care Investments

To transform the state's child care system, the Administration continues to implement key recommendations from the Master Plan for Early Learning and Care. The May Revision continues to make comprehensive improvements in the state's early learning and care system by building upon the historic investments included in the 2021 Budget Act. Child care and nutrition programs were transferred from the California Department of Education to the Department of Social Services.

The May Revision includes \$270 million for 36,000 additional subsidized slots compared to 2021–22. When combined with the slots funded in the 2021 Budget Act, this brings the total to over 145,000. The May Revision also includes \$413 million to support a full year of rate increases while the state continues to work with partners and stakeholders toward a single reimbursement rate structure that addresses quality standards for equity and accessibility, while supporting positive learning and developmental outcomes for children.

### Significant Child Care Investments Include:

- Extension of Family Fee Waivers — The May Revision proposes extending family fee waivers for state-subsidized preschool and childcare and development services from July 1, 2022 through June 30, 2023. The May Revision includes \$136 million federal funds for DSS and \$21.3 million (\$10.8 million Proposition 98 General Fund, \$10.5 million non-Proposition 98

General Fund) for CDE.

- Reimbursement for Authorized Hours of Care — The May Revision proposes to reimburse voucher-based child care providers and preschool providers for authorized hours of care, who otherwise would be reimbursed for actual hours of care, from July 1, 2022 through June 30, 2023. The May Revision includes \$114 million (\$6 million General Fund, \$108 million federal funds) for DSS.
- Child Care and Development Infrastructure Grant Program Augmentation — The May Revision includes \$200.5 million (\$100 million General Fund, \$100.5 million federal funds) in 2022–23 for minor renovation and repair focused on child care deserts and low-income communities.
- Child Care Providers United – California (CCPU) Health and Retirement Benefit Trusts — The Administration and CCPU continue to work collaboratively through a Joint Labor Management Committee to develop recommendations for healthcare and retirement benefits for CCPU-represented providers.
- Alternative Payment Program (APP) Capacity Grant — The May Revision includes \$20 million General Fund to assist APPs in developing capacity to serve additional slot commitments.

## Commercially Sexually Exploited Children

The May Revision includes \$25 million for prevention, intervention, and services for this extremely vulnerable population.



## **Medi-Cal Children's Health Equity and Practice Transformation Payments**

Building on the \$400 million (\$200 million General Fund) proposed at the Governor's Budget, the May Revision proposes an additional \$300 million (\$150 million General Fund), available over five years, for Equity and Practice transformation payments. These practice transformation payments will: close critical health equity gaps; address gaps in preventive, maternity, and behavioral health care measures; address gaps in care arising out of the COVID-19 Public Health Emergency; support upstream interventions to address social drivers of health and improve early childhood outcomes; and, prepare practices to accept risk-based contracts and move towards value-based care. These payments will align with the goals of the Medi-Cal Comprehensive Quality and Equity Strategy and the Bold Goals 50x2025 initiative.

Of the \$700 million, the May Revision proposes \$200 million (\$100 million General Fund) for grants and technical assistance to allow small physician practices to upgrade their clinical infrastructure, such as electronic health record systems, data collection and reporting capabilities, implementation of care management systems, and other activities that will allow the adoption of value-based and other payment models that improve health care quality while reducing costs.

## **Developmental Services Early Start Eligibility – Developmental Delay Thresholds and Fetal Alcohol Syndrome**

The May Revision includes \$6.5 million General Fund in 2022-23, increasing to \$29.5 million General Fund in 2024-25, to support adjustments in identifying children with qualifying signs of developmental delays. This proposal includes statutory changes revising the Early Start qualification threshold from a 33 percent delay to a 25 percent delay in one of the specified assessment areas; separating communication delay assessments into expressive and receptive categories; and highlighting Fetal Alcohol Syndrome (FAS) as a risk factor for intellectual and/or developmental delays. These changes are intended to engage families sooner with early intervention services.

## **California Arrearage Payment Program**

Established in the 2021 Budget Act, the California Arrearage Payment Program (CAPP), administered by the Department of Community Services and Development, directed \$1 billion in federal American Rescue Plan Act funding towards financial assistance to reduce or eliminate past due energy bill balances accrued by customers economically impacted by the COVID-19 Pandemic.

The May Revision includes funding of \$1.2 billion to help address additional residential energy arrearages accumulated by California households most impacted by the COVID-19 Pandemic.



## **Low-Income Household Water Assistance Program**

The Low Income Household Water Assistance Program (LIHWAP), also administered by the Department of Community Services and Development, provides financial assistance to low-income Californians to help manage their residential water utility costs.

The May Revision includes \$200 million for residential wastewater and water arrearages to supplement the federal allocation for LIHWAP and continue the program after federal funding expires in September 2023.

## **The Next Stage of the COVID-19 Pandemic**

As the COVID-19 Pandemic evolves from an acute crisis to an ongoing public health challenge, the state's strategy for managing COVID-19 will evolve. The May Revision reflects the changing nature of COVID-19, including the end of some existing policy changes that the state and federal government have made in response as well as the implementation of the state's SMARTER Plan approach to COVID-19 going forward.

## **Medi-Cal and Unwinding of the COVID Continuous Coverage Requirement**

The federal COVID-19 Public Health Emergency (PHE) is currently set to expire on July 15, 2022, and the U.S. Department of Health and Human Services has committed to providing at least a 60-day notice prior to the official end date. To prepare for the end of the

PHE, the Administration has developed the COVID-19 PHE Unwinding Operational Plan to help inform and prepare Medi-Cal beneficiaries, providers, managed care plans, counties, and other stakeholders of the upcoming changes. The Unwinding Operational Plan will outline continuation, modification, or conclusion of over 100 programmatic flexibilities in eligibility and enrollment, telehealth, benefit and reimbursement, HCBS services, provider enrollment and state fair hearings.

The Administration proposes to continue those flexibilities that have shown to provide improvements to the delivery of health care services for beneficiaries. Many of the proposed changes have been developed in collaboration with stakeholders, and some were already included in the Governor's Budget.

### **The May Revision includes \$176.5 million (\$71.2 million General Fund) to permanently extend four flexibilities:**

- Separate payments to Federally Qualified Health Centers for COVID-19 vaccinations;
- Presumptive eligibility for older adults and individuals with disabilities;
- Maintain the reimbursement rate of 100-percent of Medicare for oxygen and respiratory durable medical equipment; and
- Maintain the 10 percent rate increases for Intermediate Care Facilities for the Developmentally Disabled.

Additionally, DHCS is preparing to resume regular Medi-Cal eligibility operations,

including annual redeterminations of beneficiary eligibility. Under the continuous coverage requirement in the federal Families First Coronavirus Response Act, the state is required to maintain enrollment of nearly all Medi-Cal enrollees through the end of the month in which the PHE ends. When the continuous coverage requirement expires, California will have a total of 14 months to initiate and complete redeterminations for nearly all of California's Medi-Cal beneficiaries. The significant and complex undertaking will require the partnership of counties, Medi-Cal managed care plans, community-based organizations (CBOs), and other state and local partners.

The May Revision continues to include \$146 million (\$73 million General Fund) over two fiscal years for additional county workload costs to support their work performing Medi-Cal eligibility determinations.

During this process, the Administration will prioritize a seamless process and maximizing continuity of coverage for Medi-Cal beneficiaries. Accordingly, the Administration has prepared for the resumption of redeterminations through the following proposals:

- **Health Enrollment Navigators Project** — The May Revision includes \$60 million (\$30 million General Fund), available over three years, to continue the Health Enrollment Navigators Project. Health enrollment navigators help eligible beneficiaries retain Medi-Cal coverage by assisting with annual renewals, reporting updated contact information, and engaging in outreach regarding

application assistance and enrollment. Health enrollment navigators will also provide more targeted outreach and enrollment to support individuals newly eligible for Medi-Cal through coverage expansions, such as the expansion for all income-eligible Californians regardless of immigration status.

- **Coverage Ambassadors** — DHCS is enlisting counties, CBOs, state and local government partners, Medi-Cal managed care plans, providers, and others to be Coverage Ambassadors to amplify messaging on various platforms related to the continuity of coverage for beneficiaries in preparation for the end of the PHE.
- **Media and Outreach Campaign** — An April 1 budget proposal included \$25 million (\$12.5 million General Fund) for a media and outreach campaign to encourage beneficiaries to update their contact information with their counties, and to educate beneficiaries of the implications of their eligibility once the COVID-19 PHE ends.
- **Transitions to Covered California** — DHCS and Covered California are actively working to implement Chapter 845, Statutes of 2019 (SB 260) to support a seamless transition of eligible individuals from Medi-Cal coverage to a Covered California health plan. Overall, these efforts, in collaboration with key partners, aim to prioritize individuals who will still be eligible for Medi-Cal or Covered California coverage to remain in coverage once regular eligibility redeterminations resume.

## The Smarter Plan and the Next Phase of Covid-19

California's SMARTER Plan reflects upon what the state has done and how the state has learned to respond to COVID-19 over the last two years. The Administration will use the lessons of the last two years to approach mitigation and adaptation measures through effective and timely strategies. Moving forward, based on the evolving conditions of the virus, the state will be prepared to use these different strategies in more precise and targeted ways, integrating new innovations and information to protect the state.

The main points of the SMARTER plan are as follows:

<b>S</b>	<b>Shots-</b> Vaccines are the most powerful weapon against hospitalization and serious illness.
<b>M</b>	<b>Masks-</b> Properly worn masks with good filtration help slow the spread of COVID-19 or other respiratory viruses.
<b>A</b>	<b>Awareness-</b> The state will continue to stay aware of how COVID-19 is spreading and of evolving variants. The state will communicate clearly how people should protect themselves and coordinate our state and local government response.
<b>R</b>	<b>Readiness-</b> COVID-19 isn't going away and the state needs to be ready with the tools, resources, and supplies needed to quickly respond and keep public health and the health care system well prepared.
<b>T</b>	<b>Testing-</b> Getting the right type of tests—PCR or antigen—to where they are needed most. Testing will help California minimize the spread of COVID-19.
<b>E</b>	<b>Education-</b> California will continue to work to keep schools open and children safely in classrooms for in-person instruction.
<b>R</b>	<b>Rx-</b> Evolving and improving treatments will become increasingly available and critical as a tool to save lives.

In order to implement the SMARTER Plan, the May Revision includes \$1.8 billion for specific items and a \$250 million Contingency Fund:

- Medical Surge Staffing — \$100 million for medical surge staffing in 2022–23 to allow CDPH to support upfront staffing costs for facilities needing additional staff during COVID-19 surges, until facilities can be invoiced and reimburse the state for such costs. Effective April 1, 2022, facilities are required to reimburse the state for deployed staff.
- Vaccination Staffing — \$40 million for vaccine staff in 2022–23 to prepare for the release of vaccines for children under five, continue second boosters for eligible populations, and increase staffing capacity at pediatric sites.
- Testing — \$530 million in 2022–23 to purchase additional antigen test kits, support school testing with end-to-end vendors and laboratory network costs, and continue rapid testing and treatment sites.
- Vaccines — \$93 million in 2022–23 for expanded programming prioritizing vaccination of children under 5, additional boosters for eligible populations over 50 or otherwise at higher risk, and mobile vaccination sites through the end of budget year.
- Public Education and Outreach Campaigns — \$230 million for the Office of Community Partnerships and Strategic Communications to continue supporting COVID-19 vaccine-related public education and outreach campaigns. Of this amount, \$130 million was included for CDPH in the Governor’s Budget and will be transferred to the Office at the May Revision.
- Enhanced Surveillance — \$16.5 million in 2022–23 to continue activities that allow tracking and monitoring of transmission of COVID-19 through wastewater surveillance, epidemiologic data analysis, modeling of future data trends, and research on the long-term impacts of COVID-19.
- Test to Treat Therapeutics — \$158.1 million in 2022–23 to implement a Test-to-Treat Program for therapeutic treatment targeted at uninsured and underinsured populations, including \$90 million for grants to safety net providers to enhance their capacity provide testing and treatment.
- Border Operations — \$468.4 million for border operations that will continue the state’s COVID-19 response and humanitarian activities at the southern border including in anticipation of increased arrivals.
- Operations Support — \$183 million for COVID-19 call center, contractor support and contract costs, and the Public Health Reserve Corps.
- Emergency Contingency Funds — \$250 million to support unanticipated COVID-19 emergency response needs.



## Health Care Worker Retention Payments

The May Revision proposes \$933 million for one-time payments to California's health care workers in hospitals, psychiatric hospitals, and skilled nursing facilities who have been at the front-lines delivering care during the COVID-19 Pandemic. Throughout the COVID-19 Pandemic, front-line health care providers have been at the forefront of the state's efforts to contain the spread and care for those impacted by COVID-19. The ongoing response to COVID-19 has significantly impacted California's health care workforce. To recognize the dedication and tireless work performed by front-line health care workers and to support the retention of California's essential health care workers

in an environment of high vacancies and turnover, the May Revision includes \$933 million to make one-time payments of up to \$1,500 to health care workers in hospitals, skilled nursing facilities, and psychiatric hospitals.

Through these May Revision proposals, we have made a commitment to focusing on early intervention and prevention, to address upstream drivers of health and human service needs. Significant investments in our public health system, proposals to reduce childhood poverty, expanded access to programs and services, and investments in support for homeless individuals with behavioral health needs will allow us to make upstream interventions to address peoples' needs before they reach crisis levels.



