

Policy At A Glance:

Health Expenditures in CA's FY 2022-23 Budget Trailer Bill (AB 178)

California's 2022-23 budget includes a total spending of over \$300 billion, with a focus on improving schools, addressing climate change and wildfires, and providing relief to low-income families and individuals. This brief will provide an overview of health-related expenditures of California's 2022 Budget Act and the budget trailer bill AB 178.

Introduction

On June 30, 2022, Governor Gavin Newsom signed California Assembly Bill 178 (AB 178) into law.¹ AB 178 is a budget trailer bill that amends the Budget Act of 2022 by amending, adding, and repealing items of appropriation, which refers to the process of assigning money for a special purpose. It is also called the Budget Bill Junior.

The 2022-23 budget for California includes a total spending of just over \$300 billion, of which \$234.4 billion is from the General Fund.² This budget includes several critical investments in California's health and developmental services, dedicates resources into expanding abortion access, and extends health care to more undocumented immigrants.³

This brief will provide an overview of the following health expenditures outlined in AB 178:

1. Behavioral Health Expenditures
2. California Pathways into Public Health
3. Medi-Cal and Healthcare Services

Definitions

Budget Trailer Bill A package of policy details that follow the main budget bill, which allocates the state's dollars⁴

General Fund (GF) Revenue accruing to the State from taxes, fees, interest earnings, and other sources which can be used for the general operation of the state government⁵

Government Reserves Assets that are readily available to and controlled by monetary authorities for direct financing of payment imbalances⁶

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Expenditures for Mental and Behavioral Health

An estimated 7.5 million Californians experience a mental health disorder in any given year, but only about one-third of adults who experience mental health illnesses are getting treatment.⁷ The \$4.7 billion budget plan reflects several major investments in mental and behavioral health.^{7,8} These investments include approximately \$2 billion in General Fund (GF) expenditures in 2022-23 approved last year as part of the multi-year Children and Youth Behavioral Health Initiative. This initiative funds a variety of programs administered by multiple state departments intended to transform behavioral health service delivery for children and youth under the age of 25.

In addition, the budget includes \$1 billion of GF in 2022-23 to establish a state-level Behavioral Health Bridge Housing program, which will support the creation of immediate, clinically enhanced housing settings for people experiencing homelessness with serious behavioral health conditions.⁸

The FY 2022-23 budget also appropriates funds for the Community Assistance, Recovery and Empowerment (CARE) Act, which creates an alternative judicial process to connect those with severe mental illness, including those experiencing homelessness or incarceration without treatment, to behavioral health services and support. CARE is not for everyone experiencing homelessness or mental illness; rather, it focuses on people with schizophrenia spectrum or other psychotic disorders who meet a specific criterion.⁹ The budget provides \$88.3 million in GF to the Department of Health Care Services, the California Health and Human Services Agency, and the Judicial Branch for the implementation of the CARE Act in 2022-23. Implementation of the CARE Act will begin in seven Cohort I counties by October 1, 2023, with the remaining counties to begin implementation no later than December 1, 2024.⁸

California Pathways into Public Health

In response to the COVID-19 pandemic, the California Pathways into Public Health (Cal-PPH) was created.¹⁰ The budget provides \$8 million in GF, available until June 30, 2025, to provide fellowships for early career public health professionals and internships for students from diverse backgrounds and disproportionately affected communities to conduct communicable disease prevention and control, community engagement, emergency response, and other public health activities at local health department host sites.¹¹



Expenditures for Medi-Cal and Other Healthcare Services

Expanded Medi-Cal Coverage

The FY 2022-23 budget eliminates one of the biggest remaining roadblocks to universal coverage in California – the use of immigration status to shut out otherwise eligible Californians from the full benefits of Medi-Cal. It allows all Californians with low incomes between the ages of 26 and 49 to enroll in full scope Medi-Cal, regardless of immigration status starting no later than January 1, 2024.¹² The expansion is expected to result in increased spending of \$2.1 billion in GF at full implementation. An estimated 700,000 Californians will benefit. Californians with low incomes in all other age groups are already eligible for Medi-Cal regardless of immigration status.⁸ For more details, please refer to IHPL's April 2022 Policy Brief titled [Medi-Cal Eligibility Expansion](#).

California Advancing and Innovating Medi-Cal (CalAIM)

CalAIM is a framework that encompasses a broad-based delivery system, program, and payment reform across the Medi-Cal program. It recognizes the opportunity to move to the whole-person care approach that integrates healthcare and other social determinants of health to a statewide level, with a clear focus on improving and reducing health disparities and inequities, including improving and expanding behavioral health.¹³ The budget includes \$2.4 billion in 2022-23 for initiatives to be implemented in 2023-24.¹³ For more details, please refer to IHPL's July 2021 Policy Brief titled [The Future of Medi-Cal: CalAIM](#).

Hearing Aid Coverage for Children

The budget authorizes up to \$10 million for the Department of Health Care Services (DHCS) Hearing Aid Coverage for Children Program (HACCP). As part of the budget, eligibility for the HACCP will be expanded to insured youth under 21 (up from age 17). Additionally, it will be expanded to children with limited hearing aid coverage through private health plans up to \$1,500 for families earning less than 6% of the federal poverty level. The HACCP eligibility expansions will take effect in January 2023. In addition, the DHCS announced upgrades to the program, including the approval of necessary pediatric audiology codes in the program and coverage for the externally worn bone conduction hearing aid for children with microtia (a birth defect in which the external ear is not completely developed) and atresia (a condition in which the ear canal is either underdeveloped, absent or closed).¹⁴

Reproductive Health

The budget includes over \$200 million in investments to protect the right to safe and accessible reproductive health care, demonstrating California's leadership on reproductive rights as states across the country curtail or ban abortion.^{15,16} Specifically, it includes new proposals that support abortion, including an abortion expansion pilot program in LA County; an abortion travel support fund; security and IT upgrades at abortion clinics; and scholarships and loan repayments for abortion clinic workers.¹⁷

Conclusion

The California Legislature and Governor Gavin Newsom passed and signed the 2022-23 state budget, which continues California's commitment to achieving universal healthcare access. While the full implications of the 2022-23 budget are still surfacing, it is already clear that the spending plan creates game-changing opportunities to both the state and its citizens. It supports the drive towards universal healthcare, the construction of a healthcare workforce aligned with the state's social needs, and the effort to make health services more affordable. While this budget aims to lay the building blocks for a healthier and more just California, time will tell what the extent of its effects will be.

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Did you know?

Mental illnesses are among the most common conditions faced by Californians: nearly 1 in 7 adults experiences a mental illness and 1 in 14 children has an emotional disturbance that limits functioning in family, school, or community activities.¹⁸



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