

**Changes to Medi-Cal and Other Low-Income Health Programs  
in the 2018-19 State Budget**

July 16, 2017

The Governor signed SB 840, the Budget Act of 2018, the health omnibus trailer bills, and budget bill junior, including AB 1810, SB 849, and SB 856 on June 27, 2018. Despite robust revenues, the final health care budget punted critical investments to the next Governor as many of advocates' priorities were not included. Surprisingly, the budget did not include any of the following: expanding full-scope Medi-Cal eligibility for undocumented adults over age 65 or young adults up to age 26; raising the Medi-Cal Aged & Disabled income eligibility threshold to 138% of the Federal Poverty Line; restoration of critical Medi-Cal benefits including audiology, incontinence cream and washes, podiatry, speech therapy and moving up restoration of eyeglasses; developing an express lane eligibility pathway from the Women Infant Child nutrition program to Medi-Cal; providing families exiting CalWORKs due to an increase in income to be eligible for transitional Medi-Cal for twelve continuous months rather than an initial six-month period; or funding to support Medi-Cal enrollment, retention, and access outreach.<sup>1</sup>

State funding, including General Fund (GF) and Special Funds, for Health and Human Services comprises over 32% of the budget or \$64.3 billion, an increase of approximately \$4 billion from last year. The budget, which went into effect on July 1, 2018, enacts the following changes affecting low-income health care consumers:

Department of Health Care Services

- **Breast and Cervical Cancer Treatment Program:** \$8.4 million in 2018-19, and \$6.9 million ongoing General Fund to eliminate treatment caps from the state-funded Breast and Cervical Cancer Treatment Program.<sup>2</sup>
- **Proposition 56 Funding:** Appropriates \$1 billion in Proposition 56 funds and \$1.25 billion in federal funds for supplemental payments for preventive services provided by physicians and dentists. Specifically:
  - \$500 million for payments to physicians and \$210 million for payments to dentists;
  - 50% rate increase for home health services and certain Pediatric Day Health Center services;
  - \$6 million one-time funding for qualifying Program of All-Inclusive Care for the Elderly (PACE) programs and \$2 million for qualifying Community-Based Adult Services Programs;

<sup>1</sup> Many of these proposals are still active bills. However, given the Governor's disinclination to sign bills with large fiscal requirements outside of the budget process, the bills are unlikely to get his signature and many will stall in Appropriations Committee.

<sup>2</sup> Cal. Welf. & Inst. Code §§ 104161 and 104161.1.

- Provides \$190 million for educational loan repayments for physicians \$30 million for dentists and establishes a loan repayment program.<sup>3</sup>
- Authorizes a dental integration pilot program, whereby dental services are carved-in to Health Plan of San Mateo.<sup>4</sup>
- **California Health Interview Survey (CHIS) Data:** \$3 million one-time General Fund for the collection and analysis of data on long-term services and supports through CHIS and \$750,000 one-time General Fund to strengthen CHIS data collection efforts on children and youth.
- **Diabetes Prevention Program:** \$340,000 General Fund for certified translation services for the Diabetes Prevention Program curriculum in all threshold languages and technical adjustments to align the program with the Centers for Disease Control and Prevention program specifications.<sup>5</sup>
- **Medical Interpreters:** Extends the expenditure period for \$3 million General Fund until June 30, 2022 for the study and pilot project on medical interpreters, as established through AB 635 (Atkins, Chapter 600, Statutes of 2016).
- **Medi-Cal Ombudsman Call Center:** Approves \$500,000 (\$250,000 General Fund) in 2018-19 and \$173,000 (\$86,000 General Fund) for 2019-20 and ongoing to procure a new cloud-based Customer Relations Management Software to allow for demographic data collection and increased ongoing subscription costs to support managed care Ombudsman Call Center.
- **340B Drug Pricing Program:** Reject Administration's proposed trailer bill to eliminate the use of the 340B Drug Pricing Program.

#### Department of Managed Health Care

- **Consumer Outreach and Assistance Program:** \$2 million ongoing to support the Consumer Outreach and Assistance Program within the Department of Managed Health Care that was previously funded through DMHC salary savings. Total funding for Consumer Outreach and Assistance Program is \$2.6 million.

#### Mental Health Funding

- **Workforce Education and Training (WET):** \$10 million one-time General Fund to fund the last year of the WET Program 5-year plan, which seeks to increase access to a diverse mental health workforce. These funds are for stipends for psychiatric nurse practitioners and social workers, and for residency and training slots for psychiatric mental health nurse practitioners.
- **Childhood Trauma Pilot Program:** \$10 million one-time MHSA Fund to implement a 3-year "All Children Thrive" pilot program that addresses childhood trauma.
- **Primary Care Psychiatric Scholarship:** \$1 million one-time MHSA Fund to create scholarships for primary care physicians in medical shortage areas of California to enroll in a U.C. primary care psychiatric fellowship program.

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<sup>3</sup> Cal. Welf. & Inst. Code § 14114.

<sup>4</sup> Cal. Welf. & Inst. Code § 14184.90.

<sup>5</sup> Cal. Welf. & Inst. Code § 14149.9.

#### Department of Public Health (DPH)

- **Black Infant Health Program:** \$8 million ongoing General Fund to expand the scope of interventions provided under the Black Infant Health Program. The initiative shall foster Community Centers of Excellence in perinatal health and requires the Department to develop a process to allocate funds to up to 15 county health departments to improve black infant birth outcomes and infant mortality.<sup>6</sup>
- **Diabetes Awareness Campaign:** Approves \$2.5 million one-time General Fund, for 2018-19 and 2019-20, to DPH to implement a diabetes awareness campaign.

#### Response to Assembly Select Committee on Health Care Delivery Systems and Universal Coverage

- **Council on Health Care Delivery Systems taskforce:** \$5 million one-time General Fund to establish a Council on Health Care Delivery Systems taskforce to develop a plan that includes options for advancing progress toward achieving a health care delivery system that provides coverage and access through a unified financing system universal coverage and a unified publicly financed health care system.<sup>7</sup>
- **Covered California Subsidy Options Report:** Requires Covered California to develop options for administering financial assistance for low-and middle-income Californians to help them access affordable health care coverage, and submit these options to the Legislature by February 1, 2019.<sup>8</sup>
- **California Health Care Cost Transparency Database:** \$60 million one-time General Fund and trailer bill to establish the California Health Care Cost Transparency Database to collect information on the costs of health care.<sup>9</sup> Requires OSHPD to convene a review committee to provide advice on the establishment, implementation and ongoing administration of the database, including a business plan for long-term sustainability without General Fund.<sup>10</sup>

Advocates interested in increasing low-income Californians' access to health care should start early with the next Governor to ensure that our priorities are included in future budgets.

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<sup>6</sup> Cal. Health and Safety Code § 123260.

<sup>7</sup> Cal. Health and Safety Code § 1001-1005.

<sup>8</sup> Cal. Government Code § 100503.3.

<sup>9</sup> Cal. Health and Safety Code § 127671.

<sup>10</sup> Cal. Health and Safety Code § 127673.