

# Center for Health Care Quality

**2020-21**

**May Revision Estimate**



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## I. Center Overview

The California Department of Public Health (CDPH), Center for Health Care Quality (CHCQ), Licensing & Certification (L&C) 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. CHCQ licenses and certifies over 11,000 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 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 CDPH L&C Program (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. CHCQ Budget Projections

### Current Year 2019-20

The 2019 Budget Act appropriated \$312.9 million to CHCQ. CDPH projects a 2019-20 expenditure authority of \$322.7 million, which is a \$980,000 increase from the 2020-21 Governor's Budget. The increase is due to a budget revision for the appointment of a Temporary Manager per provision 1 of item 4265-002-0942

### Budget Year 2020-21

For 2020-21, CDPH estimates expenditures will total \$350.3 million, which is a decrease of \$2.7 million or 0.8 percent compared to the Governor's Budget of \$353 million. This change is due to a decrease of \$2.7 million for Licensing and Certification State Workload, a decrease of \$6.5 million for Provider Services Expansion and Quality improvement, an increase of \$6 million for Facilitating Projects to Benefit Nursing Homes Residents and increase of \$424,000 for Enhanced Health Care Quality Services.

Table 1 compares the 2020-21 Governor's Budget with the 2020-21 May Revision Estimate for the current and budget year.

**Table 1**  
**Comparison of 2019 Budget Act with 2020-21 May Revision Estimate**

Funding Source (\$ in thousands)	Current Year 2019-20				Budget Year 2020-21			
	2020-21 Governor's Budget	2020-21 May Revision	Change from 2020-21 Governor's Budget to 2020-21 May Revision	Percent Change from 2020-21 Governor's Budget to 2020-21 May Revision	2020-21 Governor's Budget	2020-21 May Revision	Change from 2020-21 Governor's Budget to 2020-21 May Revision	Percent Change from 2020-21 Governor's Budget to 2020-21 May Revision
<b>State Operations Appropriations Summary:</b>								
0001 - General Fund transfer to fund 3098	\$585	\$585	\$0	0.0%	\$596	\$596	\$0	0.0%
General Fund transfer to fund 3098	\$3,700	\$3,700	\$0	0.0%	\$3,700	\$3,700	\$0	0.0%
0890 - Federal Trust Fund	\$101,011	\$101,011	\$0	0.0%	\$99,554	\$99,554	\$0	0.0%
<b>0942 - Special Deposit Fund</b>								
Internal Departmental Quality Improvement Account	\$2,600	\$2,600	\$0	0.0%	\$3,600	\$3,600	\$0	0.0%
State Health Facilities Citation Penalty Account	\$2,144	\$3,124	\$980	45.7%	\$2,144	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$547	\$547	\$0	0.0%	\$547	\$547	\$0	0.0%
0995 - Reimbursements	\$12,542	\$12,542	\$0	0.0%	\$12,560	\$12,560	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$197,464	\$197,464	\$0	0.0%	\$230,646	\$221,936	-\$8,710	-4.4%
Less Transfer from General Fund 0001	-\$3,700	-\$3,700	\$0	0.0%	-\$3,700	-\$3,700	\$0	0.0%
3151 - Internal Health Information Integrity Quality Improvement Account	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
<b>Total State Operations Appropriations</b>	<b>\$316,893</b>	<b>\$317,873</b>	<b>\$980</b>	<b>0.3%</b>	<b>\$349,647</b>	<b>\$340,937</b>	<b>-\$8,710</b>	<b>-2.7%</b>
<b>Local Assistance Appropriations Summary:</b>								
<b>0942 - Special Deposit Fund</b>								
Federal Health Facilities Citation Penalty Account	\$4,788	\$4,788	\$0	0.0%	\$3,326	\$9,326	\$6,000	125.3%
3098 - Licensing and Certification Program Fund	\$43	\$43	\$0	0.0%	\$45	\$45	\$0	0.0%
<b>Total Local State Appropriations</b>	<b>\$4,831</b>	<b>\$4,831</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$3,371</b>	<b>\$9,371</b>	<b>\$6,000</b>	<b>124.2%</b>
<b>Total Appropriations</b>	<b>\$321,724</b>	<b>\$322,704</b>	<b>\$980</b>	<b>0.3%</b>	<b>\$353,018</b>	<b>\$350,308</b>	<b>-\$2,710</b>	<b>-0.8%</b>
<b>Center Positions</b>								
Headquarters	388.3	388.3	0.0	0.0%	443.8	443.3	-0.5	-0.1%
Field Operations								
Supervisors	160.0	160.0	0.0	0.0%	164.0	160.0	-4.0	-2.5%
Surveyors*	656.0	656.0	0.0	0.0%	678.0	676.0	-2.0	-0.3%
Support	138.0	138.0	0.0	0.0%	142.0	138.0	-4.0	-2.9%
<b>Center Positions</b>	<b>1342.3</b>	<b>1342.3</b>	<b>0.0</b>	<b>0.0%</b>	<b>1427.8</b>	<b>1417.3</b>	<b>-10.5</b>	<b>-0.8%</b>
Public Health Staff**	8.0	8.0	0.0	0.0%	14.0	8.0	-6.0	-75.0%
<b>Grand Total Positions***</b>	<b>1350.3</b>	<b>1350.3</b>	<b>0.0</b>	<b>0.0%</b>	<b>1441.8</b>	<b>1425.3</b>	<b>-16.5</b>	<b>-1.2%</b>

\*Surveyors include (HEFN, AGPA, SI, Consultants)

\*\*Public Health Staff include Information Technology Services Division, Office of Legal Services, and Administration Support for Surveyors

\*\*\*3.0 Positions were redirected outside of CHCQ to support Public Health

As of February 2020, the vacancy rate is 3.7 percent for Health Facilities Evaluator Nurses. Working with recruitment consultants and continuing other efforts to recruit and fill these positions has led to a lower vacancy rate. Since July 2017, CHCQ decreased the vacancy rate by 11.3 percentage points, from 15 to 3.7 percent. With most authorized surveyor positions filled, CHCQ requested additional surveyors based on CHCQ's workload analysis via the 2020-21 CHCQ November Estimate. CHCQ requires more positions and additional spending authority to complete its mandated workload, including conducting initial licensing and change of service surveys to increase access to care, timely completion of complaints and facility-reported incidents to improve customer service and mitigate future backlogs, conducting periodic re-licensing surveys in facilities as required in statutes, and continuation of effort to meet federal survey requirements.

CHCQ's workload analysis indicates an increase of 66 surveyor positions, 24 support and supervisor positions, eight headquarters positions, and 17 administration and information technology staff, which totals 115.6 positions are required to complete 100 percent of the mandated workload. The estimated 66 surveyors reflect a change of ten percent compared with current surveyor staffing levels. CHCQ will phase in the positions over a three-year period, with 20 positions starting on July 1, 2020, 40 positions starting July 1, 2021, and the remaining 55.6 positions starting July 1, 2022. CHCQ has not requested additional surveyors based upon workload since the 2015 CHCQ November Estimate due to past high surveyor vacancy rates.

In 2019-20 CHCQ executed a new three-year contract with LAC that moves toward a pay-for-performance model. The contract costs include a total of 491 positions comprising of 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. CHCQ and LAC will phase-in these positions over the course of three years by hiring approximately 14 new Health Facility Evaluator positions per quarter. The total 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 CHCQ to complete investigations of complaints within specified timeframes. CHCQ 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 2018-19, CHCQ completed 77 percent of long-term health care facility complaints within 60 days of receipt. Currently, there are approximately 19,000 open complaints. CHCQ is redirecting existing resources to address these open complaints with the goal of having them completed by the end of calendar year 2021.

CHCQ will continue to make every effort to improve compliance with mandated completion timelines for long-term health care facility complaints. However, regardless of staffing levels, there will always 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 (AGPA) and Special Investigators (SI) spread across six regions of the state to investigate medical information breaches. Previously, Health Facility Evaluator Nurses (HFEN) 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 AGPAs and SIs enables HFENs to focus on surveys, complaints and facility-reported incident investigations that require clinical expertise.

### **Los Angeles County Monitoring and Performance**

LAC and CHCQ negotiated a three-year contract, effective July 1, 2019, which includes quantity metrics and penalties for failure to meet those metrics. The contract also contains quality and customer service metrics. The current contract will 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.

As an important new step in bridging the relationship between LAC and CHCQ, a new LAC Contract Manager position was created. This position serves as the official liaison for the State to partner with LAC to ensure that high quality and quantity standards are mutually met. CHCQ will continue to enhance many of the oversight actions that it implemented in the prior contract period. These actions include, but are not limited to:

- Maintaining 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. CHCQ 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 for complaint investigations.
- Providing written feedback to LAC's management regarding identified concerns and requiring corrective action plans when appropriate.
- Increase the frequency of direct face-to-face meetings between CHCQ's LAC monitor and LAC Leadership and staff.

#### **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 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**

Since 2010-11, the Legislature has appropriated moneys in the IDQIA to be expended for internal CHCQ improvement activities as follows:

<b>Fiscal Year</b>	<b>Budget Change Proposal (BCP) Description</b>
<b>2010-11</b>	BCP 002/HQ-03: 2010-11 \$18,000; 2011-12 \$393,811 and 2012-13 \$299,677 for the partial costs of 1.5 positions for the Health Facility Self-Reporting Web Portal.  BCP 058/HQ-05 for contracts for quality improvements within L&C.
<b>2012-13</b>	BCP 002/HQ-06: 2012-13 \$333,000; 2013-14 \$333,000; and 2014-15 \$334,000 for implementation of quality improvement activity in the L&C Program. This activity will initiate and support ongoing efforts aimed at reducing preventable medical and medication errors and their associated health care costs in licensed health care facilities.
<b>2013-14</b>	November Estimate: \$1.2 million; and 2014-15 \$1.2 million to prevent infections in California's acute care hospitals, to improve the quality of data used by customers for making health care decisions, and to continue funding 8 contractor positions in the Healthcare Associated Infections (HAI) Program's Infection Preventionist (IP)Liaison Unit.
<b>2014-15</b>	BCP 000/HQ-01: \$1.4 million to expand the work related to the L&C Program Evaluation project. In order to meet CMS benchmarks, CHCQ used a contractor, Hubbert Systems Consulting, to evaluate ways to improve internal business practices and quality improvement efforts to achieve timely fulfillment of the L&C Program's state licensing and federal certification workload.  BCP 000/HQ-04: \$201,000 for a contract with UC Davis for an independent research analysis and report that describes the extent to which the federal certification standards are or are not sufficient as a basis for state licensing standards as required by SB 543 (Chapter 722, Statutes of 2013).
<b>2015-16</b>	BCP 004/HQ-03: \$2 million to implement projects recommended by Hubbert report. These funds were used to purchase hardware and software to develop internal and external performance dashboards, automate key business practices, and streamline data collection from regulated entities. Further, CHCQ executed contracts to improve hiring, onboarding, and retention practices. CHCQ also used the funds to contract with a project manager/change consultant.

<b>2016-17</b>	4265-015-BCP-DP-2016-GB: \$2 million to execute two contracts to implement recommendations from the Hubbert report. These funds were used to enhance the Centralized Applications Branch's Information Technology (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.
<b>2017-18 – 2019-20</b>	4265-007-BCP-2017-GB: \$2 million to execute quality improvement projects and contracts (\$2 million in 2017-18, \$2 million in 2018-19, and \$2 million in 2019-20). These funds were used for contracted services for leadership training programs, facilitation of stakeholder forums, project and change management, recruitment, and onboarding and retention. Further, CHCQ executed several multi-year purchase orders for IT service contracts, such as Adobe Experience Manager maintenance and enhancements, and data architecture consulting services. Additionally, CHCQ is using these funds to complete an automated licensing application system as required by Assembly Bill (AB) 2798 (Chapter 922, Statutes of 2018), as well as a Program Flex online application portal. CHCQ will continue to use these funds to contract for innovative recruitment and retention services and technological enhancements in the coming years.

**Federal Civil Monetary Penalties Account Projects**

CMS may impose monetary penalties against skilled nursing facilities (SNFs), nursing facilities (NFs), and dually-certified SNF/NF for either the number of days or for each instance a facility is not in substantial compliance with one or more Medicare and Medicaid participation requirements for Long-Term Care Facilities (Code of Federal Regulations (CFR) 42 Part 488.430). Portions of these Civil Money Penalty (CMP) Funds collected from nursing homes are returned to the states in which CMPs are imposed. State CMP funds may be reinvested in SNFs to support CMS-approved activities that benefit nursing home residents that protect or improve their quality of life.

All states must submit to CMS an acceptable plan for the use of CMP funds for the upcoming calendar year. The plan must include available fund balances, current obligations, and plans for solicitation and review of future projects. CMS uses data from the California CMP state plan to ensure that federal CMPs are being properly distributed. If states are unable to adequately plan for the use of their CMP funds, then CMS may withhold future disbursements of CMP funds to the state until the state has submitted an acceptable plan to comply with this section.

Per Item 4265-115-0942 of the 2019 Budget Act, the Department of Finance (Finance) may augment the budget authority for the Federal Health Facilities Citation Penalties Account upon request from CHCQ when a project is approved by CMS. As of February 2020 CHCQ has requested and received \$2.5 million additional authority to support CMS approved projects. CHCQ is reviewing an additional five project applications that, if approved, will begin in 2020-21.

Approved CMP projects include:

<b>2013-14</b>	CHCQ executed a three-year contract with the California Culture Change Coalition to reduce antipsychotic medication in SNFs in California.
<b>2015-16</b>	CHCQ executed a three-year contract with the California Association of Health Facilities (CAHF) for the Music and Memory program for improving dementia care.
<b>2017-18</b>	CHCQ executed a four-year contract with CAHF for a project to improve dietary services in California nursing homes.
<b>2018-19</b>	CHCQ executed a three-year contract with CAHF for the Volunteer Engagement project.  CHCQ executed a two-year contract with Quality Care Health Foundation for the Certified Nursing Assistant (CNA) Training Kickstarter Project.

<b>2019-20</b>	<p>CHCQ is developing contracts for the following seven proposals:</p> <ul style="list-style-type: none"><li>• A Person-Centered Approach to Reducing Transfer, Discharge, and Eviction</li><li>• Memory Care Buddies</li><li>• iNSPIRE</li><li>• Greater Things You Were Born</li><li>• California Wound Care Excellence Program for SNFs</li><li>• University of California Irvine Infection Prevention</li><li>• Contractors Pilgrim Place – Make it Home</li></ul> <p>CHCQ has executed contracts for following proposal:</p> <ul style="list-style-type: none"><li>• Using AI-Enabled Cameras to Reduce Falls for Residents with Dementia</li><li>• Nurse Leadership</li></ul>
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### 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 2020-21. Some activities must occur on a specified frequency. The Estimate includes the workload associated with the number of pending complaints and 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 surveyor staff. Finally, CHCQ uses the total number of surveyors to calculate the number of supervisors and administrative positions needed to support these staff.

## IV. Assumptions

### Future Fiscal Issues

CHCQ has no future fiscal issues.

### New Assumptions/Premises

#### **Budget Change Proposal – Facilitating Projects to Benefit Nursing Homes Residents**

Background: CMS may impose monetary penalties against SNFs, NFs, and dually-certified SNF/NF for either the number of days or for each instance a facility is not in substantial compliance with one or more Medicare and Medicaid participation requirements for Long-Term Care Facilities (CFR 42 Part 488.430). A portion of these CMP Funds collected from nursing homes are returned to the states in which CMPs are imposed. State CMP funds may be reinvested to support CMS approved activities that benefit nursing home residents that protect or improve their quality of life. Health and Safety Code Section 1417.2 (a) establishes the Account into which moneys derived from CMPs for violations of federal law shall be deposited.

All states must submit to CMS an acceptable plan for the use of CMP funds for the upcoming calendar year. This plan must include available fund balances, current obligations, and plans for solicitation and review of future projects. CMS uses the data from California's CMP state plan to ensure that federal CMPs are being properly distributed. If CHCQ is unable to adequately plan for the use of CMP funds, then CMS may reclaim these funds and reallocate to projects in other states.

CHCQ provides contract management and oversight on behalf of CMS for all CMS-approved projects. Since 2015-16, CHCQ has been actively soliciting CMP projects within the available resources. For any potential CMS-approved project that may exceed the existing Account expenditure authority, provisional language was included in the 2019 Budget Act which allows CHCQ to request that Finance increase the expenditure authority from the Account after review of a request that demonstrates a need for additional authority. Any augmentation shall be authorized not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

Description of Change: CHCQ requests increasing expenditure authority by \$6 million in 2020-21, 2021-22, and 2022-23 from the Account to award funding to CMS approved projects to benefit nursing home residents.

Discretionary: Yes

Reason for Adjustment/Change: Resources made available in the 2019 Budget Act provide CHCQ the ability to actively solicit and implement CMS approved projects to benefit nursing homes. Since the enactment of the 2019 Budget, CHCQ has seen a marked increase in the solicitation and implementation of CMS approved projects. CHCQ has reviewed 18 applications since July 2019, two of which have executed contracts, seven are under contract development, five are pending review, and four have been denied by CMS, which is a 800% increase in the number of applications received as compared to the two applications reviewed in 2018-19.

Provisional language in the 2019 Budget Act allows CHCQ to request an augmentation to the budget for CMS approved projects. In 2019-20, as of January 2020, CHCQ has requested and received \$2.5 million increased expenditure authority. In 2020-21, the Account has available \$3.3 million, all of which is obligated for existing multi-year projects. There are currently five projects pending CMS approval totaling \$1.5 million that will potentially increase the Account budget in 2020-21, and CHCQ anticipates several more new applications in 2020-21.

CHCQ has experienced delays with contract execution due to the requirement of submitting a Budget Revision for each approved project that exceeds the existing budget authority. Currently, it takes approximately six to seven months between the time an application is received by CHCQ until the time a contract is executed. After each project is approved CHCQ is experiencing delays from the time it takes budget revision requests to be reviewed and processed by Finance, the Legislature, and State Controller's Office. Due to the length of time for the contract approval process, CHCQ stopped accepting new 2019-20 applications in December 2019.

CHCQ is requesting an appropriation of \$6 million a year for three years, which will allow the department to execute more multi-year contracts for current and future CMS approved projects timely. CHCQ also requests to maintain the existing provisional language which authorizes Finance to increase the expenditure authority from the Account for approved CMP projects, after review that demonstrates a need for additional authority.

This proposal was not submitted during the 2020 Governor's Budget as there was not enough information available at the time. Based on 2019-20 trends thus far, CHCQ anticipates continued growth in the number of applications received, timely contract development as processes improve, and overall greater need for expenditure authority to award funds to CMS approved projects to benefit nursing home residents.

Fiscal Impact (Range) and Fund Source(s): CHCQ requests increasing expenditure authority by \$6 million from the Account in 2020-21, 2021-22, and 2022-23 to allow CHCQ to award funding to CMS approved projects to benefit nursing home residents.

## **Budget Change Proposal – Enhanced Health Care Quality Services**

Background: The HAI improves quality of care and patient safety through the prevention of infections in California health care facilities. HAI accomplishes this through assistance with prevention activities, outbreak and high concern pathogen response, development of infection prevention recommendations, and implementation of mandatory public reporting of healthcare-associated infection data.

Description of Change: CHCQ requests two positions and \$424,000 from the CDPH L&C Program Fund (Fund 3098) in 2020-21 and annually thereafter, to provide additional resources for the detection and containment of antimicrobial resistant and high concern pathogens.

Discretionary: Yes

Reason for Adjustment/Change: HAI uses surveillance data to prompt containment and response actions for disease conditions associated with healthcare delivery, which includes most AR and high concern pathogens, such as carbapenem-resistant Enterobacteriaceae (CRE) and *Candida auris*. At the end of calendar year 2019, carbapenemase producing CRE was added to the statewide electronic lab reporting requirements and reported via the California Reportable Disease Information Exchange (CalREDIE) data distribution portal. *Candida auris* was added to reporting requirements in 2020.

CHCQ anticipates 2,000 to 3,000 CRE to be reported per year. This reporting requirement necessitates complex laboratory report interpretation by an epidemiologist. HAI staff need to develop processes to access the CalREDIE data distribution portal, and extract data. Working with local public health agencies, public health laboratories, and clinical laboratories, CHCQ needs to perform quality assurance to verify laboratory results, obtain missing data, and clarify discrepancies.

Additionally, this proposal includes ongoing resources for the use of CalREDIE. The CalREDIE program will implement and maintain HAI disease condition reporting, assist laboratories and healthcare providers to electronically report HAI diseases to CalREDIE, provide training and documentation to HAI staff, and collaborate with HAI on training local health departments to use CalREDIE for HAI reporting and surveillance. CalREDIE will also provide user support to report and access HAI data, including processing and maintenance of user accounts, and Help Desk support to the HAI program, local public health, and providers.

Fiscal Impact (Range) and Fund Source(s): CHCQ requests two positions and \$424,000 from Fund 3098 in 2020-21 and annually thereafter, to provide additional resources to detect and contain antimicrobial resistant and high concern pathogens.

### **Existing (Significantly Changed) Assumptions/Premises**

## **Budget Change Proposal – Licensing and Certification: State Workload**

Background: CHCQ released its first program Estimate in November 2010. The intent of the Estimate is to calculate the workload associated with all surveyor functions to determine the appropriate level of staffing and funding. For the 2015 CHCQ November Estimate, CHCQ requested 240 positions and an increase in expenditure authority of \$30.3 million to address the licensing and certification workload identified in the Estimate. CHCQ has not requested additional surveyor positions through the Estimate since.

Description of Change: CHCQ requests 20 positions and \$2.7 million in 2020-21, 60 positions and \$8.1 million in 2021-22, and 115.6 positions and \$16.2 million in 2022-23 and annually thereafter from Fund 3098 to complete mandated workload as identified in the 2020 CHCQ November Estimate.

Discretionary: Yes

Reason for Adjustment/Change: The CHCQ Estimate is complex and has evolved each year. The CHCQ November Estimate for 2019-20 projected the need for an additional 56.5 surveyors and 30.2 support staff and supervisor positions to complete workload; however, these positions were not requested as CHCQ was still working toward a zero vacancy rate for surveyors. Today the vacancy rate is at an all-time low of 3.7 percent. CHCQ requires new surveyors to address Tier 1 (long-term care recertification surveys/home health agency and hospice surveys/deemed facility validation surveys), Tier 2 (non-long term care facility targeted and recertification surveys), Tier 3 and 4 (lesser priority federal and state workload), all licensure workload, including conducting initial licensing and change of service surveys to increase access to care, timely completion of complaints, and facility-reported incidents to improve customer service, and mitigate future backlogs, and conducting periodic re-licensing surveys in facilities as required in statutes.

Since the 2015 CHCQ November Estimate, CHCQ surveyors have made substantial progress in improving survey and complaint processing times, logging over 3 million facility hours and closing over 200,000 complaints and Facility Reported Incidents (FRI). However, CHCQ's surveyors mainly address federal Tier 1 and Tier 2 workload, incoming complaints, and FRIs and have limited ability to clear the backlog of pending complaints and FRIs while also completing time-sensitive state licensing surveys. Since the 2015 CHCQ November Estimate, CHCQ has seen a 24 percent increase in licensed healthcare facilities in California, and a 12 percent increase in complaints. Without an increase in surveyors, CHCQ will not be successful in meeting state or federal obligations to regulate, oversee, and hold health facilities accountable for their performance.

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 received on or after July 1, 2018, within 60 days of receipt of the complaint.

In 2018-19, CHCQ completed 77 percent of long-term health care facility complaints within 60 days of receipt. With the proposed staff, CHCQ will continue to improve compliance with mandated completion timelines for long-term health care facility complaints.

Working with recruitment consultants and continued efforts to recruit and fill surveyor positions has resulted in lower surveyor and supervisory vacancy rates. Since July 2017, CHCQ decreased the vacancy rate by 11.3 percentage points, from 15 to 3.7 percent. With a vacancy rate under five percent, CHCQ requests additional surveyors to stabilize the ever-increasing workload. The additional surveyors will help improve access to care by completing initial and change of service surveys, improving timeliness of complaint investigations, and address relicensing surveys and federal Tier 3 and 4 workload.

Fiscal Impact (Range) and Fund Source(s): CHCQ requests 20 positions and \$2.7 million in 2020-21, 60 positions and \$8.1 million in 2021-22, and 115.6 positions and \$16.2 million in 2022-23 and annually thereafter from Fund 3098 to complete mandated workload as identified in the 2020 CHCQ November Estimate.

### **Budget Change Proposal – Center for Health Care Quality Operations Expansion**

Background: The Policy and Enforcement Branch (PEB) is responsible for researching, analyzing, and communicating CHCQ's policies and requirements of law to internal and external audiences to support safe, effective, and quality health care for all Californians. PEB receives various inquiries regarding policy and how to interpret statutes and regulations. Currently, all field offices are responsible for researching and interpreting the regulations for all investigations. Surveyors use several sources to determine regulatory compliance and prepare Statements of Deficiencies (CMS form 2567) which details the survey findings. Placing the burden of regulatory and statutory interpretation on field offices has led to inconsistencies in how health facilities and providers are advised on compliance with state and federal licensing and certification rules.

Assembly Bill (AB) 1133 (Chapter 650, Statutes of 1998) established Health and Safety Code section 1417.3, which requires CHCQ to establish a unit to respond to facility requests for technical assistance regarding licensing and certification requirements, compliance with federal and state standards, and related operational issues. CHCQ does not currently have an established unit dedicated to this mandated requirement.

The Centralized Applications Branch (CAB) processes health care facility licensure and certification applications for CHCQ. In 2015-16, CHCQ centralized the processing of health care facility applications for state licensing and federal certification to standardize the licensure application process and to create consistent application processing times. When the field office workload was redirected to CAB, CHCQ underestimated the resources needed to complete the workload in a timely fashion, and a significant backlog of applications incurred from the increase in

workload, personnel and process changes. Between December 2017 and December 2018, CHCQ used existing resources and the temporary help blanket to hire staff members to address the urgent need in reducing licensing application processing times.

Health and Safety Code section 1280.15(f) establishes the IDQIA and provides that “moneys in the account shall be expended for internal quality improvement activities in the Licensing and Certification Program.” The account is funded by administrative penalties CHCQ imposes against health facilities for violations that meet the definition of immediate jeopardy of death or serious harm to a patient or administrative penalties associated with breaches of medical information.

Description of Change: CHCQ requests position authority for 53 positions in 2020-21 and the associated expenditure authority of \$6.5 million in 2021-22 to improve provider application processing times and centralize provider support and regulatory assistance services. Additionally, CHCQ requests \$3 million in expenditure authority from the IDQIA account in 2020-21 through 2022-23 to allow the department to execute contracts to acquire additional resources, products or skill sets as needed to accelerate quality improvement efforts.

Discretionary: Yes

Reason for Adjustment/Change: Increasing Policy Unit staff will enable CHCQ to establish a Provider Technical Assistance Unit. Establishing the Provider Technical Assistance Unit will bring CHCQ into compliance with current state law and promote quality of care and quality of life for residents, clients, and patients in long-term health care facilities by assisting providers with questions and ensuring they comply with all laws and regulations.

CAB provides customer service to over 30 health care facility types and receives over 6,000 applications to review and process annually and anticipates these numbers will steadily increase. A delay in processing a health care facility application may cause a delay in a health care provider’s ability to provide a much-needed service in the community it serves. These positions are needed to achieve and maintain long-term success with effective application processing timeframes, operate efficiently to prevent a backlog from occurring, and meet customer expectations.

CHCQ expects that this approach to overall quality improvement will yield more timely complaint investigations, more efficient facility surveys, increased customer or stakeholder satisfaction, and improved employee morale, engagement, and retention. This proposal will also allow CHCQ to reprioritize projects mid-year as needed and fund projects that may span multiple fiscal years. This proposal ensures CHCQ has the funding authority needed to execute quality improvement projects.

Fiscal Impact (Range) and Fund Source(s): Position authority of 53 positions in 2020-21 and ongoing, \$6.5 million from Fund 3098 in 2021-22 and ongoing and \$3 million from IDQIA in 2020-21, 2021-22, and 2022-23.

**Unchanged Assumptions/Premises**

CHCQ has no unchanged assumptions/premises.

**Discontinued Assumptions/Premises**

CHCQ has no discontinued assumptions/premises.

**V. Appendix A: Fiscal Summary****Fiscal Summary**Comparison of 2020-21 Governor's Budget to 2020-21 May Revision Estimate  
(\$ in thousands)

	A	B	C=B-A
	2020-21 Governor's Budget	2020-21 May Revision Estimate	Request
<b>I. BUDGET ITEMS</b>			
<b>A. Headquarters</b>			
1. Headquarters	65,267	63,641	(1,626)
2. Healthcare Associated Infections Section (HAI)		424	424
3. Facilitating Projects to Benefit Nursing Homes Residents		6,000	6,000
<b>Headquarters Sub-total</b>	<b>\$ 65,267</b>	<b>\$ 71,065</b>	<b>\$ 5,798</b>
<b>B. Field Operations</b>			
1. Licensing & Certification (L&C)	164,374	155,866	(8,508)
2. Los Angeles County (LAC)	69,378	69,378	
3. State Facilities Unit (SFU)	5,670	5,670	
<b>Field Operations Sub-total</b>	<b>\$ 239,422</b>	<b>\$ 230,914</b>	<b>\$ (8,508)</b>
<b>C. Partial Year Adjustment</b>	39,625	39,625	
<b>D. State Wide Cost Allocation Plan</b>	8,704	8,704	
<b>E. Grand Total</b>	<b>\$ 353,018</b>	<b>\$ 350,308</b>	<b>\$ (2,710)</b>
<b>II. FUND SOURCES</b>			
<b>State Operations</b>			
<b>A. General Fund (0001)</b>	596	596	
<i>General Fund Transfer to State Department of Public Health Licensing and Certification Program Fund (Fund 3098)</i>	3,700	3,700	
<b>B. Federal Trust Fund (0890)</b>	99,554	99,554	
<b>C. Special Deposit Fund (0942)</b>	-	-	
1. Internal Departmental Quality Improvement Account (IDQIA)	3,600	3,600	
2. State Citation Penalty Account	2,144	2,144	
3. Federal Citation Penalty Account	547	547	
<b>D. Reimbursement (0995)</b>	12,560	12,560	
<b>E. Internal Information Integrity Quality Improvement Account (3151)</b>	-	-	
<b>F. State Department of Public Health Licensing and Certification Program Fund (Fund 3098)</b>	230,646	221,936	(8,710)
<i>Less transfer from the General Fund (0001)</i>	(3,700)	(3,700)	
<b>Local Assistance</b>			
<b>G. Special Deposit Fund (0942)</b>	-	-	
1. Federal Citation Penalty Account	3,326	9,326	6,000
<b>H. State Department of Public Health Licensing and Certification Program Fund</b>	45	45	
<b>I. Grand Total</b>	<b>\$ 353,018</b>	<b>\$ 350,308</b>	<b>\$ (2,710)</b>
<b>III. TOTAL CENTER POSITIONS</b>			
A. Headquarters	443.8	443.3	(0.5)
B. Field Operations			
1. Supervisors	164.0	160.0	(4.0)
2. Surveyors*	678.0	676.0	(2.0)
3. Support	142.0	138.0	(4.0)
C. Public Health**	14.0	8.0	(6.0)
<b>D. Grand Total</b>	<b>1,441.8</b>	<b>1,425.3</b>	<b>(16.5)</b>
<b>GRAND TOTAL POSITIONS</b>	<b>1,441.8</b>	<b>1,425.3</b>	<b>(16.5)</b>

\*Surveyors include (HEFN, AGPA, SI, Consultants)

\*\*Public Health Staff include Information Technology Services Division, Office of Legal Services, and Administration Support for Surveyors

**VI. Appendix B: Position Summary****Positions Summary**

Comparison of 2020-21 Governor's Budget to 2020-21 May Revision Estimate

	2020-21 Governor's Budget	2020-21 May Revision Estimate Workload Analysis	2020-21 Budget Change Proposals	Total 2020-21 May Revision Estimate	Request
<b>TOTAL CENTER POSITIONS</b>	1,441.8	1,423.3	2.0	1,425.3	(16.5)
<b>Headquarters</b>					
Center Office	20.0	20.0		20.0	
Healthcare Associated Infections Section (HAI)	17.0	17.0	2.0	19.0	2.0
Policy & Enforcement Branch (PEB)	53.0	53.0		53.0	
Resource & Operations Management Branch (ROMB)	37.8	36.3		36.3	(1.5)
Staffing Audit and Research Branch (STAAR)	58.0	57.0		57.0	(1.0)
Professional Certification Branch (PCB)	120.0	120.0		120.0	
Centralized Applications Branch (CAB)	77.0	77.0		77.0	
Medical Breach Enforcement Section (MBES)	17.0	17.0		17.0	
Emergency Preparedness & Disaster Response (EPD)	11.0	11.0		11.0	
Staff Education and Quality Improvement Section (SEQIS)	33.0	33.0		33.0	
<b>Headquarters Total</b>	<b>443.8</b>	<b>441.3</b>	<b>2.0</b>	<b>443.3</b>	<b>(0.5)</b>
<b>Field Operations</b>					
State Facilities Section					
Supervisor	11.0	11.0		11.0	
Surveyor	48.0	48.0		48.0	
Support	10.0	10.0		10.0	
Life Safety Code					
Supervisor	5.0	5.0		5.0	
Surveyor	20.0	20.0		20.0	
Support	5.0	5.0		5.0	
Field Office					
Supervisor	148.0	144.0		144.0	(4.0)
Surveyor	610.0	608.0		608.0	(2.0)
Support	127.0	123.0		123.0	(4.0)
<b>Field Operations Total</b>	<b>984.0</b>	<b>974.0</b>		<b>974.0</b>	<b>(10.0)</b>
<b>Public Health Staff</b>					
Administration	3.0				(3.0)
Information Technology Services Division	11.0	8.0		8.0	(3.0)
Office of Legal Services					
<b>Public Health Total</b>	<b>14.0</b>	<b>8.0</b>		<b>8.0</b>	<b>(6.0)</b>
<b>Total Field Operations Surveyors*</b>	<b>678.0</b>	<b>676.0</b>		<b>676.0</b>	<b>(2.0)</b>

\*Surveyors (HEFN, AGPA, SI, Consultants)

## 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:

Surveyor positions (for complaints, facility-reported incidents, and other non-periodic workload):

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

Surveyor positions (for surveys):

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

Supervisor and support staff positions:

- Supervisors = one supervisor to six Surveyors.
- Support staff for state and federal workload = one support staff to six Surveyors 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 2019 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 2019.

**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 Facility-Reported Incident Investigations – State
- Field Visits
  - Including Change of Ownership, Change of Location, Bed Change, Services Change.
- Review Medical Error Plan

CHCQ bases certification survey activities on the federal Centers for Medi-Cal 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 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 CHCQ 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, 2016, through June 30, 2019, closed complaints and exited survey data to calculate standard average hours for this Estimate.

**8. Complaint and Facility-Reported Incident Counts:**

CHCQ bases complaint and facility-reported incident counts on the number of complaints and facility-reported incidents received between July 1, 2016, and June 30, 2019, as reported in the ASPEN database.

**9. Open Complaints and Facility-Reported Incidents:**

CHCQ bases the open complaints and facility-reported incidents count on all open complaints and facility-reported incidents as of June 30, 2019.

**10. Received Complaints and Facility-Reported Incidents:**

CHCQ bases the received complaints and facility-reported incidents count by excluding intakes with no event/time association as of June 30, 2019.

**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 HFENs, AGPAs, SIs, medical, pharmacy, dietary consultants, and life safety code analysts. For the 2021-21 request for new surveyors, AGPAs will comprise roughly 40 percent of the total requested positions. CHCQ 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. All surveyor classifications include high travel and additional in-house training costs.

**14. Staffing Ratios:**

State Ratios:

- CHCQ computes the allocation of the Health Facilities Evaluator II Supervisor positions using a (1:6) ratio: one Health Facilities Evaluator II Supervisor for every six surveyors.
- CHCQ computes the allocation of the Program Technician II positions using a (1:6) ratio: one Program Technician II for every six of the combined surveyors and supervisors.
- CHCQ computes the allocation of the CDPH Administration positions using a (1:10) ratio: one CDPH Administration position for every ten of the combined requested positions for field-based staff.
- CHCQ computes the allocation of the CDPH IT positions using a (1:10) ratio: one CDPH IT for every ten of the combined requested positions for field-based staff.
- CHCQ computes the allocation of the CHCQ headquarters positions using a (1:10) ratio: one CHCQ headquarters position for every ten of the combined requested positions for field-based staff.

15. CHCQ updated federal grant workload to reflect the 2019 grant.

**16. 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)
- CDPH L&C Program Fund (3098)

17. Contract costs are included for executed contracts only.

### **Changes to Detailed Assumptions from the 2019-20 May Revision Estimate**

There are no changes to Detailed Assumptions from the 2019-20 May Revision Estimate.

## VIII. Appendix D: Revenue and Transfer Summaries

## 2019-20 Revenue and Transfer Summaries

FY 2019-20 \$ in thousands	Fi\$CAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
<b>State Department of Public Health Licensing and Certification Program Fund 3098</b>							
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	\$712					\$712
<b>Special Deposit Fund 0942</b>							
<b>Internal Departmental Quality Improvement Account</b>							
Fines & Penalties - External - Private Sector	4172220		\$4,489				\$4,489
Income from Surplus Money Investments	4163000		\$471				\$471
<b>Federal Health Facilities Citation Penalties Account</b>							
Fines & Penalties - External - Other	4172240		\$3,775				\$3,775
Income from Surplus Money Investments	4163000		\$369				\$369
<b>State Health Facilities Citation Penalties Account</b>							
Fines & Penalties - External - Private Sector	4172220		\$4,386				\$4,386
Income from Surplus Money Investments	4163000		\$218				\$218
<b>Skilled Nursing Facility Quality and Accountability</b>							
Fines & Penalties - External - Private Sector	4172220		\$549				\$549
<b>Federal Fund 0890</b>							
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			\$13,709			\$13,709
<b>Reimbursements 0995</b>							
Reimbursements 0995	4810000				\$10,436		\$10,436
Unscheduled	4810000				\$1,751		\$1,751
<b>General Fund 0001</b>							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
<b>Revenue Projection by Fund Totals</b>		<b>\$198,542</b>	<b>\$14,257</b>	<b>\$101,011</b>	<b>\$12,187</b>	<b>\$3,700</b>	<b>\$329,697</b>

**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)

## 2020-21 Revenue and Transfer Summaries

FY 2020-21 \$ in thousands	FiSAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
<b>State Department of Public Health Licensing and Certification Program Fund 3098</b>							
Other Regulatory Licenses and Permits	4129400	\$200,611					\$200,611
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$21,238					\$21,238
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$712					\$712
<b>Special Deposit Fund 0942</b>							
<b>Internal Departmental Quality Improvement Account</b>							
Fines & Penalties - External - Private Sector	4172220		\$5,117				\$5,117
Income from Surplus Money Investments	4163000		\$471				\$471
<b>Federal Health Facilities Citation Penalties Account</b>							
Fines & Penalties - External - Other	4172240		\$4,115				\$4,115
Income from Surplus Money Investments	4163000		\$369				\$369
<b>State Health Facilities Citation Penalties Account</b>							
Fines & Penalties - External - Private Sector	4172220		\$4,912				\$4,912
Income from Surplus Money Investments	4163000		\$218				\$218
<b>Skilled Nursing Facility Quality and Accountability</b>							
Fines & Penalties - External - Private Sector	4172220		\$659				\$659
<b>Federal Fund 0890</b>							
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			\$12,252			\$12,252
<b>Reimbursements 0995</b>							
Reimbursements 0995	4810000				\$9,936		\$9,936
Unscheduled	4810000				\$2,624		\$2,624
<b>General Fund 0001</b>							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
<b>Revenue Projection by Fund Totals</b>		<b>\$222,567</b>	<b>\$15,861</b>	<b>\$99,554</b>	<b>\$12,560</b>	<b>\$3,700</b>	<b>\$354,242</b>

**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****FUND CONDITION STATEMENT****3098 State Department of Licensing and Certification Program Fund**

	2018-19	2019-20	2020-21
BEGINNING BALANCE	\$26,221,000	\$24,043,000	\$17,878,000
Prior year adjustments	-\$1,722,000	\$0	\$0
Adjusted Beginning Balance	\$24,499,000	\$24,043,000	\$17,878,000
<b>REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS</b>			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (125700)	\$162,871,000	\$197,824,000	\$221,849,000
4143500 - Miscellaneous Services to the Public (142500)	\$2,000	\$6,000	\$6,000
4163000 - Investment Income - Surplus Investments (150300)	\$764,000	\$712,000	\$712,000
4171400 - Escheat of Unclaimed Checks and Warrant (161000)	\$4,000	\$0	\$0
4170700 - Civil and Criminal Violation Assessment (164400)	\$0	\$0	\$0
Transfers and Other Adjustments:	\$0	\$0	\$0
Total Revenues, Transfers, and Other Adjustments	\$163,641,000	\$198,542,000	\$222,567,000
Total Resources	\$188,140,000	\$222,585,000	\$240,445,000
<b>EXPENDITURES AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
0840 State Controller's Office (State Operations)	\$0	\$0	\$0
4170 Department of Aging (Local Assistance)	\$399,000	\$400,000	\$400,000
4265 Department of Public Health (State Operations)	\$157,128,000	\$197,584,000	\$221,936,000
4265 Department of Public Health (Local Assistance)	\$42,000	\$43,000	\$45,000
8880 Financial Information System for CA (State Operations)	\$16,000	-\$13,000	\$0
9892 Supplemental Pension Payments (State Operations)	\$1,355,000	\$3,179,000	\$3,179,000
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$8,857,000	\$7,214,000	\$6,736,000
Total Expenditures and Expenditure Adjustments	\$167,797,000	\$208,407,000	\$232,296,000
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures	\$164,097,000	\$204,707,000	\$228,596,000
FUND BALANCE	\$24,043,000	\$17,878,000	\$11,849,000

## Appendix E (Continued)

### Fund Condition Statements

**4265 DEPARTMENT OF PUBLIC HEALTH**

**3151 Internal Health Information Integrity Quality Improvement Account**

	2018-19	2019-20	2020-21
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**

	2018-19	2019-20	2020-21
BEGINNING BALANCE	\$19,971,000	\$21,282,000	\$23,642,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$19,971,000	\$21,282,000	\$23,642,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,454,000	4,489,000	5,117,000
4163000 Investment Income - Surplus Money Investment	261,000	471,000	471,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,715,000	\$4,960,000	\$5,588,000
Total Resources	\$23,686,000	\$26,242,000	\$29,230,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$2,404,000	\$2,600,000	\$3,600,000
Total Expenditures and Expenditure Adjustments	\$2,404,000	\$2,600,000	\$3,600,000
FUND BALANCE	\$21,282,000	\$23,642,000	\$25,630,000

**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**

	2018-19	2019-20	2020-21
BEGINNING BALANCE	\$5,000	\$0	\$0
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$5,000	\$0	\$0
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$273,000	\$549,000	\$659,000
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)	-\$278,000	-\$549,000	-\$659,000
Total Revenues, Transfers, and Other Adjustments	-\$5,000	\$0	\$0
Total Resources	\$0	\$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	\$0	\$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**

	2018-19	2019-20	2020-21
BEGINNING BALANCE	\$9,152,000	\$10,657,000	\$10,935,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$9,152,000	\$10,657,000	\$10,935,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,916,000	4,386,000	4,912,000
4163000 Investment Income - Surplus Money Investment	169,000	218,000	218,000
Transfers and Other Adjustments:	(1,378,000)		
Total Revenues, Transfers, and Other Adjustments	\$2,707,000	\$4,604,000	\$5,130,000
Total Resources	\$11,859,000	\$15,261,000	\$16,065,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
State Operations	\$108,000	\$108,000	\$108,000
Local Assistance	\$1,094,000	\$1,094,000	\$1,094,000
4265 Department of Public Health			
State Operations	\$0	\$3,124,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$1,202,000	\$4,326,000	\$3,346,000
FUND BALANCE	\$10,657,000	\$10,935,000	\$12,719,000

**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**

	2018-19	2019-20	2020-21
BEGINNING BALANCE	\$14,977,000	\$17,282,000	\$16,091,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$14,977,000	\$17,282,000	\$16,091,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Federal	3,775,000	3,775,000	4,115,000
4163000 Investment Income - Surplus Money Investment	265,000	369,000	369,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$4,040,000	\$4,144,000	\$4,484,000
Total Resources	\$19,017,000	\$21,426,000	\$20,575,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
4265 Department of Public Health			
State Operations <sup>a</sup>	\$1,000	\$547,000	\$547,000
Local Assistance	\$1,734,000	\$4,788,000	\$9,326,000
Total Expenditures and Expenditure Adjustments	\$1,735,000	\$5,335,000	\$9,873,000
FUND BALANCE	\$17,282,000	\$16,091,000	\$10,702,000