

# **Center for Health Care Quality (CHCQ)**

**Fiscal Year 2020-21  
November Estimate**



**Sonia Y. Angell, MD, MPH**  
*Director and State Public Health Officer*

**California Department of Public Health**

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## I. Center Overview

The California Department of Public Health (Public Health), Center for Health Care Quality (CHCQ), Licensing & Certification Program is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and health care quality for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to determine compliance with federal and state laws and regulations. Public Health/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 Public Health/CHCQ to certify that facilities accepting Medicare and Medicaid (Medi-Cal) payments meet federal requirements. CHCQ evaluates health care facilities for compliance with state and federal laws and regulations, and contracts with the Los Angeles County Department of Public Health (LAC) to certify health care facilities located in Los Angeles County.

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

## II. Center for Health Care Quality Budget Projections

### Current Year 2019-20

The 2019 Budget Act appropriated \$312.9 million to Public Health/CHCQ. Public Health projects a revised Fiscal Year (FY) 2019-20 expenditure authority of \$321.7 million, which is an increase of \$8.8 million or 2.8 percent compared to the 2019 Budget Act. This increase is due to the provisional language in the 2019 Budget Act to augment the Federal Civil Monetary Penalties Account budget for CMS approved Projects, as well as various baseline adjustments.

### Budget Year 2020-21

For FY 2020-21, Public Health estimates expenditures will total \$356.1 million, which is an increase of \$43.2 million or 13.8 percent compared to the 2019 Budget Act. This increase includes \$5.4 million for the November Estimate workload, \$21.1 million for year two of the contract with LAC, as well as \$7.1 million for various baseline adjustments. Additionally, Public Health proposes an additional \$9.5 million for Provider Services Expansion and Quality Improvement.

Table 1 compares the 2019 Budget Act with the FY 2020-21 November Estimate for the current year 2019-20 and budget year 2020-21.

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

| Funding Source<br>(\$ in thousands)                                      | 2019 Budget Act  | Current Year 2019-20            |  |  | Budget Year 2020-21             |  |  |
|--|------------------|---------------------------------|--|--|---------------------------------|--|--|
|  |                  | 2020-21<br>November<br>Estimate | Change from<br>2019 Budget Act<br>to 2020-21<br>November<br>Estimate | Percent Change<br>from 2019<br>Budget Act<br>2020-21<br>November<br>Estimate | 2020-21<br>November<br>Estimate | Change from<br>2019 Budget Act<br>to 2020-21<br>November<br>Estimate | Percent Change<br>from 2019<br>Budget Act<br>2020-21<br>November<br>Estimate |
| <b>State Operations Appropriations Summary:</b>                          |                  |                                 |  |  |                                 |  |  |
| 0001 - General Fund transfer to fund 3098                                | \$431            | \$585                           | \$154  | 35.7%  | \$596                           | \$165  | 38.3%  |
| <i>General Fund transfer to fund 3098</i>                                | \$3,700          | \$3,700                         | \$0  | 0.0%   | \$3,700                         | \$0  | 0.0%   |
| 0890 - Federal Trust Fund  | \$99,349         | \$101,018                       | \$1,669  | 1.7%   | \$100,560                       | \$1,211  | 1.2%   |
| <b>0942 - Special Deposit Fund</b>                                       |                  |                                 |  |  |                                 |  |  |
| Internal Departmental Quality Improvement Account                        | \$2,600          | \$2,600                         | \$0  | 0.0%   | \$3,600                         | \$1,000  | 38.5%  |
| State Health Facilities Citation Penalty Account                         | \$2,144          | \$2,144                         | \$0  | 0.0%   | \$2,144                         | \$0  | 0.0%   |
| Federal Health Facilities Citation Penalty Account                       | \$547            | \$547                           | \$0  | 0.0%   | \$547                           | \$0  | 0.0%   |
| 0995 - Reimbursements  | \$12,187         | \$12,542                        | \$355  | 2.9%   | \$12,685                        | \$498  | 4.1%   |
| 3098 - Licensing and Certification Program Fund                          | \$193,295        | \$197,464                       | \$4,169  | 2.2%   | \$232,645                       | \$39,350   | 20.4%  |
| <i>Less Transfer from General Fund 0001</i>                              | -\$3,700         | -\$3,700                        | \$0  | 0.0%   | -\$3,700                        | \$0  | 0.0%   |
| 3151 - Internal Health Information Integrity Quality Improvement Account | \$0              | \$0                             | \$0  | 0.0%   | \$0                             | \$0  | 0.0%   |
| <b>Total State Operations Appropriations</b>                             | <b>\$310,553</b> | <b>\$316,900</b>                | <b>\$6,347</b>   | <b>2.0%</b>  | <b>\$352,777</b>                | <b>\$42,224</b>  | <b>13.6%</b>   |
| <b>Local Assistance Appropriations Summary:</b>                          |                  |                                 |  |  |                                 |  |  |
| <b>0942 - Special Deposit Fund</b>                                       |                  |                                 |  |  |                                 |  |  |
| Federal Health Facilities Citation Penalty Account                       | \$2,334          | \$4,788                         | \$2,454  | 105.1%   | \$3,326                         | \$992  | 42.5%  |
| 3098 - Licensing and Certification Program Fund                          | \$43             | \$43                            | \$0  | 0.0%   | \$45                            | \$2  | 4.7%   |
| <b>Total Local State Appropriations</b>                                  | <b>\$2,377</b>   | <b>\$4,831</b>                  | <b>\$2,454</b>   | <b>103.2%</b>  | <b>\$3,371</b>                  | <b>\$994</b>   | <b>41.8%</b>   |
| <b>Total Appropriations</b>  | <b>\$312,930</b> | <b>\$321,731</b>                | <b>\$8,801</b>   | <b>2.8%</b>  | <b>\$356,148</b>                | <b>\$43,218</b>  | <b>13.8%</b>   |
| <b>Center Positions</b>  |                  |                                 |  |  |                                 |  |  |
| Headquarters   | 388.3            | 388.3                           | 0.0  | 0.0%   | 443.8                           | 55.5   | 14.3%  |
| Field Operations   |                  |                                 |  |  |                                 |  |  |
| Supervisors  | 160.0            | 160.0                           | 0.0  | 0.0%   | 164.0                           | 4.0  | 2.5%   |
| Surveyors*   | 656.0            | 656.0                           | 0.0  | 0.0%   | 678.0                           | 22.0   | 3.4%   |
| Support  | 138.0            | 138.0                           | 0.0  | 0.0%   | 142.0                           | 4.0  | 2.9%   |
| <b>Center Positions</b>  | <b>1342.3</b>    | <b>1342.3</b>                   | <b>0.0</b>   | <b>0.0%</b>  | <b>1427.8</b>                   | <b>85.5</b>  | <b>6.4%</b>  |
| Public Health Staff**  | 8.0              | 8.0                             | 0.0  | 0.0%   | 14.0                            | 6.0  | 75.0%  |
| <b>Grand Total Positions***</b>  | <b>1350.3</b>    | <b>1350.3</b>                   | <b>0.0</b>   | <b>0.0%</b>  | <b>1441.8</b>                   | <b>91.5</b>  | <b>6.8%</b>  |

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

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

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

As of November 2019, the current vacancy rate is 3.3 percent for Health Facilities Evaluator Nurses. Working with recruitment consultants and continuing other efforts to recruit and fill these positions has led to a lower vacancy rate. Since July 2017, CHCQ decreased the vacancy rate by 11.7 percentage points (15 to 3.3 percent). With most authorized surveyor positions filled, Public Health/CHCQ requests additional surveyors based on CHCQ's workload analysis. Public Health requires more positions and additional spending authority to complete its mandated workload, including conducting initial licensing and change of service surveys to increase access to care, timely completion of complaints and facility-reported incidents to improve customer service and mitigate future backlogs, conducting periodic re-licensing surveys in facilities as required in statutes, and continuation of effort to meet federal survey requirements.

CHCQ's workload analysis indicates an increase of 66 surveyor positions, 24 support and supervisor positions, 8 CHCQ headquarters positions, and 17.6 Public Health administration and information technology staff (115.6 positions in total), is required to complete 100 percent of the mandated workload. The estimated 66 surveyors reflect a change of 10 percent compared with current surveyor staffing levels. CHCQ will phase in the positions over a three-year period, with 38.5 positions starting on July 1<sup>st</sup>, 2020, 38.6 positions starting July 1<sup>st</sup>, 2021, and the remaining 38.5 positions starting July 1<sup>st</sup>, 2022. Public Health/CHCQ has not requested additional surveyors based upon workload since the 2015 CHCQ November Estimate due to past high surveyor vacancy rates.

In FY 2019-20 Public Health executed a new three-year contract with LAC that moves toward a pay-for-performance model. The contract costs include a total of 491 positions comprising of 317 Health Facilities Evaluator Nurse positions and 174 support and supervisor positions. This is an increase of 172 Health Facility Evaluator Nurse positions, or 118 percent, to enable LAC to accomplish 100 percent of the mandated workload in Los Angeles County. Public Health and LAC will phase-in these positions over the course of three years by hiring approximately 14 new Health Facility Evaluator positions per quarter. The total amount of the contract is \$65.5 million in FY 2019-20, \$86.5 million in FY 2020-21, and \$105.6 million in FY 2021-22.

### **Complaint Completion Timelines**

Amendments to Health and Safety Code sections 1420 (3), (4), and (5) of subdivision (a) mandate Public Health to complete investigations of complaints within specified timeframes. Public Health must complete all long-term health care facility complaints received on or after July 1, 2018, within 60 days of receipt of the complaint.

In FY 2018-19, Public Health completed 77 percent of long-term health care facility complaints within 60 days of receipt. Currently, there are approximately 21,000 open complaints. Public Health is redirecting existing resources to address these open complaints with the goal of having them completed by the end of calendar year 2021.

With the proposed staff, CHCQ will continue to make every effort to improve compliance with mandated completion timelines for long-term health care facility complaints. However, regardless of staffing levels, there will always be unanticipated delays to complaint completion timeframes due to criminal investigation holds, obtaining death certificates, witness interview scheduling, and other extenuating circumstances.

### **Medical Breach Enforcement Section**

In December 2015, using existing position authority, CHCQ initiated a pilot program to use Associate Governmental Program Analysts and Special Investigators spread across six regions of the state to investigate medical information breaches. Previously, Health Facility Evaluator Nurses were the primary investigators of reported medical information breaches. Because medical breach investigations do not require the clinical knowledge of a Registered Nurse, transferring these investigations to Associate Governmental Program Analysts and Special Investigators enables Health Facility Evaluator Nurses to focus on surveys, complaints and facility-reported incident investigations that require clinical expertise.

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

LAC and Public Health negotiated a three-year contract, effective July 1, 2019, which includes quantity metrics and penalties for failure to meet those metrics. The contract also contains quality and customer service metrics. The current contract will allow LAC to hire the staff necessary to move towards completing 100 percent of the workload and complete mandated workload timely. Completion of workload will occur over time as LAC hires, on-boards, and trains new staff.

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

- Maintaining the Los Angeles County Monitoring Unit to provide oversight and monitoring of LAC's performance. This unit will conduct on-site review, observation, data analysis, and audits. Public Health will use the audits and analysis this unit conducts to measure LAC's performance in the new performance-based contract.
- Performing concurrent on-site quality reviews of surveys with LAC staff using a state observation survey analysis process and providing targeted training to address identified issues.
- Performing audits of the quality, prioritization, and principles of documentation for complaint investigations.
- Providing written feedback to LAC's management regarding identified concerns and requiring corrective action plans when appropriate.
- Increase the frequency of direct face-to-face meetings between Public Health's LAC monitor and LAC Leadership and staff.

### **Los Angeles County Supplemental License Fee**

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

### **Internal Departmental Quality Improvement Account (IDQIA) Project Update**

Since FY 2010-11, the Legislature has appropriated moneys in the IDQIA to be expended for internal Center of Healthcare Quality improvement activities as follows:

| Fiscal Year    | Budget Change Proposal (BCP) Description  |
|----------------|---|
| <b>2010-11</b> | <p>BCP 002/HQ-03: FY 2010-11 \$18,000; FY 2011-12 \$393,811 and FY 2012-13 \$299,677 for the partial costs of 1.5 positions for the Health Facility Self-Reporting Web Portal.</p> <p>BCP 058/HQ-05 for contracts for quality improvements within Licensing and Certification.</p>  |
| <b>2012-13</b> | <p>BCP 002/HQ-06: 2012-13 \$333,000; FY 2013-14 \$333,000; and FY 2014-15 \$334,000 for implementation of quality improvement activity in the L&amp;C Program. This activity will initiate and support ongoing efforts aimed at reducing preventable medical and medication errors and their associated health care costs in licensed health care facilities.</p>   |
| <b>2013-14</b> | <p>November Estimate: \$1.2 million ; and FY 2014-15 \$1,200,000 to prevent infections in California's acute care hospitals, to improve the quality of data used by customers for making health care decisions, and to continue funding 8.0 contractor positions in the Healthcare Associated Infections (HAI) Program's Infection Preventionist (IP)Liaison Unit.</p>  |
| <b>2014-15</b> | <p>BCP 000/HQ-01: \$1.4 million to expand the work related to the Licensing and Certification Program Evaluation project. In order to meet CMS benchmarks, CHCQ used a contractor (Hubbert Systems Consulting) to evaluate ways to improve internal business practices and quality improvement efforts to achieve timely fulfillment of the L&amp;C Program's state licensing and federal certification workload.</p> <p>BCP 000/HQ-04: \$201,000 for a contract with UC Davis for an independent research analysis and report that describes the extent to which the federal certification standards are or are not sufficient as a basis for state licensing standards as required by SB 543 (Chapter 722, Statutes of 2013).</p> |
| <b>2015-16</b> | <p>BCP 004/HQ-03: \$2 million to implement projects recommended by Hubbert report. These funds were used to purchase hardware and software to develop internal and external performance dashboards, automate key business practices, and streamline data collection from regulated entities. Further, Public Health executed contracts to improve CHCQ's hiring, onboarding, and retention practices. Public Health also used the funds to contract with a project manager/change consultant.</p>   |
| <b>2016-17</b> | <p>4265-015-BCP-DP-2016-GB: \$2 million to execute two contracts to implement recommendations from the Hubbert report. These funds were used to enhance the Centralized Applications Branch's Information Technology (IT) systems, replace the Health Facilities Consumer Information System with Cal Health Find, and complete contracted services for project and change management, recruitment, and onboarding and retention.</p>   |

| Fiscal Year    | Budget Change Proposal (BCP) Description   |
|----------------|--|
| <b>2017-18</b> | 4265-007-BCP-2017-GB: \$2 million to execute quality improvement projects and contracts (\$2 million in FY 2017-18, \$2 million in FY 2018-19, and \$2 million in FY 2019-20). These funds were used for contracted services for leadership training programs, facilitation of stakeholder forums, project and change management, recruitment, and onboarding and retention. Further, Public Health executed several multi-year purchase orders for IT service contracts, such as Adobe Experience Manager maintenance and enhancements, and data architecture consulting services. Additionally, Public Health is using these funds to complete an automated licensing application system as required by Assembly Bill (AB) 2798 (Chapter 922, Statutes of 2018), as well as a Program Flex online application portal. Public Health will continue to use these funds to contract for innovative recruitment and retention services and technological enhancements in the coming years. |

**Federal Civil Monetary Penalties Account Projects**

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

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

Per Item 4265-115-0942 of the 2019 Budget Act, the Department of Finance may augment the budget authority for the Federal Health Facilities Citation Penalties Account upon request from Public Health when a project is approved by CMS. As of September 2019, Public Health has received 13 proposals for FY 2019-20. Seven of the proposals have been approved by CMS, six new proposals are actively under review, and several other new proposals are under initial discussion with Public Health.

Approved CMP projects include:

|                |  |
|----------------|--|
| <b>2013-14</b> | Public Health executed a three-year contract with the California Culture Change Coalition to reduce antipsychotic medication in SNFs in California.  |
| <b>2015-16</b> | Public Health executed a three-year contract with the California Association of Health Facilities (CAHF) for the Music and Memory program for improving dementia care.   |
| <b>2017-18</b> | Public Health executed a four-year contract with CAHF for a project to improve dietary services in California nursing homes.   |
| <b>2018-19</b> | Public Health executed a three-year contract with CAHF for the Volunteer Engagement project.<br><br>Public Health executed a two-year contract with Quality Care Health Foundation for the Certified Nursing Assistant (CNA) Training Kickstarter Project. |
| <b>2019-20</b> | Public Health is developing contracts for the following 7 proposals: <ul style="list-style-type: none"> <li>• Nurse Leadership</li> </ul>  |

Approved CMP projects include:

|                          |   |
|--------------------------|---|
| <b>2019-20<br/>cont.</b> | <ul style="list-style-type: none"><li>• A Person-Centered Approach to Reducing Transfer, Discharge, and Eviction</li><li>• Memory Care Buddies</li><li>• Using AI-Enabled Cameras to Reduce Falls for Residents with Dementia</li><li>• iNSPIRE</li><li>• Greater Things You Were Born</li><li>• California Wound Care Excellence Program for SNFs</li><li>• University of California Irvine Infection Prevention</li></ul> |
|--------------------------|---|

### 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 FY 2020-21. Some activities must occur on a specified frequency. The Estimate includes the workload associated with the number of pending complaints and facility-reported incidents the program anticipates will remain from prior years that it will complete in the budget year.
- **Standard Average Hours** – The number of hours needed to complete an activity. CHCQ calculates this number for each activity by facility type based on the actual average time spent on the activity by facility type in the past three years.

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

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

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

## IV. Assumptions

### Future Fiscal Issues

CHCQ has no future fiscal issues.

### New Assumptions/Premises

#### **Estimate Proposal – Licensing and Certification: State Workload**

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

Description of Change: Public Health/CHCQ requests 115.6 positions and expenditure authority of \$5.4 million in FY 2020-21, FY 2021-22, and FY 2022-23 (\$16.2 million ongoing thereafter) from the State Department of Public Health Licensing and Certification Program Fund (3098) to complete 100 percent of mandated workload as identified in the 2020 CHCQ November Estimate.

Discretionary: Yes.

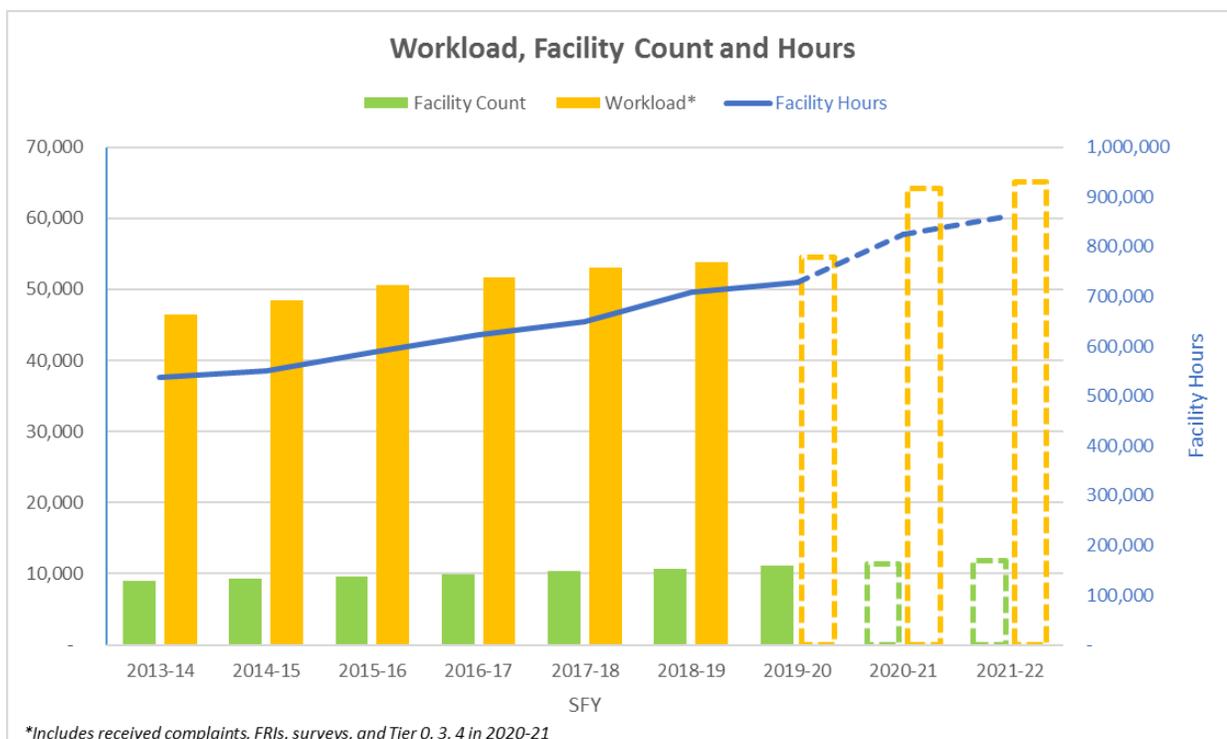
Reason for Adjustment/Change: The CHCQ Estimate is complex and has evolved each year. The November Estimate for FY 2019-20 projected the need for an additional 56.5 surveyors and 30.2 support staff and supervisor positions to complete workload; however, these positions were not requested as CHCQ was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

Since the 2015 CHCQ November Estimate, CHCQ surveyors have logged over 3 million facility hours, closed over 200,000 complaints and facility-reported incidents (FRIs), all while never requesting additional positions based on workload. However, CHCQ's surveyors mainly address federal Tier 1 and Tier 2 workload, incoming complaints and FRIs with limited ability to clear aging complaint and FRIs or conduct other state licensing surveys. Currently, Public Health has approximately 21,000 open complaints which are being addressed by redirecting existing resources. Public Health aims to have

these open complaints completed by the end of calendar year 2021. Without an increase to surveyors, Public Health will not be successful in meeting state or federal obligations to regulate, oversee, and hold health facilities accountable for their performance. Since the 2015 CHCQ November Estimate, Public Health has seen a 24 percent increase in licensed healthcare facilities in California, and a 12 percent increase in complaints.

Working with recruitment consultants and continued efforts to recruit and fill surveyor positions has resulted in lower surveyor and supervisory vacancy rates. Since July 2017, CHCQ decreased the vacancy rate by 11.7 percentage points (15 to 3.3 percent). With a vacancy rate under 5 percent, CHCQ requests additional surveyors to stabilize the ever-increasing workload. The additional surveyors will help improve access to care by completing initial and change of service surveys, improving timeliness of complaint investigations, and address relicensing surveys and federal Tier 3 and 4 workload.

The graph below displays historical and projected workload, facility count, and facility activity hours. CHCQ expects all three to continue to increase especially in FY 2020-21 when surveyors will begin to address relicensing surveys and federal Tier 3 and 4 workload.



CHCQ will continue to review and refine, as necessary, the CHCQ Estimate data inputs and methodologies moving forward. In particular, CHCQ will continue to assess its timekeeping system and how staff code activity time within the system to assure that it accurately captures all direct survey hours needed to conduct various types of state and federal licensing and certification activities.

Fiscal Impact (Range) and Fund Source(s): \$5.4 million in FY 2020-21, FY 2021-22, and FY 2022-23 (\$16.2 million ongoing thereafter) Fund 3098.

### **Budget Change Proposal – Center for Health Care Quality Provider Services Expansion and Quality Improvement**

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

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

The Centralized Applications Branch (CAB) processes health care facility licensure and certification applications for CHCQ. In FY 2015-16, Public Health centralized the processing of health care facility applications for state licensing and federal certification to standardize the licensure application process and to create consistent application processing times. When the field office workload was redirected to CAB, CHCQ underestimated the resources needed to complete the workload in a timely fashion, and a significant backlog of applications incurred from the increase in workload, personnel and process changes. Between December 2017 and December 2018, Public Health used existing resources and the temporary help blanket to hire staff members to address the urgent need in reducing licensing application processing times.

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

Description of Change: Public Health requests 53 positions and expenditure authority to improve provider application processing times and centralize provider support and regulatory assistance services. Additionally, Public Health requests expenditure

authority to allow Public Health to execute contracts to acquire additional resources, products or skill sets as needed to accelerate quality improvement efforts

Discretionary: Yes.

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

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

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

Fiscal Impact (Range) and Fund Source(s): \$6.5 million from Fund 3098 in FY 2020-21 and annually thereafter and \$3.0 million from IDQIA in FY 2020-21, FY 2021-22, and FY 2022-23.

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

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

### **Unchanged Assumptions/Premises**

CHCQ has no unchanged assumptions/premises.

### **Discontinued Assumptions/Premises**

CHCQ has no discontinued assumptions/premises.

**V. Appendix A: Fiscal Summary**Comparison of 2019-20 Budget Act to 2020-21 November Estimate  
(\$ in thousands)

|  | A                     | B                               | C=B-A            |
|--|-----------------------|---------------------------------|------------------|
|  | 2019-20<br>Budget Act | 2020-21<br>November<br>Estimate | Request          |
| <b>I. BUDGET ITEMS</b>   |                       |                                 |                  |
| <b>A. Headquarters</b>   |                       |                                 |                  |
| 1. Headquarters  | 56,547                | 57,707                          | 1,160            |
| 2. Centralized Applications Branch (CAB)   |                       | 4,800                           | 4,800            |
| 3. Internal Departmental Quality Improvement   |                       | 1,000                           | 1,000            |
| 4. Policy & Enforcement Branch (PEB)   |                       | 1,760                           | 1,760            |
| <b>Headquarters Sub-total</b>  | <b>\$ 56,547</b>      | <b>\$ 65,267</b>                | <b>\$ 8,720</b>  |
| <b>B. Field Operations</b>   |                       |                                 |                  |
| 1. Licensing & Certification (L&C)   | 160,124               | 164,374                         | 4,250            |
| 2. Los Angeles County (LAC)  | 48,317                | 69,378                          | 21,061           |
| 3. State Facilities Unit (SFU)   | 5,670                 | 5,670                           |                  |
| <b>Field Operations Sub-total</b>  | <b>\$ 214,111</b>     | <b>\$ 239,422</b>               | <b>\$ 25,311</b> |
| <b>C. Partial Year Adjustment</b>  | 33,568                | 42,755                          | 9,187            |
| <b>D. State Wide Cost Allocation Plan</b>  | 8,704                 | 8,704                           |                  |
| <b>E. Grand Total</b>  | <b>\$ 312,930</b>     | <b>\$ 356,148</b>               | <b>\$ 43,218</b> |
| <b>II. FUND SOURCES</b>  |                       |                                 |                  |
| <b>State Operations</b>  |                       |                                 |                  |
| <b>A. General Fund (0001)</b>  | 431                   | 596                             | 165              |
| <i>General Fund Transfer to State Department of Public Health Licensing and Certification Program Fund (Fund 3098)</i> | 3,700                 | 3,700                           |                  |
| <b>B. Federal Trust Fund (0890)</b>  | 99,349                | 100,560                         | 1,211            |
| <b>C. Special Deposit Fund (0942)</b>  | -                     | -                               |                  |
| 1. Internal Departmental Quality Improvement Account (IDQIA)   | 2,600                 | 3,600                           | 1,000            |
| 2. State Citation Penalty Account  | 2,144                 | 2,144                           |                  |
| 3. Federal Citation Penalty Account  | 547                   | 547                             |                  |
| <b>D. Reimbursement (0995)</b>   | 12,187                | 12,685                          | 498              |
| <b>E. Internal Information Integrity Quality Improvement Account (3151)</b>  | -                     | -                               |                  |
| <b>F. State Department of Public Health Licensing and Certification Program Fund (Fund 3098)</b>                       | 193,295               | 232,645                         | 39,350           |
| <i>Less transfer from the General Fund (0001)</i>  | (3,700)               | (3,700)                         |                  |
| <b>Local Assistance</b>  |                       |                                 |                  |
| <b>G. Special Deposit Fund (0942)</b>  | -                     | -                               |                  |
| 1. Federal Citation Penalty Account  | 2,334                 | 3,326                           | 992              |
| <b>H. State Department of Public Health Licensing and Certification Program Fund</b>                                   | 43                    | 45                              | 2                |
| <b>I. Grand Total:</b>   | <b>\$ 312,930</b>     | <b>\$ 356,148</b>               | <b>\$ 43,218</b> |
| <b>III. TOTAL CENTER POSITIONS</b>   |                       |                                 |                  |
| A. Headquarters  | 388.3                 | 443.8                           | 55.5             |
| B. Field Operations  |                       |                                 |                  |
| 1. Supervisors   | 160.0                 | 164.0                           | 4.0              |
| 2. Surveyors*  | 656.0                 | 678.0                           | 22.0             |
| 3. Support   | 138.0                 | 142.0                           | 4.0              |
| C. Public Health**   | 8.0                   | 14.0                            | 6.0              |
| <b>D. Grand Total</b>  | <b>1,350.3</b>        | <b>1,441.8</b>                  | <b>91.5</b>      |
| <b>GRAND TOTAL POSITIONS***</b>  | <b>1,350.3</b>        | <b>1,441.8</b>                  | <b>91.5</b>      |

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

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

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

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

Comparison of 2019-20 Budget Act with 2020-21 November Estimate

|   | 2019-20<br>Budget Act | 2020-21<br>November<br>Estimate<br>Workload<br>Analysis | 2019-20<br>Budget<br>Change<br>Proposals | Total 2020-21<br>November<br>Estimate | Request     |
|---|-----------------------|---|--|---------------------------------------|-------------|
| <b>TOTAL CENTER POSITIONS*</b>                          | 1,350.3               | 1,388.8   | 53.0                                     | 1,441.8                               | 91.5        |
| <b>Headquarters</b>                                     |                       |   |  |                                       |             |
| Center Office   | 20.0                  | 20.0  |  | 20.0                                  |             |
| Healthcare Associated Infections Section (HAI)          | 17.0                  | 17.0  |  | 17.0                                  |             |
| Policy & Enforcement Branch (PEB)                       | 43.0                  | 43.0  | 10.0                                     | 53.0                                  | 10.0        |
| Resource & Operations Management Branch (ROMB)          | 36.3                  | 37.8  |  | 37.8                                  | 1.5         |
| Staffing Audit and Research Branch (STAAR)              | 57.0                  | 58.0  |  | 58.0                                  | 1.0         |
| Professional Certification Branch (PCB)                 | 120.0                 | 120.0   |  | 120.0                                 |             |
| Centralized Applications Branch (CAB)                   | 34.0                  | 34.0  | 43.0                                     | 77.0                                  | 43.0        |
| Medical Breach Enforcement Section (MBES)               | 17.0                  | 17.0  |  | 17.0                                  |             |
| Emergency Preparedness & Disaster Response (EPD)        | 11.0                  | 11.0  |  | 11.0                                  |             |
| Staff Education and Quality Improvement Section (SEQIS) | 33.0                  | 33.0  |  | 33.0                                  |             |
| <b>Headquarters Total*</b>                              | <b>388.3</b>          | <b>390.8</b>  | <b>53.0</b>                              | <b>443.8</b>                          | <b>55.5</b> |
| <b>Field Operations</b>                                 |                       |   |  |                                       |             |
| State Facilities Section                                |                       |   |  |                                       |             |
| Supervisor  | 11.0                  | 11.0  |  | 11.0                                  |             |
| Surveyor  | 48.0                  | 48.0  |  | 48.0                                  |             |
| Support   | 10.0                  | 10.0  |  | 10.0                                  |             |
| Life Safety Code  |                       |   |  |                                       |             |
| Supervisor  | 5.0                   | 5.0   |  | 5.0                                   |             |
| Surveyor  | 20.0                  | 20.0  |  | 20.0                                  |             |
| Support   | 5.0                   | 5.0   |  | 5.0                                   |             |
| Field Office  |                       |   |  |                                       |             |
| Supervisor  | 144.0                 | 148.0   |  | 148.0                                 | 4.0         |
| Surveyor  | 588.0                 | 610.0   |  | 610.0                                 | 22.0        |
| Support   | 123.0                 | 127.0   |  | 127.0                                 | 4.0         |
| <b>Field Operations Total</b>                           | <b>954.0</b>          | <b>984.0</b>  |  | <b>984.0</b>                          | <b>30.0</b> |
| <b>Public Health Staff</b>                              |                       |   |  |                                       |             |
| Administration  |                       | 3.0   |  | 3.0                                   | 3.0         |
| Information Technology Services Division                | 8.0                   | 11.0  |  | 11.0                                  | 3.0         |
| Office of Legal Services                                |                       |   |  |                                       |             |
| <b>Public Health Total</b>                              | <b>8.0</b>            | <b>14.0</b>   |  | <b>14.0</b>                           | <b>6.0</b>  |
| <b>Total Field Operations Surveyors**</b>               | <b>656.0</b>          | <b>678.0</b>  |  | <b>678.0</b>                          | <b>22.0</b> |

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

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

## VIII. Appendix C: Detailed Assumptions

### 1. Methodology:

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

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

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

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

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

Surveyor positions (for surveys):

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

Supervisor and support staff positions:

- Supervisors = 1 supervisor to 6 Surveyors.
- Support staff for state and federal workload = 1 support staff to 6 Surveyors and supervisors.

### 2. Health Care Facility Counts:

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

- CHCQ counts health care facilities by facility type (e.g., SNFs, general acute care hospital, home health agency, etc.), and facilities opened as of a point-in-time of the current fiscal year as reported by the CMS' ASPEN for certified facilities, and facilities open as of July 2019 as reported in the Electronic Licensing Management System.
- CHCQ counts only active and open main facilities and skilled nursing distinct part facilities for purposes of this Estimate.
- For some facility types, there may be a difference in the number of licensed facilities versus the number of certified facilities. This is because some facilities are licensed only or certified only. Additionally, there may be minor discrepancies due to the use of different data sources required by the CMS, and/or the timing of data reconciliation activities.

CHCQ updated facility counts as of July 2019.

**3. Health Care Facility List:**

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

**4. Survey Activities:**

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

- Re-licensure
- Re-licensure – Follow-up
- Initial Licensure
  - Including outstanding pending initial licensure applications.
- Initial Licensure – Follow-up
- Complaint Investigations Facility-Reported Incident Investigations – State
- Field Visits
  - Including Change of Ownership, Change of Location, Bed Change, Services Change.
- Review Medical Error Plan

CHCQ bases certification survey activities on the federal Centers for Medi-Cal tiered activity requirements. Surveyors perform the following federal certification activities:

- Re-certification
- Re-certification – Follow-up
- Initial Certification
- Initial Certification – Follow-up
- Life Safety Code
- Life Safety Code – Follow-up

- Complaint and Facility-Reported Investigations – Federal
- Complaint Validation
- Validation
- Validation – Follow-up
- Informal Dispute Resolution
- Federal Hearings
- Pre-Referral Hearings
- Monitoring Visits

**5. Time Entry and Activity Management:**

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

**6. Survey Workload:**

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

**7. Standard Average Hours:**

Standard average hours are the average hours each survey activity takes to complete. CHCQ used July 1, 2016, through June 30, 2019, closed complaints and exited survey data to calculate standard average hours for this Estimate.

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

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

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

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

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

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

**11. Annualized Workload Hours:**

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

**12. Surveyor Positions:**

Surveyor positions consist of Health Facilities Evaluator Nurses, Associate Governmental Program Analysts, Special Investigators, medical, pharmacy, dietary consultants, and life safety code analysts. For the 2021-21 request for new surveyors, Associate Governmental Program Analysts will comprise roughly 40% of the total requested positions. Public Health uses 1,800 functional hours per position per year for state field operations staff. The LAC contract uses 1,744 functional hours per position per year for its equivalent staff.

**13. Position Classification Costing:**

CHCQ bases salaries for Headquarters and Field Operations administrative staff on the mid-step salary range and varying rates of travel, as reflected in the Standard Operating Expenses and Equipment costs. CHCQ operating expenses and equipment costs are based on standard costs for Public Health. All surveyor classifications include high travel and additional in-house training costs.

**14. Staffing Ratios:**

State Ratios:

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

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

**16. Fund Sources:**

- General Fund (0001)
- Federal Trust Fund (0890):
  - Title XVIII Long Term Care
  - Title XVIII Non-Long Term Care
  - Title XVIII Hospice Care
  - Title XIX Long Term Care
  - Title XIX Non-Long Term Care
- Special Deposit Fund (0942)
  - Internal Departmental Quality Improvement Account

- SNF Minimum Staffing Penalty Account
- State Health Facilities Citation Penalties Account
- Federal Health Facilities Citation Penalties Account
- Reimbursements (0995)
- 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 2019-20 May Revision Estimate**

- Item 1, updated support staff for state and federal, renamed Health Facilities Evaluator Nurse to Surveyor
- Item 2, updated facility counts as of June 30, 2019.
- Item 4, updated the definition of Field Visits.
- Item 7, standard average hours derived from July 1, 2016, through June 30, 2019, closed complaints, and exited survey data.
- Item 8, updated complaint and facility-reported incident counts for period July 1, 2016 through June 30, 2019.
- Item 9, updated open complaint and facility-reported counts as of June 30, 2019.
- Item 10, updated facility-reported counts as of June 30, 2019.
- Item 12, updated types of Surveyors and the percentage of Associate Governmental Program Analyst to Surveyors.
- Item 13, updated cost per training.
- Item 14, updated Staffing Ratios.
- Item 15, updated federal grant workload from 2018 to 2019.
- Removed item regarding LAC estimated workload.

## IX. Appendix D: Revenue and Transfer Summaries

## 2019-20 Revenue and Transfer Summaries

| FY 2019-20<br>\$ in thousands  | Fi\$CAL Account<br>Code | L&C Program<br>Fund 3098 | Special Deposit<br>Fund 0942 | Federal Fund<br>0890 | Reimbursement<br>0995 | General Fund<br>0001 | Total            |
|--|-------------------------|--------------------------|------------------------------|----------------------|-----------------------|----------------------|------------------|
| <b>State Department of Public Health Licensing and Certification Program<br/>Fund 3098</b> |                         |                          |                              |                      |                       |                      |                  |
| Other Regulatory Licenses and Permits  | 4129400                 | \$178,721                |                              |                      |                       |                      | \$178,721        |
| Other Regulatory Licenses and Permits (Los Angeles County Supplemental)                    | 4129400                 | \$19,103                 |                              |                      |                       |                      | \$19,103         |
| Miscellaneous Services to the Public   | 4143500                 | \$6                      |                              |                      |                       |                      | \$6              |
| Income from Surplus Money Investments  | 4163000                 | \$712                    |                              |                      |                       |                      | \$712            |
| <b>Special Deposit Fund 0942</b>   |                         |                          |                              |                      |                       |                      |                  |
| <b>Internal Departmental Quality Improvement Account</b>                                   |                         |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220                 |                          | \$4,489                      |                      |                       |                      | \$4,489          |
| Income from Surplus Money Investments  | 4163000                 |                          | \$471                        |                      |                       |                      | \$471            |
| <b>Federal Health Facilities Citation Penalties Account</b>                                |                         |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Other   | 4172240                 |                          | \$3,775                      |                      |                       |                      | \$3,775          |
| Income from Surplus Money Investments  | 4163000                 |                          | \$369                        |                      |                       |                      | \$369            |
| <b>State Health Facilities Citation Penalties Account</b>                                  |                         |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220                 |                          | \$4,386                      |                      |                       |                      | \$4,386          |
| Income from Surplus Money Investments  | 4163000                 |                          | \$218                        |                      |                       |                      | \$218            |
| <b>Skilled Nursing Facility Quality and Accountability</b>                                 |                         |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220                 |                          | \$549                        |                      |                       |                      | \$549            |
| <b>Federal Fund 0890</b>   |                         |                          |                              |                      |                       |                      |                  |
| Title 18 Long Term Care (LTC), Project No. 937775  | 4400000                 |                          |                              | \$37,573             |                       |                      | \$37,573         |
| Title 18 Non-long Term Care (NLTC), Project No. 310065                                     | 4400000                 |                          |                              | \$8,273              |                       |                      | \$8,273          |
| Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705                             | 4400000                 |                          |                              | \$613                |                       |                      | \$613            |
| Title 19 Long Term Care (LTC) Project No. 937795   | 4400000                 |                          |                              | \$34,189             |                       |                      | \$34,189         |
| Title 19 Non-Long term Care (NLTC), Project No. 937805                                     | 4400000                 |                          |                              | \$6,654              |                       |                      | \$6,654          |
| Unscheduled  | 4400000                 |                          |                              | \$13,709             |                       |                      | \$13,709         |
| <b>Reimbursements 0995</b>   |                         |                          |                              |                      |                       |                      |                  |
| Reimbursements 0995  | 4810000                 |                          |                              |                      | \$9,936               |                      | \$9,936          |
| Unscheduled  | 4810000                 |                          |                              |                      | \$2,107               |                      | \$2,107          |
| <b>General Fund 0001</b>   |                         |                          |                              |                      |                       |                      |                  |
| General Fund Transfer State Facilities Section Allocation                                  | 6210000                 |                          |                              |                      |                       | \$3,700              | \$3,700          |
| <b>Revenue Projection by Fund Totals</b>   |                         | <b>\$198,542</b>         | <b>\$14,257</b>              | <b>\$101,011</b>     | <b>\$12,043</b>       | <b>\$3,700</b>       | <b>\$329,553</b> |

**Descriptions:**

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

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

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

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

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

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

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

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

## Appendix D (Continued)

## 2020-21 Revenue and Transfer Summaries

| FY 2020-21<br>\$ in thousands  | FiSAL Account<br>Code | L&C Program<br>Fund 3098 | Special Deposit<br>Fund 0942 | Federal Fund<br>0890 | Reimbursement<br>0995 | General Fund<br>0001 | Total            |
|--|-----------------------|--------------------------|------------------------------|----------------------|-----------------------|----------------------|------------------|
| <b>State Department of Public Health Licensing and Certification Program Fund 3098</b> |                       |                          |                              |                      |                       |                      |                  |
| Other Regulatory Licenses and Permits  | 4129400               | \$217,536                |                              |                      |                       |                      | \$217,536        |
| Other Regulatory Licenses and Permits (Los Angeles County Supplemental)                | 4129400               | \$22,521                 |                              |                      |                       |                      | \$22,521         |
| Miscellaneous Services to the Public   | 4143500               | \$6                      |                              |                      |                       |                      | \$6              |
| Income from Surplus Money Investments  | 4163000               | \$712                    |                              |                      |                       |                      | \$712            |
| <b>Special Deposit Fund 0942</b>   |                       |                          |                              |                      |                       |                      |                  |
| <b>Internal Departmental Quality Improvement Account</b>                               |                       |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220               |                          | \$5,117                      |                      |                       |                      | \$5,117          |
| Income from Surplus Money Investments  | 4163000               |                          | \$471                        |                      |                       |                      | \$471            |
| <b>Federal Health Facilities Citation Penalties Account</b>                            |                       |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Other   | 4172240               |                          | \$4,115                      |                      |                       |                      | \$4,115          |
| Income from Surplus Money Investments  | 4163000               |                          | \$369                        |                      |                       |                      | \$369            |
| <b>State Health Facilities Citation Penalties Account</b>                              |                       |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220               |                          | \$4,912                      |                      |                       |                      | \$4,912          |
| Income from Surplus Money Investments  | 4163000               |                          | \$218                        |                      |                       |                      | \$218            |
| <b>Skilled Nursing Facility Quality and Accountability</b>                             |                       |                          |                              |                      |                       |                      |                  |
| Fines & Penalties - External - Private Sector  | 4172220               |                          | \$659                        |                      |                       |                      | \$659            |
| <b>Federal Fund 0890</b>   |                       |                          |                              |                      |                       |                      |                  |
| Title 18 Long Term Care (LTC), Project No. 937775                                      | 4400000               |                          |                              | \$37,573             |                       |                      | \$37,573         |
| Title 18 Non-long Term Care (NLTC), Project No. 310065                                 | 4400000               |                          |                              | \$8,273              |                       |                      | \$8,273          |
| Title 18 Non-long Term Care (NLTC)-Hospice, Project No. 310705                         | 4400000               |                          |                              | \$613                |                       |                      | \$613            |
| Title 19 Long Term Care (LTC) Project No. 937795                                       | 4400000               |                          |                              | \$34,189             |                       |                      | \$34,189         |
| Title 19 Non-Long term Care (NLTC), Project No. 937805                                 | 4400000               |                          |                              | \$6,654              |                       |                      | \$6,654          |
| Unscheduled  | 4400000               |                          |                              | \$14,244             |                       |                      | \$14,244         |
| <b>Reimbursements 0995</b>   |                       |                          |                              |                      |                       |                      |                  |
| Reimbursements 0995  | 4810000               |                          |                              |                      | \$9,936               |                      | \$9,936          |
| Unscheduled  | 4810000               |                          |                              |                      | \$2,749               |                      | \$2,749          |
| <b>General Fund 0001</b>   |                       |                          |                              |                      |                       |                      |                  |
| General Fund Transfer State Facilities Section Allocation                              | 6210000               |                          |                              |                      |                       | \$3,700              | \$3,700          |
| <b>Revenue Projection by Fund Totals</b>   |                       | <b>\$240,775</b>         | <b>\$15,861</b>              | <b>\$101,546</b>     | <b>\$12,685</b>       | <b>\$3,700</b>       | <b>\$374,567</b> |

Note: The revenue figures above are based on the most current and accurate information, which differ from the figures reflected in the 2020-21 Governor's Budget Fund Condition Statement.

**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.

**X. Appendix E: Fund Condition Statements**

## 4265 DEPARTMENT OF PUBLIC HEALTH

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

|  | 2018-19       | 2019-20       | 2020-21       |
|--|---------------|---------------|---------------|
| BEGINNING BALANCE  | \$26,221,000  | \$11,791,000  | \$5,746,000   |
| Prior year adjustments   | \$0           | \$0           | \$0           |
| Adjusted Beginning Balance   | \$26,221,000  | \$11,791,000  | \$5,746,000   |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS                                       |               |               |               |
| Revenues:  |               |               |               |
| 4129400 - Other Regulatory Licenses and Permits (125700)                         | \$159,785,000 | \$197,824,000 | \$240,057,000 |
| 4143500 - Miscellaneous Services to the Public (142500)                          | \$6,000       | \$6,000       | \$6,000       |
| 4163000 - Investment Income - Surplus Investments (150300)                       | \$348,000     | \$712,000     | \$712,000     |
| Transfers and Other Adjustments:   | \$0           | \$0           | \$0           |
| Total Revenues, Transfers, and Other Adjustments                                 | \$160,139,000 | \$198,542,000 | \$240,775,000 |
| Total Resources  | \$186,360,000 | \$210,333,000 | \$246,521,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS   |               |               |               |
| Expenditures:  |               |               |               |
| 0840 State Controller's Office (State Operations)                                | \$0           | \$0           | \$0           |
| 4170 Department of Aging (Local Assistance)                                      | \$399,000     | \$400,000     | \$400,000     |
| 4265 Department of Public Health (State Operations)                              | \$167,599,000 | \$197,464,000 | \$232,645,000 |
| 4265 Department of Public Health (Local Assistance)                              | \$43,000      | \$43,000      | \$45,000      |
| 8880 Financial Information System for CA (State Operations)                      | \$16,000      | -\$13,000     | \$0           |
| 9892 Supplemental Pension Payments (State Operations)                            | \$1,355,000   | \$3,179,000   | \$3,179,000   |
| 9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations) | \$8,857,000   | \$7,214,000   | \$6,736,000   |
| Total Expenditures and Expenditure Adjustments                                   | \$178,269,000 | \$208,287,000 | \$243,005,000 |
| Less Funding Provided by the General Fund  | -\$3,700,000  | -\$3,700,000  | -\$3,700,000  |
| Total Expenditures   | \$174,569,000 | \$204,587,000 | \$239,305,000 |
| FUND BALANCE   | \$11,791,000  | \$5,746,000   | \$7,216,000   |

Note: The revenue figures above are based on the most current and accurate information, which differ from the figures reflected in the 2020-21 Governor's Budget Fund Condition Statement.

## Appendix E (Continued)

### Fund Condition Statements

**4265 DEPARTMENT OF PUBLIC HEALTH**

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

|   | 2018-19 | 2019-20 | 2020-21 |
|---|---------|---------|---------|
| BEGINNING BALANCE                                   | \$1,000 | \$1,000 | \$1,000 |
| Prior year adjustments                              | \$0     | \$0     | \$0     |
| Adjusted Beginning Balance                          | \$1,000 | \$1,000 | \$1,000 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS          |         |         |         |
| Revenues:   |         |         |         |
| Transfers and Other Adjustments:                    |         |         |         |
| Total Revenues, Transfers, and Other Adjustments    | \$0     | \$0     | \$0     |
| Total Resources                                     | \$1,000 | \$1,000 | \$1,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS            |         |         |         |
| Expenditures:                                       |         |         |         |
| 4265 Department of Public Health (State Operations) | \$0     | \$0     | \$0     |
| Total Expenditures and Expenditure Adjustments      | \$0     | \$0     | \$0     |
| FUND BALANCE  | \$1,000 | \$1,000 | \$1,000 |

**Appendix E (Continued)****Fund Condition Statements****4265 DEPARTMENT OF PUBLIC HEALTH****FUND CONDITION STATEMENT****0942-222 Special Deposit Fund - Internal Department  
Quality Improvement Account**

|   | 2018-19      | 2019-20      | 2020-21      |
|---|--------------|--------------|--------------|
| BEGINNING BALANCE                                       | \$19,971,000 | \$21,086,000 | \$23,446,000 |
| Prior year adjustments                                  | \$0          | \$0          | \$0          |
| Adjusted Beginning Balance                              | \$19,971,000 | \$21,086,000 | \$23,446,000 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS              |              |              |              |
| Revenues:   |              |              |              |
| 4172220 Fines and Penalties - External - Private Sector | 3,454,000    | 4,489,000    | 5,117,000    |
| 4163000 Investment Income - Surplus Money Investment    | 261,000      | 471,000      | 471,000      |
| Transfers and Other Adjustments:                        |              |              |              |
| Total Revenues, Transfers, and Other Adjustments        | \$3,715,000  | \$4,960,000  | \$5,588,000  |
| Total Resources   | \$23,686,000 | \$26,046,000 | \$29,034,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS                |              |              |              |
| Expenditures:   |              |              |              |
| 4265 Department of Public Health (State Operations)     | \$2,600,000  | \$2,600,000  | \$3,600,000  |
| Total Expenditures and Expenditure Adjustments          | \$2,600,000  | \$2,600,000  | \$3,600,000  |
| FUND BALANCE  | \$21,086,000 | \$23,446,000 | \$25,434,000 |

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

## 4265 DEPARTMENT OF PUBLIC HEALTH

## FUND CONDITION STATEMENT

0942-248 Special Deposit Fund - Skilled Nursing Facility  
Minimum Staffing Penalty Account

|   | 2018-19    | 2019-20    | 2020-21    |
|---|------------|------------|------------|
| BEGINNING BALANCE   | \$5,000    | \$0        | \$0        |
| Prior year adjustments  | \$0        | \$0        | \$0        |
| Adjusted Beginning Balance  | \$5,000    | \$0        | \$0        |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS  |            |            |            |
| Revenues:   |            |            |            |
| 4172220 Fines and Penalties - External - Private Sector   | \$273,000  | \$549,000  | \$659,000  |
| Transfers and Other Adjustments:  |            |            |            |
| Revenue Transfer from Special Deposit Fund (0942) to<br>Skilled Nursing Facility Quality and Accountability<br>Special Fund (3167) per Welfare and Institutions Code<br>14126.022 (g) | -\$278,000 | -\$549,000 | -\$659,000 |
| Total Revenues, Transfers, and Other Adjustments  | -\$5,000   | \$0        | \$0        |
| Total Resources   | \$0        | \$0        | \$0        |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS  |            |            |            |
| Expenditures:   |            |            |            |
| 4265 Department of Public Health (State Operations)   | \$0        | \$0        | \$0        |
| State Operations (Operating Transfers-out)  | \$0        | \$0        | \$0        |
| Total Expenditures and Expenditure Adjustments  | \$0        | \$0        | \$0        |
| FUND BALANCE  | \$0        | \$0        | \$0        |

## Appendix E (Continued)

### Fund Condition Statements

#### 4265 DEPARTMENT OF PUBLIC HEALTH

##### FUND CONDITION STATEMENT

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

|   | 2018-19      | 2019-20      | 2020-21      |
|---|--------------|--------------|--------------|
| BEGINNING BALANCE                                       | \$9,152,000  | \$9,891,000  | \$11,149,000 |
| Prior year adjustments                                  | \$0          | \$0          | \$0          |
| Adjusted Beginning Balance                              | \$9,152,000  | \$9,891,000  | \$11,149,000 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS              |              |              |              |
| Revenues:   |              |              |              |
| 4172220 Fines and Penalties - External - Private Sector | 3,916,000    | 4,386,000    | 4,912,000    |
| 4163000 Investment Income - Surplus Money Investment    | 169,000      | 218,000      | 218,000      |
| Transfers and Other Adjustments:                        |              |              |              |
| Total Revenues, Transfers, and Other Adjustments        | \$4,085,000  | \$4,604,000  | \$5,130,000  |
| Total Resources   | \$13,237,000 | \$14,495,000 | \$16,279,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS                |              |              |              |
| Expenditures:   |              |              |              |
| 4170 Department of Aging                                |              |              |              |
| State Operations  | \$108,000    | \$108,000    | \$108,000    |
| Local Assistance  | \$1,094,000  | \$1,094,000  | \$1,094,000  |
| 4265 Department of Public Health                        |              |              |              |
| State Operations  | \$2,144,000  | \$2,144,000  | \$2,144,000  |
| Total Expenditures and Expenditure Adjustments          | \$3,346,000  | \$3,346,000  | \$3,346,000  |
| FUND BALANCE <sup>a</sup>                               | \$9,891,000  | \$11,149,000 | \$12,933,000 |

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

## Appendix E (Continued)

## Fund Condition Statements

## 4265 DEPARTMENT OF PUBLIC HEALTH

## FUND CONDITION STATEMENT

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

|  | 2018-19      | 2019-20      | 2020-21      |
|--|--------------|--------------|--------------|
| BEGINNING BALANCE                                    | \$14,977,000 | \$16,851,000 | \$15,660,000 |
| Prior year adjustments                               | \$0          | \$0          | \$0          |
| Adjusted Beginning Balance                           | \$14,977,000 | \$16,851,000 | \$15,660,000 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS           |              |              |              |
| Revenues:  |              |              |              |
| 4172240 Fines and Penalties - External - Federal     | 3,775,000    | 3,775,000    | 4,115,000    |
| 4163000 Investment Income - Surplus Money Investment | 265,000      | 369,000      | 369,000      |
| Transfers and Other Adjustments:                     |              |              |              |
| Total Revenues, Transfers, and Other Adjustments     | \$4,040,000  | \$4,144,000  | \$4,484,000  |
| Total Resources                                      | \$19,017,000 | \$20,995,000 | \$20,144,000 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS             |              |              |              |
| Expenditures:  |              |              |              |
| 4170 Department of Aging                             |              |              |              |
| 4265 Department of Public Health                     |              |              |              |
| State Operations <sup>a</sup>                        | \$398,000    | \$547,000    | \$547,000    |
| Local Assistance                                     | \$1,768,000  | \$4,788,000  | \$3,326,000  |
| Total Expenditures and Expenditure Adjustments       | \$2,166,000  | \$5,335,000  | \$3,873,000  |
| FUND BALANCE   | \$16,851,000 | \$15,660,000 | \$16,271,000 |

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