

LEGISLATIVE UPDATE



Week of May 9, 2022

State Issues

Governor's
Inflation
Relief
Package

On Thursday, Governor Newsom released a new funding proposal to provide “inflation relief” to Californians in a variety of methods. The Governor stated, the “Package includes direct payments to help address costs of rising inflation and past-due water and utility bills, free public transit, money for health care workers, middle-class health care subsidies, and waiving childcare fees for families.” The proposal is outlined below and there are two health care related proposals.

It includes \$933 million to provide “up to” \$1500 to hospital staff who have been providing care during the pandemic. More details through trailer bill language need to be forthcoming on which staff are eligible, the level of match expected by hospitals, and other issues related to how this will be structured. During the press conference on Friday related to the May Revise proposal (see below), questions from the press included why this proposal was only being applied to health care workers and not grocery and other essential workers who had to work during the pandemic without any PPE. The Governor indicated the Legislature may want to consider including other workers. It was made clear that these payments are meant to be “retention payments” to help stabilize the health care workforce.

The other health care related proposal included in this Inflation Relief Package provides more than \$300 million to continue the health insurance subsidies provided in Covered California to improve affordability of insurance coverage for middle class families.

As outlined in the press release, Governor Newsom’s inflation relief package includes:

- **\$11.5 Billion for Tax Refunds to Help Address Inflation.** As the entire country faces increasing costs due to inflation, Governor Newsom proposed getting \$400 checks to every eligible registered vehicle owner, capped at two checks per individual.
- **\$2.7 Billion for Emergency Rental Assistance.** Governor Newsom is proposing significant state funds for qualified low-income tenants who requested rental assistance before March 31, helping these Californians get the support they need.
- **\$1.4 Billion to Help Californians Pay Past-Due Utility Bills.** As Californians continue to face difficulties in paying for utility bills, this investment expands upon last year’s utility relief program to continue this vital support – \$1.2 billion for electricity bills and \$200 million for water bills.
- **\$933 Million for Hospital and Nursing Home Staff.** Providing up to \$1,500 to hospital and skilled nursing facility workers who have been delivering care to the most acute patients during the COVID-19 pandemic and saved thousands of lives.
- **\$750 Million for Free Public Transit.** Governor Newsom is proposing incentive grants to provide three months of free public transportation for communities throughout the state.

(more)

<p>Governor's Inflation Relief Package <i>(continued)</i></p>	<ul style="list-style-type: none"> ▪ \$304 Million to Make Health Coverage More Affordable for Middle-Class Families. This extends health insurance premium assistance under Covered California for families of four earning up to \$166,500 annually, upwards of 700,000 Californians. ▪ \$439 Million to Pause the Diesel Sales Tax. Bringing relief to the commercial sector and drivers, Governor Newsom is proposing a 12-month pause in the sales tax rate for diesel fuel that would provide upwards of \$439 million in relief. ▪ \$157 Million to Waive Child Care Fees for Low-Income Families. Making state-subsidized preschool and childcare more affordable, benefitting 40,000 low-income California families with savings of up to \$595 per month. <p>You can find the press release here: https://www.gov.ca.gov/2022/05/12/governor-newsom-proposes-18-1-billion-inflation-relief-package/.</p>
<p>State Budget: May Revise</p>	<p>The Governor's May Revise Budget was released today, Friday, accompanied by a very lengthy press conference by Governor Newsom, his Budget chief. This was followed by a stakeholder meeting with HHS Secretary, Dr. Mark Ghaly, and the leadership of the various health and human services departments under his umbrella at the California Health and Human Services Agency.</p> <p>The \$300.6 billion spending plan would fund direct financial supports to Californians, bonuses for health care workers, max out the state's reserves, and pay down debt early – all fueled by a \$97.5 billion surplus. The healthy budget largely reflects a continued surge in tax revenue driven by income gains in high-earning households. The budget focuses on one-time expenditures, and the Governor noted that he wants to be prepared for economic downturns that lie ahead.</p> <p>It is worth noting that during his press conference, the Governor noted that his budget plan is \$2.6 billion under the Gann Limit – giving some flexibility in negotiating additional spending when talks with the Legislature begin in earnest.</p> <p>It is also worth highlighting that the May Revise notes that inflation is expected to exceed 7 percent in 2021-22, triggering an accelerated increase of the state's minimum wage for millions of workers to \$15.50 per hour regardless of employer size.</p> <p>One major disagreement between the Governor and the Legislature that clearly is not resolved is how to give direct funding inflation supports to Californians. The Governor wants to use the Department of Motor Vehicles to give \$400 back to individuals who have a car registered with the DMV. The Legislature wants to provide revenue back to every taxpayer through the Franchise Tax Board. This disagreement has been brewing between the two for a few weeks, and the Governor doubled down on his plan. Today, he said one reason his plan is better is because the DMV can get the checks out more quickly and would include more seniors with disabilities, undocumented residents and those who otherwise don't pay state income taxes.</p> <p>Some of the key health components of the May Revise include:</p> <ul style="list-style-type: none"> ▪ \$217 billion (\$64.7 billion in state general fund) for all health and human services programs for 2022-2023. ▪ Confirmation of the Administration's commitment to standing up the Office of Health Care Affordability. ▪ Confirmation of the Administration's proposal to require nonprofit hospitals to dedicate 25% of their Community Benefit resources to community-based organizations. ▪ Confirmation of the Administration's proposal that calls for an additional 25,000 Community Health Workers by 2025. <p style="text-align: right;"><i>(more)</i></p>

<p>State Budget: May Revise (continued)</p>	<ul style="list-style-type: none"> ▪ A continuation of the investments for the CalAIM reforms for the state’s Medicaid program. ▪ Ensuring ongoing financial subsidies for both low income and now middle-income families to get support to buy health coverage through Covered California. ▪ Expansion of Medi-Cal to all income-eligible Californians, regardless of immigration status – starting in 2024. ▪ Protecting reproductive health by increasing clinic billing flexibilities; coverage for HPV vaccines; and supporting clinic infrastructure. ▪ Behavioral health crisis care continuum, including Medi-Cal Community-Based Mobile Crisis Services. This proposal leverages an 85 percent federal match for a total of three years. To that end, DHCS will add multi disciplinary response services for crises related to mental health and substance use disorders as a new Medi-Cal benefit. Total cost will be \$1.4 billion (with a \$335 million state investment). ▪ Addressing the opioid crisis by investing \$96 million for Medication Assisted Treatment, and \$86 million from opioid settlement funds will be dedicated to a public awareness campaign targeted towards youth opioid education. ▪ The budget proposal includes Medi-Cal supplemental payments for Medi-Cal providers to back fill the losses from Proposition 56 (Tobacco Tax) funds. It also includes Medi-Cal Provider Equity Payments of \$400 million (\$200 million state general fund) to fund advancing equity and improving quality in children’s care. ▪ The May Revise document also notes that the 2021-2022 budget reflects lower Medi-Cal expenditures of approximately \$1.1 billion general fund due mostly to increased federal participation and shifts in behavioral health funding. <p>Secretary Ghaly highlighted that the budget includes some of the resources needed to implement Care Courts: \$10 million to fund “supporter” program; \$15.2 million for DHCS for training and technical assistance; and \$39.5 million to support court components. He did acknowledge that some of the costs affiliated with Care Court implementation for counties are not yet included and will need to be addressed at another time.</p> <p>Finally, he called out the health care worker retention payments, saying that these workers are under the most pressure and burned out. The Governor’s proposal of \$933 million in one-time payments would be provided to staff in hospitals, psychiatric hospitals, and skilled nursing facilities.</p> <p>You can access the full May Review Budget via this link to the Department of Finance website: https://www.ebudget.ca.gov/budget/2022-23MR/#/BudgetSummary</p> <p>And the Medi-Cal focused summary from the Department of Health Care Services here: DHCS-FY-2022-23-MR-Highlights (ca.gov)</p>
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For more information, please contact Lori Dangberg at 1215 K Street, Suite 2000 ▪ Sacramento, CA 95814
Direct line: 916.552.2633 or e-mail: ldangberg@thealliance.net