



Special Legislative Update ■ May 4, 2020

Entering Phase 2: Governor Newsom Announces Specific Steps Toward Phased Re-Opening Later this Week

At his noon briefing today, Governor Newsom offered details on specific steps the state is taking toward easing certain aspects of the stay-at-home order that has been in place since mid-March. The Governor issued this [report card](#) detailing how the state has progressed in comparison to the six indicators used to measure the state's progress in fighting and containing COVID-19.

With specific written guidelines expected to be released on Thursday, the Governor's modified stay-at-home order will permit the state to move into Stage 2. The relaxed order, effective this Friday, will allow for reopening certain retail sectors, such as bookstores, clothing stores, florists, and sporting goods stores as well as the manufacturing and logistics companies that support them. Reopening will be permitted only for those establishments able to implement the guidelines released on Thursday. The Governor also clarified that other Stage 2 sectors – including offices, shopping malls, schools and dine-in restaurants – will open later in Stage 2, depending on continued progress toward meeting the six indicators.

The Governor made clear that counties have the discretion to leave more stringent provisions in place should that be necessary. Additionally, the Governor's announcement outlined accommodation for regional variation among counties. If a jurisdiction demonstrates it can move more quickly through Stage 2 given local conditions, it can choose to do so subject to a self-certification process and the submission of a readiness plan. To facilitate this step, the Governor signed Executive Order [N-60-20](#) today giving direction to the State Public Health Officer to establish criteria for allowing local health officers to implement public health measures less restrictive than the statewide public health directives.

Finally, the Governor announced a partnership with UCLA and UCSF to begin remote training of workers in contact tracing. The first 20-hour training course will begin this Wednesday; the state has identified a goal of training 20,000 contact tracers in the next two months.

Assembly Returns; Hosts HHS Budget Subcommittee Hearing

The Assembly returned to Sacramento today to resume activities after a more than six-week hiatus. However, it will not be "business as usual" in the Capitol for the foreseeable future: only three

hearing rooms will be available for meetings, greatly limiting the house's capacity for public deliberations. Today, two hearings were held. The Assembly Transportation Committee met in the Assembly Chambers to take up nine bills and a handful of resolutions.

This morning, the Assembly Budget Subcommittee No. 1 on Health and Human Services kicked off what ended up being a nearly six-hour hearing to discuss health and social services impacts of COVID-19. Assemblymember Joaquin Arambula, chair of the subcommittee, noted that although the hearing covered just two issues – health care workforce and safety net programs – several additional issues have emerged that require attention. He specifically mentioned nursing homes and the need to build public health infrastructure and workforce. He went on to say that the Legislature is “working on these challenges outside these limited processes.”

The first panel – “The Future of Our Health Care Workforce: California’s Economic Engine” – focused on impacts to the health care delivery system due to the pandemic. Representatives from the California Hospital Association (CHA) and the California Medical Association (CMA) spoke to the impacts on providers. CHA noted that the toll on hospitals is different than on other health care providers. Although hospitals are losing revenue, they remain open and fully staffed. CHA asked for immediate help in 1) bringing insurance companies and health plans to the table in meaningful ways to help address cash flow (quicker claims payments and/or advance payments) and 2) immediate budget help, asking for \$1 billion in the current year to address immediate financial losses for hospitals.

CMA estimates that 10-15% of physician practices may close after the pandemic. CMA also cautioned that physicians may not be able to make up for lost revenues given the practical realities of how their operations will have to accommodate new public health requirements. There are only so many hours in a day, so additional cleaning and sanitizing between appointments will decrease the number of patients able to be seen in a day, and social distancing within the facilities also will constrain the number of patients able to be seen. The doctors’ representatives raised concerns with physician retirement and practice consolidations; asked for reduced regulatory and administrative burdens, including telehealth parity, elimination of prior authorizations and credentialing; and suggested retooling Proposition 56 funds to focus on keeping physician practices open. CMA also asked for assistance in getting commercial payers to come to the table to discuss supporting providers.

Subcommittee members were particularly interested in the role of state regulators in ensuring network adequacy of health plans and enforcing medical loss ratios. It is clear from the discussion that some Assembly Members would like to see health plans support providers in a more robust way during the pandemic, especially given the pause in health care procedures (and health plan costs). The California Association of Health Plans pushed back on the uncertainties faced by health plans given unknown costs of pent-up health care demand and unknown costs if a second surge of the pandemic materializes.

The Service Employees International Union (SEIU) State Council focused their comments around: 1) developing a state long-term plan for personal protective equipment (PPE), 2) workforce

development to upscale workforce, including linking workers to new career paths and prioritizing behavioral health workforce, and 3) investment in county public health workforce.

The second panel focused on our safety net programs. The Subcommittee heard from representatives of the Departments of Social Services, Developmental Services, and Aging. The panel also included Frank Mecca of the County Welfare Directors Association (CWDA), a CalWORKs recipient, and SEIU. State panelists discussed the needs for food assistance; work assistance; child welfare and adult protective services impacts; In-Home Supportive Services (IHSS) impacts; challenges with slowdown in court proceedings that, in turn, impact child welfare; homelessness; developmental services needs; and older adults.

For those of you following the Master Plan for Aging, the Administration's process with stakeholders will resume with a meeting on May 28. The Administration had temporarily paused the Master Plan in March to focus on rapid response recommendations for seniors – issues such as isolation, PPE, testing, residential facilities. The Master Plan will be refocusing and may incorporate some of the COVID lessons.

CWDA Executive Director Frank Mecca provided comments on several safety net programs. He highlighted the often-permanent damage of deep poverty to children, as a lesson learned from the Great Recession. He also talked about the damaged human services infrastructure from the last recession that made it difficult to meet the demand for services. He highlighted targeted employment services as a way to help businesses back on their feet, by reducing the risk and cost to re-employ people. CWDA will be making recommendations to simplify and streamline subsidized employment programs that are part of CalWORKs. Mr. Mecca also emphasized that counties are fearful that abuse and neglect – of children and adults – is flourishing in isolation, without the eyes and ears of the community. There has been a nearly 50% reduction in calls to child welfare hotlines. He also highlighted the connection between county realignment funding and programs to protect children and seniors. When realignment was created in 1991 and 2011, the architects never anticipated as steep a decline in revenue year-over-year as the state may face this year. He advocated for the state and counties to work together to buttress realignment revenues and programs, warning that, without revenue stabilization efforts, services will inevitably be cut.

SEIU pushed for backfilling realignment funds, a commitment to revenue options – including maximizing federal funds. They also voiced concerns with counties contracting out to save money during economic downturns.

Nearly 40 separate organizations spoke during public comment. Assembly Member Arambula closed the hearing acknowledging the growing and intensifying needs of vulnerable Californians. He also expressed his hope to put families and children first during the upcoming budget discussions.

Friday Executive Order on CalWORKs

Governor Newsom released Executive Order [N-59-20](#) over the weekend focused on the CalWORKs program. Specifically, the Executive Order includes provisions that:

- Allow pregnant CalWORKs applicants who do not have another needy child in the family to satisfy the requirement to provide medical verification of pregnancy by means of a sworn statement, or, if necessary, verbal attestation that they are pregnant. Medical verification of pregnancy must be submitted within 30 working days following submittal of the sworn statement or verbal attestation for benefits to continue.
- Suspend the requirement that the California Department of Social Services (CDSS) implement an identity verification method for CalWORKs applicants who are not able to present photo identification in person.
- Permit county welfare departments to accept a CalWORKs applicant's oral affirmation of belief they are eligible for CalWORKs if the county is unable to accept, or the applicant is unable to provide, a physical signature.
- Suspend the requirement that CalWORKs applicants undergo an interview before being granted public assistance
- Suspend requirements that would require a county to consider Federal Pandemic Unemployment Compensation received by a recipient as income in determining eligibility for the CalWORKs program
- Specify that the Executive Orders expires June 30, 2020; if CDSS finds it necessary to comply with federal requirements, they may re-impose any of the waived requirements before June 30.