

LEGISLATIVE UPDATE



Week of January 4, 2021

<p>State Budget Update</p>	<p>Today, Governor Newsom released his proposed budget for the 2021-2022 state fiscal year, which begins on July 1, 2021. Included below are some of the details related to health care, but by way of overview, he highlighted his urgent priorities in his press conference: Vaccine distribution; safely reopening schools, supporting small businesses, direct support for Californians; and wildfire preparedness.</p> <p>Included below are some of the key details included in the Governor’s January Budget proposal regarding health care. As always, more details will be forthcoming.</p> <p>Office of Health Care Affordability: The Governor provides \$11.2 million for the upcoming budget year (and ongoing funds) to establish the office. The very expansive scope of the new office includes:</p> <ul style="list-style-type: none">▪ Increase transparency on health care cost and quality▪ Develop cost targets for the health care industry▪ Enforce compliance with financial penalties▪ Increase oversight of health care transactions that impact market competition, prices, access, quality or the cost of care.▪ Promote health care work force stability and training▪ Report quality performance and equity measures▪ Advance payment models that reward quality and cost-efficient care▪ Promote investment in primary care and behavioral health care <p>The Governor proposes to “recast” the Office of Statewide Health Planning and Development and the proposed Office of Health Care Affordability under a new Department of Health Care Affordability and Infrastructure.</p> <p>Dr. Jim Wood has been championing this policy for the last several years and recently held an Assembly Health Committee hearing on the topic. Department of Finance leadership made it clear that the Administration will need to work with the Legislature on implementation legislation.</p> <p>Cal-AIM/Medi-Cal Reform, which was postponed last year due to the state’s COVID-19 response, is being proposed to be implemented in the budget. The CalAIM program has three goals:</p> <ul style="list-style-type: none">▪ Identify and manage patient risks and needs through whole person care approaches that address the social determinants of health▪ Make Medi-Cal more consistent and seamless by reducing complexity <p style="text-align: right;"><i>(more)</i></p>
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State Budget Update
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- Improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation

The budget allocates \$1.1 billion (\$531.9 million general fund) for Cal-AIM implementation to provide:

- Enhanced case management
- “In lieu of services”
- Infrastructure expansion for whole person care approaches statewide
- Growing existing dental initiatives

The Budget also includes one-time state general funds of \$750 million for competitive grants to counties to acquire and rehabilitate real estate assets for health care use.

Behavioral Health: The Governor acknowledges the impact of many aspects of the COVID-19 response on Californians’ behavioral health. He offers several proposals addressing mental health:

- \$400 million one-time funds over several years to incentivize Medical Managed Care plans in coordination with county behavioral health departments to increase the number of students receiving preventive and early intervention services from schools.
- \$25 million in one-time MHSA funds over five years to increase the mental health student services.
- \$25 million ongoing Prop 98 funds to create partnerships with county behavioral health departments to support student mental health.
- Authority to extend COVID-19-related flexibilities in spending MHSA funds.

Telehealth flexibilities in Medi-Cal: The budget proposal offers \$94.8 million (\$34 million state general fund) ongoing to expand and make permanent certain telehealth flexibilities authorized under COVID-19 for Medi-Cal providers. The proposal also adds remote patient monitoring as a new Medi-Cal covered benefit on July 1, 2021.

Medi-Cal RX implementation: The budget includes costs of \$219.9 million and savings of \$612.7 million in 2021-2022 associated with the carve out of the Medi-Cal pharmacy benefit from managed care to fee for service, effective April 1, 2021.

Continuous Glucose Monitors: \$12 million to cover continuous glucose monitors as a covered Medi-Cal benefit for adults with type 1 diabetes effective January 1, 2022.

Medi-Cal Caseload: The overall Medi-Cal budget is \$122.2 billion (\$28.4 billion general fund) in the 2021-2022 state fiscal year. The budget assumes a caseload of 15.6 million in 2021-2022 – which represents nearly 40 percent of the state’s population.

Master Plan on Aging implementation: The budget includes \$5 million to implement the new plan, including appointing a Senior Advisor on Aging, Disability, and Alzheimer’s.

(more)

<p>State Budget Update <i>(continued)</i></p>	<p>Alzheimer's policy: The Governor includes investments administered by the Department of Public Health to implement a five-pronged plan, including \$5 million for a public education campaign; \$4 million for training caregivers and providers; \$2 million for communities; and \$4 million for research.</p>
<p>Budget Process and Priorities</p>	<p>In speaking with budget staff earlier this week, they still were unsure of how the hearing process would unfold this year, but both houses expect a briefer hearing timeline. In order to accommodate effective cleaning and social distancing protocols, the Capitol building will simply be able to accommodate fewer hearings in a shorter amount of time. The Assembly estimated a total of 3 budget subcommittees on health, as opposed to the 8-10 they have had in previous years. The Senate seemed more interested in using one-time funds to invest in our health care system, while the Assembly seemed to be more concerned with limiting spending this year so as to not have such steep deficits in the out year. All of this is, however, exceptionally preliminary, and both houses of the Legislature are just getting into the planning phases for the year.</p>

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