

Center for Health Care Quality

**2025-26
November Estimate**



Tomás Aragón, MD, MPH
Director and State Public Health Officer

California Department of Public Health

TABLE OF CONTENTS

I.	Center Overview	1
II.	CHCQ Budget Projections	1
III.	Resource Estimate Methodology/Key Drivers of Cost.....	6
IV.	Assumptions	8
V.	Appendix A: Fiscal Summary	22
VI.	Appendix B: Position Summary	23
VII.	Appendix C: Detailed Assumptions	25
VIII.	Appendix D: Revenue and Transfer Summaries.....	31
IX.	Appendix E: Fund Condition Statements.....	34

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 15,000 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 over 170,000 nurse assistants, home health aides, 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 (DHCS), and General Fund to support survey activities in state-owned facilities.

II. CHCQ Budget Projections

Current Year 2024-25

The 2024 Budget Act appropriated \$474.6 million to CDPH/CHCQ. CHCQ projects a revised expenditure authority amount of \$486.1 million, an increase of \$11.5 million or 2.4 percent. This net increase is due to a \$7.7 million increase in Federal Trust Fund authority and various baseline adjustments.

Budget Year 2025-26

For 2025-26, CDPH estimates expenditures will total \$486.1 million, which is an increase of \$11.5 million or 2.4 percent compared to the 2024 Budget Act. This net increase is due to a \$9.6 million increase in Federal Trust Fund authority, a

\$2.9 million dollar carryover in authority for the Federal Health Facilities Citation Penalties Account from the 2023 Budget Act, various baseline adjustments and the following Budget Change Proposals:

- Policy & Legislation Branch Expansion: \$1.1 million
- Center for Health Care Quality, Internal Department Quality Improvement (IDQIA): \$3.1 million
- Assembly Bill 3030 – Health Care Service: Artificial Intelligence: \$672,000
- Senate Bill 1354 – Long-Term Healthcare Facilities: Payment Source and Resident Census: \$307,000

Table 1
Comparison of 2024 Budget Act with 2025-26 November Estimate

Funding Source (\$ in thousands)	2024 Budget Act	CY 2024-25 at 2025-26 November Estimate	Change from 2024 Budget Act to 2025-26 November Estimate	Percent Change from 2024 Budget Act to 2025-26 November Estimate	BY 2025-26 2025-26 November Estimate	Change from 2024 Budget Act to 2025-26 November Estimate	BY 2025-26 Percent Change from 2024 Budget Act to 2025-26 November Estimate
State Operations Appropriations Summary:							
0001 - General Fund	\$4,969	\$7,460	\$2,491	50.1%	\$4,963	-\$6	-0.1%
0890 - Federal Trust Fund	\$130,189	\$137,345	\$7,156	5.5%	\$139,266	\$9,077	7.0%
0942 - Special Deposit Fund							
Internal Departmental Quality Improvement Account	\$1,570	\$1,565	-\$5	-0.3%	\$4,301	\$2,731	173.9%
State Health Facilities Citation Penalty Account	\$2,144	\$2,144	\$0	0.0%	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$579	\$577	-\$2	-0.3%	\$577	-\$2	-0.3%
0995 – Reimbursements	\$15,693	\$15,613	-\$80	-0.5%	\$15,648	-\$45	-0.3%
3098 - Licensing and Certification Program Fund	\$317,513	\$316,565	-\$948	-0.3%	\$319,307	\$1,794	0.6%
Less Transfer from General Fund 0001	-\$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	\$468,957	\$477,569	\$8,612	1.8%	\$482,506	\$13,549	2.9%
Local Assistance Appropriations Summary:							
0942 - Special Deposit Fund							
Federal Health Facilities Citation Penalty Account	\$5,575	\$8,447	\$2,872	51.5%	\$3,575	-\$2,000	-35.9%
3098 - Licensing and Certification Program Fund	\$45	\$45	\$0	0.0%	\$45	\$0	0.0%
Total Local State Appropriations	\$5,620	\$8,492	\$2,872	51.1%	\$3,620	-\$2,000	-35.6%
Total Appropriations	\$474,577	\$486,061	\$11,484	2.4%	\$486,126	\$11,549	2.4%
Headquarters	555.4	555.4	0.0	0.0%	562.4	7.0	1.3%
Field Operations							
Supervisors	163.0	163.0	0.0	0.0%	163.0	0.0	0.0%
Surveyors*	652.0	652.0	0.0	0.0%	656.3	4.3	0.7%
Support	170.0	170.0	0.0	0.0%	170.0	0.0	0.0%
Center Positions	1540.4	1540.4	0.0	0.0%	1551.7	11.3	0.7%
Public Health Staff**	8.5	8.5	0.0	0.0%	8.5	0.0	0.0%
Grand Total Positions***	1548.9	1548.9	0.0	0.0%	1560.2	11.3	0.7%

*Surveyors include (Health Facility Evaluator Nurses, Associate Governmental Program Analysts, Special Investigators, Consultants)
**Public Health Staff include Information Technology Services Division, Office of Legal Services, and Administration Support for Surveyors

CHCQ Field Operations Status

CHCQ has made tremendous efforts in hiring and recruiting surveyors, which has successfully offset staff separations from several factors including the competitive market and early retirements. In addition to surveyors, CHCQ is successfully hiring and recruiting surveyor supervisors who fill a critical role in licensing and certification activities. With the increase in personnel resources, CHCQ can prioritize addressing urgent workloads while also addressing lower-priority workloads. The overall reduction in staff vacancies is having a positive impact on the timeliness of CHCQ surveys since there are currently more resources to complete the workload.

As of November 2024, the vacancy rate is 5.4 percent for Health Facility Evaluator Nurses (HFENs), which is a considerable decrease from prior years because of effective hiring and recruiting efforts. CHCQ is currently utilizing social media platforms, such as Indeed and LinkedIn, to attract and increase engagement with potential candidates, walking them through the complex state hiring process and the nature of the surveyor role. CHCQ's recruitment teams started attending in-person job fairs to engage with local candidates at hard-to-recruit locations. CHCQ is also promoting all internal employment opportunities with CHCQ staff via email blasts to create vacancy awareness. Finally, CHCQ has an onboarding program to welcome new hires and introduce them to CDPH's culture, mission, and values. These onboarding meetings help new hires to feel engaged, integrated, and part of the team.

Complaint Completion Timelines

Paragraphs (3), (4), and (5) of subdivision (a) of section 1420 of the Health and Safety Code 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.

As of Quarter 4 of 2023-24, CHCQ completed 97 percent of long-term health care facility complaints within 60 days of receipt. This represents over a 30 percent improvement in the timeliness of long-term care complaints since Quarter 4 of 2021-22. Furthermore, CHCQ has completed 100 percent of backlogged long-term care complaints that existed as of April 1, 2021.

CHCQ will continue to make every effort to improve compliance with mandated completion timelines for long-term health care facility complaints and remains focused on resolving existing complaints and entity reported

backlog. 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.

Los Angeles County Monitoring and Performance

As of July 1, 2023, LAC and CHCQ renewed another three-year contract, 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 timely completion of 100 percent of the workload.

CHCQ continues to employ a LAC contract manager as a single point of contact for the contractor. The LAC contract manager serves as an official liaison and positive working partner, tracking metrics described in the scope of work, and managing requests for workload changes by either party. The list of activities the contract manager performs include, but are not limited to:

- Monitoring the activities of the Los Angeles State District Office to provide oversight and monitor LAC's performance, which includes conducting on-site review, data analysis, and audits.
- 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.
- Increasing the frequency of direct meetings between CHCQ's LAC contract manager 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).

Federal Civil Monetary Penalties Account Projects

CMS may impose monetary penalties against skilled nursing facilities (SNFs) nursing facilities (NFs) and dually certified SNF/NF that failed to meet Medicare and Medicaid participation requirements for Long-Term Care Facilities. These penalties are based on number of days each facility is out of compliance as outlined in the (Code of Federal Regulations (CFR) 42 part 488.430.) A portion of the collected civil money penalties (CMP) is returned to the states. State CMP funds can be invested into skilled nursing facilities to support CMS approved activities that enhance the quality of life for nursing home residents. Each state must submit an acceptable CMP fund plan to CMS annually detailing available funds, current obligations, and future project plans. CMS uses data from these states to ensure that federal CMP funds are distributed properly. If a state fails to provide an acceptable plan, CMS may withhold future CMP fund disbursements until compliance is achieved.

The 2024 Budget Act authorized \$5.6 million to fund existing projects and provide funding for new projects to benefit nursing home residents in current and future fiscal years until June 30, 2028. Per Item 4265-115-0942 of the 2024 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.

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/Facility Reported Incident (FRI) investigations surveyors will conduct in 2025-26. 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/FRI 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

New Assumptions/Premises

Center for Health Care Quality: Internal Department Quality Improvement (IDQIA)

Background:

CDPH CHCQ is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and quality of health care 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, and contracts with the Los Angeles County Department of Public Health to license and certify health care facilities located in LAC. CHCQ receives funds through Title XVIII and Title XIX grants from CMS and licensing fees paid by health care facilities. CHCQ licenses and certifies over 15,000 health care facilities and agencies across California in 30 different licensure and certification categories.

Health and Safety Code section 1280.15(f) establishes 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 state administrative penalties that CDPH imposes on health facilities for violations that cause harm to a patient, or administrative penalty associated with breaches of medical information. Since fiscal year 2010-11, the Legislature has appropriated moneys in IDQIA to be expended for internal quality improvement activities.

CHCQ uses IDQIA to fund both large scale quality improvements requiring the Project Approval Lifecycle (PAL) process as well as small scale improvements such as robotic process automation, implementing use-cases for previously PAL-approved technology such as Microsoft Dynamics, equipment purchases, et cetera, that are not required to go through the PAL process. These projects directly improve the quality and efficiency of CHCQ's services to providers and the public.

The Centralized Application Branch (CAB) processes health care facility licensure and certification applications for CHCQ, including all applications for initial facility licenses, changes to existing licenses, licensure renewals, and conducts activities associated with license expiration and license revocation. CAB processes applications on a first-in, first-out basis and often works with applicants to address incomplete or inaccurate application materials. CAB receives over 15,000 applications annually. Most of the application processing is

manual and requires health care facilities to submit various required forms and supporting documentation to CAB via United States Postal Service mail, fax, and/or email.

Assembly Bill (AB) 2798 (Chapter 922, Statutes of 2018) requires an automated application system to process licensing applications from General Acute Care Hospitals (GACH) and Acute Psychiatric Hospitals (APH), and mandates that the resources necessary to implement the application process would be made available, upon appropriation, from IDQIA. The automated license application submission system was built in Adobe Experience Manager (AEM) and went live in late 2019 for GACHs and APHs. The automated application submission system reduced many cumbersome manual processes for GACH and APH applications, eliminated the ability to submit an incomplete application, reduced back and forth communications around incomplete applications, has proven beneficial for providers and has created a seamless route for application submissions and processing.

Currently, the GACH/APH system receives 1000 applications annually with a maintenance and support model consisting of a business analyst (BA), three developers, two testers, and a software engineer supporting the platform. There are approximately 3,000 end users of the system and an average of 537 technical tickets annually.

For the remaining 33 provider types licensed/certified by the center, the application submission and review process has remained manual, and paper based. Manual processes draw on already limited resources and limit the center's ability to improve the customer experience, increase efficiency, reduce errors, and mitigate extended processing timeframes.

The Enterprise Platform Services Branch (EPSB) Development Operation (DevOps) II Section within CDPH's Information Technology Services Division (ITSD) is responsible for platform services including PEGA, AEM, and Microsoft Power Platform. EPSB DevOps II has experienced unprecedented growth in workload over the last three years. This growth began with the department's rapid implementation of new systems and services in response to the COVID-19 pandemic. In just three years, CDPH has seen a 400 percent increase in the number of systems that are managed on low code cloud-based platforms and has increased its adoption of cloud hosting from 20 percent to 70 percent. As CDPH has incorporated the Microsoft (MS) Power Platform as the low code platform of choice, the DevOps II section's workload has increased exponentially. EPSB DevOps II has grown from supporting seven online applications to over 26 applications. There are currently 10 new applications either in the project stage, in development, or waiting to be transitioned to maintenance and operations.

Description of Change:

CDPH CHCQ requests \$3.1 million in 2025-26 from the Internal Departmental Quality Improvement Account (Fund 0942-222) to support planning and implementation costs for the CAB Online Licensing Application Project.

Discretionary?:

Yes.

Reason for Adjustment/Change:

CHCQ requests \$3.1 million in 2025-26 from Fund 0942-222 to support planning and implementation cost for the CAB Online Licensing Application Project.

The CAB Online project proposes to refresh, enhance, and expand the technology of CAB's original automated license application submission system to enable all 35 healthcare facility provider types to submit applications electronically and have the technological flexibility to add new facility types in the future. Additionally, the technology refresh will integrate the new CAB Online license application submission system with other CHCQ systems, including the center's Electronic Licensing Management System (ELMS) database and enable facilities to pay licensing fees electronically, rather than by paper check.

In addition, CHCQ has a need to reduce errors in submitted applications. Reducing the errors in submitted applications will minimize the number of applications that require corrections or additional documentation. The GACH and APH automated licensing application system has effectively reduced application errors since inception. Prior to AEM, GACH/APH applicants were able to submit incomplete applications with missing documents, which increased processing times. With AEM, application errors have been effectively reduced since applicants are required to submit completed applications, and this has substantially decreased processing times from 100 days in 2019 to 38 days in 2023 which provided greater efficiency for both the provider and the department. Subsequently, other provider types across the CHCQ regulated universe are requesting the ability to submit forms and payments using the online application system.

CHCQ has a need to create efficiencies in CAB's operations. Analysts manually key information from paper applications into ELMS. The workflow between CAB intake team, managers, analysts, Fiscal Unit, and District Offices includes passing application packets and folders either manually or via email. Analysts manually look up information in related systems and re-key relevant information into ELMS. Integration of the online application system with ELMS system and other systems

will reduce many of the cumbersome manual processes currently in place and will provide a simplified workflow that will contribute to provider satisfaction by creating a seamless route for application submissions and processing.

CHCQ needs to move the online GACH and APH application system to a technology that ITSD can support and that is consistent with the Future of Public Health Department-wide technology enhancement strategy. The online GACH and APH application system was created using AEM software. The AEM was an enterprise standard at CDPH and had been used successfully to automate forms submissions for other CHCQ programs, such as End of Life Drug and Palliative Care Programs. Since the implementation of the GACH and APH application system, ITSD has determined that AEM is no longer an enterprise standard and will not perform new developments using the platform. As a result, CDPH plans to migrate existing applications off AEM platform by December 2024.

Fiscal Impact (Range) and Fund Source(s):

CDPH CHCQ requests \$3.1 million in 2025-26 from Fund 0942-222 to support planning and implementation cost for the CAB Online Licensing Application Project.

Center for Health Care Quality: Public Policy, and Legislative Branch Expansion

Background:

The Public Policy and Legislative Branch researches, analyzes, and communicates CHCQ's policies and legal requirements to internal and external audiences to support safe, effective, and quality health care for all Californians. As of this proposal, CHCQ has a total of 33 pending regulations packages that consist of over 75 topics/subpackages that must be completed. This number has the potential to increase each year with each passing legislative session.

Many CHCQ regulations have not been updated in decades, and some facilities have never had state regulations. Of the existing regulations, many were implemented prior to the use of computers, tablets, smartphones, and modern medical technology; as such, they are severely outdated. In fact, because many regulations are so outdated, CHCQ frequently uses the program flex process to allow facilities to meet regulatory requirements using alternative methods to implement more current technologies or approaches to care. Facilities submit a program flex request to CDPH asking to meet the intent of the specific state regulation(s) using an alternative method. CDPH staff review each request to determine if the facility can still provide services in safe and reliable manner if the request is granted. While facilities operate

under federal regulations, there are many instances where state statute is different than federal requirements and thus it is imperative that California has clear regulatory requirements for facilities.

The CHCQ Regulation Section currently consists of the following:

- 1 Staff Services Manager (SSM) II to oversee the section.
- 2 SSM I to oversee two units.
- 5 Regulation writers to write regulations {Associate Governmental Program Analyst (AGPA)}.
- 3 Fiscal staff (AGPA).

On average, an individual regulation package takes three years to complete. This assumes six months to gather relevant data, conduct research, work with subject matter experts, and conduct stakeholder meetings. This also assumes two years to draft the regulations and six months for review, revisions, and signoff. Some packages are of extreme sensitivity (i.e., hospital regulations) and can take longer than three years to complete. Each package has one regulation writer assigned to it and each regulation writer is assigned two packages at a time. A regulation writer will work on a package to a point where review is necessary, then while that package is going through review, they will begin working on the second package.

Assuming CHCQ is consistently fully staffed with five regulations writers, each writing two packages at a time, and each of the pending 33 regulation packages takes three years to complete, it would take roughly 20 years for CHCQ to complete the regulation packages on its current list of necessary regulation updates. Upon completion of the current list of regulation packages, CHCQ would then need to begin work on updates to align with new federal and state laws enacted since their last update. Each legislative session new licensing requirements are enacted and many of these require clarification to be provided and adopted by regulation to ensure effective implementation. Over the last three years, there have been roughly 11 such bills signed each legislative session.

CHCQ does not have enough staff to complete regulation development in a timely fashion. Since it has been years since many regulations have been updated, the complexity of many of the packages has grown exponentially. These packages require the skill, knowledge, and expertise of Health Program Specialists (HPS) I's to complete. As previously noted, regulation packages take an average of three years to complete. Each time a

regulation writer leaves prior to the completion of a package, it can take up to six months to bring a new regulation writer up to speed on the content and policy direction of the package.

Description of Change:

CDPH requests 7 positions, \$1.1 million in 2025-26, and ongoing from Fund 3098 to support the Public Policy and Legislative Branch Expansion.

Discretionary?:

Yes.

Reason for Adjustment/Change:

CHCQ is requesting to add 7 new staff to the regulations team which are broken down as follows:

- 1 SSM I
- 5 HPS I
- 1 Fiscal Staff AGPA

This change would result in the regulation section having two regulations writing units and would allow for the expansion of the existing regulation fiscal unit for the Policy and Legislation Branch. The additional SSM I would supervise one new unit it that includes the 5 HPS I's. The regulation fiscal unit would increase from 3 permanent fiscal staff to 4 permanent fiscal staff to account for the increase in regulation packages being written.

These additions would increase CHCQ's ability to complete regulation packages in a timely way. The addition of the HPS I's will bring a higher level of health program expertise to complete the most complex regulation packages. Additionally, the regulation package supporting documents require an economic and fiscal analysis for how the regulations will impact the regulated community as well as the state including assessing impacts to state and local government operated facilities. This fiscal analysis needs to address both direct and indirect cost impacts. The added position will also bring additional expertise to allow CHCQ to accurately identify the potential costs for proposed regulatory changes. These changes should also greatly increase staff retention resulting in greater consistency in regulation development. In recent years, stakeholders have grown increasingly frustrated with the incremental updates to CHCQ

regulations. The additional staff requested will significantly improve CHCQ's ability to update regulations in a timely manner.

Fiscal Impact (Range) and Fund Source(s):

CDPH requests 7 positions, \$1.1 million in 2025-26 and ongoing from Fund 3098 to support the Public Policy and Legislation Branch Expansion.

Special Deposit Sub-Funds Conversion to Special Funds (Technical Adjustment)

Background:

The CDPH CHCQ has four sub-funds with the Special Deposit Fund (Fund 0942). These include:

Internal Departmental Quality Improvement Account (IDQIA): 0942-222:

Per Health and Safety Code section 1280.15(f) "All penalties collected by the department pursuant to this section, Sections 1280.1, 1280.3, and 1280.4, shall be deposited into the IDQIA, which is hereby created within the Special Deposit Fund under Section 16370 of the Government Code. Upon appropriation by the Legislature, moneys in the account shall be expended for internal quality improvement activities in the Licensing and Certification Program.

Skilled Nursing Facility Minimum Staffing Penalty Account: 0942-248:

Per Health and Safety Code section 1276.66(a)(1): "There is hereby continued in the Special Deposit Fund, established pursuant to Section 16370 of the Government Code, the SNF Minimum Staffing Penalty Account. The account shall contain all moneys deposited pursuant to subdivision (b).

(2) Notwithstanding Section 13340 of the Government Code or any other law, the SNF Minimum Staffing Penalty Account is hereby continuously appropriated, without regard to fiscal years, to the State Department of Public Health to support the implementation of this section."

State Health Facilities Citation Penalties Account: 0942-601:

Per Health and Safety Code section 1417.2(a): "Notwithstanding Section 1428, moneys collected as a result of state civil penalties imposed under this chapter shall be deposited into this account that is hereby established in the Special Deposit Fund created pursuant to Section 16370 of the Government Code. This account is titled the State Health Facilities Citation Penalties Account, into which moneys derived from civil penalties for violations of state law shall be deposited."

Federal Health Facilities Citation Penalties Account: 0942-605:

Per Health and Safety Code section 1417. 2(a): "Notwithstanding Section 1428, moneys collected as a result of federal civil penalties imposed under federal law shall be deposited into this account that is hereby established in the Special Deposit Fund created pursuant to Section 16370 of the Government Code. This account is titled the Federal Health Facilities Citation Penalties Account, into which moneys derived from civil penalties for violations of federal law shall be deposited."

Description of Change:

CDPH CHCQ requests the conversion of four special deposit sub-funds to special funds.

Discretionary?:

Yes.

Reason for Adjustment/Change:

The conversion of the IDQIA Fund (0942-222), Skilled Nursing Facility Minimum Staffing Penalty Account (0942-248), State Health Facilities Citation Penalties Account (0942-601), and Federal Health Facilities Citation Penalties Account (0942-605) sub-funds will provide greater transparency. These sub-funds currently do not have official fund condition statements published in the Budget Act Detail. This makes it more difficult to track revenues, expenditures, and the fund balance. Below are some issues CHCQ is facing:

- Following the passage of AB 186 (2022) CHCQ no longer transfers all revenue from the SNF Minimum Staffing Penalty Account to the DHCS. An official fund condition statement for this fund would be appropriate, considering that CHCQ will now keep the revenue and potentially make expenditures from the Account.
- The State Citation Account is shared with the California Department of Aging, and CHCQ has little transparency and communication with them regarding expenditures and transfers. An official published fund condition statement would be helpful for both Departments.
- The State and Federal Citations Accounts are both highly visible with CHCQ often receiving inquiries from stakeholders regarding the balances/expenditures. CHCQ must also complete a complex reconciliation with Dept. of Aging's year-end reports at the conclusion of every fiscal year. Converting these sub-funds to special funds would

eliminate that need, and lessen workload for CHCQ, CDPH Financial Services Branch, and Department of Aging.

- On an annual basis, CMS requires CHCQ to submit the fund balance for the Federal Citation Account with the Civil Money Penalty State Plan. It is difficult for CHCQ to report this information without an official fund condition statement.

CHCQ requests that these four sub-funds be abolished, and any fund balance should be transferred as follows:

- The balance in the IDQIA shall be transferred to IDQIA.
- The balance in the SNF Minimum Staffing Penalty Account shall be transferred to the SNF Minimum Staffing Penalty Account.
- The balance in the State Health Facilities Citation Penalties Account shall be transferred to the State Health Facilities Citation Account.
- The balance in the Federal Health Facilities Citation Penalties Account shall be transferred to the State Health Facilities Citation Account.

There will be no changes to revenues or expenditures for these funds. Revenues will be received from the same citation types as were received by the predecessor funds. Expenditures will be made for the same purposes as the predecessor funds. This request is purely administrative in nature.

Fiscal Impact (Range) and Fund Source(s):

There is no fiscal impact to the funds listed. CHCQ requests a technical adjustment to convert four special deposit sub-funds to special funds.

Implementation of SB 1354: Long-Term Healthcare Facilities: Payment Source and Resident Census

Background:

Older adults on Medi-Cal have struggled to find SNFs willing to accept them because providers want higher reimbursement rates from private pay residents and Medicare beneficiaries. Low-income seniors are often forced to move away from family, friends, and their healthcare support team because they are denied access to a local facility due to the lower Medi-Cal reimbursement rates. Residents, families of residents, and the public have been demanding greater accountability of SNFs for many years now. SNFs receive funds from DHCS to accommodate both Medicare and Medicaid residents for their voluntary participation that requires an agreement certifying under penalty of perjury they will adhere to all state and federal laws, which include a prohibition against

Medi-Cal discrimination. Despite these laws, for decades, nursing homes have found numerous ways of discriminating to reduce their Medi-Cal population and free beds up to make way for more lucrative private pay or Medicare residents.

SB 1354 strengthens and enhances the rights of residents by aligning laws with regulations related to the administration of agreements between residents and providers' operations of their facilities and informing residents of their possible eligibility for Long-Term Care (LTC) Medi-Cal benefits. SB 1354 requires all SNFs to make their current daily resident census and nurse staffing data available to the public by either posting it on the facility's internet website or by responding to telephonic requests, as specified. SB 1354 requires that LTC health facilities certified by Medi-Cal must provide the same care, services, and benefits to Medi-Cal beneficiaries as they do to the public, regardless of payment source, among other things.

Description of Change:

CDPH requests 1.25 positions and expenditure authority of \$307,000 in 2025-26 and ongoing from Fund 3098 to implement SB 1354 regarding LTC Facilities, Payment Source and Resident Census.

Discretionary?:

Yes.

Reason for Adjustment/Change:

SB 1354 requires each LTC health facility certified for Medi-Cal to provide the same care, services, and benefits to Medi-Cal beneficiaries as to the public, regardless of payment source. The bill requires each LTC health facility include a specific statement that details a resident's rights as a Medi-Cal or Medicare enrollee in the notice a resident or their representative must receive if the facility intends to involuntarily transfer or discharge the resident. All SNFs would be required to make their current daily resident census and nurse staffing data available to the public by either posting it on the facility's internet website.

Daily Resident Census and Nurse Staffing Information

Pursuant to federal regulations, certified SNFs must already gather their current daily resident census and nursing staffing data and post it daily in a prominent place accessible to residents and visitors.

The bill would require every Medi-Cal certified SNF to post the data on its website, or provide the information in response to a telephonic request in the manner preferred by the requester:

- By telephone, within 24 hours, or
- By email, within two business days. (If by email, the SNF may send a photograph of the currently posted information).

Compliance with this provision will likely minimally affect the operational costs of a facility. However, if a state court, federal court, or CMS make a judgement/finding that reimbursement by the Medi-Cal program to LTC health care facilities for costs associated with this section is required by state or federal law or regulation, this bill makes this data access provision operative only upon appropriation by the Legislature.

Discrimination Based on Payer Source

The facility must have identical policies and practices to all residents, regardless of a resident's payment source which is mandated by federal and state law. In December 2023, CDPH sent an All Facilities Letter (AFL 23-37) to all SNFs, reminding them of the applicable federal and state laws relating to admissions, discharges, and transfers, because the Department was receiving an annual average of 1,100 complaints relating to SNF discharges and transfers.

CDPH currently investigates complaints relating to SNF discharges and transfers. This bill expands transparency requirements regarding SNF daily resident census and its nursing staffing levels by requiring every Medi-Cal certified SNF post the data on its website or provide the information in response to a telephonic request in the manner preferred by the requester. With this bill's additional transparency requirements, CDPH assumes there will be a 10 percent increase over the current annual average of 1,136 complaints relating to SNF discharges and transfers, which will result in 114 additional complaints per year. The average amount of time to investigate a complaint and determine whether to issue a citation and civil penalty is 19 hours. Each full-time equivalent (FTE) HFEN completes an average of 1,800 hours of work annually.

This bill will require 1.25 FTE HFENs to accomplish the 2,166 hours of additional complaint workload resulting from this bill. Since SB 1354 takes effect on January 1st, 2025, CHCQ will absorb the increased workload in 2024-25 with existing resources. CHCQ requests 1.25 positions and expenditure authority of \$307,000 in 2025-26 and ongoing to implement SB 1354.

Fiscal Impact (Range) and Fund Source(s):

CDPH requests 1.25 positions and expenditure authority of \$307,000 in 2025-26 and ongoing from Fund 3098 to implement SB 1354 regarding LTC Facilities, Payment Source and Resident Census.

Implementation of Assembly Bill (AB) 3030: Health Care Service: Artificial IntelligenceBackground:

Across the state, pilot programs are testing the use of generative artificial intelligence (GenAI) as a tool to assist clinicians with patient communications. As AI becomes increasingly integrated in our health care systems, it is important to maintain the trust between a patient and their provider, while ensuring the accuracy of information being communicated to patients. AB 3030 requires specified entities that use GenAI to generate verbal or written patient communications pertaining to patient clinical information to ensure those communications include both a disclaimer that GenAI generated the communication and clear instructions describing how the patient may contact a human health care provider or other appropriate person. This bill requires healthcare providers who use this technology to provide a disclaimer that the communication was AI-generated, along with clear instructions for how a patient can directly communicate with a healthcare provider. This bill allows health care providers to benefit from the increased efficiencies offered by GenAI tools while simultaneously providing recourse to patients who are not satisfied with GenAI-generated responses.

Description of Change:

CDPH requests 3 positions and expenditure authority of \$672,000 in 2025-26 and ongoing from Fund 3098 to provide resources to implement the provisions of AB 3030, which deals with health care services and artificial intelligence.

Discretionary?:

Yes.

Reason for Adjustment/Change:

AB 3030 requires a health facility, clinic, physician's office, or office of a group practice that uses GenAI to generate written or verbal patient communications pertaining to patient clinical information to ensure that those communications include a disclaimer and clear instructions describing how a patient can communicate with a human health care provider, or other appropriate person. The disclaimer must indicate the communication was generated by GenAI and must comply with the following formatting requirements:

- For written communications involving physical and digital media, including letters, emails, and other occasional messages, the disclaimer must appear prominently at the beginning of each communication.
- For written communications involving continuous online interactions, including chat-based telehealth, the disclaimer must be prominently displayed throughout the interaction.
- For audio communications, the disclaimer must be provided verbally at the start and end of the interaction.
- For video communications, the disclaimer must be prominently displayed throughout the interaction.

This bill clarifies that if a communication is generated by GenAI and read and reviewed by a human licensed or certified health care provider, then a disclaimer described above is not required.

AB 3030 also includes definitions for artificial intelligence, clinic, GenAI, health care provider, health facility, office of a group practice, patient clinical information, and physician's office. These definitions clarify what types of facilities would be impacted by the bill's requirements, including clinics and health facilities which are under the licensing oversight of CDPH. Moreover, the bill defines GenAI as artificial intelligence that possesses the ability to generate derived synthetic content including images, videos, audio, text, and other digital content. CDPH has no concerns with these statutory definitions as they would not impact regular CDPH practices.

Based on the increasing accessibility of generative AI, CDPH estimates that 40 percent of facilities will use AI tools in patient communication. This results in the following range of costs:

- HFEN 3.0 FTE: There are currently 15,000 open health facilities and clinics with active licenses under CDPH's purview. Assuming 40 percent of these facilities use some form of generative AI in their patient communications, CDPH will need to review 6,000 facilities for compliance with the disclaimer requirements of AB 3030. Assuming a HFEN requires on average two hours to review each facility or clinic's various generative AI communication platforms during relicensing surveys, including written, audio, video, and online interface communications, this will generate an additional 12,000 hours of work each license renewal cycle. Clinics and health facilities have varying license renewal periods, but assuming CDPH conducts a relicensing survey every two years on average, we estimate this will generate an additional 6,000 hours of work annually. Since a HFEN can complete 1,800 hours of work

each year, CDPH will require approximately 3.0 permanent FTE HFENs to complete the new workload. This would result in costs of \$ 390,000 in the second half of 2024-25 that will be absorbed, and annual, ongoing costs of approximately \$672,000 beginning in 2025-26.

Fiscal Impact (Range) and Fund Source(s):

CDPH requests 3 positions and expenditure authority of \$672,000 in 2025-26 and ongoing from Fund 3098 to provide resources to implement the provisions of AB 3030, which deals with health care services and artificial intelligence.

Existing (Significantly Changed) Assumptions/Premises

There are no existing or significantly changed assumptions/premises.

Unchanged Assumptions/Premises

There are no unchanged assumptions/premises.

Discontinued Assumptions/Premises

There are no discontinued assumptions/premises.

V. Appendix A: Fiscal Summary
Comparison of 2024-25 November Estimate to 2025-26 November Estimate
(\$ in thousands)

	2024-25 November Estimate	2025-26 November Estimate	Request
BUDGET ITEMS			
A. Headquarters			
1. Headquarters	65,872	65,872	
2. Internal Department Quality Improvement		3,086	3,086
3. Policy & Legislative Branch Expansion		1,138	1,138
Headquarters Sub-total	\$65,872	\$70,096	\$4,224
B. Field Operations			
1. Licensing & Certification (L&C)	188,108	188,108	
2. Los Angeles County (LAC)	132,710	132,710	
3. State Facilities Unit (SFU)	14,147	14,147	
4. AB 3030: A.I. Communications Review		672	672
5. SB 1354: LTC Payment Source & Resident Census		307	307
Field Operations Sub-total	\$334,965	\$335,944	\$979
C. Adjustment to Baseline Administrative and Field Operations Cost	81,109	74,018	(7,091)
D. Statewide Cost Allocation Plan	4,115	6,068	1,953
E. Grand Total	\$486,061	\$486,126	\$65

VI. Appendix B: Position Summary
Comparison of 2024-25 Budget Act to 2025-26 November Estimate

	2024-25 Budget Act	2025-26 Budget Change Proposals	2025-26 November Estimate	Request
TOTAL CENTER POSITIONS	1,540.4	11.3	1,548.7	11.3
Headquarters Total	555.4	7.0	555.4	7.0
Field Operations Total	985.0	4.3	993.3	4.3
Bakersfield District Office	48.0	1.3	48.0	1.3
Chico District Office	42.0	-	42.0	-
East Bay District Office	63.0	-	63.0	-
Fresno District Office	65.0	-	65.0	-
Life Safety Code Section	31.0	-	31.0	-
Los Angeles State District Office	29.0	-	29.0	-
Medical Consultant Section	20.0	-	20.0	-
Nutrition Consultant Section	14.0	-	14.0	-
Orange District Office	81.0	-	81.0	-
Pharmaceutical Consultant Section	20.0	-	20.0	-
Riverside District Office	75.0	-	75.0	-
Sacramento District Office	90.0	-	90.0	-
San Bernardino District Office	66.0	-	66.0	-
San Diego District Office	60.0	3.0	60.0	3.0
San Francisco District Office	38.0		38.0	
San Jose District Office	48.0	-	48.0	-
Santa Rosa District Office	40.0	-	40.0	-
State Facilities Section	69.0	-	69.0	-
Stockton District Office	33.0	-	33.0	-
Ventura District Office	53.0	-	53.0	-

Comparison of 2024-25 Budget Act to 2025-26 November Estimate
(continued)

	2024-25 Budget Act	2025-26 Budget Change Proposals	2025-26 November Estimate	Request
Public Health Staff Total	8.5	-	8.5	-
Administration	4.0	-	4.0	-
Information Technology Services Division	4.5	-	4.5	-
Office of Legal Services	-	-	-	-
TOTAL CENTER-FUNDED POSITIONS	1,548.9	11.3	1,560.2	11.3

VII. Appendix C: Detailed Assumptions

1. Methodology:

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

- Planned workload = Standard average hours x facility count x required frequency (if applicable).
- Unplanned workload = Historical data and applying linear regression to project unplanned workload with possible adjustments from subject matter experts knowledgeable of the specific workload.
- CHCQ continues to analyze ratios of survey to follow-up/revisits to accurately project workload demand.
- 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 June 2024 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 June 2024.

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 (ex: licensing survey) or federally mandated by CMS (ex: certification survey).

7. Standard Average Hours:

Standard average hours are the average hours each survey activity takes to complete. CHCQ used July 1, 2021 through June 30, 2024 closed complaints and exited survey data to calculate standard average hours for this Estimate.

8. 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, 2024.

9. 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, 2024.

10. 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.

11. Surveyor Positions:

Surveyor positions consist of HFENs, Associate Governmental Program Analysts, Special Investigators, medical, pharmacy, dietary consultants, and life safety code analysts. CHCQ uses 1,800 functional hours per position per year for state field operations staff, as well as Los Angeles County surveyor staff.

12. 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 Health Facilities Evaluator Manager I positions using a (1:6) ratio: one Health Facilities Evaluator Manager I for every six Health Facilities Evaluator II Supervisors.
- 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 CHCQ administrative positions using a (1:10) ratio: one CHCQ administrative position for every ten of the combined requested positions for field-based staff.

13. CHCQ updated federal grant workload to reflect the 2024 grant.**14. Fund Sources:**

- General Fund (0001)
- Federal Trust Fund (0890):
 - a. Title XVIII Long Term Care
 - b. Title XVIII Non-Long-Term Care
 - c. Title XVIII Hospice Care
 - d. Title XIX Long Term Care
 - e. Title XIX Non-Long-Term Care
- Special Deposit Fund (0942)
 - a. Internal Departmental Quality Improvement Account
 - b. SNF Minimum Staffing Penalty Account
 - c. State Health Facilities Citation Penalties Account

- d. Federal Health Facilities Citation Penalties Account
 - Reimbursements (0995)
 - CDPH L&C Program Fund (3098)

15. Contract costs are included for executed contracts only.

16. Miscellaneous:

- CHCQ has implemented a systematic method of securing the data within the Estimate workbook and documenting management review.

Changes to Detailed Assumptions from the 2024-25 May Revision Estimate

There are no changes to Detailed Assumptions from the 2024-25 May Revision Estimate.

VIII. Appendix D: Revenue and Transfer Summaries
2024-25 Revenue and Transfer Summaries

Fiscal Year 2024-25 \$ in thousands	Fi\$CAL 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	\$242,821					\$242,821
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$21,743					\$21,743
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$4,367					\$4,367
Loans/Repayments to Other Funds	6230000	-\$70,000					-\$70,000
Loans/Repayments from Other Funds	6530000	\$0					\$0
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$5,885				\$5,885
Income from Surplus Money Investments	4163000		\$1,107				\$1,107
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$6,618				\$6,618
Income from Surplus Money Investments	4163000		\$732				\$732
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$6,023				\$6,023
Income from Surplus Money Investments	4163000		\$426				\$426
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$4,185				\$4,185
Federal Fund 0890							
Title 18 Survey & Certification (S&C) Medicare	4400000			\$64,659			\$64,659
Title 19 Survey & Certification (S&C) Medicaid	4400000			\$62,686			\$62,686
Unscheduled	4400000			\$10,000			\$10,000
Reimbursements 0995							
Reimbursements 0995	4810000				\$7,258		\$7,258
Unscheduled	4810000				\$8,355		\$8,355
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$198,937	\$24,976	\$137,345	\$15,613	\$3,700	\$380,571

2025-26 Revenue and Transfer Summaries

FY 2025-26 \$ in thousands	Fi\$CAL 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	\$550,287					\$550,287
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$21,743					\$21,743
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$4,367					\$4,367
Loans/Repayments to Other Funds	6230000	\$0					\$0
Loans/Repayments from Other Funds	6530000	\$0					\$0
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$5,885				\$5,885
Income from Surplus Money Investments	4163000		\$1,107				\$1,107
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$6,618				\$6,618
Income from Surplus Money Investments	4163000		\$732				\$732
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$6,023				\$6,023
Income from Surplus Money Investments	4163000		\$426				\$426
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$4,185				\$4,185
Federal Fund 0890							
Title 18 Survey & Certification (S&C) Medicare	4400000			\$64,659			\$64,659
Title 19 Survey & Certification (S&C) Medicaid	4400000			\$62,686			\$62,686
Unscheduled	4400000			\$10,000			\$10,000
Reimbursements 0995							
Reimbursements 0995	4810000				\$7,383		\$7,383
Unscheduled	4810000				\$8,265		\$8,265
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$576,403	\$24,976	\$137,345	\$15,648	\$3,700	\$758,072

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**

	2023-24	2024-25	2025-26*
BEGINNING BALANCE	\$136,893,000	\$172,144,000	\$40,005,000
Prior year adjustments	\$25,259,000	\$0	\$0
Adjusted Beginning Balance	\$162,152,000	\$172,144,000	\$40,005,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (125700)	\$312,305,000	\$264,565,000	\$550,278,000
4143500 - Miscellaneous Services to the Public (142500)	\$500	\$6,000	\$6,000
4163000 - Investment Income - Surplus Investments (150300)	\$10,481,000	\$4,367,000	\$4,367,000
4171400 - Escheat of Unclaimed Checks and Warrant (161000)	\$196,000	\$0	\$0
4170700 - Civil and Criminal Violation Assessment (164400)	\$0	\$0	\$0
Transfers and Other Adjustments:			
Loan from Licensing & Certification FD, CDPH (3098) to the General Fund (0001)	\$0	-\$70,000,000	\$0
Repayment to Licensing & Certification FD, CDPH (3098) from the General Fund (0001)	\$0		\$0
Total Revenues, Transfers, and Other Adjustments	\$322,983,000	\$198,938,000	\$554,651,000
Total Resources	\$485,135,000	\$371,082,000	\$594,656,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller's Office (State Operations)	\$0	\$0	\$0
4170 Department of Aging (Local Assistance)	\$400,000	\$4,650,000	\$400,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****3098 State Department of Licensing and Certification Program Fund**

(Continued)

	2023-24	2024-25	2025-26*
4265 Department of Public Health (State Operations)	\$311,490,000	\$316,565,000	\$319,307,000
4265 Department of Public Health (Local Assistance)	\$45,000	\$45,000	\$45,000
8880 Financial Information System for CA (State Operations)	\$0	\$0	\$0
9670 Equity Claims of California Victim Compensation and Governmental Claims Board (State Operations)	\$0	\$0	\$0
9892 Supplemental Pension Payments (State Operations)	\$3,179,000	\$2,591,000	\$2,591,000
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$1,622,000	\$10,926,000	\$16,000,000
Total Expenditures and Expenditure Adjustments	\$316,691,000	\$334,777,000	\$338,343,000
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures	\$312,991,000	\$331,077,000	\$334,643,000
FUND BALANCE	\$172,144,000	\$40,005,000	\$260,013,000

**This fund condition statement does not reflect an accurate projection for 2025-26 revenue. This revenue amount will be developed in CHCQ's Annual Fee Report and updated at the time of the May Revision.*

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****3151 Internal Health Information Integrity Quality Improvement Account**

	2023-24	2024-25	2025-26
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

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****0942-222 Special Deposit Fund - Internal Department Quality Improvement Account**

	2023-24	2024-25	2025-26
BEGINNING BALANCE	\$19,552,000	\$25,863,000	\$31,290,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$19,552,000	\$25,863,000	\$31,290,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$5,885,000	\$5,885,000	\$5,885,000
4163000 Investment Income - Surplus Money Investment	\$892,000	\$1,107,000	\$1,107,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$6,777,000	\$6,992,000	\$6,992,000
Total Resources	\$26,329,000	\$32,855,000	\$38,282,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$466,000	\$1,565,000	\$4,301,000
Total Expenditures and Expenditure Adjustments	\$466,000	\$1,565,000	\$4,301,000
FUND BALANCE	\$25,863,000	\$31,290,000	\$33,981,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****0942-248 Special Deposit Fund - Skilled Nursing Facility Minimum Staffing Penalty Account**

	2023-24	2024-25	2025-26
BEGINNING BALANCE	\$2,295,000	\$6,177,000	\$10,665,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$2,295,000	\$6,177,000	\$10,665,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$4,185,000	\$4,185,000	\$4,185,000
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)	\$0	\$0	\$0
Total Revenues, Transfers, and Other Adjustments	\$4,185,000	\$4,185,000	\$4,185,000
Total Resources	\$6,480,000	\$10,665,000	\$14,850,000
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	\$6,480,000	\$10,665,000	\$14,850,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****0942-601 Special Deposit Fund - State Health Facilities Citation Penalties Account**

	2023-24	2024-25	2025-26
BEGINNING BALANCE	\$14,369,000	\$11,456,000	\$10,000,000
Prior year adjustments			
Adjusted Beginning Balance	\$14,369,000	\$11,456,000	\$10,000,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$6,023,000	\$6,023,000	\$6,023,000
4163000 Investment Income - Surplus Money Investment	\$567,000	\$426,000	\$426,000
Transfers and Other Adjustments:			
6240000 Revenue Transfers to Other Funds	-\$7,360,000	-\$2,537,000	-\$1,081,000
Total Revenues, Transfers, and Other Adjustments	-\$770,000	\$3,912,000	\$5,368,000
Total Resources	\$13,599,000	\$15,368,000	\$15,368,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
State Operations	\$138,000	\$130,000	\$130,000
Local Assistance	\$2,005,000	\$3,094,000	\$3,094,000
4265 Department of Public Health			
State Operations	\$0	\$2,144,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$2,143,000	\$5,368,000	\$5,368,000
FUND BALANCE	\$11,456,000	\$10,000,000	\$10,000,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****0942-605 Special Deposit Fund - Federal Health Facilities Citation Penalties Account**

	2023-24	2024-25	2025-26
BEGINNING BALANCE	\$14,716,000	\$19,292,000	\$17,618,000
Prior year adjustments			
Adjusted Beginning Balance	\$14,716,000	\$19,292,000	\$17,618,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Federal	\$6,618,000	\$6,618,000	\$6,618,000
4163000 Investment Income - Surplus Money Investment	\$732,000	\$732,000	\$732,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$7,335,000	\$7,350,000	\$7,350,000
Total Resources	\$20,051,000	\$26,642,000	\$24,968,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
4265 Department of Public Health			
State Operations	\$56,000	\$577,000	\$577,000
Local Assistance	\$2,703,000	\$8,447,000	\$3,575,000
Total Expenditures and Expenditure Adjustments	\$2,759,000	\$9,024,000	\$4,152,000
FUND BALANCE	\$19,292,000	\$17,618,000	\$20,816,000