

AMENDED IN ASSEMBLY JUNE 11, 2017

SENATE BILL

No. 105

Introduced by Committee on Budget and Fiscal Review

January 11, 2017

An act relating to the Budget Act of 2017; to amend the Budget Act of 2017 by amending Items 4260-101-0001 and 4260-101-0890 of, and to add Item 4260-101-3305 to, Section 2.00 of that act, relating to the state budget, and making an appropriation therefor; to take effect immediately, budget bill.

LEGISLATIVE COUNSEL'S DIGEST

SB 105, as amended, Committee on Budget and Fiscal Review. Budget Act of 2017.

The Budget Act of 2017 made appropriations for the support of state government for the 2017–18 fiscal year.

This bill would amend the Budget Act of 2017 by revising items of appropriation and making other changes.

This bill would declare that it is to take effect immediately as a Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2017.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Item 4260-101-0001 of Section 2.00 of the Budget
- 2 Act of 2017 is amended to read:

1	4260-101-0001—For local assistance, State Department	
2	of Health Care Services, California Medical As-	
3	sistance Program, payable from the Health Care	
4	Deposit Fund after transfer from the General	17,978,867,000
5	Fund.....	18,524,867,000
6	Schedule:	
7	(1) 3960014-Eligibility (County	
8	Administration).....	946,741,000
9	(2) 3960018-Fiscal Intermediary	
10	Management.....	150,157,000
11	(3) 3960022-Benefits (Medi-	21,830,190,000
12	cal Care and Services).....	22,376,190,000
13	(4) Reimbursements to 3960014-	
14	Eligibility (County Administra-	
15	tion).....	-692,000
16	(5) Reimbursements to	
17	3960022-Benefits (Medi-	
18	cal Care and Services).....	-4,947,529,000
19	Provisions:	
20	1. The aggregate principal amount of dispro-	
21	portionate share hospital general obligation debt	
22	that may be issued in the current fiscal year	
23	pursuant to subparagraph (A) of paragraph	
24	(2) of subdivision (f) of Section 14085.5 of	
25	the Welfare and Institutions Code shall be	
26	\$0.	
27	2. Notwithstanding any other provision of law,	
28	both the federal and nonfederal shares of any	
29	moneys recovered for previously paid health	
30	care services, provided pursuant to Chapter	
31	7 (commencing with Section 14000) of Part	
32	3 of Division 9 of the Welfare and Institutions	
33	Code, are hereby appropriated and shall be	
34	expended as soon as practicable for medical	
35	care and services as defined in the Welfare	
36	and Institutions Code.	
37	3. Notwithstanding any other provision of law,	
38	accounts receivable for recoveries as de-	
39	scribed in Provision 2 shall have no effect	
40	upon the positive balance of the General Fund	

- 1 or the Health Care Deposit Fund. Notwith-
2 standing any other provision of law, moneys
3 recovered as described in this item that are
4 required to be transferred from the Health
5 Care Deposit Fund to the General Fund shall
6 be credited by the Controller to the General
7 Fund without regard to the appropriation from
8 which it was drawn.
- 9 4. Without regard to fiscal year, the General
10 Fund shall make one or more loans available
11 not to exceed a cumulative total of
12 \$45,000,000 to be transferred as needed to
13 the Health Care Deposit Fund to meet cash
14 needs. All moneys so transferred shall be re-
15 paid as soon as sufficient reimbursements
16 have been collected to meet immediate cash
17 needs and in installments as reimbursements
18 accumulate if the loan is outstanding for more
19 than one year.
- 20 5. Notwithstanding any other provision of law,
21 the State Department of Health Care Services
22 may give public notice relative to proposing
23 or amending any rule or regulation that could
24 result in increased costs in the Medi-Cal
25 program only after approval by the Depart-
26 ment of Finance. Additionally, any rule or
27 regulation adopted by the State Department
28 of Health Care Services and any communica-
29 tion that increases costs in the Medi-Cal pro-
30 gram shall be effective only after the date
31 upon which it is approved by the Department
32 of Finance.
- 33 6. Of the funds appropriated in this item, up to
34 \$50,000 may be allocated for attorney's fees
35 awarded pursuant to state or federal law
36 without prior notification to the Legislature.
37 Individual settlements authorized under this
38 provision shall not exceed \$5,000. The semi-
39 annual estimates of Medi-Cal expenditures
40 due to the Legislature in January and May

1 shall reflect attorney’s fees paid 15 or more
 2 days prior to the transmittal of the estimate.
 3 The semiannual estimates of Medi-Cal expendi-
 4 tures provided to the Legislature in January
 5 and May may constitute the notification re-
 6 quired by this provision.

7 7. Change orders to the medical or the dental
 8 fiscal intermediary contract for amounts ex-
 9 ceeding a total cost of \$250,000 shall be ap-
 10 proved by the Department of Finance not
 11 sooner than 30 days after written notification
 12 of the change order is provided to the chair-
 13 persons of the fiscal and policy committees
 14 in each house of the Legislature and to the
 15 Chairperson of the Joint Legislative Budget
 16 Committee, or not sooner than whatever
 17 lesser time after that notification as the
 18 chairperson of the joint committee, or his or
 19 her designee, may determine. The semiannual
 20 estimates of Medi-Cal expenditures provided
 21 to the Legislature in January and May may
 22 constitute the notification required by this
 23 provision.

24 8. Recoveries of advances made to counties in
 25 prior years pursuant to Section 14153 of the
 26 Welfare and Institutions Code are reappropri-
 27 ated to the Health Care Deposit Fund for re-
 28 imbursement of those counties where allow-
 29 able costs exceeded the amounts advanced.
 30 Recoveries in excess of the amounts required
 31 to fully reimburse allowable costs shall be
 32 transferred to the General Fund. When a
 33 projected deficiency exists in the California
 34 Medical Assistance Program, these funds,
 35 subject to notification to the Chairperson of
 36 the Joint Legislative Budget Committee, are
 37 appropriated and shall be expended as soon
 38 as practicable for the state’s share of pay-
 39 ments for medical care and services, county

- 1 administration, and fiscal intermediary ser-
2 vices.
- 3 9. The Department of Finance may transfer
4 funds representing all or any portion of any
5 estimated savings that are a result of improve-
6 ments in the Medi-Cal claims processing
7 procedures from the Medi-Cal services bud-
8 get or the support budget of the State Depart-
9 ment of Health Care Services (Item 4260-
10 001-0001) to the fiscal intermediary budget
11 item for purposes of making improvements
12 to the Medi-Cal claims system.
- 13 10. Notwithstanding any other provision of law,
14 the Department of Finance may authorize the
15 transfer of expenditure authority between
16 Schedules (1), (2), and (3) of this item and
17 between this item and Items 4260-102-0001,
18 4260-111-0001, 4260-113-0001, and 4260-
19 117-0001 in order to effectively administer
20 the programs funded in these items. The De-
21 partment of Finance shall notify the Legisla-
22 ture within 10 days of authorizing such a
23 transfer unless prior notification of the trans-
24 fer has been included in the Medi-Cal esti-
25 mates submitted pursuant to Section 14100.5
26 of the Welfare and Institutions Code. The 10-
27 day notification to the Legislature shall in-
28 clude the reasons for the transfer, the fiscal
29 assumptions used in calculating the transfer
30 amount, and any potential fiscal effects on
31 the program from which funds are being
32 transferred or for which funds are being re-
33 duced.
- 34 11. If a federal grant that provides 75 percent
35 federal financial participation to allow indi-
36 viduals in nursing homes to voluntarily move
37 into a community setting and still receive the
38 same amount of funding for services is
39 awarded to the State Department of Health
40 Care Services during the current fiscal year,

1 then, notwithstanding any other provision of
 2 law, the department may count expenditures
 3 from the appropriation made to this item as
 4 state matching funds for that grant.

5 12. Notwithstanding any other provision of law,
 6 the Director of Finance may authorize an in-
 7 crease to this appropriation to address costs
 8 resulting from adverse court rulings. The
 9 Department of Finance shall provide a 30-day
 10 notice of any proposed increase to the Legis-
 11 lature. The notification shall include the
 12 specifics of any cases with adverse rulings
 13 and the overall fiscal impact. Submission of
 14 the semiannual Medi-Cal estimate provided
 15 to the Legislature in January and May shall
 16 be considered meeting the notification require-
 17 ment of this provision if the required informa-
 18 tion is included in the estimate.

19 13. The Department of Finance may authorize
 20 the transfer of expenditure authority between
 21 Schedule (2) of Item 4300-101-0001 and
 22 Schedule (3) of this item to support the tran-
 23 sition of current Medi-Cal eligible regional
 24 center clients receiving behavioral health
 25 treatment services pursuant to Section
 26 14132.56 of the Welfare and Institutions
 27 Code upon completion of the statewide tran-
 28 sition plan.

29 The Director of Finance shall provide noti-
 30 fication to the Joint Legislative Budget
 31 Committee of any transfer of expenditure
 32 authority approved under this provision not
 33 less than 30 days prior to the effective date
 34 of the approval. The 30-day notification shall
 35 include a description of the transfer, including
 36 the number of children per regional center
 37 affected, the average cost of behavioral health
 38 treatment services for a regional center con-
 39 sumer, the average cost of behavioral health
 40 treatment services for a Medi-Cal enrollee,

- 1 and assumptions used in calculating the
2 amount of expenditure authority to be trans-
3 ferred.
- 4 14. Of the funds appropriated in Schedule (3) of
5 Item 4260-101-0001, Budget Act of 2016
6 (Ch. 23, Stats. 2016), \$3,000,000 shall be
7 available for the support of activities related
8 to a medical interpreters' pilot project, study,
9 or both, and is available for encumbrance or
10 expenditure until June 30, 2020. The Depart-
11 ment of Finance may authorize the transfer
12 of expenditure authority from Schedule (3)
13 of Item 4260-101-0001, Budget Act of 2016
14 (Ch. 23, Stats. 2016), to Schedule (1) of Item
15 4260-001-0001 of this act.
- 16 15. The Department of Finance may authorize
17 an increase in the appropriation of Item 4260-
18 101-0001, up to \$3,000,000 annually, until
19 January 1, 2026, for purposes of reimbursing
20 the Robert F. Kennedy Farm Workers Medi-
21 cal Plan consistent with Section 100235 of
22 the Health and Safety Code.
- 23 16. By no later than July 31, 2017, the State De-
24 partment of Health Care Services shall pro-
25 vide each managed care plan with the appro-
26 priate detail, including beneficiary-specific
27 data, aid codes, and corresponding rates paid,
28 as well as the amounts of reimbursement to
29 be recouped. Managed care plans subject to
30 recoupment shall provide recoupment pay-
31 ment in full by no later than June 30, 2018.
- 32 17. Of the funds appropriated in Schedule (3),
33 \$1,201,000 shall be available for the support
34 of activities related to the expansion of
35 Waiver Personal Care Services state overtime
36 exemptions. The Department of Finance may
37 authorize the transfer of expenditure authority
38 from Schedule (3) of this item to Schedule
39 (1) of Item 4260-001-0001.
40

1 SEC. 2. Item 4260-101-0890 of Section 2.00 of the Budget Act
2 of 2017 is amended to read:

3
4 4260-101-0890—For local assistance, State Department
5 of Health Care Services, payable from the Federal 54,920,033,000
6 Trust Fund..... 55,533,033,000

7 Schedule:

8 (1) 3960014-Eligibility (County
9 Administration)..... 3,572,251,000

10 (2) 3960018-Fiscal Intermediary
11 Management..... 252,964,000

12 (3) 3960022-Benefits (Medical ~~51,094,818,000~~
13 Care and Services)..... 51,707,818,000

14 Provisions:

15 1. Notwithstanding any other law, the Department
16 of Finance may authorize the transfer of expend-
17 iture authority between this item and Items
18 4260-102-0890, 4260-106-0890, 4260-111-0890,
19 4260-113-0890, 4260-114-0890, and 4260-117-
20 0890 in order to effectively administer the pro-
21 grams funded in these items. The Department of
22 Finance shall notify the Legislature within 10
23 days of authorizing such a transfer unless prior
24 notification of the transfer has been included in
25 the Medi-Cal estimates submitted pursuant to
26 Section 14100.5 of the Welfare and Institutions
27 Code. The 10-day notification to the Legislature
28 shall include the reasons for the transfer, the fis-
29 cal assumptions used in calculating the transfer
30 amount, and any potential fiscal effects on the
31 program from which funds are being transferred
32 or for which funds are being reduced.

33 2. (a) The Department of Finance is authorized to
34 approve expenditures payable from the
35 Federal Trust Fund (Item 4260-101-0890)
36 in those amounts made necessary by changes
37 in either caseload or payments.

38 (b) If the Department of Finance determines
39 that the estimate of expenditures will exceed
40 the expenditures authorized for this item,

1 the department shall so report to the Legisla-
 2 ture. At the time the report is made, the
 3 amount of the appropriation made in this
 4 item shall be increased by the amount of the
 5 excess unless and until otherwise provided
 6 by law.
 7

8 *SEC. 3. Item 4260-101-3305 is added to Section 2.00 of the*
 9 *Budget Act of 2017, to read:*

10

11 *4260-101-3305—For local assistance, Department of Health*
 12 *Care Services, payable from the Healthcare Treatment*
 13 *Fund 1,257,166,000*
 14 *Schedule:*
 15 *(1) 3960022-Benefits (Medical Care*
 16 *and Services)..... 1,257,166,000*

17 *Provisions:*

18 *1. The funds appropriated in this item are available*
 19 *for expenditure pursuant to subdivision (a) of Sec-*
 20 *tion 30130.55 of the Revenue and Taxation Code.*
 21 *The Legislature finds and declares that the expendi-*
 22 *tures are made in accordance with the California*
 23 *Healthcare, Research and Prevention Tobacco Tax*
 24 *Act of 2016 (Proposition 56). The Legislature finds*
 25 *that expenditures or supplemental payments de-*
 26 *scribed in Provision 3 and those applied to new*
 27 *growth in the 2017–18 fiscal year increase funding*
 28 *for the existing healthcare programs and services*
 29 *described in subdivision (a) of Section 30130.55 of*
 30 *the Revenue and Taxation Code, and that payments*
 31 *and support for the nonfederal share of payments*
 32 *for healthcare, services, and treatment are increased*
 33 *based on the criteria described in this item, which*
 34 *ensures timely access, limiting specific geographic*
 35 *shortages of services or ensuring quality care. Ex-*
 36 *penditures shall be used only for care provided by*
 37 *health care professionals, clinics, health facilities*
 38 *that are licensed pursuant to Section 1250 of the*
 39 *Health and Safety Code, and to health plans con-*
 40 *tracting with the State Department of Health Care*

- 1 *Services to provide health benefits pursuant to*
- 2 *subdivision (a) of Section 30130.55 of the Revenue*
- 3 *and Taxation Code.*
- 4 2. *In order to effectively administer the Medi-Cal*
- 5 *Program, the Department of Finance may decrease*
- 6 *or increase this item in order to conform the appro-*
- 7 *riation to revised revenue estimates pursuant to*
- 8 *subdivision (a) of Section 30130.55 of the Revenue*
- 9 *and Taxation Code.*
- 10 3. *Pursuant to Section 30130.55 of the Revenue and*
- 11 *Taxation Code, support for the nonfederal share of*
- 12 *payments for health care, services, and treatment*
- 13 *shall be made based on criteria outlined in this item.*
- 14 *Of the funds appropriated in this item, up to*
- 15 *\$50,000,000 may be allocated for Women’s Health*
- 16 *supplemental payments; up to \$27,000,000 may be*
- 17 *allocated for supplemental payments to Intermediate*
- 18 *Care Facilities for the Developmentally Disabled;*
- 19 *up to \$4,000,000 may be allocated for HIV/AIDS*
- 20 *waiver provider payments; up to \$325,000,000 may*
- 21 *be allocated for supplemental payments for physi-*
- 22 *cian services; and up to \$140,000,000 may be allo-*
- 23 *cated for supplemental payments on dental services.*
- 24 *The State Department of Health Care Services shall*
- 25 *develop the structure of these provider payments*
- 26 *and post those parameters on its Internet Web site*
- 27 *by July 31, 2017.*
- 28 4. *Each of the individual supplemental payments by*
- 29 *provider type in Provision 3 shall not be available*
- 30 *until all of the following conditions have been satis-*
- 31 *fied: the director of the State Department of Health*
- 32 *Care Services (department) shall seek all necessary*
- 33 *federal approvals to implement Provision 3; Provi-*
- 34 *sion 3 shall not be implemented until all necessary*
- 35 *federal approvals have been obtained; Provision 3*
- 36 *shall be implemented only to the extent the depart-*
- 37 *ment determines federal financial participation is*
- 38 *available and is not otherwise jeopardized. Each of*
- 39 *the supplemental payments by provider type in*

1 *Provision 3 may be implemented independently as*
2 *federal approval is received.*

- 3 5. *Provision 3 applies only to the extent federal Medi-*
4 *caid policy does not reduce federal financial partic-*
5 *ipation as projected in the annual budget act as*
6 *determined by the Department of Finance.*

7
8 *SEC. 4. On January 10, 2018, and again on May 14, 2018,*
9 *based on a determination of the state’s fiscal condition by the*
10 *Director of the Department of Finance, the Department of Finance*
11 *may direct the State Department of Health Care Services to adjust*
12 *supplemental provider payments as budgeted in Item*
13 *4260-101-3305, up to a total of \$800,000,000, for the following*
14 *fiscal year. In determining the state’s fiscal condition, the Director*
15 *of the Department of Finance may consider factors that include,*
16 *but are not limited to, projected Medi-Cal pharmacy rebates;*
17 *projected Medi-Cal expenditures; California Healthcare, Research*
18 *and Prevention Tobacco Tax Act of 2016 (Proposition 56)*
19 *Revenues; the projected General Fund reserve, and economic*
20 *factors. For funds allocated pursuant to this section for*
21 *supplemental provider payments to physicians and dentists in Item*
22 *4260-101-3305, 70 percent of the allocations for these two provider*
23 *types shall be for physician payments, and 30 percent shall be for*
24 *dental payments.*

25 *SEC. 5. This act is a Budget Bill within the meaning of*
26 *subdivision (e) of Section 12 of Article IV of the California*
27 *Constitution and shall take effect immediately.*

28 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
29 ~~changes relating to the Budget Act of 2017.~~