

Center for Health Care Quality (CHCQ)

**Fiscal Year 2019-20
November Estimate**



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I. Center Overview

The California Department of Public Health (CDPH), Center for Health Care Quality (CHCQ), Licensing & Certification Program is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and health care quality for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to determine compliance with federal and state laws and regulations. CDPH/CHCQ licenses and certifies over 10,000 health care facilities and agencies in California in 30 different licensure and certification categories.

The U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) awards federal grant monies to CDPH/CHCQ to certify that facilities accepting Medicare and Medicaid (Medi-Cal) payments meet federal requirements. CHCQ evaluates health care facilities for compliance with state and federal laws and regulations, and contracts with the Los Angeles County Department of Public Health (LAC) to certify health care facilities located in Los Angeles County.

In addition, CHCQ oversees the certification of nurse assistants, home health aides, and hemodialysis technicians, and the licensing of nursing home administrators. These activities are funded by the State Department of Public Health Licensing and Certification Program Fund (Fund 3098), federal funds (Title XVIII and Title XIX Grants), reimbursements associated with interagency agreements with the Department of Health Care Services, and General Fund to support survey activities in state-owned facilities.

II. Center for Health Care Quality Budget Projections

Current Year 2018-19

The 2018 Budget Act appropriated \$281.1 million to CDPH/CHCQ. CDPH projects a revised 2018-19 expenditure authority of \$291.4 million, which is an increase of \$10.2 million or 3.6 percent compared to the 2018 Budget Act. This increase is due to provisional language in the 2018 Budget Act to implement the Certified Nursing Assistant (CNA) Training Kickstarter Project and various baseline adjustments.

Budget Year 2019-20

For 2019-20, CHCQ estimates expenditures will total \$311.4 million, which is an increase of \$30.3 million or 10.8 percent compared to the 2018 Budget Act. This increase includes a \$1.2 million augmentation for the CNA Training Kickstarter Project, as well as \$5.4 million for various baseline adjustments. CDPH proposes an additional \$911,000 to meet the increased demand for Information Technology (IT) support services and facilitate electronic survey processing, an additional \$17.2 million to provide resources for CDPH's performance based contract with LAC, and \$973,000 to establish a centralized program flexibility unit to improve consistency and efficiency of the program flexibility review process. Additionally, CDPH proposes \$3.4 million for resources to address mandated hospital licensing application timelines per Assembly Bill (AB) 2798, and \$1.2 million for resources to support the review and approval of

applications for online and distance learning nurse assistant training programs (NATP) as mandated per Assembly Bill (AB) 2850.

Table 1 below compares the 2018 Budget Act with the 2019-20 November Estimate for the current year 2018-19 and budget year 2019-20.

Table 1
Comparison of 2018 Budget Act with 2019-20 November Estimate

Funding Source (\$ in thousands)	2018 Budget Act	Current Year 2018-19			Budget Year 2019-20		
		2019-20 November Estimate	Change from 2018 Budget Act to 2019-20 November Estimate	Percent Change from 2018 Budget Act to 2019-20 November Estimate	2019-20 November Estimate	Change from 2018 Budget Act to 2019-20 November Estimate	Percent Change from 2018 Budget Act to 2019-20 November Estimate
State Operations Appropriations Summary:							
0001 - General Fund transfer to fund 3098	\$3,700	\$3,700	\$0	0.0%	\$3,700	\$0	0.0%
0890 - Federal Trust Fund	\$102,056	\$104,534	\$2,478	2.4%	\$99,349	-\$2,707	-2.7%
0942 - Special Deposit Fund							
Internal Departmental Quality Improvement Account	\$2,600	\$2,600	\$0	0.0%	\$2,600	\$0	0.0%
State Health Facilities Citation Penalty Account	\$2,144	\$2,144	\$0	0.0%	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$398	\$398	\$0	0.0%	\$398	\$0	0.0%
0995 - Reimbursements	\$10,436	\$12,265	\$1,829	17.5%	\$12,187	\$1,751	16.8%
3098 - Licensing and Certification Program Fund	\$162,883	\$167,599	\$4,716	2.9%	\$192,905	\$30,022	18.4%
<i>Less Transfer from General Fund 0001</i>	-\$3,700	-\$3,700	\$0	0.0%	-\$3,700	\$0	0.0%
3151 - Internal Health Information Integrity Quality Improvement Account	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
Total State Operations Appropriations	\$280,517	\$289,540	\$9,023	3.2%	\$309,583	\$29,066	10.4%
Local Assistance Appropriations Summary:							
0942 - Special Deposit Fund							
Federal Health Facilities Citation Penalty Account	\$575	\$1,768	\$1,193	207.5%	\$1,803	\$1,228	213.6%
3098 - Licensing and Certification Program Fund	\$43	\$43	\$0	0.0%	\$43	\$0	0.0%
Total Local State Appropriations	\$618	\$1,811	\$1,193	193.0%	\$1,846	\$1,228	198.7%
Total Appropriations	\$281,135	\$291,351	\$10,216	3.6%	\$311,429	\$30,294	10.8%
Field Positions - Health Facility Evaluator Nurse	599.2	599.2	0.0	0.0	613.2	14.0	2.3%
Field Positions - Other	439.1	439.1	0.0	0.0	443.1	4.0	0.9%
Headquarters Positions *	266.0	266.0	0.0	0.0	290.0	24.0	9.0%
Center Positions	1304.3	1304.3	0.0	0.0	1346.3	42.0	3.2%

*Headquarter positions include Information Technology Services Division positions that support CHCQ directly

CHCQ's workload analysis indicates an increase of 56.5 health facilities evaluator nurse positions and 30.2 support and supervisor positions (86.7 positions in total), compared with current staffing levels is required to complete 100 percent of the mandated workload. The estimated 56.5 health facilities evaluator nurses reflect a change of 9.3 percent compared with current staffing levels. CHCQ attributes the need for approximately 56.5 health facilities evaluator nurse positions to an overall increase in the number of new and pending complaints and entity/facility-reported incidents, performing a portion of the open complaint work in Los Angeles County, and an increase in the number of health care facilities (primarily home health agencies). As of November 2018, the vacancy rate is 4.8 percent for health facilities evaluator nurses. CHCQ is working with recruitment consultants to continue efforts to recruit and fill these positions. Since July 2017, CHCQ decreased the vacancy rate by 11 percent. Prior to requesting additional positions CHCQ will evaluate the effect that being fully staffed has on its ability to complete the mandated workload, therefore, CHCQ does not request additional positions at this time.

CDPH is in the process of negotiating with LAC a new three-year contract which moves toward a pay-for-performance model. The contract costs assume LAC will need a total of 491 positions comprising 317 health facilities evaluator nurse positions and 174 support and supervisor positions. This is an increase of 172 health facility evaluator nurse positions or 118 percent to enable LAC to accomplish 100 percent of the mandated workload in Los Angeles County. CDPH and LAC propose to phase-in these

positions over the course of three years, hiring approximately 14 new health facility evaluator positions per quarter. The total proposed amount of the contract is \$65.5 million in 2019-20, \$86.5 million in 2020-21, and \$105.6 million in 2021-22.

Complaint Completion Timelines

Amendments to Health and Safety Code sections 1420 (3),(4), and (5) of subdivision (a) mandate CDPH to complete investigations of complaints within specified timeframes. CDPH must complete all long-term health care facility complaints involving a threat of imminent danger of death or serious bodily harm received on or after July 1, 2016, within 90 days of receipt of the complaint. CDPH must complete all long-term health care facility complaints received between July 1, 2017, and June 30, 2018, within 90 days of receipt of the complaint. CDPH must complete all long-term health care facility complaints received on or after July 1, 2018, within 60 days of receipt of the complaint.

In 2016-17, CDPH completed approximately 92 percent of long-term health care facility complaints involving a threat of imminent danger of death or serious bodily injury within 90 days. In 2017-18, CDPH completed approximately 82 percent of all long-term health care facility complaints within 90 days of receipt.¹

With existing staff, CHCQ will make every effort to complete all long-term health care facility complaints within the 60 day mandated timeframe. However, regardless of staffing levels, there may be unanticipated delays to complaint completion timeframes due to criminal investigation holds, obtaining death certificates, witness interview scheduling, and other extenuating circumstances.

Medical Breach Enforcement Section

In December 2015, using existing position authority, CHCQ initiated a pilot program to use Associate Governmental Program Analysts and Special Investigators spread across six regions of the state to investigate medical information breaches. In addition to the three existing positions, CHCQ reclassified ten Health Facility Evaluator Nurses, two associated supervisors, and two support positions to create a Medical Breach Enforcement Section (MBES). As of Summer 2018, the MBES filled all 17 approved pilot positions. The staff are stationed in the following regions: 1. Chico, Sacramento, and Santa Rosa; 2. East Bay, San Francisco, and San Jose; 3. Bakersfield and Fresno, 4. Riverside and San Bernardino; 5. Orange, San Diego North, and San Diego South; and 6. Ventura and Los Angeles. The MBES assumed responsibility for all medical breach investigations from 2009 to the present for the San Diego, East Bay, Chico, Riverside, San Bernardino, Bakersfield and Orange County District Offices, and the State Facilities Section.

Previously, Health Facility Evaluator Nurses were the primary investigators of reported medical information breaches. Because medical breach investigations do not require the clinical knowledge of a registered nurse, transferring these investigations to Associate Governmental Program Analysts and Special Investigators enables Health

¹ The 2016-17 complaint counts only include Immediate Jeopardy (IJ) complaints, whereas the 2017-18 complaint counts includes all complaints (IJ, non-IJ, and other).

Facility Evaluator Nurses to focus on surveys, and complaint and entity/facility-reported incident investigations requiring clinical expertise.

Additionally since implementing this pilot project, CHCQ has increased the number of breach investigations completed annually by approximately 35 percent. Prior to the establishing of the MBES, between 2010 and 2016 CHCQ completed an average of 3,273 medical breach investigations annually. In 2017 and 2018 this pilot program completed an average of 4,428 medical breach investigations each year.

Since the pilot has demonstrated its ability to significantly increase the number of medical breach investigations completed and thereby reduce the workload burden on Health Facility Evaluator Nurses, CDPH will continue to transition additional medical information breach workload, for the remaining district offices to the MBES in a phased approach by Spring 2020. CDPH will use existing position authority to implement this transition and will continue to report on the section's progress in future Estimates.

Los Angeles County Monitoring and Performance

CDPH negotiated a three-year contract, plus a one-year extension, for inclusion in the 2018 Budget Act, effective July 1, 2015, through June 30, 2019. CDPH also developed an operating plan, organizational structure, processes, and metrics for measuring and monitoring LAC's performance.

While this existing contract was a marked improvement compared with prior contract arrangements, it did not fund LAC to perform 100 percent of the workload, nor did it contain accountability measures to ensure LAC performed quality surveys and investigations. LAC and CDPH are still negotiating the details of the proposed contract's performance metrics and related incentives and penalties, but as of the 2019-20 Governor's Budget, both parties have reached substantial agreement that the contract will include financial penalties in the event that LAC does not achieve defined quantity targets. The contract will also contain quality and customer service metrics.

The increased funding will also allow LAC to hire the staff necessary to move towards completing 100 percent of the workload and complete mandated workload timely. Completion of workload will occur over time as LAC hires, on-boards, and trains new staff.

CDPH will continue and/or enhance many of the oversight actions that it implemented in the current contract period. These actions include but are not limited to:

- Expanding the Los Angeles County Monitoring Unit to provide oversight and monitoring of LAC's performance. This unit will conduct on-site review, observation, data analysis, and audits. CDPH will use the audits and analysis this unit conducts to measure LAC's performance in the new performance-based contract.

- Performing concurrent on site quality reviews of surveys with LAC staff using a state observation survey analysis process and providing targeted training to address identified issues.
- Performing audits of the quality, prioritization, and principles of documentation.
- Providing written feedback to LAC's management regarding identified concerns and requiring corrective action plans when appropriate.

Los Angeles County Supplemental License Fee

Assembly Bill (AB) 1810 (Chapter 34, Statutes of 2018) adopted an amendment to Health and Safety Code section 1266(g): Commencing in the 2018-19 fiscal year, the Department may assess a supplemental license fee on facilities located in the County of Los Angeles for all facility types set forth in this section. This supplemental license fee shall be in addition to the license fees set forth in subdivision (d). The Department shall calculate the supplemental license fee based upon the difference between the estimated costs of regulating facility types licensed in the County of Los Angeles, including, but not limited to, the costs associated with the Department's contract for licensing and certification activities with the County of Los Angeles and the costs of the Department conducting the licensing and certification activities for facilities located in the County of Los Angeles. The supplemental license fees shall be used to cover the costs to administer and enforce state licensure standards and other federal compliance activities for facilities located in the County of Los Angeles, as described in the annual report. The supplemental license fee shall be based upon the fee methodology published in the annual report described in subdivision (d).

Internal Departmental Quality Improvement Account (IDQIA) Project Update

In 2015-16, CDPH received expenditure authority of \$2.3 million from IDQIA and used approximately \$2.2 million of these funds to purchase hardware and software to develop internal and external performance dashboards, automate key business practices, and streamline data collection from regulated entities. Further, CDPH executed contracts to improve CHCQ's hiring, onboarding, and retention practices. CDPH also used the funds to contract with a project manager/change consultant.

In 2016-17, CDPH received expenditure authority of \$2.3 million from IDQIA and used approximately \$1.9 million of these funds to enhance the Centralized Applications Branch's IT systems, replace the Health Facilities Consumer Information System with Cal Health Find, and complete contracted services for project and change management, recruitment, and onboarding and retention.

In 2017-18, CDPH received expenditure authority of \$2 million a year for three years from IDQIA and used these funds for contracted services for leadership training programs, facilitation of stakeholder forums, project and change management, recruitment, and onboarding and retention. Further, CDPH executed several multi-year purchase orders for IT service contracts, such as Adobe Experience Manager maintenance and enhancements, and data architecture consulting services. Additionally, CDPH will complete the replacement and redesign of the Health Facilities Consumer Information System. CDPH will continue to use these funds to contract for

innovative recruitment and retention services and technological enhancements in the coming years.

In 2018-19, CDPH received on-going expenditure authority of \$294,000 from IDQIA to support 2 positions to improve core operations and effectiveness, foster quality improvement projects, and address workforce needs. CHCQ is actively recruiting to fill the positions.

Federal Civil Monetary Penalties Account Projects

Volunteer Engagement in Skilled Nursing Facilities

On July 1, 2018, CDPH began a 30-month project with the California Association of Health Facilities (CAHF). The total cost of this project is estimated to be \$703,000 (\$253,000 in 2018-19, \$267,000 in 2019-20, and \$183,000 in 2020-21), and will be funded from the existing Federal Health Facilities Citation Penalties Account budget authority. This project, and others funded from the Federal Health Facilities Citation Penalties Account, are approved at the discretion of CMS. CDPH will provide contract management and oversight on behalf of CMS.

The objective of the project is to promote person-centered care in California's Skilled Nursing Facilities (SNFs) using volunteers. To accomplish this goal the project will: develop the framework for a successful and robust volunteer program in twenty SNFs; identify "positive person-centered practices" supported by volunteers in a minimum of five participating SNFs; and, publish these practices in an "Idea Guide" as a resource to all SNFs. This Idea Guide will be publically available without charge on the CAHF website. In addition, the project will create a professional "how to" video and a comprehensive state-specific handbook for SNFs wanting to implement and sustain a successful volunteer program.

Certified Nursing Assistant (CNA) Training Kickstarter Project

On July 1, 2018, CDPH began a two-year project with the Quality Care Health Foundation (QCHF) to implement a CNA Training Kickstarter Project. The total cost of this project is estimated to be \$2.4 million (\$1.2 million in 2018-19 and \$1.2 million in 2019-20). Provisional language in the 2018 Budget Act authorized the Department of Finance to augment the Federal Health Facilities Citation Penalties Account to implement the CNA Training Kickstarter Project. CDPH will provide contract management and oversight on behalf of CMS. The Department of Finance recently approved CDPH's request to augment these funds by \$1.2 million in 2018-19 and 2019-20.

QCHF's CNA Training Kickstarter Project shall collaborate with and assist interested SNFs in developing CDPH-approved facility-based training programs to continue training additional CNAs in the future. This project will support the sustainability of the state's CNA workforce.

III. Resource Estimate Methodology/Key Drivers of Cost

The CHCQ Estimate projects the workload associated with all programmatic functions and the corresponding number of positions needed to perform these functions.

CHCQ determines workload based on the following cost drivers:

- **Facility Count** – The number of health care facilities to survey or investigate.
- **Activity Count** – The number of pending and projected activities for CHCQ staff to perform. CHCQ projects the number of new and renewal licensing and certification surveys and complaint investigations CHCQ will conduct in 2019-20. Some activities must occur on a specified frequency. The Estimate includes the workload associated with the number of pending complaints and entity/facility-reported incidents the program anticipates will remain from prior years that it will complete in the budget year.
- **Standard Average Hours** – The number of hours needed to complete an activity. CHCQ calculates this number for each activity by facility type based on the actual average time spent on the activity by facility type in the past three years.

To estimate the workload for each activity by facility type, CHCQ uses the following formulae:

- Complaint and other variable workload hours = Standard average hours x projected activity count.
- Survey workload hours = Standard average hours x facility count x required frequency.

CHCQ then calculates the amount of additional time associated with non-survey functions (e.g., federal and state training, meetings, etc.) to calculate the overall time required by Health Facilities Evaluator Nurses and health consultants. Finally, CHCQ uses the total number of Health Facilities Evaluator Nurses to calculate the number of supervisors and administrative positions needed to support these nurses.

IV. Assumptions

Future Fiscal Issues

CHCQ has no future fiscal issues.

New Assumptions/Premises

Budget Change Proposal – Licensing and Certification: Increased Information Technology Customer Support

Background: CMS implemented the Long Term Care Survey Process (LTCSP) in November 2017 for skilled nursing facilities. The LTCSP is a resident-centered, outcome-oriented inspection that supports the accurate identification of quality of care and quality of life problems. The LTCSP required Public Health to use a single, software-based nationwide survey process rather than the paper reporting process that existed before. The new technology requires surveyors to complete in-depth on-site surveys and share in the field. CMS expects to add one to two facility types per year over the next several years to this new process. In addition, CMS will begin rolling out a replacement system for Automated Survey Processing System (ASPEN) called the Internet Quality Improvement and Evaluation System (iQIES) by facility type beginning in spring 2019.

Description of Change: CDPH/CHCQ requests 6 Information Technology Specialist I positions and expenditure authority to meet the increased demand for IT support services and facilitate electronic survey processing within the Information Technology Service Desk, Applications Development and Support Branch, and Data Center Operations and Services Branch.

Discretionary: Yes

Reason for Adjustment/Change: Transitioning CDPH staff to the new LTCSP process is the responsibility of the state. The Information Technology Services Division has experienced increased IT support tickets and slower response times for IT support tickets. Backlogged tickets increase by 118 percent between 2013-14 and 2017-18. The lack of essential services has put a burden on the program and caused multiple delays in completing workload and providing services. Also, the current Public Health IT technician to surveyor ratio is 1:212. For the same ASPEN system, Texas has a 1:73 ratio and Florida has a 1:42 ratio. CDPH receives federal funding from CMS and further delays in support could jeopardize CDPH's ability to meet the requirements established by the federal grant.

Fiscal Impact (Range) and Fund Source(s): \$911,000 from the State Department of Public Health Licensing and Certification Program Fund (Fund 3098) in 2019-20 and ongoing.

Budget Change Proposal – Licensing and Certification: Los Angeles County Contract

Background: For over 30 years, CDPH has contracted with LAC to perform a portion of workload for approximately 2,900 health care facilities in the Los Angeles County area. The total workload for Los Angeles County includes: 1) federal certification, 2) state licensing, and 3) investigation of complaints and entity/facility-reported incidents. The 2015 Budget Act authorized an additional \$14.8 million in expenditure authority to fund LAC to conduct federal workload Tier 1 (long term care recertification surveys/home health agency and hospice surveys/deemed facility validation surveys) and Tier 2 (non-long term care facility targeted and recertification surveys), investigation of long term care complaints and entity/facility-reported incidents, and some initial licensing surveys. In July 2015, CDPH and LAC renewed the contract for a three-year term, for an annual budget of \$41.8 million to fund 224 positions. To fund increases in personnel costs, indirect cost rates, and lease costs, CDPH augmented the contract by \$2.1 million in 2016-17, \$1.1 million in 2017-18, and \$3.4 million in 2018-19, as well as extended the contract one year (ending June 30, 2019).

The current contract with LAC does not require LAC to complete 100 percent of the Tier 3 and Tier 4 federal workload, state licensure activities, or investigate all complaints and entity/facility-reported incidents in Los Angeles County. CDPH/CHCQ acknowledged in 2015 that the requested expenditure authority would only fund a portion of the total workload in Los Angeles County, and that future requests for additional resources may be necessary to complete all mandated workload. Currently, CDPH/CHCQ uses state staff to address only the highest priority activities of this unfunded workload in Los Angeles County.

CDPH and LAC are still negotiating the details of the proposed contract's performance metrics and related incentives and penalties, but as of the Governor's Budget, both parties have reached substantial agreement that the contract will include financial penalties in the event that LAC does not achieve defined quantity targets. The contract will also contain quality and customer service metrics. For further details, please refer to the Licensing and Certification: Los Angeles County Contract budget proposal.

Description of Change: This proposal will provide funds for an additional 172 Health Facilities Evaluator Nurse positions and 93 support and supervisor positions (265 total positions) to be phased-in over three years to ultimately address 100 percent of the licensing and certification survey and complaint workload in Los Angeles County. The proposal moves toward a pay-for-performance contract model and provides funding for a 5 percent annual augmentation to account for potential increases in employee benefit rates, indirect costs, and personnel costs. CDPH and LAC will finalize the newly negotiated contract, effective July 1, 2019.

Discretionary: No

Reason for Adjustment/ Change: The increased funding will allow LAC to hire the staff needed to complete 100 percent of the workload in Los Angeles County once all staff

are hired and trained. Facilities in Los Angeles County will receive services commensurate to facilities not located in Los Angeles County. If LAC does not achieve defined quantity metrics, the contract will include financial penalties. CDPH will only reimburse LAC for actual expenditures for verified contract costs.

Fiscal Impact (Range) and Fund Source(s): Approximately \$17.2 million in 2019-20, \$38.2 million in 2020-21, and \$57.3 million in 2021-22 from Fund 3098.

Budget Change Proposal – Licensing and Certification: Creation of a Centralized Program Flex Unit

Background: Health and Safety Code section 1276 provides CDPH the authority to grant facilities flexibility from regulatory requirements by using alternate concepts, methods, procedures, techniques, equipment, personnel qualifications, bulk purchasing of pharmaceuticals, or conducting pilot projects as long as the facility meets statutory requirements and has prior written approval of the department. The approval provides the terms and conditions under which CDPH grants the exception. Written requests from applicants or licensees must include justification for the program flexibility request and adequate supporting documentation that the proposed alternative does not compromise patient care. After CDPH receives a complete application requesting program flexibility, the department has 60 days to approve, approve with conditions or modifications, or deny the application.

Currently, each of CHCQ's thirteen district offices and five Los Angeles County offices review program flexibility requests submitted by facilities and agencies in their designated area of oversight. Between 2013-14 and 2017-18, CHCQ processed over 1,600 program flexibility requests. Health and Safety Code section 1276 requires the department to complete a review of a program flexibility request within 60 days; however, departmental data indicates that CHCQ is not meeting this requirement consistently. CHCQ projects the volume of requests will increase in the coming years, resulting in further impact to the existing workload of the district offices. While CHCQ reviews each request on a case-by-case basis, the reviews require program-wide consistency in applying regulations and standards of care. Because each district office handles the cases within their jurisdiction, inconsistency in the program flexibility review and approval process exists. CHCQ believes centralizing the review process for program flexibility requests will remedy the issue.

Description of Change: CDPH requests 6 positions and expenditure authority to establish a centralized program flexibility unit to improve consistency and efficiency of the program flexibility review process.

Discretionary: Yes

Reason for Adjustment/Change: The transition to a centralized program flexibility model with clinical and administrative headquarters staff reviewing and responding to requests will promote program wide efficiency and consistency. Building a centralized team will promote development of subject matter expertise of those staff responsible for

reviewing and responding to the requests and promote consistency in the evaluation of the requests. A centralized team will also allow for effective identification of trends, reliable data documentation and report monitoring. Examining this data by a centralized team will support informed decisions on need for future policy and/or regulatory changes.

This solution will allow dedicated resources to effectively and efficiently apply the regulatory requirements when considering requests and additionally will support the department's intent of meeting the 60-day mandate for review and provide greater consistency for providers seeking flexibility across multiple district office jurisdiction.

Fiscal Impact (Range) and Fund Source(s): \$973,000 in 2019-20 and ongoing from Fund 3098.

Legislative Budget Change Proposal – Timelines for Hospital Licensing Applications (AB 2798)

Background: The Centralized Application Branch (CAB) processes health care facility applications for CHCQ. CAB processes all of CDPH's applications for initial facility license, changes to existing licenses, and licensure renewals. CDPH centralized the processing of health care facility applications for state licensure and federal certification to standardize the licensure application process and to create consistent application processing times.

Pursuant to Assembly Bill (AB) 2798 (Chapter 922, Statutes of 2018), effective January 1, 2019, CDPH must review, and approve or deny all written applications submitted by General Acute Care Hospitals (GACH) or Acute Psychiatric Hospitals (APH) within 100 days of receipt. CDPH district offices must complete all of their related tasks and report their findings to the CAB within 30 days of approval. Additionally, CDPH must review and approve applications to expand existing services from GACHs and APHs within 30 days of receiving a completed application, unless the hospital is out of compliance with existing laws governing that service. If CDPH's review is not completed within 30 days, the application for the expanded service is automatically approved. CDPH may authorize facilities to offer these expanded services for up to 18 months, or longer.

CDPH is requesting trailer bill language to allow Fund 3098 to support this mandated workload.

Description of Change: CDPH requests 7 Associate Governmental Program Analysts, 14 Health Facility Evaluator Nurses, and 2 contract nurse positions in LAC. These funds are necessary to meet the mandated workload related to the hospital licensing application processing timelines established by AB 2798.

Discretionary: No

Reason for Adjustment/Change: CHCQ anticipates increased pressure to process hospital applications due to the process timelines included in AB 2798. Since all review

and approval-related work must be complete within 100 days, CHCQ needs additional staff at both headquarters and at the district offices to perform the work within the allotted time period.

Fiscal Impact (Range) and Fund Source(s): \$3.4 million from Fund 3098 in 2019-20 and ongoing. AB 2798 requires that, upon appropriation, resources necessary to implement AB 2798 be made available from the IDQIA, however, the proposed trailer bill would eliminate this requirement.

Legislative Budget Change Proposal – Online and Distance-Learning Nurse Assistant Training Programs (AB 2850)

Background: CNAs provide basic patient care services directed at the safety, comfort, personal hygiene, and protection of patients under the supervision of a registered nurse or licensed vocational nurse. CNAs cannot provide any services that require professional licensure and cannot perform tasks that require substantial scientific knowledge and technical skills, such as administering medications. Prior to the adoption of AB 2850 (Chapter 769, Statutes of 2018), individuals were unable to complete their initial coursework online or in a distance-learning center. Trainees only had the option of receiving their training and education through SNFs or Immediate Care Facilities (ICFs), or through local agencies or education programs such as a community college, or a regional occupational center in person.

The CHCQ Professional Certification Branch (PCB), amongst its various other tasks, enforces laws and regulations related to CNAs, and reviews and approves a NATP's proposed curriculum prior to its operation to ensure that all required curriculum is included and complies with all relevant laws and regulations. PCB enforcement includes monitoring classes, assessing enrollment, and examination pass rates. CHCQ requires facilities to maintain a 60 percent pass rate to maintain their approval. PCB also oversees the approval of the CNA training programs, continuing education requirements, and the criminal record clearance of these health care paraprofessionals.

AB 2850 authorizes SNFs, ICFs, educational institutions, and local agencies to offer the required 60 classroom hours of CNA precertification training through online or distance learning classes. This law establishes minimum standards for operating online and distance learning NATP, and requires online and distance learning NATPs to offer CDPH-approved curriculum.

Additionally, AB 2850 authorizes any licensed vocational nurse or registered nurse with experience in providing care and services to chronically ill or elderly patients in an acute care hospital, SNF, ICF, home care, hospice care, or other long-term care setting to be eligible for approval as a NATP instructor at a SNF, ICF, educational institution, or local agency. Expanding the pool of potential qualified instructors will assist facilities, educational institutions, and local agencies to offer additional classes, thereby increasing the ability to train CNAs and address workforce shortages.

Description of Change: CDPH requests 9 new positions and expenditure authority. These funds are necessary to meet the mandated workload required by AB 2850 to provide the required levels of oversight of online and distance learning NATPs in SNFs, ICFs, educational institutions, and local agencies.

Discretionary: No

Reason for Adjustment/Change: CHCQ must review applications from prospective providers and instructors, review proposed curriculum, and monitor providers of online and distance-learning NATPs for compliance with all laws and regulations. CHCQ anticipates significant increases in workload resulting from new online and distance-learning NATPs and new instructor applicants and requires 9 new positions to meet this mandated workload.

Fiscal Impact (Range) and Fund Source(s): \$1.2 million from Fund 3098 in 2019-20 and ongoing.

Existing (Significantly Changed) Assumptions/Premises

CHCQ has no existing (significantly changed) assumptions/premises.

Unchanged Assumptions/Premises

CHCQ has no unchanged assumptions/premises.

Discontinued Assumptions/Premises

CHCQ has no discontinued assumptions/premises.

V. Appendix A**Fiscal Summary**Comparison of 2018-19 Budget Act with 2019-20 November Estimate
(\$ in thousands)

	2018 Budget Act	2019-20 November Estimate	Request
I. BUDGET ITEMS:			
A. Headquarters			
1. Headquarters	50,274	50,274	
2. BCP Centralized Program Flex Unit		973	973
3. BCP ITSD		911	911
4. CNA Kickstarter		1,228	1,228
5. LEG BCP AB 2850		1,243	1,243
6. LEG BCP AB 2798		417	417
Headquarters Sub-total	\$ 50,274	\$ 55,046	\$ 4,772
B. Field Operations			
1. Licensing & Certification (L&C)	160,124	160,124	
a. LEG BCP AB 2798 support staff		556	556
b. LEG BCP AB 2798 HFENs		2,069	2,069
2. Los Angeles County (LAC)	48,317	48,317	
a. Los Angeles County (LAC) Contract		17,158	17,158
b. LEG BCP AB 2798 HFENs		345	345
3. State Facilities Unit (SFU)	5,670	5,670	
Field Operations Sub-total	\$ 214,111	\$ 234,238	\$ 20,127
C. Partial Year Adjustment	8,046	13,441	5,395
D. State Wide Cost Allocation Plan	8,704	8,704	
E. Grand Total	\$ 281,135	\$ 311,429	\$ 30,294
I. FUND SOURCES			
State Operations			
A. General Fund (0001) Transfer to State Department of Public Health Licensing and Certification Program Fund 3098	3,700	3,700	
B. Federal Trust Fund (0890)	102,056	99,349	(2,707)
C. Special Deposit Fund (0942)			
1. Internal Departmental Quality Improvement Account (IDQIA)	2,600	2,600	
2. State Citation Penalty Account	2,144	2,144	
3. Federal Citation Penalty Account	398	398	
D. Reimbursement (0995)	10,436	12,187	1,751
E. Internal Information Integrity Quality Improvement Account (3151)			
F. State Department of Public Health Licensing and Certification Program Fund 3098	162,883	192,905	30,022
Less transfer from the General Fund (0001)	(3,700)	(3,700)	
Local Assistance			
G. Special Deposit Fund (0942)			
1. Federal Citation Penalty Account	575	1,803	1,228
H. State Department of Public Health Licensing and Certification Program Fund	43	43	
I. Grand Total	\$ 281,135	\$ 311,429	\$ 30,294
III. TOTAL CENTER POSITIONS			
A. Headquarters	266.0	290.0	24.0
B. Field Operations - Licensing & Certification	1,000.3	1,018.3	18.0
C. Field Operations - State Facilities Section	38.0	38.0	
D. Grand Total	1,304.3	1,346.3	42.0
GRAND TOTAL POSITIONS	1,304.3	1,346.3	42.0

VI. Appendix B**Positions Summary**

Comparison of 2018-19 Budget Act with 2019-20 November Estimate

	2018-19 Budget Act	2019-20 November Estimate Workload Analysis	Adjustments to workload analysis*	2019-20 Budget Change Proposals	Total 2019-20 November Estimate	Request
TOTAL CENTER POSITIONS	1,304.3	1,391.0	(86.7)	42.0	1,346.3	42.0
Headquarters						
Resource & Operations Management Branch (ROMB)	34.0	34.0			34.0	
Policy & Enforcement Branch (PEB)	27.0	27.0		6.0	33.0	6.0
Staffing Audit and Research (STAAR) Branch	51.0	51.0			51.0	
Professional Certification Branch	115.0	115.0		8.0	123.0	8.0
Deputy Director's Office	4.0	4.0			4.0	
Healthcare Associated Infections (HAI) Program	18.0	18.0			18.0	
Division Office	12.0	12.0		10.0	22.0	10.0
Project Management Oversight, Planning, & Evaluation	2.0	2.0			2.0	
3.5 and 2.4 Staffing Waiver Review	3.0	3.0			3.0	
Headquarters Total**	266.0	266.0		24.0	290.0	24.0
Field Operations						
Administrative Staff	130.2	130.2			130.2	
Health Facility Evaluator Nurse	575.2	638.6	(63.4)	14.0	589.2	14.0
Consultants	50.0	68.7	(18.7)		50.0	
Health Facility Evaluator II Supervisors	104.3	106.4	(2.1)		104.3	
Support Staff	114.8	124.2	(9.4)	4.0	118.8	4.0
Life Safety Code – Surveyors	15.8	15.8			15.8	
Life Safety Code - Health Facility Evaluator II Supervisors	5.0	5.0			5.0	
Life Safety Code - Support Staff	5.0	5.0			5.0	
Field Operations Total	1000.3	1,093.9	(93.6)	18.0	1,018.3	18.0
State Facilities Section						
Administrative Staff	6.0	6.0			6.0	
Health Facility Evaluator Nurse	24.0	17.1	6.9		24.0	
Consultants	0.0	1.8	(1.8)		0.0	
Health Facility Evaluator II Supervisors	3.0	2.9	0.1		3.0	
Support Staff	5.0	3.3	1.7		5.0	
State Facilities Section Total	38.0	31.1	6.9		38.0	
Total Field Operations Health Facility Evaluator Nurses***	599.2	655.7	(56.5)	14.0	613.2	14.0

* Reflects adjustments to not request an increase in position authority

** Headquarter positions include Information Technology Services Division positions that support CHCQ directly

*** Reflects Health Facility Evaluators Nurses within Field Operations and State Facilities Section

VII. Appendix C

Detailed Assumptions

1. Methodology:

To estimate the workload for each facility type, CHCQ uses the following general formulae:

- Complaint workload = Standard average hours x activity count (projected complaints).
- Survey workload = Standard average hours x facility count x required frequency (if applicable).

CHCQ then estimates the positions needed to accomplish the workload. Specifically, the formulae for estimating positions are:

Health Facilities Evaluator Nurse positions (for complaints, entity/facility-reported incidents, and other non-periodic workload):

- Health Facilities Evaluator Nurse = ([standard average hour x activity count]/non-survey factor)/1,800 hours.

Health Facilities Evaluator Nurse positions (for surveys):

- Health Facilities Evaluator Nurse = ([standard average hour x facility count x mandated frequency rate]/non-survey factor)/1,800 hours.

Supervisor and support staff positions:

- Supervisors = 1 supervisor to 6 Health Facilities Evaluator Nurses.
- Support staff for state workload = 1 support staff to 6 Health Facilities Evaluator Nurses and supervisors.
- Support staff for federal workload = 1 support staff to 5 Health Facilities Evaluator Nurses and supervisors.

2. Health Care Facility Counts:

A health care facility means any facility or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, to which the persons are admitted for a 24-hour stay or longer.

- CHCQ counts health care facilities by facility type (e.g., SNFs, general acute care hospital, home health agency, etc.), and facilities opened as of a point-in-time of the current fiscal year as reported by the CMS' ASPEN for certified facilities, and facilities open as of July 2018 as reported in the Electronic Licensing Management System.
- CHCQ counts only active and open main facilities and skilled nursing distinct part facilities for purposes of this Estimate.
- For some facility types, there may be a difference in the number of licensed facilities versus the number of certified facilities. This is because some facilities are licensed only or certified only. Additionally, there may be minor

discrepancies due to the use of different data sources required by the CMS, and/or the timing of data reconciliation activities.

CHCQ updated facility counts as of July 2018.

3. **Health Care Facility List:**

- Adult Day Health Centers
- Alternative Birthing Centers
- Acute Psychiatric Hospitals
- Chronic Dialysis Clinics
- Chemical Dependency Recovery Hospitals
- Congregate Living Health Facilities
- Community Clinic/Free Clinic/Community Mental Health Center
- Correctional Treatment Centers
- General Acute Care Hospitals
- Home Health Agencies
- Hospice
- Hospice Facilities
- Intermediate Care Facilities
- Intermediate Care Facilities—Developmentally Disabled (DD):
DD—Habilitative; DD—Nursing
- Pediatric Day Health/Respite Care
- Psychology Clinics
- Referral Agencies
- Rehabilitation Clinics
- Skilled Nursing Facilities
- Surgical Clinics

4. **Survey Activities:**

CHCQ bases licensing survey activities on state mandated requirements. Surveyors perform the following state licensing activities:

- Re-licensure
- Re-licensure – Follow-up
- Initial Licensure
 - Including outstanding pending initial licensure applications.
- Initial Licensure – Follow-up
- Complaint Investigations Entity/Facility-Reported Incident Investigations – State
- Field Visits
- Review Medical Error Plan

CHCQ bases certification survey activities on the federal Centers for Medicare and Medicaid Services' tiered activity requirements. Surveyors perform the following federal certification activities:

- Re-certification
- Re-certification – Follow-up
- Initial Certification
- Initial Certification – Follow-up
- Life Safety Code
- Life Safety Code – Follow-up
- Complaint and Entity/Facility-Reported Investigations – Federal
- Complaint Validation
- Validation
- Validation – Follow-up
- Informal Dispute Resolution
- Federal Hearings
- Pre-Referral Hearings
- Monitoring Visits

5. Time Entry and Activity Management:

The provisions of Health and Safety Code section 1266(e) require CDPH to capture and report workload data by category (survey activity and facility type). The Time Entry and Activity Management system captures data on the number of survey counts and the total hours spent for each survey activity to determine the standard average hours that it takes to accomplish specific workload.

6. Survey Workload:

Survey workload is either state mandated (licensing survey) or federally mandated by CMS (certification survey).

7. Standard Average Hours:

Standard average hours are the average hours each survey activity takes to complete. CHCQ used July 1, 2015, through June 30, 2018, closed complaints and exited survey data to calculate standard average hours for this Estimate.

8. Complaint and Entity/Facility-Reported Incident Counts:

CHCQ bases complaint and entity/facility-reported incident counts on the number of complaints and entity/facility-reported incidents received between July 1, 2015, and June 30, 2018, as reported in the ASPEN database.

9. Open Complaints and Entity/Facility-Reported Incidents:

CHCQ bases the open complaints and entity/facility-reported incidents count on all open complaints and entity/facility-reported incidents as of June 30, 2018.

10. Received Complaints and Entity/Facility-Reported Incidents:

CHCQ bases the received complaints and entity/facility-reported incidents count by excluding intakes with no event/time association as of June 30, 2018.

11. Annualized Workload Hours:

CHCQ determines annualized workload by the corresponding state or federal mandated survey requirements, multiplied by the standard average hours, adjusted to include non-survey administration hours.

12. Surveyor Positions:

Surveyor positions consist of Health Facilities Evaluator Nurses, medical consultants, and life safety code analysts. CDPH uses 1,800 functional hours per position per year for state field operations staff. The LAC contract uses 1,744 functional hours per position per year for its equivalent staff.

13. Position Classification Costing:

CHCQ bases salaries for Headquarters and Field Operations administrative staff on the mid-step salary range and varying rates of travel, as reflected in the Standard Operating Expenses and Equipment costs. CHCQ operating expenses and equipment costs are based on standard costs for the department. The Health Facilities Evaluator Nurse classification includes high travel for all surveyors, and additional training costs of \$3,472.

14. Staffing Ratios:

State Ratios:

- CHCQ computes the allocation of the Health Facilities Evaluator II Supervisor positions using a (1:6) ratio: 1 Health Facilities Evaluator II Supervisor for every 6 Health Facilities Evaluator Nurses.
- CHCQ computes the allocation of the Program Technician II Positions using a (1:6) ratio: 1 Program Technician II for every 6 of the combined Health Facilities Evaluator Nurses and Health Facilities Evaluator II Supervisors.

Federal Ratios:

- CHCQ computes the allocation of the Health Facilities Evaluator II Supervisor positions using a (1:5) ratio: 1 Health Facilities Evaluator II Supervisor for every 5 Health Facilities Evaluator Nurses.
- CHCQ computes the allocation of the Program Technician II positions using a (1:5) ratio: 1 Program Technician II for every 5 Health Facilities Evaluator Nurses and Health Facilities Evaluator II Supervisors.

The LAC contract uses the same state and federal staffing ratios listed above.

15. CHCQ displays all surveyor workload and related administrative costs for the pending LAC Contract separately, and uses \$48.3 million as the current service level.

16. CHCQ updated federal grant workload to reflect the 2018 grant.

17. Fund Sources:

- General Fund (0001)
- Federal Trust Fund (0890):
 - Title XVIII Long Term Care
 - Title XVIII Non-Long Term Care
 - Title XVIII Hospice Care
 - Title XIX Long Term Care
 - Title XIX Non-Long Term Care
- Special Deposit Fund (0942)
 - Internal Departmental Quality Improvement Account
 - SNF Minimum Staffing Penalty Account
 - State Health Facilities Citation Penalties Account
 - Federal Health Facilities Citation Penalties Account
- Reimbursements (0995)
- State Department of Public Health Licensing & Certification Program Fund (3098)

18. Contract costs are included for executed contracts only.

Changes to Detailed Assumptions from the 2018 May Revision Estimate

- Item 2, updated facility counts as of June 30, 2018.
- Item 7, standard average hours derived from July 1, 2015, through June 30, 2018, closed complaints, and exited survey data.
- Item 8, updated complaint and entity/facility-reported incident counts for period July 1, 2015 through June 30, 2018.
- Item 9, updated open complaint and entity/facility-reported counts as of June 30, 2018.
- Item 10, added Received Complaints and Entity/Facility-Reported Incidents
- Item 12, updated consultant to surveyor position ratio and functional hours per position per year.
- Item 13, updated Operating Expenses and Equipment table.
- Item 15, updated the LAC contract current service level to \$48.3 million.

VIII. Appendix D

2018-19 Revenue and Transfer Summaries

FY 2018-19 (dollars in thousands)	FISCAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
State Department of Public Health Licensing and Certification Program Fund 3098							
Other Regulatory Licenses and Permits	4129400	\$150,435					\$150,435
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$9,350					\$9,350
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$348					\$348
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$3,454				\$3,454
Income from Surplus Money Investments	4163000		\$261				\$261
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$3,775				\$3,775
Income from Surplus Money Investments	4163000		\$265				\$265
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$3,916				\$3,916
Income from Surplus Money Investments	4163000		\$169				\$169
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$273				\$273
Federal Fund 0890							
Title 18 Long Term Care (LTC), Project No. 937775	4400000			\$37,573			\$37,573
Title 18 Non-long Term Care (NLTC), Project No. 310065	4400000			\$8,273			\$8,273
Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705	4400000			\$613			\$613
Title 19 Long Term Care (LTC) Project No. 937795	4400000			\$34,189			\$34,189
Title 19 Non-Long term Care (NLTC), Project No. 937805	4400000			\$6,654			\$6,654
Unscheduled	4400000			\$17,232			\$17,232
Reimbursements 0995							
Reimbursements 0995	4810000				\$10,436		\$10,436
Unscheduled	4810000				\$1,829		\$1,829
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$160,139	\$12,113	\$104,534	\$12,265	\$3,700	\$292,751

Descriptions:

General Fund – 0001. Government Code sections 16300-16315. The General Fund has existed since the beginning of the State as a political entity. It is the principal operating fund for the majority of governmental activities and consists of all money received in the Treasury that is not required by law to be credited to any other fund.

Reimbursements – 0995. This is a fund for budgetary purposes only. It is set up separately as a General Fund Special Account and is used in the schedule of appropriation for reimbursements. Reimbursement Fund 0995 is used in this purpose to capture the funding source.

General Fund for State Facilities Section – 0001. General Fund is the funding source to recoup fees for survey costs incurred in fee exempt state-owned facilities, including the state match cost of surveys performed in certified-only facilities. Funding is specifically appropriated from the General Fund in the annual Budget Act or other enacted legislation.

Federal Trust Fund – 0890. Chapter 1284, Statutes of 1978. Government Code sections 16360-16365.

Section 16361 of the Government Code appropriates the fund, "...without regard to fiscal year, for expenditure for the purposes for which the money deposited therein is made available by the United States for expenditure by the state."

Title XVIII - Social Security Act, 1864(a). Medicare health insurance for the aged and disabled.

Title XIX - Social Security Act, 1902(a)(33)(B). Medicaid low-income program that pays for the medical assistance for individuals and families of low income and limited resources.

Special Deposit Fund – 0942. Government Code sections 16370-16375, and 16377 provide that the fund is appropriated to fulfill the purposes for which payments into it are made. The fund was created by Statute in 1880 and codified by the Statutes of 1907 as Section 453a of the Political Code.

State Department of Public Health Licensing and Certification Program Fund – 3098. Chapter 483, Statutes of 2007 (SB 1039), Health and Safety Code section 1266.9. This fund is created in Chapter 528, Statutes of 2006. Original Administrative Organization Code 4260 was changed to 4265 when the Department of Health Services split into two departments effective July 2007 in accordance with Chapter 241, Statutes of 2007 (SB 162). This fund, originally titled the State Department of Health Services Licensing and Certification Program Fund, was retitled to the State Department of Public Health Licensing and Certification Program Fund in Chapter 483, Statutes of 2006 (SB 1039). Its purpose is to support the Licensing and Certification Program's operation.

Appendix D (Continued)

2019-20 Revenue and Transfer Summaries

FY 2019-20 (dollars in thousands)	FiSICAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
State Department of Public Health Licensing and Certification Program Fund 3098							
Other Regulatory Licenses and Permits	4129400	\$178,721					\$178,721
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$19,103					\$19,103
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$348					\$348
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$3,454				\$3,454
Income from Surplus Money Investments	4163000		\$261				\$261
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$3,775				\$3,775
Income from Surplus Money Investments	4163000		\$265				\$265
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$4,386				\$4,386
Income from Surplus Money Investments	4163000		\$169				\$169
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$313				\$313
Federal Fund 0890							
Title 18 Long Term Care (LTC), Project No. 937775	4400000			\$37,573			\$37,573
Title 18 Non-long Term Care (NLTC), Project No. 310065	4400000			\$8,273			\$8,273
Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705	4400000			\$613			\$613
Title 19 Long Term Care (LTC) Project No. 937795	4400000			\$34,189			\$34,189
Title 19 Non-Long term Care (NLTC), Project No. 937805	4400000			\$6,654			\$6,654
Unscheduled	4400000			\$12,047			\$12,047
Reimbursements 0995							
Reimbursements 0995	4810000				\$10,436		\$10,436
Unscheduled	4810000				\$1,751		\$1,751
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$198,178	\$12,623	\$99,349	\$12,187	\$3,700	\$326,037

Descriptions:

General Fund – 0001. Government Code sections 16300-16315. The General Fund has existed since the beginning of the State as a political entity. It is the principal operating fund for the majority of governmental activities and consists of all money received in the Treasury that is not required by law to be credited to any other fund.

Reimbursements – 0995. This is a fund for budgetary purposes only. It is set up separately as a General Fund Special Account and is used in the schedule of appropriation for reimbursements. Reimbursement Fund 0995 is used in this purpose to capture the funding source.

General Fund for State Facilities Section – 0001. General Fund is the funding source to recoup fees for survey costs incurred in fee exempt state-owned facilities, including the state match cost of surveys performed in certified-only facilities. Funding is specifically appropriated from the General Fund in the annual Budget Act or other enacted legislation.

Federal Trust Fund – 0890. Chapter 1284, Statutes of 1978. Government Code sections 16360-16365. Section 16361 of the Government Code appropriates the fund, "...without regard to fiscal year, for expenditure for the purposes for which the money deposited therein is made available by the United States for expenditure by the state."

Title XVIII - Social Security Act, 1864(a). Medicare health insurance for the aged and disabled.

Title XIX - Social Security Act, 1902(a)(33)(B). Medicaid low-income program that pays for the medical assistance for individuals and families of low income and limited resources.

Special Deposit Fund – 0942. Government Code sections 16370-16375, and 16377 provide that the fund is appropriated to fulfill the purposes for which payments into it are made. The fund was created by Statute in 1880 and codified by the Statutes of 1907 as Section 453a of the Political Code.

State Department of Public Health Licensing and Certification Program Fund – 3098. Chapter 483, Statutes of 2007 (SB 1039), Health and Safety Code section 1266.9. This fund is created in Chapter 528, Statutes of 2006. Original Administrative Organization Code 4260 was changed to 4265 when the Department of Health Services split into two departments effective July 2007 in accordance with Chapter 241, Statutes of 2007 (SB 162). This fund, originally titled the State Department of Health Services Licensing and Certification Program Fund, was retitled to the State Department of Public Health Licensing and Certification Program Fund in Chapter 483, Statutes of 2006 (SB 1039). Its purpose is to support the Licensing and Certification Program's operation.

IX. Appendix E

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

3098 State Department of Licensing and Certification Program Fund

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$30,293,000	\$26,221,000	\$11,790,000
Prior year adjustments	\$5,789,000	\$0	\$0
Adjusted Beginning Balance	\$36,082,000	\$26,221,000	\$11,790,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (125700)	\$143,205,000	\$159,785,000	\$197,824,000
4143500 - Miscellaneous Services to the Public (142500)	\$4,000	\$6,000	\$6,000
4163000 - Investment Income - Surplus Investments (150300)	\$441,000	\$348,000	\$348,000
Transfers and Other Adjustments:	\$0	\$0	\$0
Total Revenues, Transfers, and Other Adjustments	\$143,650,000	\$160,139,000	\$198,178,000
Total Resources	\$179,732,000	\$186,360,000	\$209,968,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging (Local Assistance)	\$400,000	\$400,000	\$400,000
4265 Department of Public Health (State Operations)	\$150,255,000	\$167,599,000	\$192,905,000
4265 Department of Public Health (Local Assistance)	\$0	\$43,000	\$43,000
8880 Financial Information System for CA (State Operations)	\$180,000	\$16,000	-\$27,000
9892 Supplemental Pension Payments (State Operations)	\$0	\$1,355,000	\$3,179,000
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$6,376,000	\$8,857,000	\$7,214,000
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures and Expenditure Adjustments	\$153,511,000	\$174,570,000	\$200,014,000
FUND BALANCE ^a	\$26,221,000	\$11,790,000	\$9,954,000

^a Per item 4265-001-3098, The Director of Finance may augment this item by an amount not to exceed \$1,300,000 from the State Department of Public Health Licensing and Certification Program Fund after review of a request submitted by the State Department of Public Health that demonstrates a need for additional resources for its contract with the County of Los Angeles.

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

3151 Internal Health Information Integrity Quality Improvement Account

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$1,000	\$1,000	\$1,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$1,000	\$1,000	\$1,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$0	\$0	\$0
Total Resources	\$1,000	\$1,000	\$1,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$0	\$0	\$0
Total Expenditures and Expenditure Adjustments	\$0	\$0	\$0
FUND BALANCE	\$1,000	\$1,000	\$1,000

Appendix E (Continued)**Fund Condition Statements**

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT**0942-222 Special Deposit Fund - Internal Department Quality Improvement
Account**

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$17,693,000	\$19,971,000	\$21,086,000
Prior year adjustments	\$874,000	\$0	\$0
Adjusted Beginning Balance	\$18,567,000	\$19,971,000	\$21,086,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,454,000	3,454,000	3,454,000
4163000 Investment Income - Surplus Money Investment	261,000	261,000	261,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,715,000	\$3,715,000	\$3,715,000
Total Resources	\$22,282,000	\$23,686,000	\$24,801,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$2,311,000	\$2,600,000	\$2,600,000
Total Expenditures and Expenditure Adjustments	\$2,311,000	\$2,600,000	\$2,600,000
FUND BALANCE	\$19,971,000	\$21,086,000	\$22,201,000

Appendix E (Continued)**Fund Condition Statements****4265 DEPARTMENT OF PUBLIC HEALTH****FUND CONDITION STATEMENT****0942-248 Special Deposit Fund - Skilled Nursing Facility Minimum Staffing
Penalty Account**

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$15,000	\$5,000	\$0
Prior year adjustments	-\$15,000	\$0	\$0
Adjusted Beginning Balance	\$0	\$5,000	\$0
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$273,000	\$273,000	\$313,000
Transfers and Other Adjustments:			
Revenue Transfer from Special Deposit Fund (0942) to Skilled Nursing Facility Quality and Accountability Special Fund (3167) per Welfare and Institutions Code 14126.022 (g)	-\$268,000	-\$278,000	-\$313,000
Total Revenues, Transfers, and Other Adjustments	\$5,000	-\$5,000	\$0
Total Resources	\$5,000	\$0	\$0
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$0	\$0	\$0
State Operations (Operating Transfers-out)	\$0	\$0	\$0
Total Expenditures and Expenditure Adjustments	\$0	\$0	\$0
FUND BALANCE	\$5,000	\$0	\$0

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

0942-601 Special Deposit Fund - State Health Facilities Citation Penalties Account

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$7,644,000	\$9,152,000	\$9,891,000
Prior year adjustments	\$95,000	\$0	\$0
Adjusted Beginning Balance	\$7,739,000	\$9,152,000	\$9,891,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,496,000	3,916,000	4,386,000
4163000 Investment Income - Surplus Money Investment	119,000	169,000	169,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,615,000	\$4,085,000	\$4,555,000
Total Resources	\$11,354,000	\$13,237,000	\$14,446,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
State Operations	\$108,000	\$108,000	\$108,000
Local Assistance	\$2,094,000	\$1,094,000	\$1,094,000
4265 Department of Public Health			
State Operations	\$0	\$2,144,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$2,202,000	\$3,346,000	\$3,346,000
FUND BALANCE ^a	\$9,152,000	\$9,891,000	\$11,100,000

a Per item 4265-002-0942 Provision 1 of the 2018 Budget Act, at the time of the annual May Revision, the Department of Finance shall determine whether the current year fund balance of the Special Deposit Fund, State Health Facilities Citation Penalties Account is estimated to exceed \$6,000,000, which takes into consideration the past year actual expenditures. If the current year fund balance is estimated to exceed \$6,000,000, the May Revision may reflect an augmentation to Budget Bill Item 4170-102-0942 by the excess amount not to exceed \$1,000,000 to support the local ombudsman program at the California Department of Aging.

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

0942-605 Special Deposit Fund - Federal Health Facilities Citation Penalties Account

	2017-18	2018-19	2019-20
BEGINNING BALANCE	\$12,010,000	\$14,977,000	\$16,851,000
Prior year adjustments	-\$44,000	\$0	\$0
Adjusted Beginning Balance	\$11,966,000	\$14,977,000	\$16,851,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Federal	3,774,000	3,775,000	3,775,000
4163000 Investment Income - Surplus Money Investment	177,000	265,000	265,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,951,000	\$4,040,000	\$4,040,000
Total Resources	\$15,917,000	\$19,017,000	\$20,891,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
4265 Department of Public Health			
State Operations ^a	\$365,000	\$398,000	\$398,000
Local Assistance ^b	\$575,000	\$1,768,000	\$1,803,000
Total Expenditures and Expenditure Adjustments	\$940,000	\$2,166,000	\$2,201,000
FUND BALANCE	\$14,977,000	\$16,851,000	\$18,690,000

^a Per Item 4265-005-0942 of the 2018 Budget Act, in the event estimated costs of state appointments of temporary managers and/or receiverships increase above the amount appropriated in this item, the Department of Finance may augment this item.

^b Per item 4265-115-0942 of the 2018 Budget Act, The Director of Finance may augment this item by an amount not to exceed \$1,730,000 reflecting federal approval to use that account to implement the Certified Nursing Assistant Training Kickstarter Program.