

Center for Health Care Quality (CHCQ)

**Fiscal Year 2018-19
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 Program is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and quality 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. CHCQ licenses and certifies over 10,000 health care facilities and agencies in California in 30 different licensure and certification categories.

The U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) awards federal grant monies to 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 to certify health care facilities located in Los Angeles County.

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

II. Center for Health Care Quality Budget Projections

Current Year 2017-18

The 2017 Budget Act appropriated \$264.2 million to CDPH/CHCQ. CHCQ projects a 2017-18 expenditure level of \$272.5 million, which is unchanged from the 2018-19 Governor's Budget.

Budget Year 2018-19

For 2018-19, CHCQ estimates expenditures will total \$280.4 million, which is an increase of \$2.7 million or 1.0 percent compared with the Governor's Budget. This increase is due to the 2018-19 Spring Finance Letter - Health Care Licensing and Oversight.

Table 1 below compares the 2018-19 Governor's Budget with the 2018-19 May Revision Estimate for the current year 2017-18 and budget year 2018-19.

Table 1
Comparison of 2018-19 Governor's Budget with 2018-19 May Revision Estimate

Funding Source (\$ in thousands)	Current Year 2017-18				Budget Year 2018-19			
	2018-19 Governor's Budget	2018-19 May Revision	Change from 2018-19 Governor's Budget to 2018-19 May Revision	Percent Change from 2018-19 Governor's Budget to 2018-19 May Revision	2018-19 Governor's Budget	2018-19 May Revision	Change from 2018-19 Governor's Budget to 2018-19 May Revision	Percent Change from 2018-19 Governor's Budget to 2018-19 May Revision
State Operations Appropriations Summary:								
0001 - General Fund transfer to fund 3098	\$3,700	\$3,700	\$0	0.0%	\$3,700	\$3,700	\$0	0.0%
0890 - Federal Trust Fund	\$100,327	\$100,327	\$0	0.0%	\$102,056	\$102,056	\$0	0.0%
0942 - Special Deposit Fund								
Internal Departmental Quality Improvement Account	\$2,389	\$2,389	\$0	0.0%	\$2,304	\$2,598	\$294	12.8%
State Health Facilities Citation Penalty Account	\$2,144	\$2,144	\$0	0.0%	\$2,144	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$398	\$398	\$0	0.0%	\$398	\$398	\$0	0.0%
0995 - Reimbursements	\$10,160	\$10,160	\$0	0.0%	\$10,436	\$10,436	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$156,466	\$156,466	\$0	0.0%	\$159,810	\$162,183	\$2,373	1.5%
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%
Total State Operations Appropriations	\$271,884	\$271,884	\$0	0.0%	\$277,148	\$279,815	\$2,667	1.0%
Local Assistance Appropriations Summary:								
0942 - Special Deposit Fund								
Federal Health Facilities Citation Penalty Account	\$575	\$575	\$0	0.0%	\$575	\$575	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$43	\$43	\$0	0.0%	\$43	\$43	\$0	0.0%
Total Local Assistance Appropriations	\$618	\$618	\$0	0.0%	\$618	\$618	\$0	0.0%
Total Appropriations	\$272,502	\$272,502	\$0	0.0%	\$277,766	\$280,433	\$2,667	1.0%
Field Positions - Health Facility Evaluator Nurse	600.2	600.2	0.0	0.0%	599.2	599.2	0.0	0.0%
Field Positions - Other	453.1	453.1	0.0	0.0%	439.1	439.1	0.0	0.0%
Headquarters Positions	251.0	251.0	0.0	0.0%	244.0	266.0	22.0	9.0%
Center Positions**	1,304.3	1,304.3	0.0	0.0%	1,282.3	1304.3	22.0	1.7%

* CDPH became the Administrator of the Internal Health Information Integrity Quality Improvement Account (IHIIQA) - Fund 3151, effective July 1, 2015. There is currently no fund balance.

** Reduction of 22 positions from 2018-19 November Estimate due to Budget Position Transparency Drill.

CHCQ's workload analysis indicates an increase of 147 health facilities evaluator nurse positions and 57 support and supervisor positions (204 positions in total), compared with current staffing levels is required to complete 100 percent of the mandated workload. The estimated 147 health facilities evaluator nurses reflects a change of 24.5 percent compared with current staffing levels. CHCQ attributes the need for approximately 33 of the 147 health facilities evaluator nurse positions to an overall increase in the number of new and pending complaints, an increase in the number of home health agencies and other facilities, and an increase of approximately 3.5 percent in standard average hours. The remaining 114 of the 147 surveyor positions reflect the staffing required to conduct the Los Angeles County workload that is not included in the current contract. The current Los Angeles County contract, which ends June 30, 2018, does not include 100 percent of the Tier 3 and Tier 4 federal workload, state licensure activities, or investigation of complaints and entity-reported incidents in Los Angeles County. Currently, CHCQ uses state staff to address only the highest priority activities of this unfunded work in Los Angeles County. CHCQ is evaluating its ability to absorb this workload within existing resources. While CHCQ continues to have a high vacancy rate, it has made significant progress in filling existing vacancies. As of March 2018, the overall vacancy rate is 10 percent for health facilities evaluator nurses. CHCQ is working with recruitment consultants to aggressively recruit and fill these positions and has decreased the vacancy rate by 8 percent since April 2017. For these reasons, CHCQ does not request additional positions at this time.

Complaint Completion Timelines

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

In 2016-17, CDPH completed approximately 93 percent of complaints involving a threat of imminent danger of death or serious bodily injury within 90 days. CDPH will monitor and report quarterly on the CDPH website its compliance with the requirement to investigate all complaints within 90 days in 2017-18. CDPH will report on the workload impacts and feasibility of reducing complaint investigation timelines in subsequent Estimates.

Medical Breach Enforcement Unit – Pilot Project

In December 2015, using existing position authority, CDPH initiated a pilot program to use associate governmental program analysts and special investigators spread across the six regions of the state to investigate medical information breaches. The staff are stationed in the following regions: 1. Chico, Sacramento, and Santa Rosa; 2. East Bay, San Francisco, and San Jose; 3. Bakersfield and Fresno; 4. Riverside and San Bernardino; 5. Orange, San Diego North, and San Diego South; and 6. Ventura and Los Angeles. Previously, health facility evaluator nurses were the primary investigators of medical information breaches. Because medical breach investigations do not require the clinical knowledge of a registered nurse, transferring these investigations to associate governmental program analysts and special investigators enables health facility evaluator nurses to focus on surveys, and complaint and entity-reported incident investigations requiring clinical expertise.

On December 1, 2016, CDPH reclassified ten health facility evaluator nurses and the associated supervisors and support positions to create a Medical Breach Enforcement Section (MBES). As of March 2018, CDPH has filled nine of the ten associate governmental program analysts and special investigators. The MBES has assumed responsibility for all medical breach investigations from 2009 to the present for the San Diego North, San Diego South, East Bay, Chico, Riverside, San Bernardino, Bakersfield, and Orange County District Offices, and the State Facilities Section. This workload transition from the district offices to the MBES has allowed health facility evaluator nurses in the district offices to focus on intakes involving clinical patient care issues. CDPH anticipates transitioning all of the medical information breach workload for the remaining five district offices to the MBES by December 31, 2018, and will continue to report on the section's progress in future estimates.

Los Angeles County Monitoring and Performance

CDPH developed an operating plan, organizational structure, processes, and metrics for measuring and monitoring Los Angeles County's performance and negotiated a three-year contract effective July 1, 2015, through June 30, 2018. Oversight actions taken by CDPH include:

- Designated a Branch Chief and a Los Angeles County Monitoring Unit staffed by a health facility evaluator nurse supervisor, two health facility evaluator nurse surveyors, and a retired annuitant to provide oversight and monitoring of Los Angeles County's performance, including on-site review, observation, data analysis, and audits.
- Providing focused training to Los Angeles County Health Facilities Inspection Division (HFID) staff.
- Implemented a review tool to provide correct processing of deficiency findings and citations by HFID supervisors and managers.
- Performing concurrent on-site quality reviews of surveys with Los Angeles County staff using a state observation survey analysis process and providing targeted training to address identified issues.
- Performing quarterly audits of quality, prioritization, and principles of documentation.
- Created a performance metrics worksheet for effective tracking of contracted workload.
- Established biweekly conference calls with Los Angeles County management to review performance metrics, discuss workload management, solve problems, and build collaboration.
- Providing written feedback to Los Angeles management regarding identified concerns and requiring corrective action plans when appropriate.

Internal Departmental Quality Improvement Account (IDQIA) Project Update

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

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

In 2017-18, CDPH received multi-year expenditure authority of \$2 million from IDQIA and is using these funds for contracted services for leadership training programs, facilitation of stakeholder forums, project and change management, recruitment, and onboarding and retention. Additionally, CDPH will complete the redesign of the Health

Facilities Consumer Information System and will continue to redesign the Centralized Applications Unit's IT system.

Volunteer Engagement in Skilled Nursing Facilities

Beginning 2018-19, CDPH will start a 30-month project with the California Association of Health Facilities (CAHF). The total cost of this project is estimated to be \$703,000 (\$252,000 in 2018-19, \$268,000 in 2019-20, and \$183,000 in 2020-21), and will be funded from the existing Federal Health Facilities Citation Penalties Account budget authority. This project, and others funded from the Federal Health Facilities Citation Penalties Account, are approved at the CMS' discretion. CMS approved the project, and CDPH will execute a contract with the project organizers and provide contract management and oversight on behalf of CMS.

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

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 2018-19. Some activities must occur on a specified frequency. The Estimate includes the workload associated with the number of pending complaints the program anticipates will remain from prior years that it will complete in the budget year.
- **Standard Average Hours** – The number of hours needed to complete an activity. CHCQ calculates this number for each activity by facility type based on the actual average time spent on the activity by facility type in the past three years.

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

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

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

IV. Assumptions

Future Fiscal Issues

Los Angeles County Pay For Performance Contract

Background: CDPH has proposed to extend the terms of the current contract for one additional year to allow time to negotiate and develop a new three-year contract that converts the contract structure from a traditional personnel services contract to an innovative pay-for-performance structure. The negotiations for the new contract will consider transitioning 100 percent of the Los Angeles County licensure and certification survey and complaint investigation workload to Los Angeles County. Based on CDPH's workload analysis, this increased workload requires funding for approximately 114 additional health facility evaluator nurse positions.

Description of Change: The 2018-19 Governor's Budget proposes an amendment to Health and Safety Code section 1266(g): Commencing in the 2018-19 fiscal year, the Department may assess a supplemental license fee on facilities located in Los Angeles County for all facility types set forth in this section. These supplemental license fees 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 Los Angeles County, including, but not limited to, the costs associated with the Department's contract for licensing and certification activities with Los Angeles County and the costs of the Department conducting the licensing and certification activities for facilities located in Los Angeles County. 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 Los Angeles County, 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).

Discretionary: Yes

Reason for Adjustment/ Change: To ensure Los Angeles County facilities receive services from Los Angeles County based staff to conduct all required activities and ensure that facilities pay license fees that are commensurate with their regulatory costs.

Fiscal Impact (Range) and Fund Source(s): Approximately \$15 to \$25 million from the State Department of Public Health Licensing and Certification Program Fund – Fund 3098.

New Assumptions/Premises

Proposed Budget Bill Language – Certified Nursing Assistant (CNA) Training Kickstarter Project

Background: As a result of new staffing standards for direct care services in SNFs, the state is facing a projected CNA shortfall of approximately 1,400 by July 1, 2018. This project will provide training in partnership with SNFs throughout California. Quality Care Health Foundation (QCHF) will contract with employers to train classes of CNAs. In addition, there are currently 48 SNFs with approved facility-based CNA training programs. QCHF's goal is to increase the number of facility-based programs to over 100 during the two-year project by providing technical assistance to SNFs to develop and obtain CDPH approval of their own CNA training program. This project will support the sustainability of the state's CNA workforce.

Description of Change: CDPH is requesting Budget Bill Language (BBL) to authorize the Department of Finance to increase Local Assistance expenditure authority from the Federal Health Facilities Citation Penalties Account after review of a request submitted by CDPH reflecting the federal Centers for Medicare and Medicaid Services' approval to implement the CNA Training Kickstarter Program. Please see Appendix F for proposed BBL.

Discretionary: Yes

Reason for Adjustment/Change: This increase in Local Assistance authority will allow CDPH to support the QCHF project.

Fiscal Impact (Range) and Fund Source(s): \$2.7 million over two years in Local Assistance funding from the Federal Health Facilities Citation Penalties Account – Fund 0942.

Spring Finance Letter – Health Care Licensing and Oversight

Background: Despite significant advances and progress in CHCQ's survey and certification operations, there remains work to be done to improve efficiency and effectiveness and respond to new and emerging issues in the field. CHCQ is actively examining and re-designing its business processes to more effectively perform administrative and field workload in a timely and consistent manner, and use technology

to improve efficiency. This proposal provides investments that will better enable CHCQ to make survey and complaint investigation processes more efficient.

In addition to ongoing quality improvement needs, recent legislation has created new and increased workload for the Center. Effective July 1, 2018, all freestanding SNFs, excluding distinct parts of general acute care hospitals, state-owned hospitals, or developmental centers, are required to increase staffing from the current 3.2 nursing hours per patient day requirement to 3.5 direct care service hours per patient day, with CNAs performing a minimum of 2.4 hours per patient day. This requirement will create a demand for more CNAs to enable facilities to meet the staffing requirements and a commensurate demand for more CNA training programs. CDPH anticipates an increase in the number of applications for approval of new training programs as well as applications for individuals seeking CNA certification.

The new staffing standard requires CHCQ to develop two waiver processes. One waiver is for SNFs seeking to waive the 3.5 direct care service hours requirement and/or the 2.4 CNA hours requirement due to a workforce shortage. A facility with an approved workforce shortage waiver may not staff below 3.2 direct care hours. The other waiver is for SNFs to staff at lower levels of CNAs while maintaining the overall 3.5 direct care service hours requirement based on the resident acuity. A SNF seeking either waiver must submit a waiver application to CDPH for review, and approval or denial. Review of these waivers represents a new workload for CHCQ.

Description of Change: CDPH requests 20 positions and expenditure authority of \$2.4 million in 2018-19 and ongoing from the State Department of Public Health Licensing and Certification Program Fund – Fund 3098; and 2 positions and expenditure authority of \$294,000 in 2018-19 and ongoing from the IDQIA.

Discretionary: Yes

Reason for Adjustment/Change: To improve core operations and effectiveness, foster quality improvement projects, and address workforce needs.

Fiscal Impact (Range) and Fund Source(s): \$2.4 million in 2018-19 and ongoing from the State Department of Public Health Licensing and Certification Program Fund – Fund 3098; and \$294,000 in 2018-19 and ongoing from the IDQIA.

Existing (Significantly Changed) Assumptions/Premises

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

Unchanged Assumptions/Premises**Proposed Budget Bill Language – State and Federal Health Citation Penalties Accounts**

Background: Money collected as a result of state and federal citation civil penalties levied against long-term care facilities is deposited into the State Health Facilities Citation Penalties Account for violations of state law and the Federal Health Facilities Citation Penalties Account for violations of federal law (Health and Safety Code section 1417.2). These accounts may be used for the protection of health or property of residents of long-term care facilities, including, but not limited to, relocation expenses incurred by the state in the event of a facility closure; maintenance of facility operation pending correction of deficiencies or closure, such as temporary management or receivership; reimbursing residents for personal funds lost; and the costs associated with informational meetings. The Federal Health Facilities Citation Penalties Account may also be used for the improvement of quality of care and quality of life for long-term health care facilities residents.

Health and Safety Code Section 1325.5 requires CDPH to fund temporary managers/receiverships and maintain facility operations to protect the health and safety of residents of long-term care facilities. CDPH shall appoint a temporary manager/receivership when it determines the facility has serious quality of care and/or financial difficulties, and the current facility ownership does not have the ability to correct the deficiencies.

The State Health Facilities Citation Penalties Account consists of money collected from state citations issued to SNFs. The total expenditure authority in 2016-17 for this account was \$3 million (\$2.1 million from the 2016 Budget Act and \$0.9 million from Item 9840 – Deficiency appropriation). CDPH appointed a temporary manager to manage the closure of two facilities. Because the total cost to manage the two facilities exceeded the original Budget Act appropriation, CDPH was required to notify the Legislature and seek an unanticipated cost appropriation.

The Federal Health Facilities Citation Penalties Account consists of money collected from fines issued by the federal Department of Health and Human Services, CMS, and is used to improve the lives of SNF residents and to fund temporary managers and/or receivership appointment activities. State Operations expenditure authority of this Account is \$398,000. Use of the Federal Health Facilities Citation Penalties Account for temporary managers and/or receivership appointments requires prior authorization from CMS.

Description of Change: CDPH is requesting provisional BBL to authorize the Department of Finance to increase the expenditure authority of the State Health Facilities Citation Penalties Account and the Federal Health Facilities Citation Penalties Account as necessary for unanticipated costs as a result of state appointments of temporary managers and/or receivership appointments to manage failing SNFs. Please see Appendix G for proposed BBL.

Discretionary: Yes

Reason for Adjustment/Change: Without the appropriate funding authority, CDPH will not be able to take decisive and immediate action when SNF residents' health and well-being is threatened because the licensee has abandoned the facility or the quality of care is so poor. The BBL will enable CDPH to respond more timely to an unforeseen request for increased authority. This flexibility will prevent the need for a deficiency request, as in 2016-17, and ensures that patient health and safety are not jeopardized in the event that CDPH reaches its authority cap in these two separate accounts. This proposal also allows CDPH to optimize the use of the two accounts.

Fiscal Impact (Range) and Fund Source(s): Any expenditure authority increase from the State and Federal Health Facilities Citation Penalties Accounts for the appointments of temporary managers and/or receivership appointments will be commensurate to funding availability in each fund and as necessary for unanticipated costs.

Budget Change Proposal – Los Angeles County Contract Extension

Background: CDPH previously executed a three-year (2015-16 through 2017-18) contract with Los Angeles County to conduct federal recertification surveys and investigate long-term care complaints and entity-reported incidents. The current annual budget for the Los Angeles County contract is \$45.8 million. CDPH requests to increase authority by \$1.9 million.

Description of Change: CDPH requests to increase authority by \$1.9 million to execute a one-year contract extension and amendment for updated indirect cost rate, updated employee benefits rate, personnel costs, and lease costs.

Discretionary: No

Reason for Adjustment/ Change: CDPH requests an increase in expenditure authority of \$1.9 million from the State Department of Public Health Licensing and Certification Program Fund for the Los Angeles County contract extension. This proposal will allow Los Angeles County to hire and fill all positions established and authorized in the contract. If CDPH does not augment the contract, Los Angeles County will not be able to hire the staff required to conduct 100 percent of the workload outlined in the scope of work.

Fiscal Impact: Approximately \$1.9 million from the State Department of Public Health Licensing and Certification Program Fund – Fund 3098.

Discontinued Assumptions/Premises

CHCQ has no discontinued assumptions/premises.

V. Appendix A**Fiscal Summary**

Comparison of 2018-19 Governor's Budget to 2018-19 May Revise Estimate

(\$ in thousands)

	A	B	C=B-A
	2018-19 Governor's Budget*	2018-19 May Revise Estimate	Request
I. BUDGET ITEMS:			
A. Headquarters			
Headquarters Sub-total	\$ 47,607	\$ 50,274	\$ 2,667
B. Field Operations			
Licensing and Certification Sub-total	160,124	160,124	-
Los Angeles County Contract Sub-total	47,722	47,722	-
State Facilities Section Sub-total	5,670	5,670	-
Field Operations Sub-total	\$ 213,516	\$ 213,516	\$ -
C. Partial Year Adjustment	12,616	12,616	-
D. State Wide Cost Allocation Plan	4,027	4,027	-
E. Grand Total	\$ 277,766	\$ 280,433	\$ 2,667
II. FUND SOURCES:			
State Operations			
A. General Fund (0001) Transfer to State Department of Public Health Licensing and Certification Program Fund 3098	3,700	3,700	-
B. Federal Trust Fund (0890)	102,056	102,056	-
C. Special Deposit Fund (0942)			
1. Internal Departmental Quality Improvement Account (IDQIA)	2,304	2,598	294
2. State Citation Penalty Account	2,144	2,144	-
3. Federal Citation Penalty Account	398	398	-
D. Reimbursement (0995)	10,436	10,436	-
E. Internal Information Integrity Quality Improvement Account (3151)	-	-	-
F. State Department of Public Health Licensing and Certification Program Fund 3098	159,810	162,183	2,373
Less transfer from the General Fund (0001)	(3,700)	(3,700)	-
Local Assistance			
G. Special Deposit Fund (0942)			
1. Federal Citation Penalty Account	575	575	-
H. State Department of Public Health Licensing and Certification Program Fund	43	43	-
I. Grand Total	\$ 277,766	\$ 280,433	\$ 2,667
III. TOTAL CENTER POSITIONS:			
A. Headquarters	244.0	266.0	22.0
B. Field Operations - Licensing & Certification	1,000.3	1,000.3	-
C. Field Operations - State Facilities Section	38.0	38.0	-
D. Grand Total	1,282.3	1,304.3	22.0

* Reduction of 22 positions from 2018-19 November Estimate due to Budget Position Transparency Drill.

VI. Appendix B**Position Summary**

Comparison of 2018-19 Governor's Budget with 2018-19 May Revise Estimate

	A	B	C	D=B+C	E=D-A
	2018-19 Governor's Budget**	2018-19 May Revise Estimate Workload Analysis	Adjustments to workload analysis	Final 2018-19 May Revise Estimate	Request
TOTAL CENTER POSITIONS	1,282.3	1,304.3	-	1,304.3	22.0
Headquarters					
Research & Operations Management Branch	34.0	34.0		34.0	-
Policy & Enforcement Branch (PEB)	27.0	27.0		27.0	-
Staffing Audit and Research (STAAR) Branch	46.0	51.0		51.0	5.0
Professional Certification Branch	103.0	115.0		115.0	12.0
Deputy Director's Office	4.0	4.0		4.0	-
Healthcare Associated Infections (HAI) Program	18.0	18.0		18.0	-
Division Office	12.0	12.0		12.0	-
Project Management Oversight, Planning, & Evaluation	-	2.0		2.0	2.0
3.5 and 2.4 Staffing Waiver Review	-	3.0		3.0	3.0
Headquarters Total	244.0	266.0	-	266.0	22.0
Field Operations					
Administrative Staff	130.2	130.2		130.2	-
Health Facility Evaluator Nurse	575.2	575.2		575.2	-
Consultants	50.0	50.0		50.0	-
Health Facility Evaluator II Supervisors	104.3	104.3		104.3	-
Support Staff	114.8	114.8		114.8	-
Life Safety Code - Health Facility Evaluator I	15.8	15.8		15.8	-
Life Safety Code - Health Facility Evaluator II Supervisors	5.0	5.0		5.0	-
Life Safety Code - Support Staff	5.0	5.0		5.0	-
Field Operations Total	1,000.3	1,000.3	-	1,000.3	-
State Facilities Section					
Administrative Staff	6.0	6.0		6.0	-
Health Facility Evaluator Nurse	24.0	24.0		24.0	-
Consultants	-	-		-	-
Health Facility Evaluator II Supervisors	3.0	3.0		3.0	-
Support Staff	5.0	5.0		5.0	-
State Facilities Section Total	38.0	38.0	-	38.0	-
Total Field Operations Health Facility Evaluator Nurses*	599.2	599.2	-	599.2	-

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

** Reduction of 22 positions from 2018-19 November Estimate due to Budget Position Transparency Drill.

VII. Appendix C

Detailed Assumptions

1. Methodology:

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

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

CHCQ then estimates the positions needed to accomplish the workload.

Specifically, the formulae for estimating positions are:

- Health facilities evaluator nurse positions (for complaints, entity-reported incidents, and other non-periodic workload):
 - Health facilities evaluator nurse = ([standard average hour x activity count]/non-survey factor)/1,800 hours.
- Health facilities evaluator nurse positions (for surveys):
 - Health facilities evaluator nurse = ([standard average hour x facility count x mandated frequency rate]/non-survey factor)/1,800 hours.
- Supervisor and support staff positions:
 - Supervisors = 1 supervisor to 6 health facilities evaluator nurses.
 - Support staff for state workload = 1 support staff to 6 health facilities evaluator nurses and supervisors.
 - Support staff for federal workload = 1 support staff to 5 health facilities evaluator nurses and supervisors.

2. Facility Counts:

A health 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 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 Centers for Medicare and Medicaid Services' Automated Survey Processing Environment for certified facilities, and facilities open as of July 2017 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 Centers for Medicare and Medicaid Services, and/or the timing of data reconciliation activities.

CHCQ updated facility counts as of June 30, 2017.

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
- SNFs
- Surgical Clinics

4. Survey Activities:

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

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

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

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

5. Time Entry and Activity Management:

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

6. Survey Workload:

Survey workload is either state mandated (licensing survey) or federal Centers for Medicare and Medicaid Services mandated (certification survey).

7. Standard Average Hours:

Standard average hours are the average hours each survey activity takes to complete. CHCQ used July 1, 2014, through June 30, 2017, closed complaints and exited survey data to calculate standard average hours for this Estimate.

8. Complaint and Entity-Reported Incident Counts:

CHCQ bases complaint and entity-reported incident counts on the number of complaints and entity-reported incidents received between July 1, 2014, and June 30, 2017, as reported in the Automated Survey Processing Environment database.

9. Open Complaints and Entity-Reported Incidents:

CHCQ bases the open complaints and entity-reported incidents count on all open complaints and entity-reported incidents as of June 30, 2017.

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 health facilities evaluator nurses and medical consultants. Consultant positions make up 9.83 percent of total surveyors. CHCQ uses 1,800 functional hours per position per year for state field operations staff. The Los Angeles County contract uses 1,760 functional hours per position per year for its equivalent staff.

12. 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 Operating Expenses and Equipment costs (chart below). CHCQ operating expenses and equipment costs are based on standard costs for the department. The Health Facilities Evaluator Nurse classification includes high travel for all surveyors, and additional training costs of \$3,472.

Operating Expenses and Equipment		
STANDARD COSTS	2017-18	2018-19
General Expense	\$3,400	\$3,400
Printing	\$1,800	\$1,800
Communications	\$1,300	\$1,300
Travel – Light	\$3,000	\$3,000
Travel – Medium	\$7,500	\$7,500
Travel – High	\$13,000	\$13,000
Training	\$300	\$300
Facilities	\$10,500	\$10,500
Data Center	\$300	\$300
Office Automation*		\$2,000

* One-time cost to set up new positions

ADDITIONAL COSTS		
Health facility evaluator nurse		
Training	\$3,472	\$3,472

- Operating Expenses and Equipment costs for all non-Health Facilities Evaluator Nurses assumes light travel in 2018-19.
- Cost factors for Los Angeles County positions are budgeted in accordance with the current contract and the 2017-18 Budget Act, which increased authority by \$1,100,000 in 2017-18 and an additional \$800,000 in 2018-19, to augment the existing contract to reflect employee compensation and benefit rates.

13. Staffing Ratios:

State Ratios:

- CHCQ computes the allocation of the health facilities evaluator II supervisor positions using a (1:6) ratio: 1 health facilities evaluator II supervisor for every 6 health facilities evaluator nurses.
- CHCQ computes the allocation of the program technician II positions using a (1:6) ratio: 1 program technician II for every 6 of the combined health facilities evaluator nurses and health facilities evaluator II supervisors.

Federal Ratios:

- CHCQ computes the allocation of the health facilities evaluator II supervisor positions using a (1:5) ratio: 1 health facilities evaluator II supervisor for every 5 health facilities evaluator nurses.
- CHCQ computes the allocation of the program technician II positions using a (1:5) ratio: 1 program technician II for every 5 health facilities evaluator nurses and health facilities evaluator II supervisors.

The Los Angeles County contract uses the same state and federal staffing ratios listed above.

14. CHCQ displays all surveyor workload and related administrative costs for Los Angeles County Contract #15-10003 Amendment 05 (Amendment 05 currently pending contract development) separately, and uses \$45,822,753 as the annual base.

15. CHCQ updated federal grant workload to reflect the 2017 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)
- State Department of Public Health Licensing & Certification Program Fund (3098)

17. Contract costs are included for executed contracts only.

Changes to Detailed Assumptions from the 2018-19 November Estimate

There are no changes to Detailed Assumptions from the 2018-19 November Estimate.

VIII. Appendix D

FY 2017-18 Revenue and Transfer Summaries

FY 2017-18 (dollars in thousands)	FISCAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
State Department of Public Health Licensing and Certification Program Fund 3098							
Other Regulatory Licenses and Permits	4129400	\$140,797					\$140,797
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$256					\$256
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$2,493				\$2,493
Income from Surplus Money Investments	4163000		\$169				\$169
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$3,265				\$3,265
Income from Surplus Money Investments	4163000		\$85				\$85
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$2,594				\$2,594
Income from Surplus Money Investments	4163000		\$91				\$91
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$180				\$180
Federal Fund 0890							
Title 18 Long Term Care (LTC), Project No. 937775	4400000			\$35,572			\$35,572
Title 18 Non-long Term Care (NLTC), Project No. 310065	4400000			\$10,032			\$10,032
Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705	4400000			\$941			\$941
Title 19 Long Term Care (LTC) Project No. 937795	4400000			\$32,237			\$32,237
Title 19 Non-Long term Care (NLTC), Project No. 937805	4400000			\$8,206			\$8,206
Unscheduled	4400000			\$13,339			\$13,339
Reimbursements 0995	4810000				\$10,160		\$10,160
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$141,059	\$8,877	\$100,327	\$10,160	\$3,700	\$264,123

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)

FY 2018-19 Revenue and Transfer Summaries

FY 2018-19 (dollars in thousands)	FISCAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
State Department of Public Health Licensing and Certification Program Fund 3098							
Other Regulatory Licenses and Permits	4129400	\$150,435					\$150,435
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$8,650					\$8,650
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$256					\$256
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$2,493				\$2,493
Income from Surplus Money Investments	4163000		\$169				\$169
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$3,265				\$3,265
Income from Surplus Money Investments	4163000		\$85				\$85
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$2,594				\$2,594
Income from Surplus Money Investments	4163000		\$91				\$91
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$180				\$180
Federal Fund 0890							
Title 18 Long Term Care (LTC), Project No. 937775	4400000			\$35,572			\$35,572
Title 18 Non-long Term Care (NLTC), Project No. 310065	4400000			\$10,032			\$10,032
Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705	4400000			\$941			\$941
Title 19 Long Term Care (LTC) Project No. 937795	4400000			\$32,237			\$32,237
Title 19 Non-Long term Care (NLTC), Project No. 937805	4400000			\$8,206			\$8,206
Unscheduled	4400000			\$15,068			\$15,068
Reimbursements 0995	4810000				\$10,424		\$10,424
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals		\$159,347	\$8,877	\$102,056	\$10,424	\$3,700	\$284,404

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 Public Health Licensing and Certification Program Fund**

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$41,656,000	\$30,293,000	\$11,587,000
Prior year adjustments	-\$1,304,000	\$0	\$0
Adjusted Beginning Balance	\$40,352,000	\$30,293,000	\$11,587,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (1257)	122,803,000	140,797,000	159,085,000
4143500 - Miscellaneous Services to the Public (1425, 211)	5,000	6,000	6,000
4163000 - Investment Income - Surplus Money Investments (1503 2503)	255,000	256,000	256,000
4171400 Escheat of Unclaimed Checks & Warrants			
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$123,063,000	\$141,059,000	\$159,347,000
Total Resources	\$163,415,000	\$171,352,000	\$170,934,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging (State Operations)	\$400,000	\$400,000	\$400,000
4265 Department of Public Health			
State Operations	\$131,707,000	\$156,466,000	\$162,183,000
Local Assistance	\$0	\$43,000	\$43,000
8880 Financial Information System for CA (State Operations)	\$165,000	\$180,000	\$16,000
9892 Supplemental Pension Payment Loan Repayment	\$0	\$0	\$1,355,000
9900 Statewide General Administrative Expenditure (Pro Rata) (State Operations)	\$4,550,000	\$6,376,000	\$8,857,000
Expenditure Adjustment:			
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures and Expenditure Adjustments	\$133,122,000	\$159,765,000	\$169,154,000
FUND BALANCE	\$30,293,000	\$11,587,000	\$1,780,000

Appendix E (Continued)**Fund Condition Statements****4265 DEPARTMENT OF PUBLIC HEALTH****FUND CONDITION STATEMENT****3151 Internal Health Information Integrity Quality Improvement Account**

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$2,000	\$1,000	\$1,000
Prior year adjustments	-\$1,000	\$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 Special Deposit Fund - Internal Department Quality Improvement Account**

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$16,076,000	\$17,693,000	\$17,966,000
Prior year adjustments	\$360,000	\$0	\$0
Adjusted Beginning Balance	\$16,436,000	\$17,693,000	\$17,966,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,024,000	2,493,000	2,493,000
4163000 Investment Income - Surplus Money Investment	132,000	169,000	169,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,156,000	\$2,662,000	\$2,662,000
Total Resources	\$19,592,000	\$20,355,000	\$20,628,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$1,899,000	\$2,389,000	\$2,598,000
Total Expenditures and Expenditure Adjustments	\$1,899,000	\$2,389,000	\$2,598,000
FUND BALANCE	\$17,693,000	\$17,966,000	\$18,030,000

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

0942 Special Deposit Fund - Federal Health Facilities Citation Penalties Account

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$9,028,000	\$12,010,000	\$14,387,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$9,028,000	\$12,010,000	\$14,387,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Other	3,482,000	3,265,000	3,265,000
4163000 Investment Income - Surplus Money Investment	74,000	85,000	85,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,556,000	\$3,350,000	\$3,350,000
Total Resources	\$12,584,000	\$15,360,000	\$17,737,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health			
State Operations	\$0	\$398,000	\$398,000
Local Assistance	\$574,000	\$575,000	\$575,000
Total Expenditures and Expenditure Adjustments	\$574,000	\$973,000	\$973,000
FUND BALANCE	\$12,010,000	\$14,387,000	\$16,764,000

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

0942 Special Deposit Fund - State Health Facilities Citation Penalties Account

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$9,320,000	\$7,644,000	\$5,989,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$9,320,000	\$7,644,000	\$5,989,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	3,097,000	2,594,000	2,594,000
4163000 Investment Income - Surplus Money Investment	75,000	91,000	91,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,172,000	\$2,685,000	\$2,685,000
Total Resources	\$12,492,000	\$10,329,000	\$8,674,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
State Operations	\$81,000	\$102,000	\$102,000
Local Assistance	\$2,094,000	\$2,094,000	\$1,094,000
4265 Department of Public Health			
State Operations ^a	\$2,673,000	\$2,144,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$4,848,000	\$4,340,000	\$3,340,000
FUND BALANCE ^b	\$7,644,000	\$5,989,000	\$5,334,000

^a Item 9840 authorized \$864,000 additional authority in 2016-17 for Temporary Managers

^b Per item 4265-002-0942 Provision 1 of the 2017 Budget Act, beginning with the 2018-19 May Revision, if the Current Year fund balance is estimated to exceed \$6,000,000, the May Revision will augment Item 4170-102-0942 by the excess amount not to exceed \$1,000,000.

Appendix E (Continued)

Fund Condition Statements

4265 DEPARTMENT OF PUBLIC HEALTH

FUND CONDITION STATEMENT

0942 Special Deposit Fund - Skilled Nursing Facility Minimum Staffing Penalty Account

	2016-17	2017-18	2018-19
BEGINNING BALANCE	\$60,000	\$0	\$0
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$60,000	\$0	\$0
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	75,000	180,000	180,000
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)	(135,000)	(180,000)	(180,000)
Total Revenues, Transfers, and Other Adjustments	-\$60,000	\$0	\$0
Total Resources	\$0	\$0	\$0
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)			
Total Expenditures and Expenditure Adjustments	\$0	\$0	\$0
FUND BALANCE	\$0	\$0	\$0

X. Appendix F**Budget Bill Language CNA Training Kickstarter Project**

Proposed Budget Bill Language for the Health Facilities Citation Penalties Accounts

4265-115-0942—For local assistance, State Department of Public Health, payable from the Special Deposit Fund, Federal Health Facilities Citation Penalties Account...575,000

Schedule:

(1) 4050-Licensing and Certification 575,000

Provisions:

1. The Department of Finance may augment this item by an amount not to exceed \$1,730,000 from the Special Deposit Fund, Federal Health Facilities Citation Penalties Account, after review of a request submitted by the Department of Public Health reflecting federal approval to use this penalty account to implement the Certified Nursing Assistant Training Kickstarter Program. 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

XI. Appendix G**Budget Bill Language Citation Penalties Accounts**

Proposed Budget Bill Language for the Health Facilities Citation Penalties Accounts

4265-002-0942—For support of State Department of Public Health, payable from the Special Deposit Fund, State Health Facilities Citation Penalties Account 2,144,000

Schedule:

(2) 4050-Licensing and Certification 2,144,000

Provisions:

1. At the annual May Revision, the Department of Finance shall determine whether the current year fund balance of the Special Deposit Fund, State Health Facilities Citation Penalties Account is estimated to exceed \$6,000,000, which takes into consideration the past year actual expenditures. The funds in the Special Deposit Fund, State Health Facilities Citation Penalties Account shall first be available for expenditure or encumbrance by the State Department of Public Health for purposes in accordance with the fund. If the current year fund balance is estimated to exceed \$6,000,000, the May Revision will reflect an augmentation to Budget Bill Item 4170-102-0942 by the excess amount not to exceed \$1,000,000 to support the local ombudsman program at the California Department of Aging. These funds shall be available for encumbrance or expenditure upon enactment of the budget until June 30, 2020.

2. In the event estimated costs of state appointments of temporary managers and/or receiverships increase above the amount appropriated in this item, the Department of Finance may augment this item. Any increase shall not exceed the total estimated costs as a result of state appointments of temporary managers and/or receiverships, as provided in writing to, and approved by, the Department of Finance. Any augmentation of this item shall be reported in writing to the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee within 10 days of the date the augmentation is approved.

4265-005-0942—For support of State Department of Public Health, payable from the Special Deposit Fund, Federal Health Facilities Citation Penalties Account 398,000

Schedule:

(1) 4050-Licensing and Certification 398,000

Provisions:

1. In the event estimated costs of state appointments of temporary managers and/or receiverships increase above the amount appropriated in this item, the Department of Finance may augment this item. Any increase shall not exceed the total estimated costs as a result of state appointments of temporary managers and/or receiverships, as provided in writing to, and approved by, the Department of Finance. Any augmentation of this item shall be reported in writing to the chairpersons of the fiscal committees in each house and the Chairperson of the Joint Legislative Budget Committee within 10 days of the date the augmentation is approved.