

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities that provide health and social services to California's vulnerable and at-risk residents. The Budget includes total funding of \$248.1 billion (\$74 billion General Fund and \$174.1 billion other funds) for all programs overseen by this Agency.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services. Medi-Cal is a public health care coverage program that provides comprehensive health care services at no or low cost for low-income individuals. The Department also administers programs for special populations and several other non-Medi-Cal programs as well as county-operated community mental health and substance use disorder programs.

MANAGED CARE ORGANIZATION PROVIDER TAX

The Budget reflects a new Managed Care Organization (MCO) Provider Tax effective April 1, 2023 through December 31, 2026. The MCO tax provides a benefit of \$19.4 billion in funding to the state over the period of the tax, resulting in a total of \$8.3 billion to support the Medi-Cal Program and achieve a balanced budget and \$11.1 billion Medi-Cal Provider Payment Reserve Fund to support investments in Medi-Cal that maintain and expand access and quality of care. Specifically, these funds will:

- Preserve eligibility and benefit expansions in the Medi-Cal program;
- Strengthen Medi-Cal's foundation by providing long-term certainty for provider rate increases to drive greater Medi-Cal provider participation especially in underserved areas and in primary and preventive care and advance equity in the Medi-Cal program; and
- Maximize opportunities to draw additional federal matching funds to the Medi-Cal program.

The Budget includes the following investments supported by the Medi-Cal Provider Payment Reserve Fund:

- **Rate Increases in the Medi-Cal Program**—\$237.4 million (\$98.2 million Medi-Cal Provider Payment Reserve Fund) in 2023-24 and \$580.5 million (\$240.1 million Medi-Cal Provider Payment Reserve Fund) annually thereafter to increase provider rates to at least 87.5 percent of Medicare for primary care (including those provided by physicians or nonphysician health professionals); maternity care (including doulas); and non-specialty mental health services, effective January 1, 2024.
- **Future Targeted Rate Increases and Investments**—As part of the 2024-25 Governor's Budget, the Administration will return with a subsequent set of targeted investments to support the Medi-Cal program. The targeted investments which are anticipated to be effective January 1, 2025 will be designed to further advance access, quality, and equity for Medi-Cal beneficiaries and promote provider participation in the Medi-Cal program. Specifically, in addition to the primary care, maternity care, and non-specialty mental health rate increases effective January 1, 2024, DHCS will submit detailed proposals for rate increases and investments in services and supports in primary care, maternity care, and non-specialty mental health services, specialty care services, community or hospital outpatient procedures and services, family planning services and women's health providers, hospital-based emergency and emergency physician services, ground emergency transport services, designated public hospitals, behavioral health care for members in hospital/emergency departments and institutional long-term care settings, and investments to maintain and grow the health care workforce.
- **Distressed Hospital Loan Program**—\$300 million Distressed Hospital Loan Program Fund supported by one-time loan of up to \$150 million from the Medi-Cal Provider Payment Reserve Fund in 2023-24 and a one-time loan of up to \$150 million from the General Fund in 2022-23 for the Department of Health Care Access and Information (HCAI) and California Health Facilities Financing Authority to provide interest-free

cashflow loans to not-for-profit hospitals and public hospitals in significant financial distress (or to governmental entities representing a closed hospital, for purposes of preventing the closure of, or facilitating the reopening of, those hospitals).

- **Small and Rural Hospital Relief Program**—\$52.2 million (\$50 million one-time Medi-Cal Provider Payment Reserve Fund, and \$2.2 million Small and Rural Hospital Relief Fund) for seismic assessment and construction at HCAI.
- **Graduate Medical Education Program**—\$75 million annually for the University of California to expand graduate medical education programs, in order to achieve the goal of increasing the number of primary care and specialty care physicians in the state based on demonstrated workforce needs and priorities.

SIGNIFICANT ADJUSTMENTS

- **Designated State Health Program**—In 2023-24 through 2026-27, for total General Fund savings of \$646.4 million, from the Designated State Health Program funding to cover Providing Access and Transforming Health Initiative costs.
- **Indian Health Program**—\$11 million General Fund in 2023-24, for total funding of \$23 million General Fund in 2023-24, and \$23 million ongoing General Fund for the Indian Health Program, which provides grants to improve the health status of American Indians living in urban, rural, and reservation or rancheria communities throughout California.
- **Pediatric Subacute Facilities**—\$836,000 General Fund in 2023-24 and \$227,000 General Fund in 2024-25 to maintain reimbursement rates at 2022-23 fiscal year levels for freestanding pediatric subacute facilities.
- **CalAIM Transitional Rent Waiver Amendment**—\$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) at full implementation to allow up to six months of rent or temporary housing to individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, a correctional facility, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.
- **Reproductive Health Services 1115 Waiver**—\$200 million (\$15 million General Fund) in 2024-25 for a one-time grant program through an 1115 federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California's safety net. This funding builds on the 2022 Budget Act investments for reproductive health services

and continues California's progress to provide comprehensive family planning and related services as California responds to the effects of recent federal actions.

- **CalAIM Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment**—\$6.1 billion (\$306.2 million General Fund, \$87.5 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.6 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration, effective January 1, 2024. A critical part of CalAIM, the Demonstration includes statewide and county opt-in components, including, but not limited to, rent and temporary housing for up to six months for certain high-needs beneficiaries and a behavioral health workforce initiative, to expand behavioral health services and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance, with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals.
- **CalAIM Behavioral Health Payment Reform**—\$250 million one-time General Fund to support the non-federal share of behavioral health-related services at the start of the CalAIM Behavioral Health Payment Reform.
- **Naloxone Distribution Project Expansion**—\$74.8 million in 2023-24, \$35.8 million in 2024-25, \$24.8 million in 2025-26, and \$24.1 million in 2026-27 from the Opioid Settlements Fund to expand the Naloxone Distribution Project to increase distribution to first responders, law enforcement, community-based organizations, and county agencies.

CLOSING THE BUDGET SHORTFALL

- **MCO Provider Tax**—\$8.3 billion over the MCO Tax period in net General Fund offset to support the Medi-Cal Program and achieve a balanced budget.
- **Behavioral Health Continuum Infrastructure Program Delay**—Delay of \$480.7 million General Fund appropriated in the 2022 Budget Act for 2023-24 for the final round of behavioral health continuum capacity funding to \$240.4 million General Fund in 2024-25 and \$240.3 million General Fund in 2025-26.
- **Behavioral Health Bridge Housing Program**—\$265 million one-time Mental Health Services Fund in 2023-24 in lieu of General Fund for the Behavioral Health Bridge Housing Program. The Budget also delays \$235 million General Fund to 2024-25.

- **Medi-Cal Drug Rebate Fund**—\$222 million in General Fund savings in 2023-24 by bringing the reserve in the Medi-Cal Drug Rebate Fund to \$0.
- **Two-Week Checkwrite Hold Buyback**—Delays the elimination of the two-week checkwrite hold buyback that was planned for 2022-23 to 2024-25, reducing 2022-23 costs by \$1.1 billion (\$377.7 million General Fund).

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

SIGNIFICANT ADJUSTMENTS

- **CalWORKs Grant Increase**—\$111.2 million for an ongoing 3.6-percent increase to CalWORKs grants, effective October 1, 2023. This increased grant cost is funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.
- **2022 CalWORKs Grant Increase Sunset Elimination**—Makes permanent the temporary 10-percent CalWORKs grant increase included in the 2022 Budget Act.
- **California Food Assistance Program (CFAP) Expansion**—\$40 million one-time General Fund to begin automation and outreach efforts beginning July 2023 for expanding CFAP to income-eligible individuals aged 55 years or older, regardless of their immigration status. Issuance of food benefits is anticipated to begin in October 2025.
- **County CalFresh Administration Rebase**—\$406.5 million (\$159.5 million General Fund) to reflect a revised budgeting methodology for county CalFresh administration activities, pursuant to Chapter 537, Statutes of 2022 (AB 207).
- **Summer Electronic Benefit Transfer (EBT) Program**—\$47 million one-time (\$23.5 million General Fund) for outreach and automation costs to phase in a new federal Summer EBT program for children who qualify for free or reduced-price school meals.
- **Federal Reimbursement of Food Benefit Theft**—\$42.9 million federal funds for administration and automation activities to comply with the federal Consolidated

Appropriation Act of 2023, which requires federal reimbursement of Supplemental Nutrition Assistance Program food benefit theft.

- **Food Benefit Pilot Programs**—\$16.8 million one-time General Fund in 2023-24 to extend the sunset dates for the CalFresh Fruit and Vegetable Pilot program and CalFresh Safe Drinking Water Program, and for automation necessary to begin a CalFresh Minimum Nutrition Benefit Pilot Program to provide eligible pilot households with a minimum monthly CalFresh benefit of \$50 beginning in 2024-25. The Budget assumes \$15 million one-time General Fund in 2024-25 to implement the CalFresh Minimum Nutrition Benefit Pilot.
- **California Statewide Automated Welfare System (CalSAWS) Interface**—\$25 million one-time General Fund, available over two years, to develop a bi-directional interface between CalSAWS and CWS-CARES that allows for data exchange necessary to make federal Title IV-E eligibility determinations.
- **Services for Survivors and Victims of Hate Crimes Augmentation**—\$40 million one-time General Fund augmentation to support services for victims and survivors of hate crimes and their families and facilitate hate crime prevention measures in consultation with the Commission on Asian and Pacific Islander American Affairs. Total funding for the program in 2023-24 is \$80 million General Fund.
- **Unaccompanied Undocumented Minors (UUM)**—\$5 million one-time General Fund, available over three years, for administration and to provide additional support for UUMs through the Opportunities for Youth program.
- **Rapid Response Program**—\$150 million one-time General Fund to continue humanitarian support efforts in partnership with local providers at the Southern California Border.
- **In-Home Supportive Services (IHSS) Collective Bargaining**—\$1.5 million one-time General Fund to analyze the costs and benefits of a statewide or regional approach to IHSS collective bargaining, and statutory changes to amend the current penalty structure for counties that fail to reach an IHSS collective bargaining agreement from 7 percent one-time to 10 percent ongoing.
- **IHSS Minor Recipient Provider Eligibility**—\$60.7 million ongoing (\$27.9 million General Fund) and statutory changes to eliminate provider eligibility requirements that only apply to minor recipients and allow all minor children to have access to their provider of choice.
- **Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) Project**—\$130.2 million one-time (\$66.6 million General Fund) to

support continued project development costs, and an additional \$70.1 million (\$35 million General Fund) in one-time provisional authority. The CWS-CARES will replace the existing case management system to benefit state, local and tribal child welfare agencies and will align with state and federal requirements.

- **Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs)**—\$909,000 General Fund in 2023-24 for first-year state operations and automation funding to implement a housing supplement for foster youth living in SILPs at an ongoing cost of \$25.5 million (\$18.8 million General Fund) beginning in 2025-26.
- **Foster Family Agency Bridge Funding**—\$10.1 million one-time (\$8 million General Fund) to provide an increase to the current rates paid to foster family agencies.
- **Adoption Facilitator Oversight**—The Budget includes statutory changes to eliminate the classification of “adoption facilitator” beginning January 1, 2024, and, instead, regulate these activities under the definition of a “full-service adoption agency” and enforced by DSS’ Community Care Licensing Division.

CLOSING THE BUDGET SHORTFALL

- **CalWORKs Single Allocation: 2021-22 Partial Reversion**—\$288 million General Fund savings derived from a partial reversion of unspent funding to the CalWORKs Single Allocation for the 2021-22 fiscal year.

CHILD CARE AND DEVELOPMENT PROGRAMS

The Department of Social Services assumed responsibility for the administration of child care and nutrition programs from the California Department of Education (CDE) on July 1, 2021—aligning all child care programs within a single department. The Budget maintains historic investments to expand child care access and increase support to the system that were initiated as part of the 2021 Budget Act.

SIGNIFICANT ADJUSTMENTS

- **Child Care and Preschool Funding**—\$2.8 billion (\$1.7 billion General Fund and \$1.1 billion Prop 98 General Fund) for reimbursements to preschool and child care and development program providers over two years subject to a ratified agreement, between the Administration and Child Care Providers

United – California (CCPU), and future statutory changes. See the K-12 Education Chapter for additional information.

- **Cost-of-Living Adjustments (COLA)**—The Budget suspends the statutorily required COLA in fiscal years 2023-24 and 2024-25, and declares legislative intent to make any adjustments in those years related to reimbursement for preschool and child care and development programs, subject to a ratified agreement and future statutory changes. See the K-12 Education Chapter for additional information.
- **Reimbursement Flexibilities**—\$22 million General Fund to extend current reimbursement flexibilities until September 30, 2023 to allow contract-based child care and development and preschool program providers to be reimbursed at the maximum contract rate rather than actual costs and voucher-based child care program providers to be reimbursed based on enrollment rather than attendance. See the K-12 Education Chapter for additional information.
- **Family Fees Reform**—\$29.4 million federal funds to waive family fees for child care programs through September 30, 2023, and \$56 million General Fund to revise the family fee schedule for child care and development programs beginning October 1, 2023 to limit fees to one percent of families' monthly income and prohibit fee assessment for families with an adjusted monthly income below 75 percent of state median income. See the K-12 Education Chapter for additional information.

CLOSING THE BUDGET SHORTFALL

- **Child Care Slot Expansion Timing**—The Budget maintains the commitment initiated as part of the 2021 Budget Act to continue funding 110,500 new subsidized child care slots added in 2021-22 and another 36,000 new slots added in 2022-23, with the goal of eventually funding over 200,000 expanded slots. However, thousands of newly available slots since 2021-22 have not yet been filled. To accommodate the time necessary to utilize recent slot expansions, the Budget projects that 20,000 new slots that would have been funded in 2023-24 will instead be funded in 2024-25, resulting in an estimated \$136 million General Fund savings in 2023-24.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides a variety of services to individuals with developmental disabilities that allow them to live and work

independently or in supported environments. California is the only state that provides developmental services as an individual entitlement.

SIGNIFICANT ADJUSTMENTS

- **Service Provider Rate Reform: Implementation**—The Budget maintains an estimated annual \$1.2 billion General Fund by 2024-25 to fully implement service provider rate reform with a focus on improving outcomes and quality of services and to address disparities within the system. The Budget also makes various program modifications that focus on promoting stability and predictability for service providers, including by allowing rate models to be adjusted when the statewide minimum wage increases.
- **Service Provider Rate Reform: Independent Living Services**—\$15 million (\$8.5 million General Fund) in 2023-24 and \$60 million (\$34 million General Fund) in 2024-25 and ongoing to adjust Independent Living Services rate assumptions to align the types of services provided with more equivalent occupations, such as teachers, social and human service assistants, and rehabilitation counselors.
- **Safety Net Plan Update**—\$28.7 million ongoing (\$22.1 million General Fund) to expand safety net services to further support individuals with complex needs. The updated Safety Net Plan includes the development of a residential program in the community for adolescents and adults with high-intensity co-occurring developmental disabilities and mental health diagnoses, conversion of two Stabilization Training Assistance Reintegration homes to Intermediate Care Facility-licensed homes, adjustments to Crisis Assessment Stabilization Teams staffing, expansion of supports for foster youth who are eligible for regional center services, and establishment of an Autism Services Branch to support a statewide focus on addressing the needs of the growing population of individuals diagnosed with autism spectrum disorder.
- **Reduced Service Coordinator Caseload Ratios for Children Ages 0-5**—\$85.1 million ongoing (\$57.9 million General Fund), for a total of \$153.2 million ongoing (\$100.5 million General Fund), to update and continue supporting the reduction of service coordinator-to-child caseload ratios for children ages 0-5 as initiated through the 2022 Budget Act.
- **Coordinated Family Support Services**—\$18 million one-time (\$10.8 million General Fund) to continue funding the Coordinated Family Support pilot program through June 2024, which is currently funded through the Home and Community-Based Services Spending Plan. The program is designed to assist adults living with their

families in coordinating the receipt and delivery of multiple services, including generic services.

- **Regional Center Consistency**—\$7.8 million one-time (\$6.2 million General Fund) to support statewide consistency efforts at regional centers, including the development and implementation of standardized procedures at regional centers for initial intake, individual program planning, and vendorization.
- **Compliance with Federal Home and Community-Based Services Requirements**—\$5.4 million (\$3.8 million General Fund) in 2023-24 and \$6.7 million (\$4.6 million General Fund) in 2024-25 and ongoing to address and sustain new and ongoing efforts that align California's developmental services with federal Home and Community-Based Services requirements.
- **Access to Generic Resources**—The Budget clarifies that a regional center will pay for a medical service if either an Individualized Family Service Plan or Individual Program Plan team determines that a medical service identified in a plan is not readily available within 60 days through either private health insurance or Medi-Cal. Regional centers shall also pay for these services during plan service-approval delays, including appeal processes.
- **Access to Social Recreation Services, Camping Services, and Non-Medical Therapies**—The Budget aims to improve access to social recreation services, camping services, and non-medical therapies by granting DDS directive authority to designate these services as participant-directed services, which allow greater flexibility for consumers in identifying and choosing service providers.

CLOSING THE BUDGET SHORTFALL

- **Preschool Inclusion Grants**—Delays in 2022-23 and 2023-24 the implementation of an annual \$10 million General Fund grant program to support preschool inclusion efforts such as facility modifications or staff training. The Budget maintains the grant program on an ongoing basis beginning in 2024-25.

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

The Department of Community Services and Development reduces poverty for Californians by leading the development and coordination of effective and innovative programs for low-income individuals, families, and their communities.

SIGNIFICANT ADJUSTMENT

- **Water and Wastewater Arrearages 2022-23 Reversion**—\$200 million Coronavirus Fiscal Recovery Fund of 2021 in 2022-23 from the Department of Community Services and Development's Low-Income Household Water Assistance Program shifted to the State Water Resources Control Board's California Water and Wastewater Arrearage Payment program in 2023-24. See the Climate Change Chapter for additional information.

CLOSING THE BUDGET SHORTFALL

- **California Arrearage Payment Program 2022-23 Partial Reversion**—\$549.4 million California Emergency Relief Funds reverted to the General Fund in 2022-23 derived from California Arrearage Payment Program savings based on actual applications received and approved for funding.
- **Low-Income Weatherization Program Fund Source Shift**—\$25 million fund source shift in 2023-24 from the General Fund to Cap and Trade funds. See the Climate Change Chapter for additional information.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people of California through health quality, health emergency response, and population health programs.

SIGNIFICANT ADJUSTMENTS

- **COVID-19 Response**—\$126.6 million one-time General Fund to continue the state's efforts to protect the public's health against COVID-19 and maintain significant information technology systems, including the California COVID Reporting System for laboratory data management and CalCONNECT for case and outbreak investigation.
- **Hepatitis C Virus Equity**—\$10 million one-time General Fund, available over five years, to expand Hepatitis C Virus services, including outreach, testing, linkage, and engagement in care to priority populations, including young people who use drugs, indigenous communities, communities of color, and people experiencing homelessness.

- **Overdose Prevention and Harm Reduction Initiative**—\$61 million one-time Opioid Settlements Fund over four years to provide grants to local health jurisdictions and community-based organizations to support syringe exchange and disposal program activities, including treatment navigators.
- **Opioid and Fentanyl Response**—\$14 million one-time Opioid Settlements Fund over four years for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter 783, Statutes of 2022 (AB 2365), and to support innovative approaches to make fentanyl test strips and naloxone more widely available.
- **Public Health Workforce**—Maintains \$97.5 million General Fund over four years, beginning in 2022-23, for various public health workforce training and development programs.

CLOSING THE BUDGET SHORTFALL

- **Public Health Climate and Health Resilience Planning**—\$25 million General Fund reduction in 2022-23 for climate and health resilience planning grants. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction and Climate Change Chapters for additional information.
- **AIDS Drug Assistance Program Rebate Fund Loan**—\$400 million budgetary loan, as part of Control Section 13.40, from the AIDS Drug Assistance Program Rebate Fund to the General Fund from idle resources not required for currently projected operational or programmatic purposes.

DEPARTMENT OF AGING

The California Department of Aging helps transform aging for individuals, families, and communities by leading innovative programs, planning, policies, and partnerships that increase choices, equity, and well-being for all Californians as we age.

SIGNIFICANT ADJUSTMENT

- **Advancing Older Adult Behavioral Health**—\$20 million General Fund in 2023-24, \$20 million General Fund in 2024-25, and \$10 million General Fund in 2025-26 at the California Department of Aging to support the continuation of the Older Adult Friendship Line, a targeted ethnic media campaign for older adults, and

competitive grants to local jurisdictions to build organizational capacity to identify and address older adult behavioral health and substance use disorder needs.

CLOSING THE BUDGET SHORTFALL

- **Mello-Granlund Older Californians Act Modernization Pilot Program**—\$37.2 million General Fund annually across five years starting in 2022-23 for pilot programs supporting community-based services programs, senior nutrition support, family and caregiver supports, senior volunteer development, and/or aging in place. This reflects \$186 million General Fund spent over five years instead of three years as originally planned in the 2022 Budget Act.

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

HCAI, formerly the Office of Statewide Health Planning and Development, is committed to expanding equitable access to health care for all Californians—improving the health workforce, safe and reliable health care facilities, and health information that can help make care more effective and affordable.

SIGNIFICANT ADJUSTMENTS

- **California Medicine Scholars Program**—\$14 million one-time General Fund over five years to support the California Medicine Scholars Program intended to increase the number of underrepresented primary care physicians in diverse and underserved communities.
- **Promotoras de Salud Program**—\$10 million one-time General Fund to provide community health, behavioral health, and social services support in local communities.
- **CalRX and Reappropriation**—\$2 million one-time General Fund reappropriation and the permissive use of these funds for reproductive health care if necessary. This includes statutory changes to provide flexibility for the CalRx program to procure various pharmaceutical drugs, such as Mifepristone or Misoprostol, if necessary, to address urgent and emerging reproductive health care needs.
- **CalRX Naloxone Access Initiative**—\$30 million one-time Opioid Settlements Fund to support the development or procurement of a lower cost, generic version of a naloxone nasal product. This partnership will enable the state to make naloxone more accessible statewide.

CLOSING THE BUDGET SHORTFALL

- **Healthcare Workforce Fund Shift**—\$196.4 million fund shift from the General Fund to the Mental Health Services Fund for various behavioral health workforce initiatives. See the Labor and Workforce Development Chapter for additional information.
- **Community Health Worker Reallocations**—\$115 million General Fund reallocated from 2023-24 to 2024-25 and 2025-26 by \$57.5 million for each year. See the Labor and Workforce Development Chapter for additional information.
- **HCAI Special Fund Loans to the General Fund**—\$200 million budgetary loan from the Hospital Building Fund and \$30 million budgetary loan from the California Health Data and Planning Fund to the General Fund, as part of the Control Section 13.40, from idle resources not required for currently projected operational or programmatic purposes.

COVERED CALIFORNIA

Covered California increases the number of insured Californians, improves health care equity, lowers costs, and reduces health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

SIGNIFICANT ADJUSTMENTS

- **Individual Shared Responsibility Mandate Penalty Collections**—\$361.7 million in 2023-24, increasing in future years, in revenue from penalty collections will be deposited into the Health Care Affordability Reserve Fund (HCARF), instead of the General Fund.
- **Reversion of 2022 Budget Act Appropriation**—\$304 million reversion from the 2022 Budget Act contingency appropriation, which returns these funds to the HCARF reserve.
- **Healthcare Affordability Program**—\$82.5 million in 2023-24 and \$165 million ongoing of new HCARF spending for healthcare affordability.
- **Healthcare Coverage for Striking Workers**—\$2 million ongoing HCARF to provide health care coverage to employees during labor disputes, pursuant to Chapter 695, Statutes of 2022 (AB 2530).

- **One-Dollar Premium Subsidy Program**—\$20.35 million ongoing General Fund to subsidize the cost of Covered California consumers for health plans due to federal policy concerning abortion coverage.

CLOSING THE BUDGET SHORTFALL

- **General Fund Loan**—\$600 million budgetary loan from the HCARF to the General Fund from idle resources not required for currently projected operational or programmatic purposes, to be repaid in 2025-26.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients.

SIGNIFICANT ADJUSTMENTS

- **Electronic Health Records (EHR) Implementation**—\$21.5 million General Fund in 2023-24 and \$22.3 million ongoing General Fund to complete the planning phase and begin implementation of the enterprise Continuum Electronic Health Records project.
- **COVID-19 Impacts**—\$41.2 million one-time General Fund to protect patients and staff from COVID-19 and other infectious diseases.

CLOSING THE BUDGET SHORTFALL

- **Fund Shift**—\$29.4 million one-time from the General Fund to the Mental Health Facilities Fund (reimbursements in 2022-23) from available reserves for state operations.
- **COVID-19 Worker's Compensation Funds**—\$8 million General Fund decrease in 2022-23 to reflect unspent workers' compensation funding previously authorized for COVID-19-related claims.

OTHER HEALTH AND HUMAN SERVICES

SIGNIFICANT ADJUSTMENTS

- **End of the Public Health Emergency**—The Budget reflects the end of the federal Public Health Emergency effective May 11, 2023 across various Health and Human Services departments. Medi-Cal caseload redeterminations are underway and are expected to conclude in July of 2024.
- **Community Assistance, Recovery and Empowerment (CARE) Act**—\$128.9 million General Fund in 2023-24, \$234 million General Fund in 2024-25, \$290.6 million in 2025-26, and \$290.8 million General Fund in 2026-27 and annually thereafter for the Department of Health Care Services and Judicial Branch to implement the CARE Act (Chapter 319, Statutes of 2022). Of this amount, \$67.3 million General Fund in 2023-24, \$121 million General Fund in 2024-25, and \$151.5 million in 2025-26 and annually thereafter is to support estimated county behavioral health department costs for the CARE Act, including \$15 million one-time General Fund for Los Angeles County start-up funding. For Judicial Branch and legal services funding, see the Criminal Justice and Judicial Branch Chapter for additional information.
- **988 Suicide and Crisis Lifeline (AB 988)**—\$28.2 million (\$25.3 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.2 million Managed Care Fund, and \$773,000 federal funds) in 2023-24, \$16 million (\$13.2 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.1 million Managed Care Fund, and \$728,000 federal funds) in 2024-25, and \$16.3 million (\$13.2 million 988 State Suicide and Behavioral Health Crisis Services Fund, \$2.3 million Managed Care Fund, and \$728,000 federal funds) in 2025-26 and ongoing for the California Health and Human Services Agency, the Department of Managed Care, and the Department of Health Care Services. Of this funding, \$19 million in 2023-24 and \$12.5 million in 2024-25 and ongoing is to support eligible 988 call center behavioral health crisis services.
- **Health and Human Services Innovation Accelerator Initiative**—\$43 million in 2023-24 and \$32 million in 2024-25 one-time General Fund to pursue innovative opportunities for addressing major health challenges, such as diabetes-related morbidity and mortality, disparities in maternal and infant mortality, and preventing and mitigating infectious disease.
- **Child Support Pass-Through to Formerly Assisted Families**—Pursuant to existing law, implementation of the Child Support Pass-Through to Formerly Assisted Families is

contingent upon completing necessary automation changes in the Child Support Enforcement System. The Department of Child Support Services estimates an implementation date of April 2024. The additional time is necessary due to a greater degree of system change complexity than previously anticipated. The revised implementation date results in approximately \$70 million of General Fund revenue in 2023-24.

- **Local Child Support Agency Basic Costs**—\$35.8 million ongoing (\$12.2 million General Fund) for Local Child Support Agencies to help mitigate increased staffing costs, caseload, and call volumes, to maintain current service levels.
- **Home and Community-Based Services (HCBS) Spending Plan Extension**—The Budget includes an extension for all HCBS initiatives to fully spend allocated funding until December 31, 2024.