

Governor's Proposed State Budget for Fiscal Year 2021-2022

Overview of key items for health advocates

- **Instead of a deficit, there's an unexpected surplus**
 - \$19 billion to re-fill **reserve accounts** emptied last year to address the pandemic
 - Another \$15.6 billion to a **fresh surplus**
 - **Restoration of funds cut last year** from Higher Ed and others when state was facing a \$54.3 billion deficit
 - **How come?** Middle- and upper-income continued to work remotely + capital gains taxes from soaring stock market
- **"Immediate Action" COVID-19 Pandemic Response (\$5 billion)**
 - **Process:**
 - Legislature to act in next few weeks instead of June 30 budget deadline
 - Strong legislative support, but some important details being worked out
 - **One-time \$600 direct payments to EITC filers** (doubling the one-time federal payments Congress recently enacted). Benefits 4 million CA taxpayers (\$2.4 billion)
 - Calls for higher or more frequent payments and funds not tied to work
 - **COVID-19 safeguards for schools** open by February (\$450-\$750 per pupil) (\$2 billion)
 - Does this deadline penalize poorer schools unable to ramp up that fast?
 - **Advocates' request:** Simplify citizenship/immigration status review for Medi-Cal's COVID-19 Uninsured group
 - **Non-profit and small business grants** of from \$5,000 to \$25,000 to adapt to pandemic (\$575 million)
 - **Fee waivers** for restaurants, bars, barbershops and others shut down (\$7 million)
 - Support for low-income Californians buy **electric vehicles** (\$1.2 billion)
 - **Extend eviction moratorium** beyond January for tenants who've paid partial rent
 - How long: Two months? One year?
 - Calls for \$5 billion for tenants to pay back rent and avoid eviction

- **Health**

- **Notable omission:** Nothing on Health4 All
- **Vaccine** distribution and public awareness campaign (\$372 million)
- **Continuous glucose monitoring systems** added as a Medi-Cal benefit (\$4.2 million state funds, plus fed match)
- **Office of Health Care Affordability** to be created (\$11.2 million), in the new Department of Health Care Affordability and Infrastructure.
- **Telehealth** flexibilities to be made permanent and expanded in Medi-Cal, including implemented remote patient monitoring (\$34 million state funds).
- **CalAIM waiver** (\$531.9 million state funds, plus federal match). **Major Concerns:**
 - Citizen/LPR women in 138%-213% **Pregnancy-Related Medi-Cal** to go to mandatory managed care, lose fee-for-service providers, including many major perinatal specialty centers. Leaves only the undocumented in fee-for-service: what impacts, e.g., on access and quality? On deterrence?
 - Kids in **Accelerated Enrollment** to go to managed care during temporary coverage. How will this affect plan and primary care provider selection? How will kids be assigned? Access primary care? Specialty care? What about the Health Care Options process prior to enrollment in a plan?
- **Medi-Cal Rx:** Starting April 1, plan members would begin receiving their prescriptions through a new state Medi-Cal Rx program (postponed from last year), instead of through their plans (\$238.1 million plus fed match).
 - **Monitors and cuffs for self-monitoring blood pressure during pregnancy:** These items are most easily accessed at a local **pharmacy** with an e-prescription from a Medi-Cal doctor. But starting April 1, they would instead be treated as **durable medical equipment (DME)** and as such could be accessed only through the plan's contracted DME provider.
 - MCHA and others have proposed that any Medi-Cal plan, like the San Francisco Health Plan, that currently covers the monitors and cuffs as a pharmacy benefit be permitted to continue doing so.
 - Longer range goal is to have every plan and fee-for-service provider cover the monitors and cuffs under the pharmacy category to promote timely access.
 - High blood pressure and related conditions are linked to the **disproportionate rates of maternal and infant mortality among African American families.**

Mental Health

- Incentivizing Medi-Cal plans to improve **preventive and early intervention services for youth mental health** by working with counties and schools (\$200 million state funds plus fed match, available over several years).
- **Closing gaps in local mental health services**, including by adding at least 5,000 beds (\$750 million available over three years through a competitive county bidding process; counties must match).
- **Student services** (one-time \$25 million Mental Health Services Act, over five years)
- **County and school partnerships** (ongoing \$25 million Prop 98 funds)

- **CalWORKs**
 - 1.5% increase in CalWORKs payments starting October 1 (\$50.1 million)
 - \$891/month for a family of 3, which is still only 49% of poverty
 - Temporary exemption from counting toward the 48-month limit any month in which CalWORKs was received during the pandemic
 - CalWORKs caseload had been budgeted to rise by 200,000 but rose by only 50,000 during the pandemic. Why?

- **Food Security**
 - One-time funding for **emergency food assistance** to food banks, tribes, and tribal organizations (\$30 million)
 - **SNAP increase** (\$22.3 million ongoing)
 - One-time funding for the **California Food Assistance Program for all households** to receive max allowable allotment based on household size. (\$11.4 million)
 - One-time funding to the Office of **Farm to Fork's Farm to School Program** (\$10 million)

- **Housing and Homelessness**
 - Grants to lower the costs of **housing development** (\$500 million)
 - **Project Home Key extended**, for converting hotels, vacant buildings etc. to permanent supportive housing (\$750 million)
 - **Extend the PHK model** to mental health and senior care facilities (\$1 billion)

- **Other initiatives of note for health**

- One-time funding for micro-grants of up to \$10,000 for underserved groups, including undocumented immigrants, to start **small businesses** (\$35 million)
- **Wildfire prevention and resilience** (\$1 billion)
 - Controlled burning, including Indigenous methods (over half-- \$512 million)
 - Wildfire crews
 - Thinning forests
- Climate Change
- Sustainable Agriculture
- Environmental Protection

- **Resources**

- Governor's Budget Summary (full pdf):
<http://www.ebudget.ca.gov/FullBudgetSummary.pdf>
 - Health and Human Services, starts on page 93
 - DHCS specific, starts on page 103
- DHCS's Summary:
https://www.dhcs.ca.gov/Documents/Budget_Highlights/DHCS-FY-2021-22-Governors-Budget-Highlights.pdf
- [LAO - 2021-22 Overview of the Governor's Budget](#)