



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. Nearly 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](#).

February 18, 2022

State Unveils Plan for Next Phase of Pandemic

At a press conference yesterday, the Newsom Administration announced its strategy for the "next phase" of managing COVID-19 in California. The state will continue to monitor seven areas as it gradually relaxes rules around masking, detailed in a 30-page [plan](#). "We're gliding into normal; we're not announcing the normal," Health and Human Services Agency Secretary Mark Ghaly said.

The Administration is using the acronym "SMARTER": shots, masks, awareness, readiness, testing, education, and Rx treatment. The state expects to rely on wastewater surveillance throughout the state, as well as respiratory tracking in hospitals and sequencing positive COVID test specimens, to detect future variants and outbreaks. As variants arise, California would deploy its testing stockpile to regions where the virus is rapidly spreading. The state also would have the ability to deploy 3,000 clinical staff to hospitals within two to three weeks to manage surges and provide additional workers to vaccinate residents.

Secretary Ghaly also announced this week that mask mandates will remain in K-12 schools until at least February 28. The Newsom Administration will be reviewing data before deciding whether to modify mask mandates in school settings.

Regarding the ongoing emergency declaration, Senate President pro Tempore Toni Atkins (D-San Diego) on Thursday issued a statement: "We are all tired of living life in an emergency, but ending the emergency must be done responsibly to ensure there are no unintended consequences so we can continue to meet the needs of our state's residents

in an unpredictable future.” The emergency declaration allows the state to quickly purchase and distribute COVID test kits to schools, administer vaccines, provide test results, and retain workplace protocols, she added.

Kaiser Contract Trailer Bill Language Released

The trailer bill language (TBL) – entitled the “Alternative Health Care Services Plan” – to effectuate the single statewide contract for Kaiser in the Medi-Cal program was **posted** on the Department of Finance website late Thursday. The TBL does all of the following: 1) details how individuals can enroll in the alternative health care services plan (i.e., Kaiser), 2) permits the Department of Health Care Services (DHCS) to contract with Kaiser in any geographic region of the state, and 3) allows DHCS to seek any federal approvals necessary to implement.

Under the proposed language, the following beneficiary populations enrolling in Medi-Cal managed care would be eligible to enroll, or chose to maintain their enrollment, in Kaiser:

A beneficiary who was previously enrolled in Kaiser as their primary Medi-Cal managed care plan on or before December 31, 2023;

- An existing member of Kaiser who is transitioning into Medi-Cal managed care;
- A beneficiary who was a member of Kaiser at any time during the 12 months immediately preceding the effective date of the beneficiary’s Medi-Cal eligibility;
- A beneficiary with Kaiser family member linkage;
- A beneficiary who was previously enrolled in a primary Medi-Cal managed care plan other than the Kaiser on or before December 31, 2023, but who was assigned to and made the responsibility of the Kaiser under a subcontract with the aforementioned Medi-Cal managed care plan;
- A dual eligible beneficiary residing in a geographic region approved by the Department for this specific purpose;
- A beneficiary eligible on the basis of their receipt of services through a state foster care program.

Budget Subcommittee Rundown from This Week

> Health Care Access Proposals

Assembly Budget Subcommittee No. 1 met on February 14 to discuss health care access proposals from the Governor’s budget (**agenda**). Agenda items included the expansion of Medi-Cal to undocumented adults ages 26-49 and telehealth. The Legislative Analyst’s

Office (LAO) released their [analysis](#) of the Medi-Cal budget earlier this month, which highlights some of the agenda items.

- *Expansion of Medi-Cal to Undocumented Adults Ages 26-49.* Assembly Members asked the Administration about their timeline for implementation of the Medi-Cal expansion, questioning why it needs to wait until 2024. During public comment, several dozen individuals from across the state – reflective of grassroots lobbying efforts – called in to support the Medi-Cal expansion to adults ages 26-49.
- *Telehealth.* During public comment, several testifiers made remarks about the Administration’s recently released telehealth proposal. Several providers were pleased with the continued coverage of both phone and video services at payment parity and across provider types, including at federal qualified health centers. Stakeholders also raised concerns with the limitation of establishing new patients to video only; the patient consent notification and disclosures and the form of how these disclosures need to be made and how; and the requirement to adopt both video and audio without any funding for providers.
- *Alternative Payment Model.* DHCS is proposing trailer bill language to update existing law that authorizes the department to implement an Alternative Payment Model (APM) reimbursement methodology for Federally Qualified Health Centers (FQHCs) to incentivize delivery system and practice transformation at FQHCs through flexibilities available by moving away from a volume-based reimbursement methodology. The trailer bill [language](#) was released shortly before the hearing on February 14.

> **Child Support Funding**

The February 15 Senate Budget Subcommittee No. 3 hearing included a dive into the Governor’s January proposals for the Department of Child Support Services (DCSS). The agenda included a discussion of 1) the full “pass-through” of child support payments for former CalWORKs families, 2) Local Child Support Agency (LCSA) funding methodology, and 3) child support Federal Final Rule compliance trailer bill language.

Relative to the LCSA funding methodology, DCSS presented their proposal to provide \$20.1 million General Fund to the least funded LCSA’s to partially implement the agreed upon Level of Effort study. Senator Pan expressed support for fully funding this commitment and explained DCSS has worked hard with counties to come to this agreement and each county needs adequate funding.

The Child Support Directors Association, SEIU, California State Association of Counties, Urban Counties of California, and Rural County Representatives of California submitted a

coalition letter outlining a request for additional resources above the Governor's proposal. The coalition request includes an additional \$14.2 million General Fund to bring all underfunded LCSA's to parity with the minimum level of funding needed to meet current program requirements and \$15.7 million General Fund to improve equity in the child support system by positioning California to lead efforts to implement the new Federal Final Rule.

Medi-Cal Statewide Advisory Committee (SAC) and Behavioral Health Statewide Advisory Committee Meet Jointly

The Medi-Cal Statewide Advisory Committee (SAC) and the Behavioral Health SAC (BH SAC) met jointly on February 17 ([agenda](#)). The Department of Health Care Services (DHCS) provided updates on the state budget, Medi-Cal Rx, the Medi-Cal managed care plan procurement, the quality/equity roadmap measures and metrics, and CalAIM.

A few highlights of differing discussions and issues brought up by SAC members:

Kaiser Contract. Will there be specific enrollment rules for foster youth and duals? What is the nexus between the Foster Care Model of Care workgroup and the Kaiser contract? They are separate. Foster youth will still have the option to enroll in managed care or stay in fee-for-service. The foster care model of care workgroup will likely resume meeting in early summer. The reason for the foster youth proposal is that those youth move counties, and DHCS wants to provide a path for continuity of care.

Will Kaiser take some of the undocumented adult expansion? Yes, through continuity of care, foster care or duals.

Medi-Cal Expansion to Undocumented Adults. Are there technical reasons or budget reasons for the 2024 start date of the expansion to undocumented adults ages 26-49? There are several factors for the 2024 date, including: 1) the substantial amount of eligibility changes; 2) the size of this group (over 700,000); 3) DHCS wants to be sure we are being thoughtful; 4) we will be working on expansion during the unwinding of the public health emergency; 5) there are many system (including technology) impacts.

What is DHCS planning to do to ensure network adequacy for the Medi-Cal expansion to undocumented adults? DHCS responded that this is one of the biggest expansions in recent years and will need to think it through.

Managed Care Organization (MCO) Tax. Will there be an effort to extend the MCO tax? DHCS did not propose to extend the MCO tax because of the procurement changes and

redetermination shifts associated with the end of the public health emergency. Will there be future discussions? DHCS can only speak to what has been proposed.

End of Public Health Emergency. With the public health emergency ending at some point, stakeholders are worried about consumer confusion about what Medi-Cal will continue to cover. DHCS is taking this item back as an action item.

Behavioral Health Bridge Housing. Funding is only for counties and tribes.

Money, Money, Money

This month's Department of Finance [Monthly Finance Bulletin](#) is out, and the state's revenue picture continues to exceed even the rosier expectations. DOF reports that General Fund cash receipts for the first seven months of the 2021-22 fiscal year were nearly \$16 billion above the 2022-23 Governor's Budget forecast. The analysis notes, however, that about \$6 billion of the total additional revenue is due to higher-than-expected Pass-Through Entity (PTE) elective tax payments under the corporation tax. (The PTE is a 2021 state tax change designed to allow some taxpayers to reduce their allowable federal tax liability starting with their 2021 tax returns. Every dollar received from the PTE elective tax paid generates a dollar of personal income tax credit.) While the amount of PTE elective tax payments can be tracked in monthly cash reports, the extent to which taxpayers will reduce their personal income tax payments to reflect the elective tax credits cannot be determined until more complete tax return data for 2021 are available. DOF warns that a portion of the \$6.2 billion may overstate the amount of overall revenue strength to date.

Personal income tax receipts for the first seven months of the fiscal year were \$9.175 billion above the forecast, with cash receipts for the month \$5.98 billion above the forecast. Sales and use tax receipts for the first seven months of the fiscal year were \$223 million below the forecast, while cash receipts for January were \$414 million below the month's forecast. Corporation tax receipts for the first seven months of the fiscal year were \$7.995 billion above the budget estimates. Of that overage, \$6.206 billion was from higher PTE elective tax payments referenced above, while cash receipts for January were \$2.197 billion above the month's forecast.

Brown Act Bills Emerge

Three measures that would amend the Brown Act have been introduced that will likely be of interest to local bodies subject to the Brown Act. The first, [AB 1944](#) (Lee), would delete the requirement that an individual participating in a Brown Act meeting remotely from a non-public location must disclose the address of the location. If the governing body

chooses to allow for remote participation, it must also provide video streaming and offer public comment via video or phone.

AB 2449 (Blanca Rubio) would authorize the use of teleconferencing without noticing and making available to the public teleconferencing locations if a quorum of the members of the legislative body participates in person from a singular location that is noticed and open to the public and require the legislative body to offer public comment via video or phone.

Finally, **SB 1100** (Cortese) would authorize the removal of an individual from a public meeting who is “willfully interrupting” the meeting after a warning and a request to stop their behavior. “Willfully interrupting” is defined as intentionally engaging in behavior during a meeting of a legislative body that substantially impairs or renders infeasible the orderly conduct of the meeting in accordance with law. SB 1100 is in response to the concerning trend of increasing disruption of local public meetings that often feature explicit or implicit threats of violence against public officials and their families and pets, racial slurs directed toward public employees and public officials, and other forms of harassment.

We anticipate considerable discussion in the Legislature focused on changes to the Brown Act to assist local agencies and the public to ensure the safety of local officials, public employees, and members of the public during public meetings.

Legislative Oversight Hearings Begin on the Statewide Middle Mile Broadband Initiative

The Assembly Communications and Conveyance Committee convened this week for the first of many oversight hearings on the Middle Mile Broadband Initiative (MMBI). Recall that SB 156 (Chapter No. 112, Statutes of 2021) invested \$6 billion (\$4.3 billion from the federal American Rescue Plan and \$1.7 billion from state General Fund) over multiple years into various broadband programs, including \$3.25 billion to fund the development and construction of a statewide open-access mile-mile broadband network. The MMBI will cover a projected 8,000 road miles primarily deployed along the state highway system. Anticipated benefits from the MMBI include 1) increased availability of high-speed internet service, with a focus on unserved and underserved communities, 2) a decrease in consumer prices for high-speed internet service, and 3) an associated increase in economic development in areas of improved internet access. Below are some key take aways from the hearing, including important past or forthcoming milestones for the project:

> Project Challenges

The hearing discussed some of the challenges the unprecedented project will face to successfully plan, construct, and deploy the MMBI including:

- *Timetable:* the MMBI is fully funded by federal COVID-19 relief funds that must be spent by 2026.
- *Procurement:* Global supply chain issues may make fiber-optic cables difficult to source.
- *Permitting:* SB 156 included a narrow exemption to the California Environmental Quality Act (CEQA), however other local permitting may still pose a significant challenge.
- *Cybersecurity:* Given potential threats once the network is operational, to what extent will cybersecurity be part of this project.
- *Public participation:* There have been limited opportunities for the public to participate in the planning of the project thus far and there may be even fewer opportunities for public input and participation moving forward.

Assembly committee staff also identified in the background materials for the hearing that “clarity of purpose” is another significant hurdle in front of the MMBI project. Part of the purpose of the legislative oversight is to ensure the project connects users to the internet – the fundamental goal of the program.

> **Milestones and Timelines**

The first 18 projects were announced in November 2021 and during the hearing the Administration indicated an additional round of projects announcements could come as early as next month. For the first 18 projects, the Third-Party Administrator (TPA) is working on route planning and design specifications for all project locations, coordinating with Caltrans and contractors and suppliers on new builds, and determining regional exchange points within each project. For the remainder of the statewide MMBI, the TPA is working identifying additional project locations, the planning needed for interconnection needs with other networks, and regional exchange points for future projects. Here are the other key timeframes for upcoming project milestones:

- November 2021-June 2022 – Design and engineering (Caltrans & TPA)
- July 2022 – Caltrans and TPA begin construction or lease
- December 2024 – All construction funding committed

> **Reporting**

The state is required to report to the Legislature by March 1, 2022 and annually thereafter on the construction and establishment of the middle-mile network. The report to both legislative budget committees must include the following information:

- Total length of the middle-mile network.
- Length of the middle-mile network constructed in the preceding year, by quarter.
- Number of ISPs using the middle-mile network.
- Number of households projected to connect to the middle-mile network.
- Total expenditures for each project, by quarter.
- Projected goals for the total length, length constructed, number of ISPs, and number of households connected to the middle-mile over the 18 months that follow the annual report.

For those still wanting more details, see the [agenda and associated materials](#) on the status of implementation of the MMBI, including a very informative slide deck. We will report back on future oversight hearings in the months to come.

Covered California Announces New CEO

Covered California announced this week the appointment of Jessica Altman as the new Chief Executive Officer of the state's health benefit exchange. Altman currently serves as the insurance commissioner for the Pennsylvania Insurance Department, regulating the fifth-largest insurance market in the nation. Altman also served as chair of the Pennsylvania Health Insurance Exchange Authority and led the establishment of Pennie, Pennsylvania's state-based marketplace under the Affordable Care Act.

Altman replaces Peter Lee who helped launch California's health benefits exchange ten years ago and has been Covered California's only Executive Director to date. Covered California launched a national search after he announced in September that he would be retiring March 4.

SB 1383 Webinar Planned for March 1

CalRecycle has announced a webinar to provide additional details on changes to reporting requirements pursuant to SB 1383 regarding organic material recovery. The webinar is scheduled for March 1 from 10 a.m. to 12 noon; registration details can be found [here](#). Also note that the webinar will be streamed online for viewing only at this [link](#).

Keeping Track of HCD NOFAs

The California Department of Housing and Community Development (HCD) has released its [2022 Notice of Funding Availability \(NOFA\) Calendar](#). The NOFA calendar includes NOFA release dates, application deadlines, and anticipated award dates for all HCD funding programs, as well as the timing for the first [AB 434](#) "Super NOFA," planned for release in March.

