



Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).

January 14, 2022

Governor's Proposed 2022-23 Budget Now Public: What Happens Next?

The Governor's January budget proposal has been available for public consumption since Monday, January 10. With the state budget season now officially kicked off, we wanted to provide a links to a few resources that could be of interest and highlight some upcoming budget related events.

- HBE's summary of can be found [here](#).
- The full budget committees in both houses have each published documents that highlight the major elements of the Governor's spending plan: [Senate](#) | [Assembly](#)
- The Legislative Analyst's Office (LAO) has issued its first overview assessment of the Governor's budget [here](#). Key elements of the LAO's review include its examination of how (and how much) the Governor proposes to allocate discretionary resources, how the budget proposes to address the Gann Limit, as well as a discussion of the major components of the budget. Finally, the LAO offers its overview comments on the budget approach as a whole. As is customary, the LAO will – over the next few weeks – be releasing policy area specific analyses that will help inform the Legislature's review of the spending plan.

In the meantime, the full budget committees have announced their respective overview hearings, which will involve initial budget presentations by the Department of Finance and the LAO. The Senate budget committee will convene on January 19 at 10 a.m.; the Assembly committee will meet on January 26 at 3 p.m. We will keep you apprised on developments!

Single Payer Measure Moves Forward

On Tuesday, the Assembly Health Committee heard AB 1400, Assembly Member Ash Kalra's single payer measure. The Committee ultimately passed the measure on an 11 to 3 vote, with all Republican members of the committee voting 'no' and Assembly Member Maienschein abstaining. However, several Democrats who voted 'aye' stated that they reserved the right to vote 'no' when the bill is heard on the Assembly Floor.

Some of the Democrats expressing concerns about AB 1400 noted that Governor Newsom is expanding health coverage for all in his 2022-23 state budget, without the need to raise additional taxes and with the expansion coming in the very near future. Given the number of issues that need to be fleshed out in more detail and required federal approvals, AB 1400 – if it were successful – would take years to implement.

Vice Chair Heath Flora raised questions about retiree health care benefits, which were negotiated through collective bargaining. Can these benefits be retroactively taken away? What happens to health care trusts – will they be dissolved?

Committee members also expressed process and timing concerns – specifically that despite the bill being in print for 11 months, no amendments were made to AB 1400 before the hearing. Some members were uncomfortable with being asked to weigh in on a controversial bill given the strict time limits associated with two-year bills. AB 1400 will next be heard next in Assembly Appropriations Committee; like all two-year measure, AB 1400 must pass out of the Assembly before January 31 in order to remain viable.

Last week, Assembly Member Kalra introduced ACA 11, a funding measure for single payer. When asked about ACA 11 during the Assembly Health Committee hearing on AB 1400, Assembly Member Kalra said he hopes that the funding measure will move forward this year but recognizes that it may not make November 2022 ballot. Additionally, Assembly Member Autumn Burke, who chairs Assembly Revenue and Taxation Committee, stated that she does not support the ACA as drafted. ACA 11 has not yet been referred to policy committees.

New Behavioral Health Assessment Report

This week, the Department of Health Care Services (DHCS) released its report assessing the behavioral health system in California: ***Assessing the Continuum of Care for Behavioral Health Services in California: Data, Stakeholder Perspectives, and Implications.***

DHCS initiated this report as part of the work to prepare for the **Behavioral Health Continuum Infrastructure Program** and to prepare for submitting a Section 1115 Medicaid demonstration waiver for Serious Mental Illness (SMI) and Serious Emotional Disturbance (SED). DHCS plans to submit the SMI/SED IMD waiver to the Centers for Medicare and Medicaid Services (CMS) in the fall of 2022.

DHCS also plans to host a webinar later this month to review the report's findings in January 21. The webinar information will be posted on the **DHCS calendar**.

CalAIM Updates

DHCS held a webinar today to update stakeholders on the approval of CalAIM by CMS. The slides from the webinar will be posted on the DHCS website in the near future. We highlight below several notable points from the webinar.

Providing Access & Transforming Health (PATH) Supports. DHCS received federal authority through the CalAIM Section 1115 authority for \$1.4 billion for PATH supports. PATH will have several initiatives, including:

- Time limited support to sustain existing Whole Person Care pilot services that have converted to Community Supports. Application process and funding anticipated to begin in first quarter of 2022.
- Technical assistance to providers, counties, public hospitals, community-based organizations, tribes and others. Application process and funding anticipated to begin in third quarter of 2022.
- Support for collaborative planning and implementation efforts. Application process and funding anticipated to begin in third quarter of 2022.
- Enabling the transition, expansion and development of capacity and infrastructure for providers, counties, public hospitals, community-based organizations, tribes and other to provide Enhanced Care Management and Community Supports. Application process and funding anticipated to begin in third quarter of 2022.
- Funding for planning and IT investments among justice-involved stakeholders to prepare for the pre-release Medi-Cal eligibility and enrollment process. Application process and funding anticipated to begin in third quarter of 2022.

PATH funding details are as follows (dollars in millions). Click [here](#) to view chart.

Items Under Negotiation. DHCS provided additional information about the components of CalAIM that CMS has not yet approved. They clarified that while CMS has not approved the use of Medicaid funds for services provided 90 days prior to release from incarceration in adult and youth settings, CMS has approved Medi-Cal enrollment prior to release from custody. DHCS shared that CMS signaled that they are interested in California's proposal to use Medicaid funds for specific services 90 days prior to release from incarceration. CMS is continuing conversations with DHCS. The Department did not provide a timeline for approval; however, DHCS is continuing its work with stakeholders to prepare for this policy change.

DHCS is continuing to negotiate with CMS for new Section 1115 waiver authority to authorize traditional healers and natural helpers in the Drug Medi-Cal-Organized Delivery System (DMC-ODS). Finally, DHCS is planning a stakeholder engagement process for submitting a new Section 1115 waiver application to CMS for the SMI/SED IMD waiver in the fall of 2022. Similar to how the DMC-ODS waiver is structured, counties would opt in to the SMI/SED IMD waiver.

Special Elections Set to Fill Two Assembly and One Congressional Seat

The Governor has called for special primary and general elections to fill two vacancies in the Assembly – Assembly District 11, formerly occupied by Assembly Member Jim Frazier (D-Fairfield), as well as Assembly District 80, now vacant following last week's departure of Assembly Member Lorena Gonzalez (D-San Diego). Additionally, a special election also must be held to fill the vacancy in the 22nd Congressional District given the recent resignation of Congressman Devin Nunes. The primary for all three seats will be held April 5, while the general special election will be held on June 7.