

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

Fiscal Year 2016-17	Business Unit 4260	Department Health Care Services	Priority No.
Budget Request Name 4260-015-BCP-DP-2016-GB		Program 3960010	Subprogram

Budget Request Description
 AB 85 Health Realignment

Budget Request Summary

The DHCS requests one permanent position and expenditure authority of \$845,000 (\$423,000 GF and \$422,000 FF), of which \$734,000 will be 3-year limited-term, to address the ongoing administration of Assembly Bill (AB) 85 (Chapter 24, Statutes of 2013), as amended by Senate Bill (SB) 98 (Chapter 358, Statutes of 2013).

Three-year limited-term resources of \$734,000 will address workload in CRDD, MCQMD, OLS, and A&I. A permanent Associate Governmental Program Analyst position and expenditure authority of \$111,000 will address workload in SNFD.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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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
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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.

FSR 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	Date	Reviewed By	Date
Department Director <i>[Signature]</i>	<i>1/6/16</i>	Agency Secretary <i>[Signature]</i>	<i>1/6/16</i>
			<i>1/7/16</i>

Department of Finance Use Only

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

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>Manich B. Acon</i>	Date submitted to the Legislature <i>1/8/16</i>
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BCP Fiscal Detail Sheet

BCP Title: AB 85 Health Realignment

DP Name: 4260-015-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	0.0	1.0	1.0	1.0	1.0	1.0
Salaries and Wages						
Earnings - Permanent	0	62	62	62	62	62
Earnings - Temporary Help	0	386	386	386	0	0
Total Salaries and Wages	\$0	\$448	\$448	\$448	\$62	\$62
Total Staff Benefits	0	216	216	216	30	30
Total Personal Services	\$0	\$664	\$664	\$664	\$92	\$92
Operating Expenses and Equipment						
5301 - General Expense	0	34	28	28	4	4
5302 - Printing	0	14	14	14	2	2
5304 - Communications	0	14	14	14	2	2
5320 - Travel: In-State	0	21	21	21	0	0
5322 - Training	0	7	7	7	1	1
5324 - Facilities Operation	0	63	63	63	9	9
5344 - Consolidated Data Centers	0	7	7	7	1	1
539X - Other	0	21	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$181	\$154	\$154	\$19	\$19
Total Budget Request	\$0	\$845	\$818	\$818	\$111	\$111
Fund Summary						
Fund Source - State Operations						
0001 - General Fund	0	423	410	410	56	56
0890 - Federal Trust Fund	0	422	408	408	55	55
Total State Operations Expenditures	\$0	\$845	\$818	\$818	\$111	\$111
Total All Funds	\$0	\$845	\$818	\$818	\$111	\$111
Program Summary						
Program Funding						
3960010 - Medical Care Services (Medi-Cal)	0	845	818	818	111	111
Total All Programs	\$0	\$845	\$818	\$818	\$111	\$111

Personal Services Details

		Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
		Min	Mid	Max						
Positions										
5393	- Assoc Govtl Program Analyst (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
VR00	- Various (Eff. 07-01-2016)(LT 06-30-2019)				0.0	0.0	0.0	0.0	0.0	0.0
Total Positions					0.0	1.0	1.0	1.0	1.0	1.0
Salaries and Wages					CY	BY	BY+1	BY+2	BY+3	BY+4
5393	- Assoc Govtl Program Analyst (Eff. 07-01-2016)				0	62	62	62	62	62
VR00	- Various (Eff. 07-01-2016)(LT 06-30-2019)				0	386	386	386	0	0
Total Salaries and Wages					\$0	\$448	\$448	\$448	\$62	\$62
Staff Benefits										
5150350	- Health Insurance				0	108	108	108	14	14
5150600	- Retirement - General				0	108	108	108	16	16
Total Staff Benefits					\$0	\$216	\$216	\$216	\$30	\$30
Total Personal Services					\$0	\$664	\$664	\$664	\$92	\$92

Analysis of Problem

A. Budget Request Summary

The Department of Health Care Services (DHCS) requests one permanent position and expenditure authority of \$845,000 (\$423,000 General Fund (GF) and \$422,000 Federal Fund (FF)), of which \$734,000 would be three year limited-term, to address the ongoing administration of Assembly Bill (AB) 85 (Chapter 24, Statutes of 2013), as amended by Senate Bill (SB) 98 (Chapter 358, Statutes of 2013).

The impacted Divisions/Offices are Safety Net Financing Division (SNFD), Managed Care Quality and Monitoring Division (MCQMD), Office of Legal Services (OLS), Audits and Investigations Division (A&I) and Capitated Rates Development Division (CRDD).

Three-year limited-term resources of \$734,000 will address workload in CRDD, MCQMD, OLS, and A&I. A permanent Associate Governmental Program Analyst position and expenditure authority of \$111,000 will address the workload in SNFD.

B. Background/History

With the implementation of Health Care Reform in January 2014, it was assumed counties would have fewer costs associated with providing care for low income populations since the State was assuming responsibility for the administration of Health Care Reform. It was further expected that State costs would increase, while county costs would decrease. To address this shift, Assembly Bill (AB) 85 laid out a process by which transfer amounts were identified, and county health realignment funds were redirected from counties to the Department of Social Services (CDSS) to offset the cost of CDSS programs.

All counties were affected by this process and each county elected a one-time option to either accept a reduction of 60%, or show that a lesser reduction would be appropriate based on cost experience of the uninsured programs in their counties using a formula developed by the State and the counties. DHCS is required to use the formula to calculate an annual redirection amount, and to perform interim and final reconciliations of data. For the counties that elected the formula option, statute requires these calculations occur annually until 2023 or until the interim redirection calculation is within 10 percent of the final reconciliation amount and the final reconciliations for two years in a row are within 5 percent of each other. DHCS SNFD administers this workload.

Additionally, AB 85 placed specific member enrollment requirements on managed care plans to ensure continuity of care and post ACA monitoring. The bill requires DHCS to work with managed care plans to ensure Designated Public Hospitals (DPH) are paid at least cost for their new Medi-Cal eligible population. These requirements added workload to MCQMD and CRDD.

Health and Safety Code section 100171 (section 100171) requires the Director of DHCS to provide a hearing process to adjudicate disputes from a variety of DHCS programs, and AB 85 allowed counties to appeal their final reconciliations. OLS attorneys and analysts represent DHCS in virtually all Office of Administrative Hearings and Appeals (OAHA) cases. Workload related to AB 85 appeals is expected to continue along with final reconciliations. SB 98 made technical corrections to provide clarification and ease the implementation to fully implement AB 85.

Analysis of Problem

Resource History
(Dollars in thousands)

Safety Net Financing Division

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	12,071	12,071	11,905	15,222	15,743
Actual Expenditures	9,935	9,469	8,566	15,222	15,743
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	81.0	126.0	87.5	86.5	94.0
Filled Positions	66.5	67.0	68.1	72.3	82.0
Vacancies	14.5	59	19.4	14.2	12.0

*FY2013-14 Actual Expenditures: Revised amount for Federal Flow Through (FFT).

Medi-Cal Managed Care

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	21,376	21,376	16,932	20,278	22,336
Actual Expenditures	15,139	15,622	14,647	20,278	22,336
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	166.9	186.5	156.5	163.0	177.0
Filled Positions	127.6	153.8	135.4	142.4	177.0
Vacancies	39.3	32.7	21.1	20.6	0.0

Office of Legal Services

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	15,710	10,307	10,307	12,214	13,579
Actual Expenditures	12,031	8,653	9,311	11,576	13,579
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	131.1	99.6	92.5	99.0	107.5
Filled Positions	116.6	77.2	74.6	85.1	106.2
Vacancies	14.5	22.4	17.9	13.9	1.3

Analysis of Problem

Capitated Rates Development Division

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	N/A	N/A	6,571	8,005	7,871
Actual Expenditures	N/A	2,807	6,571	8,005	6,652
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	N/A	N/A	37.5	37.5	45.0
Filled Positions	N/A	N/A	29.1	31.6	30.0
Vacancies	N/A	N/A	8.4	5.9	15.0

*Effective FY 2012-13, CRDD split from Medi-Cal Managed Care Division. CRDD figures only.

Audits and Investigations

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	69,925	69,925	72,811	80,125	89,431
Actual Expenditures	63,854	68,940	71,112	78,592	85,242
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	767.8	765.8	716.5	715.5	726.5
Filled Positions	625.2	651.2	667.0	670.9	699.5
Vacancies	142.6	114.6	49.5	44.6	27.0

The workload history looks at the current AB 85 workload in FY 2013-14 and FY 2014-15 to show what tasks were completed. Many of these tasks are expected to continue into the future as shown in the projected outcomes table below. Each task is one unit of measurement, and is projected on an annual basis.

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Payment model (adjusted from three to two different models)	N/A	N/A	3	3	2	2
Stakeholder meetings	N/A	N/A	25	25	25	25
Data review 3x (includes responses to data requests, hospital costs submitted by hospital, any other data needed to complete calculation: adjusted from 16 to 19 counties)	N/A	N/A	48	48	57	57
Payment calculations (two payment models, three calculations a year)	N/A	N/A	6	6	6	6
Initial review	N/A	N/A	3	3	3	3

Analysis of Problem

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Interim Final reconciliation	N/A	N/A	N/A	N/A	3	3
Final reconciliation	N/A	N/A	3	3	3	3
SPAs, Regulations, Statute	N/A	N/A	1	1	1	1
Policies developed	N/A	N/A	5	5	5	5
OAHA Appeals filed	N/A	N/A	24	24	24	24
Rate development meetings	N/A	N/A	N/A	N/A	100	100
Rate data requests reviewed	N/A	N/A	N/A	N/A	12	12
Enrollment reports reviewed	N/A	N/A	N/A	N/A	144	144
75 th percent rate developed	N/A	N/A	N/A	N/A	1	1
Provider rate bump reviewed	N/A	N/A	N/A	N/A	1	1
DPH audits – 22 per year	N/A	22	22	21	21	N/A
Hospital audit questions – 44 per year	N/A	44	44	44	44	N/A
SNFD/A&I meetings – 12 per year	N/A	12	12	12	15	N/A
Audit Reviews – 22 per year	N/A	22	22	22	21	N/A
Training Staff (21.0 audit staff will perform the 21 P-14 workbook audits, and their managers will review the audits.)	N/A	22	22	30	30	N/A

C. State Level Considerations

This proposal is consistent with DHCS' Strategic Plan and Implementation Plan as it aims to help:

- Promote comprehensive health coverage.
- Enroll eligible individuals and retain eligible persons in health coverage.
- Ensure viability and availability of safety net services.

Redirecting State funding to CDSS programs as authorized by AB 85 will help ensure the viability and availability of other safety net services. Ensuring that managed care plans enroll new Medi-Cal eligible into DPHs and that DPHs are paid up to cost for their new Medi-Cal eligibles promotes the enrollment and retention of beneficiaries into health care coverage, and is a part of California's implementation of the Affordable Care Act. California is leading the way in Health Care Reform and other states continue to look to California as an example in this area.

Analysis of Problem

D. Justification

Permanent Position and Expenditure Authority

Safety Net Financing Division (SNFD)

1.0 Associate Governmental Program Analyst (AGPA)

The SNFD administers fee-for-service Medi- al and supplemental payments for uncompensated care. The Hospital Uninsured Demonstration and Subacute Section (HUDSS) calculates the redirection of county health realignment funding, monitors subacute facilities, and administers some of the financing for the State's 1115 waivers. HUDSS requests 1.0 permanent AGPA to continue calculating county redirection amounts.

Working with counties to identify transfer amounts is a sensitive process because it involves a shift of funds from counties to the State. This position would work to ensure there is an appropriate level of review and accountability in place. In order to do that, and in order to ensure that calculations and estimates are not delayed, HUDSS needs to maintain the three analyst positions currently working on this process (of which one is the limited-term position). With the assistance of auditors, these positions review county cost and revenue data three times a year. The analyst positions also calculate redirection amounts for all 58 counties three times a year during the interim process, the interim reconciliation process, and the final reconciliation process. In addition to calculating the interim redirection amount for County Medical Services Program counties and for counties who did not choose the formula, the three analyst staff also split the 24 counties who chose the formula. The formula option requires extensive review of large amounts of data used in a technical and complex calculation. Existing staff are working at capacity to handle this workload.

If the existing limited-term position expires, it will impact the ability of the remaining two analyst staff to complete the workload in a timely manner. Redirection calculations may be delayed, which would impact the ability of the State to determine the redirection amount for CDSS programs. Interim and final reconciliations may also be delayed, which would put DHCS out of compliance with deadlines mandated in statute. If this workload is absorbed by existing staff, federal claims for 1115 waiver programs may be delayed and payments to Designated Public Hospitals may be delayed. The redirection calculations must be completed until either 2023 or until the interim redirection calculation is within 10 percent of the final reconciliation amount and the final reconciliations for two years in a row are within 5 percent of each other, therefore SNFD is requesting the limited-term AGPA be converted to a permanent position.

Limited-Term Resources Impacting the Following Units: **Office of Legal Services (OLS)**

In order to continue to support OLS Health Care Financing and Rates (HCFR) and the increased workload due to the implementation of AB 85 Realignment, OLS requests three year limited-term resources to assist in the processing of legal work and documents. The HCFR team provides direct house counsel support to three divisions: CRDD, SNFD, and Fee for Service Rate Development Division (FFSRD), as well as financing and rates litigation support for all DHCS divisions and programs. The HCFR team currently consists of 9 staff attorneys, including one Attorney IV, two Attorney III positions, and 6 Attorney I positions.

Analysis of Problem

The current staffing and workload assignments in the OLS have grown beyond the capacity to provide and ensure a successful multiyear commitment to the development and migration of the various requirements of ACA as an emerging area without additional personnel. It takes several years to train and educate Legal Analysts in the area of Medi-Cal and administrative hearings.

The resources will assist HCFR not only in the development and maintenance of the necessary AB 85 Realignment financing structure, contract documents, and certifications required to meet federal requirements, but also the other Medi-Cal funding areas that are impacted by AB 85, such as the 1115 Demonstration Waiver, the Disproportionate Share Program, and the Safety Net Care Pool Funding for the Designated Public Hospitals. In addition, these resources provide support to the attorneys who draft, review, and counsel on the critical terms for the agreements that require providers to reimburse DHCS for its administrative costs for the program.

Capitated Rates Development Division (CRDD)

The CRDD requests three year limited-term resources to perform rate development associated with AB 85. CRDD provides oversight for risk adjustment and rate setting involving Medi-Cal managed care beneficiaries. CRDD staff conducts and reviews the most complex data analyses and computations using advanced statistical methods. Staff research and develop default enrollment methodologies and maintain complex projection models used to analyze the impact of proposed default enrollment methodologies.

AB 85 added a significant and critical workload to CRDD's Financial Audit and Review Section. The on-going workload includes:

- Plan, organize and conduct complicated studies and provide consultation to high-level management regarding the impact on Medi-Cal managed care plans with the implementation of AB 85.
- Develop and maintain the formula based approach to calculating the redirected realignment amount for specified stakeholders (specific county and public hospital counties) as prescribed in AB 85.
- Provide analyses to determine the accuracy and reasonableness of the data by specific service type.
- Establish the data reporting methods for timely submission of enrollment and claims data from the plans and involved parties.
- Develop critical evaluations of AB 85 and develop written narratives (briefing papers, issue memos and policy letters) advising on proposals and alternatives related to the newly eligible population.

In addition, these resources will be utilized to ensure program activities are carried out in strict conformance with the law, associated regulations and departmental goals.

Managed Care Quality and Monitoring Division (MCQMD)

The MCQMD requests three year limited-term resources in the Plan Management Branch to address workload associated with the realignment of county funds. The current staffing and workload assignments in the MCQMD have grown beyond the capacity to provide and ensure a successful commitment to the development and monitoring of the requirements of AB 85 without additional resources. The resources will allow MCQMD to conduct research

Analysis of Problem

to determine the data requirements necessary for the implementation of AB 85, analyze available data and determine a process to procure data not readily available to DHCS. The resources will be used to meet division standards for accuracy, completeness and quality. The resources will allow MCQMD to respond to questions from counties related to AB 85, the transitioning of new beneficiaries into Medi-Cal and the process of assigning these individuals to a primary care provider. In addition, these resources will be used to monitor compliance with the new requirements and monitor the adequacy of the network.

Audits & Investigations (A&I)

A&I requests three year limited-term resources for the Designated Public Hospitals (DPHs) P-14 workbook audits. The Financial Audits Branch (FAB) is responsible with ensuring the financial integrity of the DHCS health programs. Financial audits are conducted to ensure that institutional Medi-Cal providers claims for services that are appropriate and are in compliance with the federal Medicare and state Medi-Cal Program laws and regulations. An Institutional provider is defined as; acute care hospitals, long-term care providers, federally qualified health centers, and adult day health care centers.

SNFD and the California Association of Public Hospitals (CAPH) developed the P-14 workbook to facilitate the claims through the "Funding and Reimbursement Protocol for Medicaid Inpatient Hospital Cost, Disproportionate Share Hospital Uncompensated Care Cost, and Safety Net Care Pool Hospital Uncompensated Care Cost Claiming." This claiming protocol is laid out in Attachment F of the Special Terms and Conditions of California's current Demonstration 1115 Waiver. The P-14 audits are integral to final reconciliation process as defined in AB 85 because all P-14 workbooks must be audited and approved before final settlements are made.

SNFD has consistently requested assistance from the FAB on the audits of P-14 workbooks and compliance with the statutory provisions contained in Welfare and Institutions (W&I) Code Sections 14166 – 14166.26 that provides statutory authority for the payments referred to in Attachment F of the STCs. Starting in FY 2005-06, there were 23 DPHs required to submit a P-14 Workbook annually. Beginning in FY 2010-11 with the current waiver, 21 active DPHs were required to submit P-14 workbook annually through FY 2015-16. Denial of these resources may lead to other critical work not being performed and potentially lead to not meeting statutory requirements.

As of June 30, 2015, FAB has a 6 year backlog (FY 09,10,11,12,13,14) of P-14 reconciliations that have not been completed. Without additional resources, FAB will be unable to eliminate the existing backlog. This could put future federal funds in jeopardy because CMS has requested that DHCS take steps to complete the final reconciliations in a timely manner. As the Public Safety Net System Global Payment for the remaining Uninsured proposal in Medi-Cal 2020 involves DSH and SNCP funding, A&I will need these resources to handle workload of the new waiver as well. If reconciliations for the current waiver cannot be completed, oversight and auditing will be delayed for Medi-Cal 2020, jeopardizing the success of the renewed waiver (Medi-Cal 2020) and its associated funds.

Use of the P-14 is expected to continue to track public hospital data for Medi-Cal 2020 proposals, specifically the global payment for the uninsured. Auditing workload for Medi-Cal 2020 is likely to be even more strenuous than the current workload as CMS has recently stressed closer regulation of Safety Net Care Pools. The requested resources will enable

Analysis of Problem

DHCS to claim current waiver and Medi-Cal 2020 funds in a timely manner. The resources will also assist in helping complete the waiver final reconciliations in a timely manner and help ensure other rate setting and cost settlement audits meet the Department's quality standards and mandated due dates.

E. Outcomes and Accountability

If the requested resources are granted, DHCS will be able to identify amounts that can be transferred from the counties to the State to support the administration of Health Care Reform, and meet the member enrollment requirements placed on managed care plans. Specifically, the following outcomes are expected.

- Collaboration with outside stakeholders
- Accurate and timely
 - a. Interim redirection calculations
 - b. Initial final reconciliations
 - c. Final reconciliations
 - d. Audits of county cost reports
- Successful appeals process
- New managed care rates
- Maintain continuity of care for LIHP beneficiaries

Projected Outcomes

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Payment model (adjusted from three to two different models)	2	2	2	2	2	2
Stakeholder meetings	25	25	25	25	25	25
Data review (includes responses to data requests, hospital costs submitted by hospital, any other data needed to complete calculation). 3 separate data submissions x 19 counties	57	57	57	57	57	57
Payment calculations (two payment models, three calculations a year)	6	6	6	6	6	6
Initial review	3	3	3	3	3	3
Interim Final reconciliation	3	3	3	3	3	3
Final reconciliation	3	3	3	3	3	3
SPAs, Regulations, Statute	1	1	1	1	1	1
Policies developed	5	5	5	5	5	5
Appeals filed	24	24	24	24	24	24

Analysis of Problem

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Rate development meetings	100	100	100	100	100	100
Rate data requests reviewed	12	12	12	12	12	12
Enrollment reports reviewed	144	144	144	144	144	144
75 th percent rate developed	1	1	1	1	1	1
Provider rate bump reviewed	1	1	1	1	1	1
DPH audit – 22 to 44 per year	36	36	36	36	36	36
Hospital audit questions – 40 to 60 per year	60	60	60	60	60	60
SNFD/A&I meeting – 12 per year	20	15	15	15	15	15
Audit Reviews – 22 to 44 per year	36	36	36	36	36	36
Training staff (Twenty-one audit staff will perform the 21 P-14 workbook audits, and their managers will review the audits	30	30	30	30	30	30

F. Analysis of All Feasible Alternatives

Alternative #1: Three-year limited-term resources and permanent expenditure authority for 1.0 permanent position.

Cost: \$845,000 (\$423,000 General Fund and \$422,000 Federal Fund).

Pros:

- The department will continue to meet the provisions of AB 85, including mandated deadlines.
- Department will properly monitor all aspects of post ACA and AB 85 impacts as well as conduct hearings within time frame specified by legislation.
- Staff will have adequate time to develop appropriate methodologies and processes based on changing data.
- The State will be able to accurately assess counties savings and redirection amounts.
- Eliminates the existing P-14 audit backlog.

Cons:

- Increase in personnel costs to the State.
- Increase in State workforce.

Analysis of Problem

Alternative #2: Approve 7.0 permanent positions.

Cost: \$845,000 (\$423,000 General Fund and \$422,000 Federal Fund)

Pros:

- Gives the Department resources necessary to continue to administer the AB 85 program.
- The State will be able to accurately assess counties savings and redirection amounts.
- Department will properly monitor all aspects of post ACA and AB 85 impacts as well as conduct hearings within time frame specified by legislation.

Cons:

- Increase in personnel costs to the State.
- Increase in State Workforce

Alternative #3: Three-year limited-term resources. Cost: \$845,000 (\$423,000 General Fund and \$422,000 Federal Fund).

Pros:

- Gives the Department staff necessary to continue to administer the AB 85 program.

Cons:

- Staff will not be able to meet the deadlines outlined in AB 85 after three years.
- Increase in personnel costs to the State.

Alternative #4: Do not approve the three year limited-term funding and permanent expenditure authority for 1.0 position. No Cost.

Pros:

- No increase in personnel costs to the State
- Does not increase State workforce

Cons:

- DHCS will not be able to meet the deadlines outlined in AB 85.
- DHCS will not be able to calculate the transfer amounts in a timely manner.
- DHCS will not be able to process appeals or perform final reconciliations in a timely manner.
- DHCS will not be able to adequately support the identification and transfer of funds needed for the administration of Health Care Reform.

G. Implementation Plan

Milestones for County Realignment:

This timeline is based on the FY 2013-14 final reconciliation, FY 2014-15 interim reconciliation, and FY 2015-16 interim redirection, but the timeframes are indicative of the normal AB 85 cycle.

- Counties submit final reports of cost and revenue data – June 30, 2015
- FY 13-14 final reconciliations reviewed with Department of Finance (DOF) – September 1, 2015

Analysis of Problem

- Interim redirection data due from counties to DHCS – September 2015
- Interim reconciliation data for FY 2014-15 due from counties to DHCS - November 30, 2015
- DHCS calculates the interim redirection for FY 2015-16 and provides to DOF – December 1, 2015
- DHCS calculates the final calculations for FY 2013-14 and provide to counties – December 31, 2015
- Interim final reconciliation for FY 2014-15 due to DOF – March 2016
- DHCS recalculation and final reconciliation for FY 2013-14 of redirected amounts – June 30, 2016
- Counties can appeal the final determination (up to 30 days after the determination) - must file with OAHA – July 30, 2016
- Hearing must commence - September 15, 2016
- Final decision must be adopted - this also can be no later than 5 months following the issuance of appeal – September 15, 2016
- Final decision must be issued within 100 days of issuance of proposed decision – September 15, 2016

H. Supplemental Information

DHCS is currently at capacity and will need cubicle build outs including cabling at a cost of \$21,000 one time. In addition DHCS also requests \$21,000 3-year limited-term authority for in-state travel costs.

I. Recommendation

Approve Alternative 1 which requests three-year limited-term resources and permanent expenditure authority for 1.0 permanent position.

By approving these funding resources DHCS will continue to implement the provisions of AB 85 in a timely and efficient manner. If these resources are not approved, the State risks inadequate oversight of a process meant to shift millions of dollars from the county to other State programs, federal claiming will be delayed, and the deadlines mandated by AB 85 will not be met. DHCS could be out of compliance with State statute, and could lose many of the appeals filed regarding the dollars to be transferred. DHCS would also have a limited ability to collaborate with the counties in complying with AB 85, which goes against the intent of AB 85.

WORKLOAD STANDARDS
Safety Net Financing Division
(1.0) Associate Governmental Program Analyst /805-730-5393-xxx
Permanent

Activities	Number of Items Yearly	Hours per Item	Total Hours
Work with stakeholders to identify existing data and request the data needed to calculate redirection amounts.	1.5	40	60
Process, interpret, and review data from counties.	87	2	174
Develop historical calculation models.	11	25	275
Develop interim calculation models.	11	25	275
Calculate interim amounts for all counties.	11	25	275
Help perform interim and final reconciliations of cost data and payment calculation.	11	40	440
Respond to inquiries from upper management, administration, the Legislature, and stakeholders.	17	2	34
Work with the financial management branch on policy change development.	0.7	90	63
Develop rules and regulations associated with implementing the realignment program.	9	20	180
Interact with stakeholders, other departments, and control agencies.	43	1.5	64.5
Conduct all research necessary for identifying redirection amounts.	7	20	140
Total hours worked			1,981
1,800 hours = 1 Position			
Actual number of Positions requested			1.0

WORKLOAD STANDARDS**Office of Legal Services****Limited-Term Resources to Address the Following (7/1/16 – 6/30/19)**

Activities	Number of Items Yearly	Hours per Item	Total Hours
Prepare house counsel files, update HCFR project log.	100	1	100
Contacting the attorney general's office to initiate representation. New case input into Case Tracker, initial intake.	100	1	100
Calendar meetings, project deadlines, and trial calendars for attorneys.	100	1	100
Under direction of assigned attorney, assist the Attorney General's Office in research and discovery process, including gathering and reviewing documents.	100	6	600
Research projects assigned by HCFR attorneys and review correspondence and agreements	100	7	700
Coordinate meetings including the preparation of meeting materials	25	6	150
Case Tracker updates	100	4	400
Assist attorney with appeal coordination with Attorney General's Office	9	4	36
Total hours for workload projected		30	2,186

WORKLOAD STANDARDS
Managed Care Quality and Monitoring Division
Limited-Term Resources to Address the Following (7/1/16 – 6/30/19)

Activities	Number of Items Yearly	Hours per Item	Total Hours
Meet with program staff and develop work products and monitoring tools.	30	5	150
Work with counties to develop a data request necessary to ensure counties are meeting their enrollment targets and monitor compliance with this requirement.	52	7	364
Interact with stakeholders, other departments, and control agencies.	130	1.5	195
Communicate with DPHs about modifications to existing processes or documentation requirements.	30	9	270
Develop and monitor rules and regulations associated with implementing the realignment program.	24	9.5	228
Receive, process, analyze, and review data from counties.	260	2	520
Respond to questions from counties related to AB 85 and the transitioning of new beneficiaries into Medi-Cal or from LIHP to managed care plans, and the process of assigning individuals to a primary care provider.	52	1.5	78
Total hours for workload projected	578	41.5	1,805

WORKLOAD STANDARDS
Capitated Rates Development Division
Limited-Term Resources to Address the Following (7/1/16 – 6/30/19)

Activities	Number of Items Yearly	Hours per Item	Total Hours
Analyze Medi-Cal managed care data and extract data specific to the newly eligible beneficiaries' enrollment in developing capitation rates on a semiannual basis. Develop and maintain the formula based approach to calculating the redirected realignment amount for specified stakeholders (specific county and public hospital counties).	54	10	540
Plan, organize, and conduct complicated studies and provide consultation to high level management on maintenance and requirements of AB 85. Review new or pending legislation, regulations and Department policy changes and develop associated analysis.	36	10	360
Conduct research for analyses for the Medi-Cal Budget Assumptions and Estimates. Research may include fiscal effects of legislation. Provide updates/revisions and handle inquiries on Medi-Cal managed care budget issues; research financial needs of managed care plans and develop analyses of managed care plans' needs for budgetary purposes.	36	10	360
Research and develop data studies on Notice of dispute/appeals/litigation issues. The RPS I reviews different scenarios and provides interpretation of results in support of the State's defense against litigation activities raised by managed care contractors.	27	10	270
Research, develop, and recommend financial policy and standards through consultations with other branches.	9	15	135
Participate on committees, task forces, or work groups to develop solutions to data issues. Utilize data to respond to ad hoc information requests from DHCS management, the California Health and Human Services Agency, other departments, the Legislature and health plans.	9	15	135
Total hours for workload projected			1,800

WORKLOAD STANDARDS
Audits and Investigations

Limited-Term Resources to Address the Following (7/1/16 – 6/30/19)

Activities	Number of Items Yearly	Hours per Item	Total Hours
Work with SNFD auditors to compile starting costs used in final reconciliation for Medi-Cal, SNCP, and DSH payments	3	8	24
Develop audit programs and training for the DPH P-14 workbook review	3	40	120
Review DPH P-14 workbooks for propriety – includes reconciliations, payment data review, tracing and tracking audited cost to cost to charge ratios, testing records and ensure compliance of Federal and State regulations.	21	220	4620
Correspondence with the DPH hospitals, including entrance and exit conferences.	21	16	336
Final review and reporting of DPH audit findings.	21	8	168
Total hours for workload projected			5,268