

Policy At A Glance:

Budget Act of 2023: Health (AB 118)

The Budget Act of 2023: Health (AB 118) is an omnibus health trailer bill which makes technical and clarifying statutory revisions affecting health programs necessary to implement the Budget Act of 2023 (AB/SB 101). This brief will provide an overview of how AB 118 will affect the budget on various healthcare initiatives previously outlined in AB/SB 101.

Introduction

On June 27, 2023, Governor Gavin Newsom signed into law the Budget Act of 2023 (AB/SB 101), a \$310 billion spending plan, which includes \$227 billion from the General Fund.^{1,2} Following the signing of the main budget bill, the Budget Act of 2023: Health (AB 118) was signed into law.

AB 118 is a budget trailer bill that implements provisions of the 2023-24 budget package affecting health-related departments.^{1,3} Specifically, AB 118 affects the budgets of the California Health and Human Services Agency (CalHHS), Covered California, the Department of Health Care Access and Information, the Department of Health Care Services, the Department of Managed Health Care, the Department of Public Health, and State Hospitals.³

This brief provides an outline of key provisions implemented in the budget trailer bill, including several changes to the Department of Health Care Services budget, updates to the 988 Suicide and Crisis Line, and updates to the Newborn Hospital Gateway and Whole Child Model Program.

Relevant Dates for AB 118³

- 01/09/2023** Introduced in the California Assembly
- 03/23/2023** Passed in the CA Assembly
- 06/27/2023** Passed in the Senate after resolving differences
- 06/27/2023** The Budget Act of 2023 (AB/SB 101) signed by Governor Newsom and became law⁴
- 07/10/2023** The Budget Act of 2023: Health (AB 118) signed by Governor Newsom and became law

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Department of Health Care Services Budget Reform

This budget trailer bill makes several changes to the Department of Health Care Services (DHCS) budget, including the following:³

- Establishes the Medi-Cal Provider Payment Reserve Fund to receive money transferred from the managed care organization (MCO) enrollment fund related to the tax on enrollment of managed care organizations (MCO tax).
- Gives authority to the DHCS to use funds in the Medi-Cal Provider Payment Reserve Fund for the following:
 - Increased reimbursement rates for primary care services, obstetrics and doula services, and non-specialty mental health services to be the greater of 87.5% of the lowest maximum allowance established by Medicare for the same or similar services beginning January 1, 2024.
 - Transfer of \$75 million annually to expand the University of California graduate medical education program for primary care and specialty care physicians.
 - Transfer of \$150 million to the Distressed Hospital Loan Program Fund with a payment requirement by June 30, 2024.
 - Transfer of \$50 million to the Small and Rural Hospital Relief Program for seismic assessment and construction with a repayment requirement by June 30, 2024.
- Creates the Medi-Cal County Behavioral Health Fund to receive nonfederal money collected by DHCS to be invested in the implementation of a Behavioral Health Payment Reform under CalAIM. The CalAIM Behavioral Health Payment Reform aims to move counties away from cost-based reimbursement to better enable counties and providers to deliver value-based care that improves the quality of life for Medi-Cal beneficiaries.⁵

Newborn Hospital Gateway

The Newborn Hospital Gateway is based on federal law that allows states to establish presumptive eligibility programs for children and youth. More specifically, the Newborn Hospital Gateway allows infants born to individuals eligible for and receiving Medi-Cal at the time of birth to be automatically deemed eligible for one year without a separate application or Social Security number.⁶ Furthermore, newborn babies are to be reported to Medi-Cal by the facility in which they are born. Additionally, the Gateway covers costs related to the California Newborn Screening (NBS) program, a public health program that screens all babies for many serious but treatable genetic disorders so that treatment can be started right away.^{7,8}



Mental Health and Child Welfare Budget Reforms

988 Suicide and Crisis Line³

- Specifies that mental health and substance use disorder treatment includes behavioral crisis services that are provided by 988 center, mobile crisis team, or other provider of behavioral health crisis services.
- Grants prior authorization for medically necessary mental health or substance use disorder services following stabilization from a behavioral health crisis addressed by services provided through the 988 system.
- Requires the California Health and Human Services Agency to create a set of recommendations to support a 5-year implementation plan for a comprehensive 988 system by December 31, 2023.
- Allows the 988-surcharge revenue to be used to pay state departments for their costs in administering the 988 Suicide and Crisis Lifeline before reimbursement of the revenue to the Office of Emergency Services for the purposes of the 988 Act.

Strengthening Oversight of Substance Use Disorder Licensing and Certification³

- Repeals the voluntary certification procedure for alcohol and other drug treatment recovery services and requires instead that those programs be certified.
- Prohibits programs from offering alcohol and other drug treatment recovery services without certification.
- Requires DHCS to develop regulations governing the provisions of alcohol or drug recovery services within a driving under the influence programs by January 1, 2026.

Newborn Hospital Gateway³

- Requires all qualified Medi-Cal providers participating in eligibility programs to use the Newborn Hospital Gateway system to report a Medi-Cal eligible newborn baby in their facilities within 72 hours after birth or one business day after discharge, whichever is sooner starting July 1, 2024.
- Authorizes providers to submit newborn enrollments through an electronic application on behalf of patients without a patient's signature.
- Requires claims for reimbursement of drug Medi-Cal services to be submitted within 12 months from the date of services (previously within 6 months of service).

Whole Child Model and Mandatory Managed Care Enrollment of Foster Care Children^{3,9}

- Expands the authorization to establish a Whole Child Model (WCM) program to 13 specified counties by January 1, 2025.
- Requires a managed care plan participating in the WCM to ensure that a California Children's Service (CCS) eligible child has a primary point of contact who will be responsible for the child's care coordination and requires a Medi-Cal managed care plan serving children with CCS-eligible conditions to support the referral pathway in non-Whole Child Model Counties.
- Requires mandatory enrollment of foster children into WCM in counties operating a Single Plan model of care and requires plans to comply with access requirements and use the existing Intercounty Transfer process when a beneficiary moves from one county to another.

Conclusion

The Budget Act of 2023: Health (AB 118) implements a number of provisions outlined within the 2023-24 budget package that affects various health-related departments. Adjustments made to the budget regarding health makes critical, targeted investments in the lives of Californians that aim to streamline health access and improve overall livelihood and wellbeing. These investments will address urgent physician shortages through the expansion of the University of California graduate medical education programs; expand and specify treatments and behavioral health services included in the 988-crisis hotline; and expand the Whole Child Model to 13 additional counties to improve care coordination for primary, specialty, and behavioral health services for CCS and non-CCS conditions.

References

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Did you know?

California currently has the highest 988 call volume in the country, with an answer rate of 88%. Furthermore,

California is in the top 21 states for 988 in-state answer rates, while answering more 988 calls than the combined call volume of 26 other states that have implemented the 988-crisis hotline.¹⁰



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