

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 4150	Department Department of Managed Health Care	Priority No. 2
Budget Request Name 4150-004-BCP-BR-2016-GB		Program 3870-Health Plan Program	Subprogram

Budget Request Description
 End of Life Option Act (AB X 2 15)

Budget Request Summary

The Department of Managed Health Care (DMHC) requests two-year limited-term expenditure authority of \$244,000 for FY 2016-17 and FY 2017-18 to meet the Department's operational needs in order to address the short-term workload resulting from the implementation of AB X 2 15 (Chapter 1, Statutes of 2015).

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? Yes No
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Jennifer Clark, CFO <i>J Clark</i>	Date January 4, 2016	Reviewed By <i>Commander McSaggett</i>	Date 1-4-2016
Department Director <i>Mark P.</i>	Date 1/4/2016	Agency Secretary <i>Soe</i>	Date 1-6-16

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>Greg A. Roth</i>	Date submitted to the Legislature JAN 07 2016
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Analysis of Problem

A. Budget Request Summary

The Department of Managed Health Care (DMHC) requests two-year limited-term expenditure authority of \$244,000 for FY 2016-17 and \$244,000 for FY 2017-18 to meet the Department's operational needs in order to address the short-term workload resulting from the implementation of AB X 2 15 (Chapter 1, Statutes of 2015).

B. Background/History

Resource History (Dollars in thousands)

Program Budget	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Authorized Expenditures	There are no AB X 2 15 authorized expenditures to date.				
Actual Expenditures					
Revenues					
Authorized Positions					
Filled Positions					
Vacancies					

Workload History

Workload Measure	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
N/A						

Existing state law authorizes adults to give an individual health care instruction and to appoint an attorney to make health care decisions for that individual in the event of that adult's incapacity in accordance to a power of attorney for health care and guarantees terminally ill individuals certain care. When a health care provider diagnoses a patient with a terminal disease, the provider is required to notify the patient of his or her right to comprehensive information and counseling regarding legal end-of-life options, including (1) hospice care at home or in a health care setting; (2) a prognosis with and without the continuation of disease-targeted treatment; (3) the patient's right to refuse or withdraw from life-sustaining treatment; and (4) the patient's right to continue to pursue disease-targeted treatment, with or without concurrent palliative care.¹ Health and Safety Code Section 1367.215 also requires timely coverage of pain management drugs for terminally ill individuals. Health and Safety Code Section 1368.1 requires a plan that denies an experimental treatment to a terminally ill individual to provide information on covered alternative treatments and on the plan's grievance process, as well as an opportunity for the enrollee to attend a conference to discuss the matter with the plan.

While existing California law requires all of the above components and options for end of life care, it does not authorize terminally ill individuals to obtain a prescription allowing them to self-administer aid-in-dying medications.

AB X 2 15 adds Part 1.85 (commencing with Section 443) of Division 1 to the Health and Safety Code and enacts the End of Life Option Act (Act). The Act authorizes adult California residents who meet certain qualifications and who have been determined by their primary care physician to be suffering from a terminal disease to, under specified conditions and procedures, request and self-administer an aid-in-dying prescription drug for the purpose of ending their life. AB X 2 15 also establishes the specified conditions and procedures that must be followed under this new law. The provisions of AB X 2 15 will sunset on January 1, 2026.

¹ Health & Safety Code § 442.5.

Analysis of Problem

C. State Level Considerations

AB X 2 15 is modeled after Oregon's Death with Dignity Act (1997) and is intended to allow terminally ill, competent adults to request medication to bring about a peaceful death. The medical practice known as "aid-in-dying" is recognized in several other states, with three states having similar legislation.

No significant impact is expected to other state departments.

D. Justification

The DMHC protects consumers' health care rights and ensures a stable health care delivery system. As part of this mission, the DMHC licenses and regulates health plans under the Knox Keene Health Care Service Plan Act of 1975, as amended.

The Office of Legal Services (OLS) conducts legislative and legal analyses for the DMHC; leads rulemaking activities, including pre-notice stakeholder engagement, research and analysis, drafting regulation language, public hearings and responding to comments, and filing the regulation package(s) with the Office of Administrative Law; and responds to Public Records Act and Information Practices Act requests.

AB X 2 15 does not specify whether health plans are required to cover aid-in-dying medication or how a health plan may decline to cover aid-in-dying medication. Due to the sensitive and controversial nature of aid-in-dying medication, DMHC expects a high level of public interest, which over the next two years will result in OLS conducting legal research, producing legal opinions, and promulgating one regulation package to clarify the issue of coverage. To address this new workload, OLS requests limited-term expenditure authority so OLS may hire temporary help to perform the following short-term workload from July 1, 2016 through June 30, 2018:

1.0 Attorney I (Temporary Help)

This position will review and process legal questions related to AB X 2 15. The review of legal questions encompasses all tasks necessary to compose the final determination and present to impacted or requesting divisions. In addition, this position will be responsible for the promulgation of regulations pertaining to AB X 2 15, which includes conducting stakeholder meetings, researching and analyzing policy concerns, drafting regulations, holding public hearings, and drafting the final rulemaking documents.

1.0 Staff Services Analyst (Temporary Help)

This position will provide support and assist the Attorney I with tasks associated with AB X 2 15, such as promulgation of regulations and the drafting/filing of legal memoranda.

Analysis of Problem

E. Outcomes and Accountability

Projected Outcomes

Workload Measure	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Conducting legal research and policy analysis. Includes reviewing legal questions, gathering data and supporting documentation, staff coordination, reviewing applicable law, gathering legal references, crafting position, drafting memos, briefing management, and presenting final determination to impacted staff.	0	4	4	0	0	0
Promulgation of one regulation package. Includes conducting stakeholder meetings, capturing feedback, researching and analyzing policy concerns, drafting proposed regulation, drafting APA documents, holding public hearings, summarizing comments, analyzing and responding to comments, and processing regulation through formal rulemaking process.	0	0	1	0	0	0
Assist Attorney I with research and analysis of various documents and tasks associated with AB X 2 15. (Staff Services Analyst)	0	20	20	0	0	0

F. Analysis of All Feasible Alternatives

Alternative 1: Approve DMHC's request for limited-term expenditure authority of \$244,000 for FY 2016-17 and \$244,000 for FY 2017-18 to meet the Department's operational needs in order to address the short-term workload resulting from the implementation of AB X 2 15.

Pros:

- The Department will have the necessary resources to implement the provisions of AB X 2 15.

Cons:

- Increases State expenditures.

Alternative 2: Approve the request at a lower level.

Pros:

- Provides minimal resources to meet all the provisions of AB X 2 15.

Cons:

- Increases State expenditures.
- Less expenditure authority would result in the redirection of current staff resources to perform the new short-term workload associated with AB X 2 15. However, DMHC staff is already at capacity and this would add to existing backlogs in other areas.

Alternative 3: Deny the request in which case DMHC will have to redirect existing resources in entirety.

Pros:

- Does not increase State expenditures.

Cons:

- The Department may not fulfill all requirements mandated by AB X 2 15.

Analysis of Problem

- Will create a backlog of work in other areas of the Department's responsibilities.

G. Implementation Plan

DMHC will start recruitment for the limited-term temporary help positions in late 2015-16.

H. Supplemental Information

This request will be funded through annual assessments of the health plans that are regulated by the DMHC. The fiscal impact of this request to full service health plans is less than \$0.01 per enrollee.

I. Recommendation

Alternative 1: Approve DMHC's request for two-year limited-term expenditure authority of \$244,000 for FY 2016-17 and FY 2017-18 to meet the Department's operational needs in order to address the short-term workload resulting from the implementation of AB X 2 15.

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BCP Fiscal Detail Sheet

BCP Title: End of Life Option Act (ABX2 15)

DP Name: 4150-004-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	126	126	0	0	0
Total Salaries and Wages	\$0	\$126	\$126	\$0	\$0	\$0
Total Staff Benefits	0	80	80	0	0	0
Total Personal Services	\$0	\$206	\$206	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	8	8	0	0	0
5302 - Printing	0	2	2	0	0	0
5304 - Communications	0	2	2	0	0	0
5320 - Travel: In-State	0	6	6	0	0	0
5322 - Training	0	2	2	0	0	0
5324 - Facilities Operation	0	18	18	0	0	0
Total Operating Expenses and Equipment	\$0	\$38	\$38	\$0	\$0	\$0
Total Budget Request	\$0	\$244	\$244	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0933 - Managed Care Fund	0	244	244	0	0	0
Total State Operations Expenditures	\$0	\$244	\$244	\$0	\$0	\$0
Total All Funds	\$0	\$244	\$244	\$0	\$0	\$0

Program Summary

Program Funding						
3870 - Health Plan Program	0	244	244	0	0	0
Total All Programs	\$0	\$244	\$244	\$0	\$0	\$0

Personal Services Details

Salaries and Wages

TH00 - Temporary Help (Eff. 07-01-2016)(LT
06-30-2018)

Total Salaries and Wages

Staff Benefits

5150900 - Staff Benefits - Other

Total Staff Benefits

Total Personal Services

	CY	BY	BY+1	BY+2	BY+3	BY+4
	0	126	126	0	0	0
Total Salaries and Wages	\$0	\$126	\$126	\$0	\$0	\$0
	0	80	80	0	0	0
Total Staff Benefits	\$0	\$80	\$80	\$0	\$0	\$0
Total Personal Services	\$0	\$206	\$206	\$0	\$0	\$0