

AMENDED IN SENATE AUGUST 26, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 104**

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**Introduced by Committee on Budget (~~Blumenfield~~Skinner (Chair), Bloom, ~~Bonilla~~, Campos, Chesbro, Daly, Dickinson, Gordon, Jones-Sawyer, Mitchell, Mullin, Muratsuchi, Nazarian, ~~Rendon~~, Stone, and Ting)**

January 10, 2013

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~~An act relating to the Budget Act of 2013.~~ *An act to amend Sections 11155, 11322.85, 11450.025, 14186.11, 14199.1, 17600.15, 17600.50, 17600.60, 17601.75, 17603, 17604, 17606.10, 17610, 17610.5, 17612.1, 17612.2, 17612.3, 17612.5, 17612.6, 17613.1, 17613.2, 17613.3, 17613.4, and 18901.2 of, and to repeal Section 17612.21 of, the Welfare and Institutions Code, relating to public health, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 104, as amended, Committee on Budget. ~~Budget Act of 2013.~~ *Public health.*

*Existing law imposes limits on the amount of income and personal and real property an individual or family may possess in order to be eligible for public aid, including under the CalFresh program, including specifying the allowable value of a licensed vehicle retained by an applicant for, or recipient of, that aid.*

*This bill would change the term "licensed vehicle" to "motor vehicle" for these purposes.*

*Under existing law, with certain exceptions, every individual, as a condition of eligibility for aid under the CalWORKs program, is*

*required to participate in certain welfare-to-work activities for a period of 24 months. Existing law provides that any month in which certain conditions exist shall not be counted as one of the 24 months of participation.*

*This bill would make a clarifying change to these provisions. This bill would also make a nonsubstantive technical change to these provisions.*

*Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law requires, to the extent that federal financial participation is available, and pursuant to a demonstration project or waiver of federal law, the department to establish specified pilot projects in up to 8 counties, known as Coordinated Care Initiative counties.*

*This bill would correct an erroneous cross-reference with respect to a provision of law relating to Coordinated Care Initiative counties.*

*Existing law establishes the Local Revenue Fund, a continuously appropriated fund that allocates Vehicle License Fund moneys and sales tax moneys. Existing law creates various accounts within the Local Revenue Fund, including the Sales Tax Account and the Sales Tax Growth Account, which each contain various subaccounts.*

*Existing law, for the 2013–14 fiscal year and subsequent fiscal years, allocates funds to the Social Services Subaccount, Health Subaccount, and Mental Health Subaccount of the Sales Tax Account using specified calculations.*

*This bill would modify the calculations used to allocate moneys to the above-described subaccounts, and would also require the Controller to transfer funds between the Social Services Subaccount and the Health Subaccount in an amount not to exceed \$300 million for the 2013–14 fiscal year, or one billion dollars in any subsequent fiscal year, as specified, thereby making at appropriation.*

*Existing law requires counties, through a choice of methodologies, to provide specified health services to eligible county residents who are indigent. Existing law authorizes counties to receive funding for this program from the Health Subaccount by either proving actual costs or by electing to receive 60% of the funds that would otherwise have been allocated to them, and would establish a default contribution for counties that fail to make a choice or to inform the Director of Health*

*Care Services by a specified date. Existing law places the difference between prior fiscal year contributions to counties from the Health Subaccount and the new contributions to counties in the Family Support Subaccount, which is established within the Sales Tax Account, to be used by counties for the CalWORKs program, as specified.*

*With respect to the redirection of funds to the Family Support Subaccount, existing law requires counties to determine the amount or percentage of funding to be redirected and to provide that calculation to the department by a specified date. Existing law provides a specified process to be used if the department disagrees with a county's determination. Existing law authorizes the county to submit a petition to the County Health Care Funding Resolution Committee if no agreement between the parties is reached by a specified date. Existing law also establishes an expedited formal appeal process by which a county may contest the determinations, as specified.*

*This bill would make technical changes to these provisions and revise the deadlines by which counties must comply with the provisions described above.*

*Existing law requires the department, in consultation with the counties, to determine the historical low-income shortfall between Medi-Cal and uninsured revenues and the costs incurred by county public hospital health systems for health services to Medi-Cal beneficiaries and uninsured patients. In determining this shortfall, the department is required to apply against that shortfall county indigent realignment amounts, special local health funds specifically restricted for indigent care, amounts from other specified sources of funding, including unrestricted health care funds and one-time funds received or carried forward by a county public hospital health system, and then gains from all other payers.*

*This bill would require the department, once the department has accounted for amounts for county indigent realignment and special local health funds specifically restricted for indigent care, to determine and apply against the shortfall amounts for special local health funds that are not restricted for indigent care, amounts imputed for county low-income health, and one-time and carry-forward revenues, as defined. The bill would require the department to determine these amounts on a historical basis for the 2008–09 to 2011–12 fiscal years, inclusive.*

*This bill would also make technical, nonsubstantive changes to these provisions.*

*Existing law states the Legislature’s intent to create a program in California that provides a Low-Income Home Energy Assistance Program (LIHEAP) service benefit, through the LIHEAP block grant, to all recipient households of CalFresh, as specified.*

*Existing law requires that, if the demand for the nominal LIHEAP service benefit exceeds allocated funding, the Department of Community Services and Development and the State Department of Social Services report that information to the Legislature and develop a plan to maintain the program as intended.*

*This bill would delete those provisions. The bill would require that the nominal LIHEAP services benefit be funded through the LIHEAP grant allocated for outreach activities in accordance with state and federal requirements.*

*This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2013.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 11155 of the Welfare and Institutions
- 2 Code, as added by Section 13 of Chapter 21 of the Statutes of 2013,
- 3 is amended to read:
- 4 11155. (a) Notwithstanding Section 11257, in addition to the
- 5 personal property or resources permitted by other provisions of
- 6 this part, and to the extent permitted by federal law, an applicant
- 7 or recipient for aid under this chapter including an applicant or
- 8 recipient under Chapter 2 (commencing with Section 11200) may
- 9 retain countable resources in an amount equal to the amount
- 10 permitted under federal law for qualification for the federal
- 11 Supplemental Nutrition Assistance Program, administered in
- 12 California as CalFresh.
- 13 (b) The county shall determine the value of exempt personal
- 14 property other than motor vehicles in conformance with methods
- 15 established under CalFresh.
- 16 (c) (1) (A) The value of each ~~licensed~~ motor vehicle that is not
- 17 exempt under paragraph (4) shall be the equity value of the vehicle,
- 18 which shall be the fair market value less encumbrances.

1 (B) Any *motor* vehicle with an equity value of nine thousand  
2 five hundred dollars (\$9,500) or less shall not be attributed to the  
3 family's resource level.

4 (C) For each ~~licensed~~ *motor* vehicle with an equity value of  
5 more than nine thousand five hundred dollars (\$9,500), the equity  
6 value that exceeds nine thousand five hundred dollars (\$9,500)  
7 shall be attributed to the family's resource level.

8 (2) The equity threshold described in paragraph (1) of nine  
9 thousand five hundred dollars (\$9,500) shall be adjusted upward  
10 annually by the increase, if any, in the United States Transportation  
11 Consumer Price Index for ~~all urban consumers~~ *All Urban*  
12 *Consumers* published by the United States Department of Labor,  
13 Bureau of Labor Statistics.

14 (3) The county shall determine the fair market value of the  
15 vehicle in accordance with a methodology determined by the  
16 department. The applicant or recipient shall self-certify the amount  
17 of encumbrance, if any.

18 (4) The entire value of any ~~licensed~~ *motor* vehicle shall be  
19 exempt if any of the following apply:

20 (A) It is used primarily for income-producing purposes.

21 (B) It annually produces income that is consistent with its fair  
22 market value, even if used on a seasonal basis.

23 (C) It is necessary for long distance travel, other than daily  
24 commuting, that is essential for the employment of a family  
25 member.

26 (D) It is used as the family's residence.

27 (E) It is necessary to transport a physically disabled family  
28 member, including an excluded disabled family member, regardless  
29 of the purpose of the transportation.

30 (F) It would be exempted under any of subparagraphs (A) to  
31 (D), inclusive, but the vehicle is not in use because of temporary  
32 unemployment.

33 (G) It is used to carry fuel for heating for home use, when the  
34 transported fuel or water is the primary source of fuel or water for  
35 the family.

36 (H) Ownership of the vehicle was transferred through a gift,  
37 donation, or family transfer, as defined by the Department of Motor  
38 Vehicles.

39 (d) This section shall become operative on January 1, 2014.

1     *SEC. 2. Section 11322.85 of the Welfare and Institutions Code,*  
 2     *as amended by Section 26 of Chapter 21 of the Statutes of 2013,*  
 3     *is amended to read:*

4     11322.85. (a) Unless otherwise exempt, an applicant or  
 5     recipient shall participate in welfare-to-work activities.

6     (1) For 24 cumulative months during a recipient’s lifetime, these  
 7     activities may include the activities listed in Section 11322.6 that  
 8     are consistent with the assessment performed in accordance with  
 9     Section 11325.4 and that are included in the individual’s  
 10    welfare-to-work plan, as described in Section 11325.21, to meet  
 11    the hours required in Section 11322.8. These 24 months need not  
 12    be consecutive.

13    (2) Any month in which the recipient meets the requirements  
 14    of Section 11322.8, through participation in an activity or activities  
 15    described in paragraph (3), shall not count as a month of activities  
 16    for purposes of the 24-month time limit described in paragraph  
 17    (1).

18    (3) After a total of 24 months of participation in welfare-to-work  
 19    activities pursuant to paragraph (1), an aided adult shall participate  
 20    in one or more of the following welfare-to-work activities, in  
 21    accordance with Section 607(c) and (d) of Title 42 of the United  
 22    States Code as of the operative date of this section, that are  
 23    consistent with the assessment performed in accordance with  
 24    Section 11325.4, and included in the individual’s welfare-to-work  
 25    plan, described in Section 11325.21:

- 26    (A) Unsubsidized employment.
- 27    (B) Subsidized private sector employment.
- 28    (C) Subsidized public sector employment.
- 29    (D) Work experience, including work associated with the  
 30    refurbishing of publicly assisted housing, if sufficient private sector  
 31    employment is not available.
- 32    (E) On-the-job training.
- 33    (F) Job search and job readiness assistance.
- 34    (G) Community service programs.
- 35    (H) Vocational educational training (not to exceed 12 months  
 36    with respect to any individual).
- 37    (I) Job skills training directly related to employment.
- 38    (J) Education directly related to employment, in the case of a  
 39    recipient who has not received a high school diploma or a  
 40    certificate of high school equivalency.

1 (K) Satisfactory attendance at a secondary school or in a course  
2 of study leading to a certificate of general equivalency, in the case  
3 of a recipient who has not completed secondary school or received  
4 such a certificate.

5 (L) The provision of child care services to an individual who is  
6 participating in a community service program.

7 (b) Any month in which *any of* the following conditions ~~exist~~  
8 *exists* shall not be counted as one of the 24 months of participation  
9 allowed under paragraph (1) of subdivision (a):

10 (1) The recipient is participating in job search or assessment  
11 pursuant to subdivision (a) or (b) of Section 11320.1, is in the  
12 process of appraisal as described in Section 11325.2, or is  
13 participating in the development of a welfare-to-work plan, as  
14 described in Section 11325.21.

15 (2) The recipient is no longer receiving aid, pursuant to Sections  
16 11327.4 and 11327.5.

17 (3) The recipient has been excused from participation for good  
18 cause, pursuant to Section 11320.3.

19 (4) The recipient is exempt from participation pursuant to  
20 subdivision (b) of Section 11320.3.

21 (5) The recipient is only required to participate in accordance  
22 with subdivision (d) of Section 11320.3.

23 (c) County welfare departments shall provide each recipient  
24 who is subject to the requirements of paragraph (3) of subdivision  
25 (a) written notice describing the 24-month time limitation described  
26 in that paragraph and the process by which recipients may claim  
27 exemptions from, and extensions to, those requirements.

28 (d) The notice described in subdivision (c) shall be provided at  
29 the time the individual applies for aid, during the recipient's annual  
30 redetermination, and at least once after the individual has  
31 participated for a total of 18 months, and prior to the end of the  
32 21st month, that count toward the 24-month time limit.

33 (e) The notice described in this section shall include, but shall  
34 not be limited to, all of the following:

35 (1) The number of remaining months the adult recipient may  
36 be eligible to receive aid.

37 (2) The requirements that the recipient must meet in accordance  
38 with paragraph (3) of subdivision (a) and the action that the county  
39 will take if the adult recipient does not meet those requirements.

1 (3) The manner in which the recipient may dispute the number  
2 of months counted toward the 24-month time limit.

3 (4) The opportunity for the recipient to modify his or her  
4 welfare-to-work plan to meet the requirements of paragraph (3)  
5 of subdivision (a).

6 (5) The opportunity for an exemption to, or extension of, the  
7 24-month time limitation.

8 (f) For an individual subject to the requirements of paragraph  
9 (3) of subdivision (a), who is not exempt or granted an extension,  
10 and who does not meet those requirements, the provisions of  
11 Sections 11327.4, 11327.5, 11327.9, and 11328.2 shall apply to  
12 the extent consistent with the requirements of this section. For  
13 purposes of this section, the procedures referenced in this  
14 subdivision shall not be described as sanctions.

15 (g) (1) The department, in consultation with stakeholders, shall  
16 convene a workgroup to determine further details of the noticing  
17 and engagement requirements for the 24-month time limit, and  
18 shall instruct counties via an all-county letter, followed by  
19 regulations, no later than 18 months after the effective date of the  
20 act that added this section.

21 (2) The workgroup described in paragraph (1) may also make  
22 recommendations to refine or differentiate the procedures and due  
23 process requirements applicable to individuals as described in  
24 subdivision (f).

25 (h) (1) Notwithstanding paragraph (3) of subdivision (a) or any  
26 other law, an assistance unit that contains an eligible adult who  
27 has received assistance under this chapter, or from any state  
28 pursuant to the Temporary Assistance for Needy Families program  
29 (Part A (commencing with Section 401) of Title IV of the federal  
30 Social Security Act (42 U.S.C. Sec. 601 et seq.)) prior to January  
31 1, 2013, may continue in a welfare-to-work plan that meets the  
32 requirements of Section 11322.6 for a cumulative period of 24  
33 months commencing January 1, 2013, unless or until he or she  
34 exceeds the 48-month time limitation described in Section 11454.

35 (2) All months of assistance described in paragraph (1) prior to  
36 January 1, 2013, shall not be applied to the 24-month limitation  
37 described in paragraph (1) of subdivision (a).

38 (i) This section shall remain in effect only until January 1, 2014,  
39 and as of that date is repealed, unless a later enacted statute, that  
40 is enacted before January 1, 2014, deletes or extends that date.

1     *SEC. 3. Section 11322.85 of the Welfare and Institutions Code,*  
2 *as added by Section 27 of Chapter 21 of the Statutes of 2013, is*  
3 *amended to read:*

4     11322.85. (a) Unless otherwise exempt, an applicant or  
5 recipient shall participate in welfare-to-work activities.

6     (1) For 24 cumulative months during a recipient's lifetime, these  
7 activities may include the activities listed in Section 11322.6 that  
8 are consistent with the assessment performed in accordance with  
9 Section 11325.4 and that are included in the individual's  
10 welfare-to-work plan, as described in Section 11325.21, to meet  
11 the hours required in Section 11322.8. These 24 months need not  
12 be consecutive.

13     (2) Any month in which the recipient meets the requirements  
14 of Section 11322.8, through participation in an activity or activities  
15 described in paragraph (3), shall not count as a month of activities  
16 for purposes of the 24-month time limit described in paragraph  
17 (1).

18     (3) After a total of 24 months of participation in welfare-to-work  
19 activities pursuant to paragraph (1), an aided adult shall participate  
20 in one or more of the following welfare-to-work activities, in  
21 accordance with Section 607(c) and (d) of Title 42 of the United  
22 States Code as of the operative date of this section, that are  
23 consistent with the assessment performed in accordance with  
24 Section 11325.4, and included in the individual's welfare-to-work  
25 plan, described in Section 11325.21:

- 26     (A) Unsubsidized employment.
- 27     (B) Subsidized private sector employment.
- 28     (C) Subsidized public sector employment.
- 29     (D) Work experience, including work associated with the  
30 refurbishing of publicly assisted housing, if sufficient private sector  
31 employment is not available.
- 32     (E) On-the-job training.
- 33     (F) Job search and job readiness assistance.
- 34     (G) Community service programs.
- 35     (H) Vocational educational training (not to exceed 12 months  
36 with respect to any individual).
- 37     (I) Job skills training directly related to employment.
- 38     (J) Education directly related to employment, in the case of a  
39 recipient who has not received a high school diploma or a  
40 certificate of high school equivalency.

1 (K) Satisfactory attendance at a secondary school or in a course  
2 of study leading to a certificate of general equivalence, in the case  
3 of a recipient who has not completed secondary school or received  
4 such a certificate.

5 (L) The provision of child care services to an individual who is  
6 participating in a community service program.

7 (b) Any month in which *any of* the following conditions ~~exist~~  
8 *exists* shall not be counted as one of the 24 months of participation  
9 allowed under paragraph (1) of subdivision (a):

10 (1) The recipient is participating in job search in accordance  
11 with Section 11325.22, assessment pursuant to Section 11325.4,  
12 is in the process of appraisal as described in Section 11325.2, or  
13 is participating in the development of a welfare-to-work plan as  
14 described in Section 11325.21.

15 (2) The recipient is no longer receiving aid, pursuant to Sections  
16 11327.4 and 11327.5.

17 (3) The recipient has been excused from participation for good  
18 cause, pursuant to Section 11320.3.

19 (4) The recipient is exempt from participation pursuant to  
20 subdivision (b) of Section 11320.3.

21 (5) The recipient is only required to participate in accordance  
22 with subdivision (d) of Section 11320.3.

23 (6) The recipient is participating in family stabilization pursuant  
24 to Section 11325.24, and the recipient would meet the criteria for  
25 good cause pursuant to Section 11320.3. This paragraph may apply  
26 to a recipient for no more than six cumulative months.

27 (c) County welfare departments shall provide each recipient  
28 who is subject to the requirements of paragraph (3) of subdivision  
29 (a) written notice describing the 24-month time limitation described  
30 in that paragraph and the process by which recipients may claim  
31 exemptions from, and extensions to, those requirements.

32 (d) The notice described in subdivision (c) shall be provided at  
33 the time the individual applies for aid, during the recipient's annual  
34 redetermination, and at least once after the individual has  
35 participated for a total of 18 months, and prior to the end of the  
36 21st month, that count toward the 24-month time limit.

37 (e) The notice described in this section shall include, but shall  
38 not be limited to, all of the following:

39 (1) The number of remaining months the adult recipient may  
40 be eligible to receive aid.

1 (2) The requirements that the recipient must meet in accordance  
2 with paragraph (3) of subdivision (a) and the action that the county  
3 will take if the adult recipient does not meet those requirements.

4 (3) The manner in which the recipient may dispute the number  
5 of months counted toward the 24-month time limit.

6 (4) The opportunity for the recipient to modify his or her  
7 welfare-to-work plan to meet the requirements of paragraph (3)  
8 of subdivision (a).

9 (5) The opportunity for an exemption to, or extension of, the  
10 24-month time limitation.

11 (f) For an individual subject to the requirements of paragraph  
12 (3) of subdivision (a), who is not exempt or granted an extension,  
13 and who does not meet those requirements, the provisions of  
14 Sections 11327.4, 11327.5, 11327.9, and 11328.2 shall apply to  
15 the extent consistent with the requirements of this section. For  
16 purposes of this section, the procedures referenced in this  
17 subdivision shall not be described as sanctions.

18 (g) (1) The department, in consultation with stakeholders, shall  
19 convene a workgroup to determine further details of the noticing  
20 and engagement requirements for the 24-month time limit, and  
21 shall instruct counties via an all-county letter, followed by  
22 regulations, no later than 18 months after the effective date of the  
23 act that added this section.

24 (2) The workgroup described in paragraph (1) may also make  
25 recommendations to refine or differentiate the procedures and due  
26 process requirements applicable to individuals as described in  
27 subdivision (f).

28 (h) (1) Notwithstanding paragraph (3) of subdivision (a) or any  
29 other law, an assistance unit that contains an eligible adult who  
30 has received assistance under this chapter, or from any state  
31 pursuant to the Temporary Assistance for Needy Families program  
32 (Part A (commencing with Section 401) of Title IV of the federal  
33 Social Security Act (42 U.S.C. Sec. 601 et seq.)) prior to January  
34 1, 2013, may continue in a welfare-to-work plan that meets the  
35 requirements of Section 11322.6 for a cumulative period of 24  
36 months commencing January 1, 2013, unless or until he or she  
37 exceeds the 48-month time limitation described in Section 11454.

38 (2) All months of assistance described in paragraph (1) prior to  
39 January 1, 2013, shall not be applied to the 24-month limitation  
40 described in paragraph (1) of subdivision (a).

1 (i) This section shall become operative on January 1, 2014.

2 *SEC. 4. Section 11450.025 of the Welfare and Institutions Code*  
3 *is amended to read:*

4 11450.025. (a) Notwithstanding any other law, effective on  
5 March 1, 2014, the maximum aid payments in effect on July 1,  
6 2012, as specified in subdivision (b) of Section 11450.02, shall be  
7 increased by 5 percent.

8 (b) Commencing in 2014 and annually thereafter, on or before  
9 January 10 and on or before May 14, the Director of Finance shall  
10 do all of the following:

11 (1) Estimate the amount of growth revenues pursuant to  
12 subdivision (f) of Section 17606.10 that will be deposited in the  
13 Child Poverty and Family Supplemental Support Subaccount of  
14 the Local Revenue Fund for the current fiscal year and the  
15 following fiscal year and the amounts in the subaccount carried  
16 over from prior fiscal years.

17 (2) For the current fiscal year and the following fiscal year,  
18 determine the total cost of providing the increase described in  
19 subdivision (a), as well as any other increase in the maximum aid  
20 payments subsequently provided only under this section, after  
21 adjusting for updated projections of CalWORKs costs associated  
22 with caseload changes, as reflected in the local assistance  
23 subvention estimates prepared by the State Department of Social  
24 Services and released with the annual Governor's Budget and  
25 subsequent May Revision update.

26 (3) If the amount estimated in paragraph (1) plus the amount  
27 projected to be deposited for the current fiscal year into the Child  
28 Poverty and Family Supplemental Support Subaccount pursuant  
29 to subparagraph (3) of subdivision (e) of Section 17600.15 is  
30 greater than the amount determined in paragraph (2), the difference  
31 shall be used to calculate the percentage increase to the CalWORKs  
32 maximum aid payment standards that could be fully funded on an  
33 ongoing basis beginning the following fiscal year.

34 (4) If the amount estimated in paragraph (1) plus the amount  
35 projected to be deposited for the current fiscal year into the Child  
36 Poverty and Family Supplemental Support Subaccount pursuant  
37 to subparagraph (3) of subdivision (e) of Section 17600.15 is equal  
38 to or less than the amount determined in paragraph (2), no  
39 additional increase to the CalWORKs maximum aid payment

1 standards shall be provided in the following fiscal year in  
2 accordance with this section.

3 (5) (A) Commencing with the 2014–15 fiscal year and for all  
4 fiscal years thereafter, if changes to the estimated amounts  
5 determined in paragraphs (1) or (2), or both, as of the May  
6 Revision, are enacted as part of the final budget, the Director of  
7 Finance shall repeat, using the same methodology used in the May  
8 Revision, the calculations described in paragraphs (3) and (4) using  
9 the revenue projections and grant costs assumed in the enacted  
10 budget.

11 (B) If a calculation is required pursuant to subparagraph (A),  
12 the Department of Finance shall report the result of this calculation  
13 to the appropriate policy and fiscal committees of the Legislature  
14 upon enactment of the Budget Act.

15 (c) An increase in maximum aid payments calculated pursuant  
16 to paragraph (3) of subdivision (b), or pursuant to paragraph (5)  
17 of subdivision (b) if applicable, shall become effective on October  
18 1 of the following fiscal year.

19 (d) (1) An increase in maximum aid payments provided in  
20 accordance with this section shall be funded with growth revenues  
21 from the Child Poverty and Family Supplemental Support  
22 Subaccount in accordance with paragraph (3) of subdivision (e)  
23 of Section 17600.15 and subdivision (f) of Section 17606.10, to  
24 the extent funds are available in that subaccount.

25 (2) If funds received by the Child Poverty and Family  
26 Supplemental Support Subaccount in a particular fiscal year are  
27 insufficient to fully fund any increases to maximum aid payments  
28 made pursuant to this section, the remaining cost for that fiscal  
29 year will be addressed through existing provisional authority  
30 included in the annual Budget Act. Additional grant increases shall  
31 not be provided until and unless the ongoing cumulative costs of  
32 all prior grant increases provided pursuant to this section are fully  
33 funded by the Child Poverty and Family Supplemental Support  
34 Subaccount.

35 (e) Notwithstanding Section 15200, counties shall not be  
36 required to contribute a share of cost to cover the costs of increases  
37 to maximum aid payments made pursuant to this section.

38 *SEC. 5. Section 14186.11 of the Welfare and Institutions Code*  
39 *is amended to read:*

1 14186.11. Section ~~14186.17~~ 14182.17 shall apply to the  
2 provision of CBAS, MSSP, skilled nursing facility, and IHSS  
3 services in Coordinated Care Initiative counties as set forth in this  
4 article.

5 *SEC. 6. Section 14199.1 of the Welfare and Institutions Code*  
6 *is amended to read:*

7 14199.1. (a) The Legislature finds and declares the following:

8 (1) Beginning January 1, 2014, many low-income individuals  
9 will be eligible for Medi-Cal coverage pursuant to federal law, as  
10 part of health care reform.

11 (2) In implementing this expansion of Medi-Cal coverage, it is  
12 critical to maintain the role of county public hospital health systems  
13 that have traditionally served Medi-Cal and uninsured beneficiaries  
14 to ensure adequate access to care is available for the new Medi-Cal  
15 members, and to preserve the policy goal to support and strengthen  
16 traditional safety net providers who treat a high volume of  
17 uninsured and Medi-Cal patients.

18 (b) For purposes of this section, the following definitions shall  
19 apply:

20 (1) “County public hospital health system” shall have the  
21 meaning provided in subdivision (f) of Section 17612.2.

22 (2) “Default members” means newly eligible beneficiaries  
23 enrolled in each Medi-Cal managed care plan who do not  
24 affirmatively select a primary care provider as part of the  
25 enrollment process.

26 (3) “Enrollment target” means the number of newly eligible  
27 beneficiaries assigned to primary care providers within a county  
28 public hospital health system, not to exceed the number of  
29 unduplicated Low Income Health Program and uninsured patient  
30 count in the county public hospital health system. The unduplicated  
31 patient count shall be certified by the county public hospital health  
32 system and provided to the department, along with its proposed  
33 enrollment target, by November 30, 2013. The county public  
34 hospital health system may notify the department of a proposed  
35 reduction to its enrollment target based on its capacity to accept  
36 new patients. A standardized protocol for determining the target  
37 shall be developed by the department in consultation with the  
38 public hospital health system counties.

39 (4) “Low Income Health Program” shall mean the LIHP as  
40 defined in subdivision (c) of Section 15909.1.

1 (5) “Medi-Cal managed care plan” means an organization or  
2 entity that enters into a contract with the department pursuant to  
3 Article 2.7 (commencing with Section 14087.3), Article 2.8  
4 (commencing with Section 14087.5), Article 2.81 (commencing  
5 with Section 14087.96), Article 2.91 (commencing with Section  
6 14089), or Chapter 8 (commencing with Section 14200).

7 (6) “Newly eligible beneficiaries” shall have the meaning  
8 provided in subdivision (s) of Section 17612.2.

9 (7) “Primary care provider” means a primary care physician or  
10 nonphysician medical practitioner, medical group, clinic, or a  
11 medical home.

12 (8) “Public hospital health system county” shall have the  
13 meaning provided in subdivision (u) of Section 17612.2.

14 (c) Subject to subdivision (d), default members who reside in  
15 a public hospital health system county shall be assigned by each  
16 Medi-Cal managed care plan in the county to a primary care  
17 provider in accordance with the following:

18 (1) Throughout the three-year period ending on December 31,  
19 2016, at least 75 percent of default members shall be assigned by  
20 each Medi-Cal managed care plan to primary care providers within  
21 the county public hospital health system until the county public  
22 hospital health system meets its enrollment target.

23 (2) Following the expiration of the three-year period set forth  
24 in paragraph (1), at least 50 percent of default members shall be  
25 assigned by each Medi-Cal managed care plan to primary care  
26 providers within the county public hospital health system until the  
27 county public hospital health system meets its applicable  
28 enrollment target.

29 (3) Paragraphs (1) and (2) shall not apply with respect to a  
30 county public hospital health system during any time period in  
31 which the county public hospital health system meets or exceeds  
32 its applicable target. For time periods during which paragraphs (1)  
33 and (2) do not apply, default members shall be assigned to primary  
34 care providers in the same manner as other Medi-Cal members of  
35 the Medi-Cal managed care plan who do not affirmatively select  
36 primary care providers. Medi-Cal managed care plans shall not  
37 modify the assignment procedures due to the default assignment  
38 requirements of this section with respect to primary care providers  
39 within the county public hospital health system.

1 (4) In implementing the assignment process set forth in  
2 paragraphs (1) and (2), to the extent legally permissible and  
3 consistent with federal and state privacy and patient confidentiality  
4 laws, each Medi-Cal managed care plan shall first assign to a  
5 primary care provider within the county public hospital health  
6 system those default members who have accessed care within the  
7 county public hospital health system two or more times within the  
8 past 12 months. The department and the county public hospital  
9 health systems shall work together to share patient information in  
10 order to provide the Medi-Cal managed care plans with data  
11 demonstrating which default members have accessed the county  
12 public hospital health system providers prior to assignment to a  
13 primary care provider.

14 (5) If at any time a county public hospital health system notifies  
15 a contracted Medi-Cal managed care plan that it has reached its  
16 maximum capacity for the assignment of default members, the  
17 requirements set forth in paragraphs (1) and (2) shall not apply to  
18 the Medi-Cal managed care plan so notified. Once the county  
19 public hospital health system notifies a Medi-Cal managed care  
20 plan that it has capacity to accept assignment of default members,  
21 the requirements set forth in paragraphs (1) and (2) shall apply  
22 effective on the first day of the month following that notice.

23 (6) A Medi-Cal managed care plan shall not assign default  
24 members to a primary care provider within the county public  
25 hospital health system if that primary care provider has notified  
26 the Medi-Cal managed care plan that it does not have capacity to  
27 accept new patients.

28 (d) The default process described in this section shall not apply  
29 to Low Income Health Program enrollees subject to Section  
30 ~~14005.60~~ 14005.61.

31 (e) Nothing set forth in this section shall alter, reduce, or modify  
32 in any manner the way in which Medi-Cal managed care plans  
33 assign other Medi-Cal members to the county public hospital health  
34 systems.

35 (f) (1) The department shall modify its contracts with the  
36 Medi-Cal managed care plans in public hospital health system  
37 counties to include the assignment requirements set forth in this  
38 section.

39 (2) Each Medi-Cal managed care plan shall demonstrate and  
40 certify that it has contracts or other arrangements in place with

1 county public hospital health systems that provide for implementing  
2 the requirements of this section. To the extent a Medi-Cal managed  
3 care plan is not compliant with any of the requirements of this  
4 section, the department shall reduce by 25 percent the default  
5 assignment into the Medi-Cal managed care plan with respect to  
6 all Medi-Cal beneficiaries, as long as the other Medi-Cal managed  
7 care plan or plans in that county have the capacity to receive the  
8 additional default membership.

9 (g) Nothing in this section shall modify the ability of newly  
10 eligible beneficiaries to select or change their primary care  
11 providers.

12 (h) The department shall seek any necessary federal approvals  
13 to implement the provisions of this section.

14 *SEC. 7. Section 17600.15 of the Welfare and Institutions Code*  
15 *is amended to read:*

16 17600.15. (a) Of the sales tax proceeds from revenues collected  
17 in the 1991–92 fiscal year which are deposited to the credit of the  
18 Local Revenue Fund, 51.91 percent shall be credited to the Mental  
19 Health Subaccount, 36.17 percent shall be credited to the Social  
20 Services Subaccount, and 11.92 percent shall be credited to the  
21 Health Subaccount of the Sales Tax Account.

22 (b) For the 1992–93 fiscal year to the 2011–12 fiscal year,  
23 inclusive, of the sales tax proceeds from revenues deposited to the  
24 credit of the Local Revenue Fund, the Controller shall make  
25 monthly deposits to the Mental Health Subaccount, the Social  
26 Services Subaccount, and the Health Subaccount of the Sales Tax  
27 Account until the deposits equal the amounts that were allocated  
28 to counties, cities, and cities and counties mental health accounts,  
29 social services accounts, and health accounts, respectively, of the  
30 local health and welfare trust funds in the prior fiscal year pursuant  
31 to this chapter from the Sales Tax Account and the Sales Tax  
32 Growth Account. Any excess sales tax revenues received pursuant  
33 to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code  
34 shall be deposited in the Sales Tax Growth Account of the Local  
35 Revenue Fund.

36 (c) (1) For the 2012–13 fiscal year, of the sales tax proceeds  
37 from revenues deposited to the credit of the Local Revenue Fund,  
38 the Controller shall make monthly deposits to the Social Services  
39 Subaccount and the Health Subaccount of the Sales Tax Account  
40 until the deposits equal the amounts that were allocated to

1 counties', cities', and city and counties social services accounts  
 2 and health accounts, respectively, of the local health and welfare  
 3 trust funds in the prior fiscal year pursuant to this chapter from the  
 4 Sales Tax Account and the Sales Tax Growth Account.

5 (2) For the 2012–13 fiscal year, of the sales tax proceeds from  
 6 revenues deposited to the credit of the Local Revenue Fund, the  
 7 Controller shall make monthly deposits to the Mental Health  
 8 Subaccount of the Sales Tax Account until the deposits equal the  
 9 amounts that were allocated to counties', cities', and city and  
 10 counties CalWORKs Maintenance of Effort Subaccounts pursuant  
 11 to subdivision (a) of Section 17601.25, and any additional amounts  
 12 above the amount specified in subdivision (a) of Section 17601.25,  
 13 of the local health and welfare trust funds in the prior fiscal year  
 14 pursuant to this chapter from the Sales Tax Account and the Sales  
 15 Tax Growth Account. The Controller shall not include in this  
 16 calculation any funding deposited in the Mental Health Subaccount  
 17 from the Support Services Growth Subaccount pursuant to Section  
 18 30027.9 of the Government Code or funds described in subdivision  
 19 (c) of Section 17601.25.

20 (3) Any excess sales tax revenues received pursuant to Sections  
 21 6051.2 and 6201.2 of the Revenue and Taxation Code after the  
 22 allocations required by paragraphs (1) and (2) are made shall be  
 23 deposited in the Sales Tax Growth Account of the Local Revenue  
 24 Fund.

25 (d) (1) For the 2013–14 fiscal year, of the sales tax proceeds  
 26 from revenues deposited to the credit of the Local Revenue Fund,  
 27 the Controller shall make monthly deposits pursuant to a schedule  
 28 provided by the Department of Finance, which shall provide for  
 29 ~~total allocations as follows:~~ *deposits to the Social Services*  
 30 *Subaccount and the Health Subaccount of the Sales Tax Account*  
 31 *until the deposits equal the amounts that were allocated to*  
 32 *counties', cities', and city and counties' social services accounts*  
 33 *and health accounts, respectively, of the local health and welfare*  
 34 *trust funds in the prior fiscal year pursuant to this chapter from*  
 35 *the Sales Tax Account and the Sales Tax Growth Account.*

36 ~~(A) To the Social Services Subaccount of the Sales Tax Account~~  
 37 ~~until the deposits are one billion dollars (\$1,000,000,000) less than~~  
 38 ~~the total amount that was allocated to the social services accounts~~  
 39 ~~of the local health and welfare trust funds in the prior fiscal year~~

1 pursuant to this chapter from the Sales Tax Account and the Sales  
2 Tax Growth Account.

3 ~~(B) To the Health Subaccount of the Sales Tax Account until~~  
4 ~~the deposits are one billion dollars (\$1,000,000,000) more than~~  
5 ~~the total amount that was allocated to the health accounts of the~~  
6 ~~local health and welfare trust funds in the prior fiscal year pursuant~~  
7 ~~to this chapter from the Sales Tax Account and the Sales Tax~~  
8 ~~Growth Account.~~

9 ~~(C) To~~

10 *(2) For the 2013–14 fiscal year, of the sales tax proceeds from*  
11 *revenues deposited to the credit of the Local Revenue Fund, the*  
12 *Controller shall make monthly deposits to the Mental Health*  
13 *Subaccount of the Sales Tax Account until the deposits equal the*  
14 *amounts that were allocated to counties’, cities’, and cities and*  
15 *counties’ CalWORKs Maintenance of Effort Subaccounts pursuant*  
16 *to subdivision (a) of Section 17601.25, and any additional amounts*  
17 *above the amount specified in subdivision (a) of Section 17601.25,*  
18 *of the local health and welfare trust funds in the prior fiscal year*  
19 *pursuant to this chapter from the Sales Tax Account and the Sales*  
20 *Tax Growth Account. The Controller shall not include in this*  
21 *calculation any funding deposited in the Mental Health Subaccount*  
22 *from the Support Services Growth Subaccount pursuant to Section*  
23 *30027.9 of the Government Code or funds described in subdivision*  
24 *(c) of Section 17601.25.*

25 ~~(2)~~

26 *(3) Any excess sales tax revenues received pursuant to Sections*  
27 *6051.2 and 6201.2 of the Revenue and Taxation Code after the*  
28 *allocations required by subparagraphs (A) to (C), inclusive, of*  
29 ~~paragraph (1)~~ *paragraphs (1) and (2) are made shall be deposited*  
30 *in the Sales Tax Growth Account of the Local Revenue Fund.*

31 *(4) On a monthly basis, pursuant to a schedule provided by the*  
32 *Department of Finance, the Controller shall transfer funds from*  
33 *the Social Services Subaccount to the Health Subaccount in an*  
34 *amount that shall not exceed three hundred million dollars*  
35 *(\$300,000,000) for the 2013–14 fiscal year. The funds so*  
36 *transferred shall not be used in calculating future year deposits*  
37 *to the Social Services Subaccount or the Health Subaccount.*

38 *(e) For the 2014–15 fiscal year and fiscal years thereafter, of*  
39 *the sales tax proceeds from revenues deposited to the credit of the*

1 Local Revenue Fund, the Controller shall make the following  
 2 monthly deposits:

3 (1) To the Social Services ~~Subaccount~~, *Subaccount* of the Sales  
 4 Tax Account, until the deposits equal the total amount that was  
 5 ~~allocated~~ *deposited* to the ~~social services accounts of the local~~  
 6 ~~health and welfare trust funds~~ *Social Services Subaccount* in the  
 7 prior fiscal year pursuant to this ~~chapter~~, ~~from the Sales Tax~~  
 8 ~~Account and section~~, *in addition to the amounts that were allocated*  
 9 *to the social services accounts of the local health and welfare trust*  
 10 *funds in the prior fiscal year pursuant to this chapter from the*  
 11 *Sales Tax Growth Account.*

12 (2) To the Health Subaccount of the Sales Tax Account, until  
 13 the deposits equal the total amount that was deposited *to the Health*  
 14 *Subaccount* in the prior year from the Sales Tax Account in  
 15 addition to the amounts that were allocated to the health accounts  
 16 of the local health and welfare trust funds in the prior fiscal year  
 17 pursuant to this chapter from the Sales Tax Growth Account.

18 (3) To the Child Poverty and Family Supplemental Support  
 19 Subaccount until the deposits equal the amounts that were  
 20 deposited in the prior fiscal year from the Sales Tax Account and  
 21 the Sales Tax Growth Account.

22 (4) To the Mental Health Subaccount of the Sales Tax Account  
 23 until the deposits equal the amounts that were allocated to  
 24 counties', cities', and cities and counties' CalWORKs Maintenance  
 25 of Effort Subaccounts pursuant to subdivision (a) of Section  
 26 17601.25, and any additional amounts above the amount specified  
 27 in subdivision (a) of Section 17601.25 of the local health and  
 28 welfare trust funds in the prior fiscal year pursuant to this chapter  
 29 from the Sales Tax Account and the Sales Tax Growth Account.  
 30 The Controller shall not include in this calculation any funding  
 31 deposited in the Mental Health Subaccount from the Support  
 32 Services Growth Subaccount pursuant to Section 30027.9 of the  
 33 Government Code or funds described in subdivision (c) of Section  
 34 17601.25.

35 (5) Any excess sales tax revenues received pursuant to Sections  
 36 6051.2 and 6201.2 of the Revenue and Taxation Code after the  
 37 allocations required by paragraphs (1) to (4), inclusive, are made  
 38 shall be deposited in the Sales Tax Growth Account of the Local  
 39 Revenue Fund.

1 (6) *On a monthly basis, pursuant to a schedule provided by the*  
2 *Department of Finance, the Controller shall transfer funds from*  
3 *the Social Services Subaccount to the Health Subaccount in an*  
4 *amount that shall not exceed one billion dollars (\$1,000,000,000)*  
5 *in any fiscal year. The transfer schedule shall be based on the*  
6 *amounts that each county is receiving in vehicle license fees*  
7 *pursuant to this chapter. The funds so transferred shall not be used*  
8 *in calculating future year deposits to the Social Services*  
9 *Subaccount or the Health Subaccount.*

10 SEC. 8. *Section 17600.50 of the Welfare and Institutions Code*  
11 *is amended to read:*

12 17600.50. (a) A county that participated in the County Medical  
13 Services Program in the 2011–12 fiscal year, including the Counties  
14 of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El  
15 Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen,  
16 Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Napa,  
17 Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Solano,  
18 Sonoma, Sutter, Tehama, Trinity, Tuolumne, and Yuba and the  
19 Governing Board of the County Medical Services Program, shall  
20 adopt resolutions by ~~December 4, 2013~~, *January 22, 2014*, that  
21 confirm acceptance for the following approach to determining  
22 payments to the Family Support ~~Services~~ Subaccount:

23 (1) The amount of payments to the Family Support ~~Services~~  
24 Subaccount shall be equal to 60 percent of the sum of the  
25 following:

26 (A) The 1991 health realignment funds that would have  
27 otherwise been allocated to the counties listed above pursuant to  
28 Sections 17603, 17604, ~~17606.10~~, and 17606.20 and the  
29 maintenance of effort in subdivision (a) of Section 17608.10 for  
30 these counties, as those sections read on January 1, ~~2012~~ 2012,  
31 *and Section 17606.10 as it read on July 1, 2013.*

32 (B) The 1991 health realignment funds that would have  
33 otherwise been allocated to the County Medical Services Program  
34 pursuant to Sections 17603, 17604, 17605.07, and 17606.20, as  
35 those sections read on January 1, 2012.

36 (2) The payment computed in paragraph (1) shall be achieved  
37 through the following:

38 (A) Each county listed in subdivision (a) shall pay the amounts  
39 otherwise payable to the County Medical Services Program

1 pursuant to subparagraph (B) of paragraph (2) of subdivision (j)  
 2 of Section 16809 to the Family Support ~~Services~~ Subaccount.

3 (B) The County Medical Services Program shall pay the  
 4 difference between the total computed in paragraph (1) and the  
 5 amount calculated in subparagraph (A) from funds provided  
 6 pursuant to the Welfare and Institutions Code.

7 (b) The Counties of Fresno, Merced, Orange, Placer,  
 8 Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa  
 9 Cruz, Stanislaus, Tulare, and Yolo shall each tentatively inform  
 10 the state by ~~October~~ *November* 1, 2013, which of the following  
 11 options it selects for determining its payments to the Family  
 12 Support ~~Services~~ Subaccount. On or before ~~December 4, 2013,~~  
 13 *January 22, 2014*, the board of supervisors of each county and city  
 14 and county may adopt a resolution informing the state of the  
 15 county’s or city and county’s final selection of the option for  
 16 determining its payments to the Family Support ~~Services~~  
 17 Subaccount:

18 (1) The formula detailed in Article 13 (commencing with Section  
 19 17613.1).

20 (2) (A) A calculation of 60 percent of the total of 1991 health  
 21 realignment funds that would have otherwise been allocated to  
 22 that county or city and county pursuant to Sections 17603, 17604,  
 23 ~~17606.10, and 17606.20~~ *17606.20, as those sections read on*  
 24 *January 1, 2012, and Section 17606.10, as it read on July 1, 2013,*  
 25 and 60 percent of the maintenance of effort in subdivision (a) of  
 26 Section 17608.10, as ~~those sections~~ *it* read on January 1, ~~2012~~  
 27 *2012*.

28 (B) If a county’s maintenance of effort in subdivision (a) of  
 29 Section 17608.10 is greater than 14.6 percent of the total value of  
 30 the county’s 2010–11 allocation pursuant to Sections 17603, 17604,  
 31 17606.10, and 17606.20 and subdivision (a) of Section 17608.10,  
 32 the value of the maintenance of effort used in the calculation in  
 33 subparagraph (A) shall be limited to 14.6 percent.

34 (c) The Counties of Alameda, Contra Costa, Kern, Los Angeles,  
 35 Monterey, Riverside, San Bernardino, San Francisco, San Joaquin,  
 36 San Mateo, Santa Clara, and Ventura shall each tentatively inform  
 37 the state by ~~October~~ *November* 1, 2013, which of the following  
 38 options it selects for determining its payments to the Family  
 39 Support ~~Services~~ Subaccount. On or before ~~December 4, 2013,~~  
 40 *January 22, 2014*, the board of supervisors of each county and city

1 and county may adopt a resolution informing the state of the  
2 county's or city and county's final selection of the option for  
3 determining its payments to the Family Support—Services  
4 Subaccount:

5 (1) The formula detailed in Article 12 (commencing with Section  
6 17612.1).

7 (2) (A) A calculation of 60 percent of the total of 1991 health  
8 realignment funds that would have otherwise been allocated to  
9 that county or city and county pursuant to Sections 17603, 17604,  
10 ~~17606.10~~, and ~~17606.20~~ 17606.20, *as those sections read on*  
11 *January 1, 2012, and Section 17606.10, as it read on July 1, 2013,*  
12 *and 60 percent of the maintenance of effort in subdivision (a) of*  
13 *Section 17608.10, as ~~those sections~~ it read on January 1, ~~2012~~*  
14 *2012.*

15 (B) If a county's maintenance of effort in subdivision (a) of  
16 Section 17608.10 is greater than 25.9 percent of the total value of  
17 the county's 2010–11 fiscal year allocation pursuant to Sections  
18 17603, 17604, 17606.10, and 17606.20, and subdivision (a) of  
19 Section 17608.10, the value of the maintenance of effort used in  
20 the calculation in subparagraph (A) shall be limited to 25.9 percent.

21 (d) (1) If the board of supervisors of a county or city and county  
22 fails to adopt a resolution pursuant to subdivision (b) or (c), as  
23 applicable, or fails to inform the Director of Health Care Services  
24 of the city and county or county's final selection, by ~~December 4,~~  
25 ~~2013,~~ *January 22, 2014*, the calculation shall be 62.5 percent of  
26 the total of 1991 health realignment funds that would have  
27 otherwise been allocated to that county or city and county pursuant  
28 to Sections 17603, 17604, ~~17606.10~~, and ~~17606.20~~ 17606.20, *as*  
29 *those sections read on January 1, 2012, and Section 17606.10, as*  
30 *it read on July 1, 2013, and 62.5 percent of the maintenance of*  
31 *effort in subdivision (a) of Section ~~17608.10~~ 17608.10, as it read*  
32 *on January 1, 2012.*

33 (2) If the County Medical Services Program governing board  
34 or the board of supervisors of a county that participates in the  
35 County Medical Services Program fails to adopt a resolution  
36 pursuant to subdivision (a), or fails to inform the Director of Health  
37 Care Services of the county's final selection, by ~~December 4, 2013,~~  
38 *January 22, 2014*, then paragraphs (1) and (2) of subdivision (a)  
39 *applies apply* to the applicable counties and to the County Medical  
40 Services Program.

1     *SEC. 9. Section 17600.60 of the Welfare and Institutions Code*  
 2     *is amended to read:*

3     17600.60. (a) The County Health Care Funding Resolution  
 4     Committee is hereby created to do all of the following:

5     (1) Determine whether the calculation of the historical  
 6     percentage or amount to be applied in calculations in ~~Section~~  
 7     ~~Sections~~ 17612.3 and 17613.3 complies with ~~that section~~ those  
 8     sections, taking into account the data and calculations provided  
 9     by the county and any alternative data and calculations submitted  
 10    by the department.

11    (2) Hear and determine petitions from certain counties, as  
 12    defined, to make particularized changes in what provisions of  
 13    Section 17600.50 are controlling.

14    (3) Hear and determine petitions for an alternative cost  
 15    calculation to the cost per person calculation in subdivision (c) of  
 16    Section 17613.2.

17    (b) The committee shall consist of the following members:

18    (1) One person selected by the California State Association of  
 19    Counties.

20    (2) One person selected by the State Department of Health Care  
 21    Services.

22    (3) One person selected by the Director of Finance.

23    (c) (1) The committee is not subject to the Bagley-Keene Open  
 24    Meeting Act (Article 9 (commencing with Section 11120) of  
 25    Chapter 1 of Part 1 of Division 3 of Title 2 of the Government  
 26    Code) and shall be exempt from the Administrative Procedure Act  
 27    (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
 28    Division 3 of Title 2 of the Government Code). The Department  
 29    of Finance shall provide staff for the committee.

30    (2) Pursuant to paragraph (2) of subdivision (b) of Section 3 of  
 31    Article I of the California Constitution, the Legislature finds and  
 32    declares that the public interest in affordable and accessible health  
 33    care outweighs the public interest in access to these proceedings.

34    (d) (1) A county or city and county, that chose to be subject to  
 35    paragraph (2) of subdivision (b) or paragraph (2) of subdivision  
 36    (c) of Section 17600.50 may submit a petition to the committee to  
 37    be subject to paragraph (1) of subdivision (b) or paragraph (1) of  
 38    subdivision (c) of Section 17600.50, as applicable, if the county  
 39    or city and county demonstrates and provides sufficient evidence  
 40    of both of the following criteria:

1 (A) There have been changes in expenditures related to state  
2 and federal law, regulation and rulemaking, or court decisions that  
3 have a material impact on the provision of health care services to  
4 indigent adults.

5 (B) All of the data necessary to participate in Article 12  
6 (commencing with Section 17612.1) or Article 13 (commencing  
7 with Section 17613.1), as appropriate.

8 (2) The form of petition shall be determined by the committee  
9 by ~~December 31, 2013~~ *January 31, 2014*.

10 (3) If the committee approves the petition the county or city and  
11 county shall be subject to paragraph (1) of subdivision (b) or  
12 paragraph (1) of subdivision (c) of Section 17600.50, as applicable,  
13 at the start of the next fiscal year.

14 (e) (1) A county that chose to be subject to Article 13  
15 (commencing with Section 17613.1) may submit a petition to the  
16 committee for an alternative cost calculation to the cost per person  
17 calculation in subdivision (c) of Section 17613.2 with the  
18 documentation of extraordinary circumstances, including  
19 circumstances related to the local health care marketplace, provider,  
20 and provider contracts.

21 (2) The county shall submit all necessary data to support its  
22 submission.

23 (f) The committee shall make decisions within 45 days of  
24 hearing any petition.

25 *SEC. 10. Section 17601.75 of the Welfare and Institutions Code*  
26 *is amended to read:*

27 17601.75. (a) On or before the 27th day of the month, the  
28 Controller shall allocate to the family support account in the local  
29 health and welfare trust fund of each county and city and county  
30 the amounts deposited and remaining unexpended and unreserved  
31 on the 15th day of the month in the Family Support Subaccount  
32 of the Local Revenue Fund, pursuant to schedules developed by  
33 the Department of Finance in conjunction with the appropriate  
34 state departments and in consultation with the California State  
35 Association of Counties.

36 (b) All of the funds deposited in the family support account  
37 shall be used by each county and city and county that receives an  
38 allocation of those funds to pay an increased county contribution  
39 toward the costs of ~~CalWORKS~~ *CalWORKs* grants. Each county's  
40 total annual contribution pursuant to this section shall equal the

1 total amount of funds deposited in each county’s and city and  
 2 county’s family support account during that fiscal year. The family  
 3 support account shall not be subject to the transferability provisions  
 4 of Section 17600.20. Each county’s contribution pursuant to this  
 5 section and Section 17601.25 shall be in addition to the shares of  
 6 cost required pursuant to Section 15200.

7 *SEC. 11. Section 17603 of the Welfare and Institutions Code*  
 8 *is amended to read:*

9 17603. This paragraph shall only apply until the end of the  
 10 ~~2012–12~~ 2012–13 fiscal year. On or before the 27th day of each  
 11 month, the Controller shall allocate to the local health and welfare  
 12 trust fund health accounts the amounts deposited and remaining  
 13 unexpended and unreserved on the 15th day of the month in the  
 14 Health Subaccount of the Sales Tax Account of the Local Revenue  
 15 Fund, in accordance with subdivisions (a) and (b):

16 (a) For the 1991–92 fiscal year, allocations shall be made in  
 17 accordance with the following schedule:

Jurisdiction	Allocation Percentage
19 Alameda .....	4.5046
20 Alpine .....	0.0137
21 Amador .....	0.1512
22 Butte .....	0.8131
23 Calaveras .....	0.1367
24 Colusa.....	0.1195
25 Contra Costa .....	2.2386
26 Del Norte .....	0.1340
27 El Dorado .....	0.5228
28 Fresno .....	2.3531
29 Glenn .....	0.1391
30 Humboldt .....	0.8929
31 Imperial .....	0.8237
32 Inyo .....	0.1869
33 Kern .....	1.6362
34 Kings .....	0.4084
35 Lake .....	0.1752
36 Lassen .....	0.1525
37 Los Angeles .....	37.2606
38 Madera .....	0.3656
39	
40	

1	Marin.....	1.0785
2	Mariposa .....	0.0815
3	Mendocino .....	0.2586
4	Merced .....	0.4094
5	Modoc .....	0.0923
6	Mono .....	0.1342
7	Monterey .....	0.8975
8	Napa .....	0.4466
9	Nevada .....	0.2734
10	Orange .....	5.4304
11	Placer .....	0.2806
12	Plumas .....	0.1145
13	Riverside .....	2.7867
14	Sacramento .....	2.7497
15	San Benito .....	0.1701
16	San Bernardino.....	2.4709
17	San Diego .....	4.7771
18	San Francisco .....	7.1450
19	San Joaquin .....	1.0810
20	San Luis Obispo .....	0.4811
21	San Mateo .....	1.5937
22	Santa Barbara .....	0.9418
23	Santa Clara .....	3.6238
24	Santa Cruz .....	0.6714
25	Shasta .....	0.6732
26	Sierra .....	0.0340
27	Siskiyou.....	0.2246
28	Solano .....	0.9377
29	Sonoma .....	1.6687
30	Stanislaus .....	1.0509
31	Sutter .....	0.4460
32	Tehama .....	0.2986
33	Trinity .....	0.1388
34	Tulare .....	0.7485
35	Tuolumne .....	0.2357
36	Ventura .....	1.3658
37	Yolo .....	0.3522
38	Yuba .....	0.3076
39	Berkeley .....	0.0692
40	Long Beach .....	0.2918

1 Pasadena ..... 0.1385

2

3 (b) For the 1992–93 fiscal year and fiscal years thereafter until  
4 the commencement of the ~~2012–13~~ 2013–14 fiscal year, the  
5 allocations to each county and city and county shall equal the  
6 amounts received in the prior fiscal year by each county, city, and  
7 city and county from the Sales Tax Account and the Sales Tax  
8 Growth Account of the Local Revenue Fund into the health and  
9 welfare trust fund.

10 (c) (1) For the 2013–14 fiscal year, on the 27th day of each  
11 month, the Controller shall allocate, in the same proportion ~~and~~  
12 *as* funds in subdivision (b) were allocated, to each county’s and  
13 city and county’s local health and welfare trust fund health  
14 accounts, the amounts deposited and remaining unexpended and  
15 unreserved on the 15th day of the month in the Health Subaccount  
16 of the Sales Tax Account of the Local Revenue Fund.

17 (2) (A) Beginning January 2014 and for the remainder of the  
18 2013–14 fiscal year ~~ending June 30, 2014, year~~, on or before the  
19 ~~25th~~ 27th of each month, the Controller shall transfer to the Family  
20 Support Subaccount from the Health Subaccount amounts  
21 determined pursuant to a schedule prepared by the Department of  
22 Finance in consultation with the California State Association of  
23 Counties. Cumulatively, no more than three hundred million dollars  
24 (\$300,000,000) shall be transferred.

25 (B) Every month, after the transfers in subparagraph (A) have  
26 occurred, the remainder shall be allocated to the counties and cities  
27 and counties in the same proportions as funds in subdivision (b)  
28 were allocated.

29 (C) For counties participating in the County Medical Services  
30 Program, transfers from each county shall not be greater than the  
31 monthly amount the county would otherwise pay pursuant to  
32 paragraph (2) of subdivision (j) of Section 16809 for participation  
33 in the County Medical Services Program. Any difference between  
34 the amount paid by these counties and the proportional share of  
35 the three hundred million dollars (\$300,000,000) calculated as  
36 payable by these counties and the County Medical Services  
37 Program shall be paid from the funds available for allocation to  
38 the County Medical Services Program in accordance with the  
39 Welfare and Institution Code.

1 (3) For the 2013–14 fiscal year, the Controller, using the same  
2 timing and criteria used in paragraph (1), shall allocate to each  
3 city, not to include a city and county, funds that shall equal the  
4 amounts received in the prior fiscal year by each city from the  
5 Sales Tax Account and the Sales Tax Growth Account of the Local  
6 Revenue Fund into the health and welfare trust fund.

7 (d) (1) (A) For the 2014–15 fiscal year and for every fiscal  
8 year thereafter, the Department of Finance, in consultation with  
9 the California State Association of Counties, shall calculate the  
10 amount each county or city and county shall contribute to the  
11 Family Support Subaccount in accordance with Section 17600.50.

12 (B) On or before the ~~25th~~ 27th of each month, the Controller  
13 shall transfer, based on a schedule prepared the Department of  
14 Finance in consultation with the California State Association of  
15 Counties, from the funds deposited and remaining unexpended  
16 and unreserved on the 15th day of the month in the Health  
17 Subaccount of the Sales Tax Account of the Local Revenue Fund  
18 to the Family Support Subaccount, funds that equal, over the course  
19 of the year, the amount determined in subparagraph (A) pursuant  
20 to a schedule provided by the Department of Finance.

21 (C) After the transfer in subparagraph (B) has occurred, the  
22 State Controller shall allocate on or before the 27th of each month  
23 to health account in the local health and welfare trust fund of every  
24 county and city and county from a schedule prepared by the  
25 Department of Finance, in consultation with the California State  
26 Association of Counties, any funds remaining in the Health  
27 Account from the funds deposited and remaining unexpended and  
28 unreserved on the 15th day of the month in the Health Subaccount  
29 of the Sales Tax Account of the Local Revenue Fund. The schedule  
30 shall be prepared as the allocations would have been distributed  
31 pursuant to subdivision (b).

32 (D) For the 2014–15 fiscal year and for every fiscal year  
33 thereafter, the Controller, using the same timing and criteria as  
34 had been used in subdivision (b), shall allocate to each city, not to  
35 include a city and county, funds that equal the amounts received  
36 in the prior fiscal year by each city from the Sales Tax Account  
37 and the Sales Tax Growth Account of the Local Revenue Fund  
38 into the health and welfare trust fund.

39 *SEC. 12. Section 17604 of the Welfare and Institutions Code*  
40 *is amended to read:*

1 17604. (a) All motor vehicle license fee revenues collected in  
 2 the 1991–92 fiscal year that are deposited to the credit of the Local  
 3 Revenue Fund shall be credited to the Vehicle License Fee Account  
 4 of that fund.

5 (b) (1) For the 1992–93 fiscal year and fiscal years thereafter,  
 6 from vehicle license fee proceeds from revenues deposited to the  
 7 credit of the Local Revenue Fund, the Controller shall make  
 8 monthly deposits to the Vehicle License Fee Account of the Local  
 9 Revenue Fund until the deposits equal the amounts that were  
 10 allocated to counties, cities, and cities and counties as general  
 11 purpose revenues in the prior fiscal year pursuant to this chapter  
 12 from the Vehicle License Fee Account in the Local Revenue Fund  
 13 and the Vehicle License Fee Account and the Vehicle License Fee  
 14 Growth Account in the Local Revenue Fund.

15 (2) Any excess vehicle fee revenues deposited into the Local  
 16 Revenue Fund pursuant to Section 11001.5 of the Revenue and  
 17 Taxation Code shall be deposited in the Vehicle License Fee  
 18 Growth Account of the Local Revenue Fund.

19 (3) The Controller shall calculate the difference between the  
 20 total amount of vehicle license fee proceeds deposited to the credit  
 21 of the Local Revenue Fund, pursuant to paragraph (1) of  
 22 subdivision (a) of Section 11001.5 of the Revenue and Taxation  
 23 Code, and deposited into the Vehicle License Fee Account for the  
 24 period of July 16, 2009, to July 15, 2010, inclusive, and the amount  
 25 deposited for the period of July 16, 2010, to July 15, 2011,  
 26 inclusive.

27 (4) Of vehicle license fee proceeds deposited to the Vehicle  
 28 License Fee Account after July 15, 2011, an amount equal to the  
 29 difference calculated in paragraph (3) shall be deemed to have  
 30 been deposited during the period of July 16, 2010, to July 15, 2011,  
 31 inclusive, and allocated to cities, counties, and a city and county  
 32 as if those proceeds had been received during the 2010–11 fiscal  
 33 year.

34 (c) (1) On or before the 27th day of each month, the Controller  
 35 shall allocate to each county, city, or city and county, as general  
 36 purpose revenues the amounts deposited and remaining unexpended  
 37 and unreserved on the 15th day of the month in the Vehicle License  
 38 Fee Account of the Local Revenue Fund, in accordance with  
 39 paragraphs (2) and (3).

1 (2) For the 1991–92 fiscal year, allocations shall be made in  
2 accordance with the following schedule:

	Allocation
Jurisdiction	Percentage
3	
4	
5	
6	
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27	
28	
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	
Alameda .....	4.5046
Alpine .....	0.0137
Amador .....	0.1512
Butte .....	0.8131
Calaveras .....	0.1367
Colusa.....	0.1195
Contra Costa .....	2.2386
Del Norte .....	0.1340
El Dorado .....	0.5228
Fresno .....	2.3531
Glenn .....	0.1391
Humboldt .....	0.8929
Imperial .....	0.8237
Inyo .....	0.1869
Kern .....	1.6362
Kings .....	0.4084
Lake .....	0.1752
Lassen .....	0.1525
Los Angeles .....	37.2606
Madera .....	0.3656
Marin.....	1.0785
Mariposa .....	0.0815
Mendocino .....	0.2586
Merced .....	0.4094
Modoc .....	0.0923
Mono .....	0.1342
Monterey .....	0.8975
Napa .....	0.4466
Nevada .....	0.2734
Orange .....	5.4304
Placer .....	0.2806
Plumas .....	0.1145
Riverside .....	2.7867
Sacramento .....	2.7497
San Benito .....	0.1701

1	San Bernardino.....	2.4709
2	San Diego .....	4.7771
3	San Francisco .....	7.1450
4	San Joaquin .....	1.0810
5	San Luis Obispo .....	0.4811
6	San Mateo .....	1.5937
7	Santa Barbara .....	0.9418
8	Santa Clara .....	3.6238
9	Santa Cruz .....	0.6714
10	Shasta .....	0.6732
11	Sierra .....	0.0340
12	Siskiyou.....	0.2246
13	Solano .....	0.9377
14	Sonoma .....	1.6687
15	Stanislaus .....	1.0509
16	Sutter .....	0.4460
17	Tehama .....	0.2986
18	Trinity .....	0.1388
19	Tulare .....	0.7485
20	Tuolumne .....	0.2357
21	Ventura .....	1.3658
22	Yolo .....	0.3522
23	Yuba .....	0.3076
24	Berkeley .....	0.0692
25	Long Beach .....	0.2918
26	Pasadena .....	0.1385

27  
28 (3) For the 1992–93, 1993–94, and 1994–95 fiscal year and  
29 fiscal years thereafter, allocations shall be made in the same  
30 amounts as were distributed from the Vehicle License Fee Account  
31 and the Vehicle License Fee Growth Account in the prior fiscal  
32 year.

33 (4) For the 1995–96 fiscal year, allocations shall be made in the  
34 same amounts as distributed in the 1994–95 fiscal year from the  
35 Vehicle License Fee Account and the Vehicle License Fee Growth  
36 Account after adjusting the allocation amounts by the amounts  
37 specified for the following counties:

38		
39	Alpine .....	\$(11,296)
40	Amador .....	25,417

1	Calaveras .....	49,892
2	Del Norte .....	39,537
3	Glenn .....	(12,238)
4	Lassen .....	17,886
5	Mariposa .....	(6,950)
6	Modoc .....	(29,182)
7	Mono .....	(6,950)
8	San Benito .....	20,710
9	Sierra .....	(39,537)
10	Trinity .....	(48,009)

11  
12 (5) For the 1996–97 fiscal year and fiscal years thereafter,  
13 allocations shall be made in the same amounts as were distributed  
14 from the Vehicle License Fee Account and the Vehicle License  
15 Fee Growth Account in the prior fiscal year.

16 Initial proceeds deposited in the Vehicle License Fee Account  
17 in the 2003–04 fiscal year in the amount that would otherwise have  
18 been transferred pursuant to Section 10754 of the Revenue and  
19 Taxation Code for the period June 20, 2003, to July 15, 2003,  
20 inclusive, shall be deemed to have been deposited during the period  
21 June 16, 2003, to July 15, 2003, inclusive, and allocated to cities,  
22 counties, and a city and county during the 2002–03 fiscal year.

23 (d) The Controller shall make monthly allocations from the  
24 amount deposited in the Vehicle License Collection Account of  
25 the Local Revenue Fund to each county in accordance with a  
26 schedule to be developed by the State Department of Mental Health  
27 in consultation with the California Mental Health Directors  
28 Association, which is compatible with the intent of the Legislature  
29 expressed in the act adding this subdivision.

30 (e) Prior to making the *monthly* allocations in accordance with  
31 paragraph (5) of subdivision (c) and subdivision (d), *and pursuant*  
32 *to a schedule provided by the Department of Finance*, the  
33 Controller shall adjust the *monthly* distributions from the Vehicle  
34 License Fee Account to reflect an equal exchange of sales and use  
35 tax funds from the Social Services Subaccount to the Health  
36 Subaccount, as required by ~~subdivision~~ *subdivisions (d) and (e)*  
37 of Section 17600.15, and of Vehicle License Fee funds from the  
38 Health Account to the Social Services Account. *Adjustments made*  
39 *to the Vehicle License Fee distributions pursuant to this subdivision*

1 shall not be used in calculating future year allocations to the  
2 Vehicle License Fee Account.

3 SEC. 13. Section 17606.10 of the Welfare and Institutions Code  
4 is amended to read:

5 17606.10. (a) For the 1992–93 fiscal year and subsequent  
6 fiscal years, the Controller shall allocate funds, on a monthly basis  
7 from the General Growth Subaccount in the Sales Tax Growth  
8 Account to the appropriate accounts in the local health and welfare  
9 trust fund of each county, city, and city and county in accordance  
10 with a schedule setting forth the percentage of total state resources  
11 received in the 1990–91 fiscal year, including State Legalization  
12 Impact Assistance Grants distributed by the state under Part 4.5  
13 (commencing with Section 16700), funding provided for purposes  
14 of implementation of Division 5 (commencing with Section 5000),  
15 for the organization and financing of community mental health  
16 services, including the Cigarette and Tobacco Products Surtax  
17 proceeds which are allocated to county mental health programs  
18 pursuant to Chapter 1331 of the Statutes of 1989, Chapter 51 of  
19 the Statutes of 1990, and Chapter 1323 of the Statutes of 1990,  
20 and state hospital funding and funding distributed for programs  
21 administered under Sections 1794, 10101.1, and 11322.2, as  
22 annually adjusted by the Department of Finance, in conjunction  
23 with the appropriate state department to reflect changes in equity  
24 status from the base percentages. However, for the 1992–93 fiscal  
25 year, the allocation for community mental health services shall be  
26 based on the following schedule:

27		Percentage
28		of Statewide
29		Resource Base
30	Jurisdiction	
31	Alameda .....	4.3693
32	Alpine .....	0.0128
33	Amador .....	0.0941
34	Butte .....	0.7797
35	Calaveras .....	0.1157
36	Colusa .....	0.0847
37	Contra Costa .....	2.3115
38	Del Norte .....	0.1237
39	El Dorado .....	0.3966
40	Fresno .....	3.1419

1	Glenn .....	0.1304
2	Humboldt .....	0.6175
3	Imperial .....	0.5425
4	Inyo .....	0.1217
5	Kern .....	1.8574
6	Kings .....	0.4229
7	Lake .....	0.2362
8	Lassen .....	0.1183
9	Los Angeles.....	27.9666
10	Madera .....	0.3552
11	Marin .....	0.9180
12	Mariposa .....	0.0792
13	Mendocino .....	0.4099
14	Merced .....	0.8831
15	Modoc .....	0.0561
16	Mono .....	0.0511
17	Monterey .....	1.1663
18	Napa .....	0.3856
19	Nevada .....	0.2129
20	Orange .....	5.3423
21	Placer .....	0.5034
22	Plumas .....	0.1134
23	Riverside .....	3.6179
24	Sacramento .....	4.1872
25	San Benito .....	0.1010
26	San Bernardino .....	4.5494
27	San Diego .....	7.8773
28	San Francisco .....	3.5335
29	San Joaquin .....	2.4690
30	San Luis Obispo .....	0.6652
31	San Mateo .....	2.5169
32	Santa Barbara .....	1.0745
33	Santa Clara .....	5.0488
34	Santa Cruz .....	0.7960
35	Shasta .....	0.5493
36	Sierra .....	0.0345
37	Siskiyou .....	0.2051
38	Solano .....	0.6694
39	Sonoma .....	1.1486
40	Stanislaus .....	1.4701

1	Sutter/Yuba .....	0.6294
2	Tehama .....	0.2384
3	Trinity .....	0.0826
4	Tulare .....	1.4704
5	Tuolumne .....	0.1666
6	Ventura .....	1.9311
7	Yolo .....	0.5443
8	Berkeley .....	0.2688
9	Tri-City .....	0.2347

10

11 (b) The Department of Finance shall recalculate the resource  
 12 base used in determining the General Growth Subaccount  
 13 allocations to the Health Account, Mental Health Account, and  
 14 Social Services Account of the local health and welfare trust fund  
 15 of each city, county, and city and county for the 1994–95 fiscal  
 16 year general growth allocations according to subdivisions (c) and  
 17 (d). For the 1995–96 fiscal year and annually until the end of the  
 18 2012–13 fiscal year, the Department of Finance shall prepare the  
 19 schedule of allocations of growth based upon the recalculation of  
 20 the resource base as provided by subdivision (c).

21 (c) For the Mental Health Account, the Department of Finance  
 22 shall do all of the following:

23 (1) Use the following sources as reported by the State  
 24 Department of Mental Health:

25 (A) The final December 1992 distribution of resources  
 26 associated with Institutes for Mental Disease.

27 (B) The 1990–91 fiscal year state hospitals and community  
 28 mental health allocations.

29 (C) Allocations for services provided for under Chapter 1294  
 30 of the Statutes of 1989.

31 (2) Expand the resource base with the following nonrealigned  
 32 funding sources as allocated among the counties:

33 (A) Tobacco surtax allocations made under Chapter 1331 of the  
 34 Statutes of 1989 and Chapter 51 of the Statutes of 1990.

35 (B) For the 1994–95 allocation year only, Chapter 1323 of the  
 36 Statutes of 1990.

37 (C) 1993–94 fiscal year federal homeless block grant allocation.

38 (D) 1993–94 fiscal year Mental Health Special Education  
 39 allocations.

1 (E) 1993–94 fiscal year allocations for the system of care for  
2 children, in accordance with Chapter 1229 of the Statutes of 1992.

3 (F) 1993–94 fiscal year federal Substance Abuse and Mental  
4 Health Services Administration block grant allocations pursuant  
5 to Subchapter 1 (commencing with Section 10801) of Chapter 114  
6 of Title 42 of the United States Code.

7 (d) Until the end of the 2012–13 fiscal year, for the Health  
8 Account, the Department of Finance shall use the historical  
9 resource base of state funds as allocated among the counties, cities,  
10 and city and county as reported by the State Department of Health  
11 Services in a September 17, 1991, report of Indigent and  
12 Community Health Resources.

13 (e) The Department of Finance shall use these adjusted resource  
14 bases for the Health Account and Mental Health Account to  
15 calculate what the 1994–95 fiscal year General Growth Subaccount  
16 allocations would have been, and together with 1994–95 fiscal  
17 year Base Restoration Subaccount allocations, CMSP subaccount  
18 allocations, equity allocations to the Health Account and Mental  
19 Health Account as adjusted by subparagraph (E) of paragraph (2)  
20 of subdivision (c) of Section 17606.05, and special equity  
21 allocations to the Health Account and Mental Health Account as  
22 adjusted by subdivision (e) of Section 17606.15 reconstruct the  
23 1994–95 fiscal year General Growth Subaccount resource base  
24 for the 1995–96 allocation year for each county, city, and city and  
25 county. Notwithstanding any other provision of law, the actual  
26 1994–95 general growth allocations shall not become part of the  
27 realignment base allocations to each county, city, and city and  
28 county. The total amounts distributed by the Controller for general  
29 growth for the 1994–95 allocation year shall be reallocated among  
30 the counties, cities, and city and county in the 1995–96 allocation  
31 year according to this paragraph, and shall be included in the  
32 general growth resource base for the 1996–97 allocation year and  
33 each fiscal year thereafter. For the 1996–97 allocation year and  
34 fiscal years thereafter, the Department of Finance shall update the  
35 base with actual growth allocations to the Health Account, Mental  
36 Health Account, and Social Services Account of each county, city,  
37 and city and county local health and welfare trust fund in the prior  
38 year, and adjust for actual changes in nonrealigned funds specified  
39 in subdivision (c) in the year prior to the allocation year.

1 (f) For the 2013–14 fiscal year and every fiscal year thereafter,  
 2 the Controller shall do all of the following:

3 (1) Allocate to the mental health account of each county, *city*,  
 4 or city and county based on a schedule provided by the Department  
 5 of Finance. The Department of Finance shall recalculate the  
 6 resource base used in determining the General Growth Subaccount  
 7 allocations to mental health account in accordance with subdivision  
 8 (c) and allocate based on that recalculation.

9 (2) Allocate 18.4545 percent of the total General Growth  
 10 Subaccount to the Health Account.

11 (3) Allocate to the Child Poverty and Family Supplemental  
 12 Support Subaccount in the Sales Tax Account the remainder of  
 13 the funds in the General Growth Subaccount.

14 *SEC. 14. Section 17610 of the Welfare and Institutions Code*  
 15 *is amended to read:*

16 17610. (a) In June 2016 and for every fiscal year thereafter,  
 17 for every ~~county~~ *county or city and county* that selected the option  
 18 pursuant to paragraph (1) of subdivision (b) or paragraph (1) of  
 19 subdivision (c) of Section 17600.50, the Director of Finance shall  
 20 make a final determination of the amount of the allocation  
 21 attributable to each county and city and county should have been  
 22 pursuant to subdivision (d) of Section 17603 for the penultimate  
 23 fiscal year.

24 (b) The amount of the final determination amount for each  
 25 county or city and county shall be subtracted from the amount  
 26 attributable to each county or city and county that was actually  
 27 transferred in the applicable fiscal year. This calculation shall be  
 28 made at the same time as the final determination in subdivision  
 29 (a).

30 (c) The Director of Finance shall promptly notify every affected  
 31 ~~county~~ *county or city and county* and the Joint Legislative Budget  
 32 Committee of the determinations made pursuant to subdivisions  
 33 (a) and (b).

34 (d) If the difference calculated in subdivision (b) is negative,  
 35 the state shall pay the applicable ~~county~~ *county or city and county*,  
 36 the difference and those funds shall be deposited in that ~~county's~~  
 37 *county's or city and county's* health account of the local health  
 38 and welfare trust fund. Notwithstanding Section 13340 of the  
 39 Government Code, there is hereby continuously appropriated to

1 the Director of Finance the funds necessary to pay any amounts  
2 owed pursuant to this subdivision.

3 (e) If the difference determined in subdivision (b) is positive,  
4 the applicable county or city and county shall pay the difference  
5 to the family support account within the health and welfare trust  
6 fund of that ~~city~~ county or city and county. If within three months  
7 of receipt of the determination made in subdivision (b), the county  
8 or city and county has failed to make the payment, then the Director  
9 of Finance shall provide a supplemental schedule to the Controller  
10 to have 1.5 times the amount of the determination transferred from  
11 the next Health Subaccount allocations of the applicable county  
12 or city and county to the Family Support Subaccount until 1.5  
13 times the amount owed has been deposited in the family support  
14 account.

15 (f) *Solely for the June 2016 final determination, the amount*  
16 *redirected pursuant to this article shall not exceed the amount*  
17 *determined for the county or city and county for the 2013–14 fiscal*  
18 *year under subdivision (c) of Section 17603, as that amount may*  
19 *have been reduced by the application of Section 17610.5.*

20 *SEC. 15. Section 17610.5 of the Welfare and Institutions Code*  
21 *is amended to read:*

22 17610.5. (a) There is hereby created a 2013–14 Special  
23 Holding Account in the Family Support Subaccount. Starting  
24 January 1, ~~2014, and ending July 25, 2014,~~ *until the end of the*  
25 *2013–14 fiscal year;* funds transferred to the Family Support  
26 Subaccount that are attributable to every county or city and county  
27 that chose to be subject to paragraph (1) of subdivision (b), or  
28 paragraph (1) of subdivision (c), of Section 17600.50 shall be  
29 placed in the 2013–14 Special Holding Account.

30 (b) No later than April 20, 2014, the State Department of Health  
31 Care Services shall provide an updated savings estimate for every  
32 county and city and county that chose to be subject to paragraph  
33 (1) of subdivision (b), or paragraph (1) of subdivision (c) of Section  
34 17600.50 to the Department of Finance. On or before May 14,  
35 2014, the Department of Finance shall, for each county or city and  
36 county described in subdivision (a), determine whether the actual  
37 savings for each county or city and county is greater or lesser than  
38 the amount of funds deposited into the Special Holding Account.

39 (c) If the revised estimate of savings is greater than the funds  
40 estimated by the Department of Finance to be deposited in the

1 Special Holding Account, the funds shall be transferred back to  
2 the Family Support Subaccount by ~~June 30, 2014~~, *the end of the*  
3 *2013–14 fiscal year*, for allocation.

4 (d) If the revised estimate of savings is less than the funds  
5 estimated by the Department of Finance to be deposited in the  
6 Special Holding Account, the difference between the amount  
7 estimated to be transferred and the revised estimated savings  
8 amount shall be transferred to the health account of the local health  
9 and welfare trust fund of every affected county or city and county  
10 pursuant to a schedule prepared by the Director of Finance in  
11 consultation with the California State Association of Counties and  
12 provided to the Controller.

13 (e) This section shall remain in effect only until January 1, 2015,  
14 and as of that date is repealed, unless a later enacted statute, that  
15 is enacted before January 1, 2015, deletes or extends that date.

16 *SEC. 16. Section 17612.1 of the Welfare and Institutions Code*  
17 *is amended to read:*

18 17612.1. (a) For the 2013–14 fiscal year and each fiscal year  
19 thereafter, for each public hospital health system county that  
20 selected the option in paragraph (1) of subdivision (c) of Section  
21 17600.50, the total amount that would be payable for the fiscal  
22 year from 1991 Health Realignment funds under Sections 17603,  
23 17604, ~~17606.10~~ and 17606.20, as those sections read on January  
24 1, 2012, *and Section 17606.10, as it read on July 1, 2013*, and  
25 deposited by the Controller into the local health and welfare trust  
26 fund health account of the county in the absence of this section  
27 shall be determined.

28 (b) The redirected amount determined for the public hospital  
29 health system county pursuant to Section 17612.3 shall be divided  
30 by the total determined in subdivision (a), except that, with respect  
31 to the County of Los Angeles, the redirected amount shall be  
32 determined by taking into account the adjustments required in  
33 Section 17612.5.

34 (c) The resulting fraction determined in subdivision (b) shall  
35 be the percentage of 1991 Health Realignment funds under Sections  
36 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on  
37 January 1, 2012, *and Section 17606.10, as it read on July 1, 2013*,  
38 to be deposited each month into the Family Support Subaccount.

39 (d) The total amount deposited into the Family Support  
40 Subaccount under subdivision (c) with respect to a public hospital

1 health system county for a fiscal year shall not exceed the  
2 redirected amount determined pursuant to Section 17612.3, and  
3 shall be subject to the appeal processes, and judicial review as  
4 described in subdivision (d) of Section 17612.3.

5 (e) The Legislature finds and declares that this article is not  
6 intended to change the local obligation pursuant to Section 17000.

7 *SEC. 17. Section 17612.2 of the Welfare and Institutions Code*  
8 *is amended to read:*

9 17612.2. For purposes of this article, the following definitions  
10 shall apply:

11 (a) “Adjusted patient day” means a county public hospital health  
12 system’s total number of patient census days, as defined by the  
13 Office of Statewide Health Planning and Development, multiplied  
14 by the following fraction: the numerator that is the sum of the  
15 county public hospital health system’s total gross revenue for all  
16 services provided to all patients, including nonhospital services,  
17 and the denominator that is the sum of the county public hospital  
18 health system’s gross inpatient revenue. The adjusted patient days  
19 shall pertain to those services that are provided by the county public  
20 hospital health system and shall exclude services that are provided  
21 by contract or out-of-network clinics or hospitals.

22 (b) “Base year” means the fiscal year ending three years prior  
23 to the fiscal year for which the redirected amount is calculated.

24 (c) “Blended CPI trend factor” means the blended percent  
25 change applicable for the fiscal year that is derived from the  
26 nonseasonally adjusted Consumer Price Index for All Urban  
27 Consumers (CPI-U), United States City Average, for Hospital and  
28 Related Services, weighted at 75 percent, and for Medical Care  
29 Services, weighted at 25 percent, all as published by the United  
30 States Bureau of Labor Statistics, computed as follows:

31 (1) For each prior fiscal year within the period to be trended  
32 through the current fiscal year, the annual average of the monthly  
33 index amounts shall be determined separately for the Hospital and  
34 Related Services Index and the Medical Care Services Index.

35 (2) The year-to-year percentage changes in the annual averages  
36 determined in paragraph (1) for each of the Hospital and Related  
37 Services Index and the Medical Care Services Index shall be  
38 calculated.

39 (3) A weighted average annual percentage change for each  
40 year-to-year period shall be calculated from the determinations

1 made in paragraph (2), with the percentage changes in the Hospital  
2 and Related Services Index weighted at 75 percent, and the  
3 percentage changes in the Medical Care Services Index weighted  
4 at 25 percent. The resulting average annual percentage changes  
5 shall be expressed as a fraction, and increased by 1.00.

6 (4) The product of the successive year-to-year amounts  
7 determined in paragraph (3) shall be the blended CPI trend factor.

8 (d) “Cost containment limit” means the public hospital health  
9 system county’s Medi-Cal costs and uninsured costs determined  
10 for the 2014–15 fiscal year and each subsequent fiscal year,  
11 adjusted as follows:

12 (1) Notwithstanding paragraphs (2) to (4), inclusive, at the public  
13 hospital health system county’s option it shall be deemed to comply  
14 with the cost containment limit if the county demonstrates that its  
15 total health care costs, including nursing facility, mental health,  
16 and substance use disorder services, that are not limited to  
17 Medi-Cal and uninsured patients, for the fiscal year did not exceed  
18 its total health care costs in the base year, multiplied by the blended  
19 CPI trend factor for the fiscal year. A county electing this option  
20 shall elect by November 1 following the end of the fiscal year, and  
21 submit its supporting reports for meeting this requirement,  
22 including the annual report of financial transactions required to be  
23 submitted to the Controller pursuant to Section 53891 of the  
24 Government Code.

25 (2) (A) The public hospital health system county’s Medi-Cal  
26 costs, uninsured costs, and other entity intergovernmental transfer  
27 amounts for the fiscal year shall be added together. Medi-Cal costs,  
28 uninsured costs, and other entity intergovernmental transfer  
29 amounts for purposes of this paragraph are as defined in  
30 subdivisions (q), (t), and (y) for the relevant fiscal period.

31 (B) The public hospital health system county’s Medi-Cal costs,  
32 uninsured costs, and imputed other entity intergovernmental  
33 transfer amounts for the base year shall be added together and  
34 multiplied by the blended CPI trend factor. The base year costs  
35 used shall not reflect any adjustments under this subdivision.

36 (C) The fiscal year amount determined in subparagraph (A)  
37 shall be compared to the trended amount in subparagraph (B). If  
38 the amount in subparagraph (B) exceeds the amount in  
39 subparagraph (A), the public hospital health system county shall  
40 be deemed to have satisfied the cost containment limit. If the

1 amount in subparagraph (A) exceeds the amount in subparagraph  
2 (B), the calculation in paragraph (3) shall be performed.

3 (3) (A) If the number of adjusted patient days of service  
4 provided by the county public hospital health system for the fiscal  
5 year exceeds its number of adjusted patient days of service rendered  
6 in the base year by at least 10 percent, the excess adjusted patient  
7 days above the base year for the fiscal year shall be multiplied by  
8 the cost per adjusted patient day of the county public hospital  
9 health system for the base year. The result shall be added to the  
10 trended base year amount determined in subparagraph (B) of  
11 paragraph (2), yielding the applicable cost containment limit,  
12 subject to paragraph (4).

13 (B) If the number of adjusted patient days of service provided  
14 by a county's public hospital health system for the fiscal year does  
15 not exceed its number of adjusted patient days of service rendered  
16 in the base year by 10 percent, the applicable cost containment  
17 limit is the trended base year amount determined in subparagraph  
18 (B) of paragraph (2), subject to paragraph (4).

19 (4) If a public hospital health system county's costs, as  
20 determined in subparagraph (A) of paragraph (2), exceeds the  
21 amount determined in subparagraph (B) of paragraph (2) as  
22 adjusted by paragraph (3), the portion of the following cost  
23 increases incurred in providing services to Medi-Cal beneficiaries  
24 and uninsured patients shall be added to and reflected in any cost  
25 containment limit:

26 (A) Electronic Health Records and related implementation and  
27 infrastructure costs.

28 (B) Costs related to state or federally mandated activities,  
29 requirements, or benefit changes.

30 (C) Costs resulting from a court order or settlement.

31 (D) Costs incurred in response to seismic concerns, including  
32 costs necessary to meet facility seismic standards.

33 (E) Costs incurred as a result of a natural disaster or act of  
34 terrorism.

35 (5) If a public hospital health system county's costs, as  
36 determined in subparagraph (A) of paragraph (2), exceeds the  
37 amount determined in subparagraph (B) of paragraph (2) as  
38 adjusted by paragraphs (3) and (4), the county may request that  
39 the department consider other costs as adjustments to the cost  
40 containment limit, including, but not limited to, transfer amounts

1 in excess of the imputed other entity intergovernmental transfer  
2 amount trended by the blended CPI trend factor, costs related to  
3 case mix index increases, pension costs, expanded medical  
4 education programs, increased costs in response to delivery system  
5 changes in the local community, and system expansions, including  
6 capital expenditures necessary to ensure access to and the quality  
7 of health care. Costs approved by the department shall be added  
8 to and reflected in any cost containment limit.

9 (e) “County indigent care health realignment amount” means  
10 the product of the health realignment amount times the health  
11 realignment indigent care percentage, as computed on a  
12 county-specific basis.

13 (f) “County public hospital health system” means a designated  
14 public hospital identified in paragraphs (6) to (20), inclusive, and  
15 paragraph (22) of subdivision (d) of Section 14166.1, and its  
16 affiliated governmental entity clinics, practices, and other health  
17 care providers that do not provide predominantly public health  
18 services. A county public hospital health system does not include  
19 a health care service plan, as defined in subdivision (f) of Section  
20 1345 of the Health and Safety Code. The Alameda County Medical  
21 Center and County of Alameda shall be considered affiliated  
22 governmental entities.

23 (g) “Department” means the State Department of Health Care  
24 Services.

25 (h) “Health realignment amount” means the amount that, in the  
26 absence of this article, would be payable to a public hospital health  
27 system county under Sections 17603, 17604, ~~17606.10~~, and  
28 17606.20, as those sections read on January 1, 2012, *and Section*  
29 *17606.10, as it read on July 1, 2013*, for the fiscal year that is  
30 deposited by the Controller into the local health and welfare trust  
31 fund health account of the public hospital health system county.

32 (i) “Health realignment indigent care percentage” means the  
33 county-specific percentage determined in accordance with the  
34 following, and established in accordance with the procedures  
35 described in subdivision (c) of Section 17612.3.

36 (1) Each public hospital health system county shall identify the  
37 portion of that county’s health realignment amount that was used  
38 to provide health services to the indigent, including Medi-Cal  
39 beneficiaries and the uninsured, for each of the historical fiscal  
40 years along with verifiable data in support thereof.

1 (2) The amounts identified in paragraph (1) shall be expressed  
2 as a percentage of the health realignment amount of that county  
3 for each historical fiscal year.

4 (3) The average of the percentages determined in paragraph (2)  
5 shall be the county's health realignment indigent care percentage.

6 (4) To the extent a county does not provide the information  
7 required in paragraph (1) or the department determines that the  
8 information provided is insufficient, the amount under this  
9 subdivision shall be 85 percent.

10 (j) "Historical fiscal years" means the state 2008–09 to 2011–12,  
11 inclusive, fiscal years.

12 (k) "Hospital fee direct grants" means the direct grants described  
13 in Section 14169.7 that are funded by the Private Hospital Quality  
14 Assurance Fee Act of 2011 (Article 5.229 (commencing with  
15 Section 14169.31) of Chapter 7 of Part 3), or direct grants made  
16 in support of health care expenditures funded by a successor  
17 statewide hospital fee program.

18 (l) "Imputed county low-income health amount" means the  
19 predetermined, county-specific amount of county general purpose  
20 funds assumed, for purposes of the calculation in Section 17612.  
21 3, to be available to the county public hospital health system for  
22 services to Medi-Cal and uninsured patients. County general  
23 purpose funds shall not include any other revenues, grants, or funds  
24 otherwise defined in this section. The imputed county low-income  
25 health amount shall be determined as follows and established in  
26 accordance with subdivision (c) of Section 17612.3.

27 (1) For each of the historical fiscal years, an amount determined  
28 to be the annual amount of county general fund contribution  
29 provided for health services to Medi-Cal beneficiaries and the  
30 uninsured, which does not include funds provided for nursing  
31 facility, mental health, and substance use disorder services, shall  
32 be determined through methodologies described in subdivision  
33 (ab).

34 (2) If a year-to-year percentage increase in the amount  
35 determined in paragraph (1) was present, an average annual  
36 percentage trend factor shall be determined.

37 (3) The annual amounts determined in paragraph (1) shall be  
38 averaged, and multiplied by the percentage trend factor, if  
39 applicable, determined in paragraph (2), for each fiscal year after  
40 the 2011–12 fiscal year through the applicable fiscal year.

1 However, if the percentage trend factor determined in paragraph  
 2 (2) is greater than the applicable percentage change for any year  
 3 of the same period in the blended CPI trend factor, the percentage  
 4 change in the blended CPI trend factor for that year shall be used.  
 5 The resulting determination is the imputed county low-income  
 6 health amount for purposes of Section 17612.3.

7 (m) “Imputed gains from other payers” means the  
 8 predetermined, county-specific amount of revenues in excess of  
 9 costs generated from all other payers for health services that is  
 10 assumed to be available to the county public hospital health system  
 11 for services to Medi-Cal and uninsured patients, which shall be  
 12 determined as follows and established in accordance with  
 13 subdivision (c) of Section 17612.3.

14 (1) For each of the historical fiscal years, the gains from other  
 15 payers shall be determined in accordance with methodologies  
 16 described in subdivision (ab).

17 (2) The amounts determined in paragraph (1) shall be averaged,  
 18 yielding the imputed gains from other payers.

19 (n) “Imputed other entity intergovernmental transfer amount”  
 20 means the predetermined average historical amount of the public  
 21 hospital health system county’s other entity intergovernmental  
 22 transfer amount, determined as follows and established in  
 23 accordance with subdivision (c) of Section 17612.3.

24 (1) For each of the historical fiscal years, the other entity  
 25 intergovernmental transfer amount shall be determined based on  
 26 the records of the public hospital health system county.

27 (2) The annual amounts in paragraph (1) shall be averaged.

28 (o) “Medicaid demonstration revenues” means payments paid  
 29 or payable to the county public hospital health system for the fiscal  
 30 year pursuant to the Special Terms and Conditions of the federal  
 31 Medicaid demonstration project authorized under Section 1115 of  
 32 the federal Social Security Act entitled the “Bridge to Health Care  
 33 Reform” (waiver number 11-W-00193/9), for uninsured care  
 34 services from the Safety Net Care Pool or as incentive payments  
 35 from the Delivery System Reform Improvement Pool, or pursuant  
 36 to mechanisms that provide funding for similar purposes under  
 37 the subsequent demonstration project. Medicaid demonstration  
 38 revenues do not include the nonfederal share provided by county  
 39 public hospital health systems as certified public expenditures,  
 40 and are reduced by any intergovernmental transfer by county public

1 hospital health systems or affiliated governmental entities that is  
2 for the nonfederal share of Medicaid demonstration payments to  
3 the county public hospital health system or payments to a Medi-Cal  
4 managed care plan for services rendered by the county public  
5 hospital health system, and any related fees imposed by the state  
6 on those transfers; and by any reimbursement of costs, or payment  
7 of administrative or other processing fees imposed by the state  
8 relating to payments or other Medicaid demonstration program  
9 functions. Medicaid demonstration revenues shall not include  
10 Safety Net Care Pool revenues for nursing facility, mental health,  
11 and substance use disorder services, as determined from the pro  
12 rata share of eligible certified public expenditures for such services,  
13 or revenues that are otherwise included as Medi-Cal revenues.

14 (p) “Medi-Cal beneficiaries” means individuals eligible to  
15 receive benefits under Chapter 7 (commencing with Section 14000)  
16 of Part 3, except for: individuals who are dual eligibles, as defined  
17 in paragraph (4) of subdivision (c) of Section 14132.275, and  
18 individuals for whom Medi-Cal benefits are limited to cost sharing  
19 or premium assistance for Medicare or other insurance coverage  
20 as described in Section 1396d(a) of Title 42 of the United States  
21 Code.

22 (q) “Medi-Cal costs” means the costs incurred by the county  
23 public hospital health system for providing Medi-Cal services to  
24 Medi-Cal beneficiaries during the fiscal year, which shall be  
25 determined in a manner consistent with the cost claiming protocols  
26 developed for Medi-Cal cost-based reimbursement for public  
27 providers and under Section 14166.8, and, in consultation with  
28 each county, shall be based on other cost reporting and statistical  
29 data necessary for an accurate determination of actual costs as  
30 required in Section 17612.4. Medi-Cal costs shall include all  
31 fee-for-service and managed care hospital and nonhospital  
32 components, managed care out-of-network costs, and related  
33 administrative costs. The Medi-Cal costs determined under this  
34 paragraph shall exclude costs incurred for nursing facility, mental  
35 health, and substance use disorder services.

36 (r) “Medi-Cal revenues” means total amounts paid or payable  
37 to the county public hospital health system for medical services  
38 provided under the Medi-Cal State Plan that are rendered to  
39 Medi-Cal beneficiaries during the state fiscal year, and shall include  
40 payments from Medi-Cal managed care plans for services rendered

1 to Medi-Cal managed care plan members, Medi-Cal copayments  
2 received from Medi-Cal beneficiaries, but only to the extent  
3 actually received, supplemental payments for Medi-Cal services,  
4 and Medi-Cal disproportionate share hospital payments for the  
5 state fiscal year, but shall exclude Medi-Cal revenues paid or  
6 payable for nursing facility, mental health, and substance use  
7 disorder services. Medi-Cal revenues do not include the nonfederal  
8 share provided by county public hospital health systems as certified  
9 public expenditures. Medi-Cal revenues shall be reduced by all of  
10 the following:

11 (1) Intergovernmental transfers by the county public hospital  
12 health system or its affiliated governmental entities that are for the  
13 nonfederal share of Medi-Cal payments to the county public  
14 hospital health system, or Medi-Cal payments to a Medi-Cal  
15 managed care plan for services rendered by the county public  
16 hospital health system for the fiscal year.

17 (2) Related fees imposed by the state on the transfers specified  
18 in paragraph (1).

19 (3) Administrative or other fees, payments, or transfers imposed  
20 by the state, or voluntarily provided by the county public hospital  
21 health systems or affiliated governmental entities, relating to  
22 payments or other Medi-Cal program functions for the fiscal year.

23 (s) “Newly eligible beneficiaries” means individuals who meet  
24 the eligibility requirements in Section 1902(a)(10)(A)(i)(VIII) of  
25 Title XIX of the federal Social Security Act (42 U.S.C. Sec.  
26 1396a(a)(10)(A)(i)(VIII)), and who meet the conditions described  
27 in Section 1905(y) of the federal Social Security Act (42 U.S.C.  
28 Sec. 1396d(y)) such that expenditures for services provided to the  
29 individual are eligible for the enhanced federal medical assistance  
30 percentage described in that section.

31 (t) “Other entity intergovernmental transfer amount” means the  
32 amount of intergovernmental transfers by a county public hospital  
33 health system or affiliated governmental entities, and accepted by  
34 the department, that are for the nonfederal share of Medi-Cal  
35 payments or Medicaid demonstration payments for the fiscal year  
36 to any Medi-Cal provider other than the county public hospital  
37 health system, or to a Medi-Cal managed care plan for services  
38 rendered by those other providers, and any related fees imposed  
39 by the state on those transfers.

1 (u) “Public hospital health system county” means a county in  
2 which a county public hospital health system is located.

3 (v) “Redirected amount” means the amount to be redirected in  
4 accordance with Section 17612.1, as calculated pursuant to  
5 subdivision (a) of Section 17612.3.

6 (w) “Special local health funds” means the amount of the  
7 following county funds received by the county public hospital  
8 health system for health services during the fiscal year:

9 (1) Assessments and fees restricted for health-related purposes.  
10 The amount of the assessment or fee for this purpose shall be the  
11 greater of subparagraph (A) or (B). If, because of restrictions and  
12 limitations applicable to the assessment or fee, the county public  
13 hospital health system cannot expend this amount, this amount  
14 shall be reduced to the amount actually expended.

15 (A) The amount of the assessment or fee expended by the county  
16 public hospital health system for the provision of health services  
17 to Medi-Cal and uninsured beneficiaries during the fiscal year.

18 (B) The amount of the assessment or fee multiplied by the  
19 average of the percentages of the amount of assessment or fees  
20 that were allocated to and expended by the county public hospital  
21 health system for health services to Medi-Cal and uninsured  
22 beneficiaries during the historical fiscal years. The percentages  
23 for the historical fiscal years shall be determined by dividing the  
24 amount allocated in each fiscal year as described in subparagraphs  
25 (B) and (C) of paragraph (2) of subdivision (ab) by the actual  
26 amount of assessment or fee expended in the fiscal year.

27 (2) Funds available pursuant to the Master Settlement Agreement  
28 and related documents entered into on November 23, 1998, by the  
29 state and leading United States tobacco product manufacturers  
30 during a fiscal year. The amount of the tobacco settlement funds  
31 that may be used for this purpose shall be the greater of  
32 subparagraph (A) or (B), less any bond payments and other costs  
33 of securitization *related to the funds described in this paragraph*.

34 (A) The amount of the funds expended by the county public  
35 hospital health system for the provision of health services to  
36 Medi-Cal and uninsured beneficiaries during the fiscal year.

37 (B) The amount of the tobacco settlement funds multiplied by  
38 the average of the percentages of the amount of tobacco settlement  
39 funds that were allocated to and expended by the county public  
40 hospital health system for health services to Medi-Cal and

1 uninsured beneficiaries during the historical fiscal years. The  
2 percentages for the historical fiscal years shall be determined by  
3 dividing the amount allocated in each fiscal year as described in  
4 ~~subparagraph~~ *subparagraphs (B) and (C)* of paragraph (2) of  
5 subdivision (ab) by the actual amount of tobacco settlement funds  
6 expended in the fiscal year.

7 (x) “Subsequent demonstration project” means the federally  
8 approved Medicaid demonstration project implemented after the  
9 termination of the federal Medicaid demonstration project  
10 authorized under Section 1115 of the federal Social Security Act  
11 entitled the “Bridge to Health Care Reform” (waiver number  
12 11-W-00193/9), the extension of that demonstration project, or  
13 the material amendment to that demonstration project.

14 (y) “Uninsured costs” means the costs incurred by the public  
15 hospital health system county and its affiliated government entities  
16 for purchasing, providing, or ensuring the availability of services  
17 to uninsured patients during the fiscal year. Uninsured costs shall  
18 be determined in a manner consistent with the cost-claiming  
19 protocols developed for the federal Medicaid demonstration project  
20 authorized under Section 1115 of the federal Social Security Act  
21 entitled the “Bridge to Health Care Reform” (waiver number  
22 11-W-00193/9), including protocols pending federal approval, and  
23 under Section 14166.8, and, in consultation with each county, shall  
24 be based on any other cost reporting and statistical data necessary  
25 for an accurate determination of actual costs incurred. For this  
26 purpose, no reduction factor applicable to otherwise allowable  
27 costs under the demonstration project or the subsequent  
28 demonstration project shall apply. Uninsured costs shall exclude  
29 costs for nursing facility, mental health, and substance use disorder  
30 services.

31 (z) “Uninsured patients” means individuals who have no source  
32 of third-party coverage for the specific service furnished, as further  
33 defined in the reporting requirements established pursuant to  
34 Section 17612.4.

35 (aa) “Uninsured revenues” means self-pay payments made by  
36 or on behalf of uninsured patients to the county public hospital  
37 health system for the services rendered in the fiscal year, but shall  
38 exclude revenues received for nursing facility, mental health, and  
39 substance use disorder services. Uninsured revenues do not include  
40 the health realignment amount or imputed county low-income

1 health amount and shall not include any other revenues, grants, or  
2 funds otherwise defined in this section.

3 (ab) “Historical allocation” means the allocation for the amounts  
4 in the historical years described in subdivisions (l), (m), and (w)  
5 for health services to Medi-Cal beneficiaries and uninsured  
6 patients. The allocation of those amounts in the historical years  
7 shall be done in accordance with a process to be developed by the  
8 department, in consultation with the counties, which includes the  
9 following required parameters:

10 (1) For each of the historical fiscal years, the Medi-Cal costs,  
11 uninsured costs, and costs of other entity intergovernmental transfer  
12 amounts, as defined in subdivisions (q), (t), and (y), and the  
13 Medicaid demonstration, Medi-Cal and uninsured—revenues  
14 *revenues, and hospital fee direct grants* with respect to the services  
15 as defined in subdivisions (k), (o), (r), and (aa), shall be determined.  
16 For these purposes, Medicaid demonstration revenues shall include  
17 applicable payments as described in subdivision (o) paid or payable  
18 to the county public hospital health system under the prior  
19 demonstration project defined in subdivision (c) of Section  
20 14166.1, under the Low Income Health Program (Part 3.6  
21 (commencing with Section 15909)), and under the Health Care  
22 Coverage Initiative (Part 3.5 (commencing with Section 15900)),  
23 none of which shall include the nonfederal share of the Medicaid  
24 demonstration payments. The revenues shall be subtracted from  
25 the costs, yielding the initial low-income shortfall for each of the  
26 historical fiscal years.

27 ~~(2) The following amounts shall be allocated, but shall not~~  
28 ~~exceed, the initial low-income shortfall determined in paragraph~~  
29 ~~(1) for each year:~~

30 *(2) The following shall be applied in sequential order against,*  
31 *but shall not exceed in the aggregate, the initial low-income*  
32 *shortfall determined in paragraph (1) for each of the historical*  
33 *fiscal years:*

34 (A) First, the county indigent care health realignment amount  
35 shall be applied 100 percent against the initial low-income shortfall.

36 (B) Second, special local health funds specifically restricted for  
37 indigent care shall be applied 100 percent against the initial  
38 low-income shortfall.

39 ~~(C) Third, all other sources of funding, excluding funds for~~  
40 ~~nursing facility, mental health, and substance use disorder services~~

1 and gains from other payers, shall be allocated in a fair and  
 2 reasonable manner to determine the proportion applied to, and not  
 3 to exceed, the initial low-income shortfall. Other sources of funding  
 4 shall include any of the following:

- 5 (i) Unrestricted special local health funds.
- 6 (ii) ~~One-time funds received by the county public hospital health~~  
 7 ~~system for health services for that year or prior period~~  
 8 ~~carry-forward amounts, or carry-forward amounts.~~
- 9 (iii) ~~County general purpose funds described in subdivision (l).~~

10 (C) *Third, the sum of clauses (iv), (v), and (vi). Clause (iv) is*  
 11 *the special local health funds, as defined in subdivision (w) and*  
 12 *not otherwise identified as restricted special local health funds*  
 13 *under subparagraph (B), clause (v) is the imputed county*  
 14 *low-income health amount defined in subdivision (l), and clause*  
 15 *(vi) is the one-time and carry-forward revenues as defined in*  
 16 *subdivision (aj), all allocated to the historical low-income shortfall.*  
 17 *These amounts shall be calculated as follows:*

- 18 (i) *Determine the sum of the special local health funds, as*  
 19 *defined in subdivision (w) and not otherwise identified as restricted*  
 20 *special local health funds under subparagraph (B), the imputed*  
 21 *county low-income health amount defined in subdivision (l), and*  
 22 *one-time and carry-forward revenues as defined in subdivision*  
 23 *(aj).*
- 24 (ii) *Divide the historical total shortfall defined in subdivision*  
 25 *(ah) by the sum in clause (i) to get the historical usage of funds*  
 26 *percentage defined in subdivision (ai). If this calculation produces*  
 27 *a percentage above 100 percent in a given historical fiscal year,*  
 28 *then the historical usage of funds percentage in that historical*  
 29 *fiscal year shall be deemed to be 100 percent.*
- 30 (iii) *Multiply the historical usage of funds percentage defined*  
 31 *in subdivision (ai) and calculated in clause (ii) by each of the*  
 32 *following funds:*
  - 33 (I) *Special local health funds, as defined in subdivision (w) and*  
 34 *not otherwise identified as restricted special local health funds*  
 35 *under subparagraph (B).*
  - 36 (II) *The imputed county low-income health amount defined in*  
 37 *subdivision (l).*
  - 38 (III) *One-time and carry-forward revenues as defined in*  
 39 *subdivision (aj).*

1 (iv) Multiply the product of subclause (I) of clause (iii) by the  
2 historical low-income shortfall percentage defined in subdivision  
3 (af) to determine the amount of special local health funds, as  
4 defined in subdivision (w) and not otherwise identified as restricted  
5 special local health funds under subparagraph (B), allocated to  
6 the historical low-income shortfall.

7 (v) Multiply the product of subclause (II) of clause (iii) by the  
8 historical low-income shortfall percentage defined in subdivision  
9 (af) to determine the amount of the imputed county low-income  
10 health amount defined in subdivision (l) allocated to the historical  
11 low-income shortfall.

12 (vi) Multiply the product of subclause (III) of clause (iii) by the  
13 historical low-income shortfall percentage defined in subdivision  
14 (af) to determine the amount of one-time and carry-forward  
15 revenues as defined in subdivision (aj) allocated to the historical  
16 low-income shortfall.

17 (D) Finally, to the extent that the process above does not result  
18 in completely allocating revenues up to the amount necessary to  
19 address the initial low-income shortfall in the historical years,  
20 gains from other payers shall be allocated to fund those costs only  
21 to the extent that such other payer gains exist.

22 (ac) “Gains from other payers” means the county-specific  
23 amount of revenues in excess of costs generated from all other  
24 payers for health services. For purposes of this subdivision, patients  
25 with other payer coverage are patients who are identified in all  
26 other financial classes, including, but not limited to, commercial  
27 coverage and dual eligible, other than *allowable costs and*  
28 *associated revenues for Medi-Cal and the uninsured.*

29 (ad) “New mandatory other entity intergovernmental transfer  
30 amounts” means other entity intergovernmental transfer amounts  
31 required by the state after July 1, 2013.

32 (ae) “Historical low-income shortfall” means, for each of the  
33 historical fiscal years described in subdivision (j), the initial  
34 low-income shortfall for Medi-Cal and uninsured costs determined  
35 in paragraph (1) of subdivision (ab), less amounts identified in  
36 subparagraphs (A) and (B) of paragraph (2) of subdivision (ab).

37 (af) “Historical low-income shortfall percentage” means, for  
38 each of the historical fiscal years described in subdivision (j), the  
39 historical low-income shortfall described in subdivision (ae)

1 *divided by the historical total shortfall described in subdivision*  
 2 *(ah).*

3 *(ag) “Historical other shortfall” means, for each of the*  
 4 *historical fiscal years described in subdivision (j), the shortfall*  
 5 *for all other types of costs incurred by the public hospital health*  
 6 *system that are not Medi-Cal or uninsured costs, and is determined*  
 7 *as total costs less total revenues, excluding any costs and revenue*  
 8 *amounts used in the calculation of the historical low-income*  
 9 *shortfall, and also excluding those costs and revenues related to*  
 10 *mental health and substance use disorder services. If the amount*  
 11 *of historical other shortfall in a given historical fiscal year is less*  
 12 *than zero, then the historical other shortfall for that historical*  
 13 *fiscal year shall be deemed to be zero.*

14 *(ah) “Historical total shortfall” means, for each of the historical*  
 15 *fiscal years described in subdivision (j), the sum of the historical*  
 16 *low-income shortfall described in subdivision (ae) and the*  
 17 *historical other shortfall described in subdivision (ag).*

18 *(ai) “Historical usage of funds percentage” means, for each of*  
 19 *the historical fiscal years described in subdivision (j), the historical*  
 20 *total shortfall described in subdivision (ah) divided by the sum of*  
 21 *special local health funds as defined in subdivision (w) and not*  
 22 *otherwise identified as restricted special local health funds under*  
 23 *subparagraph (B) of paragraph (2) of subdivision (ab), the imputed*  
 24 *county low-income health amount defined in subdivision (l), and*  
 25 *one-time and carry-forward revenues as defined in subdivision*  
 26 *(aj). If this calculation produces a percentage above 100 percent*  
 27 *in a given historical fiscal year, then the historical usage of funds*  
 28 *percentage in that historical fiscal year shall be deemed to be 100*  
 29 *percent.*

30 *(aj) “One-time and carry-forward revenues” mean, for each of*  
 31 *the historical fiscal years described in subdivision (j), revenues*  
 32 *and funds that are not attributable to services provided or*  
 33 *obligations in the applicable historical fiscal year, but were*  
 34 *available and utilized during the applicable historical fiscal year*  
 35 *by the public hospital health system.*

36 *SEC. 18. Section 17612.21 of the Welfare and Institutions Code*  
 37 *is repealed.*

38 ~~17612.21. For the purposes of determining the fair and~~  
 39 ~~reasonable manner of allocation described in subparagraph (C) of~~  
 40 ~~paragraph (2) of subdivision (ab) of Section 17612.2, it is the intent~~

1 of the Legislature to codify an allocation methodology by  
2 September 13, 2013. Prior to that codification, the following steps  
3 shall occur:

4 (a) The department shall meet with representatives of the county  
5 public hospital health systems to formulate the fair and reasonable  
6 allocation methodology.

7 (b) No later than August 1, 2013, the department shall submit  
8 to the Legislature a proposed allocation methodology. If the county  
9 public hospital health systems and the department fail to agree on  
10 a proposed allocation methodology, the department shall also be  
11 required to submit an alternative approach from the county public  
12 hospital health systems, which the county public hospital health  
13 systems shall submit to the department prior to July 30, 2013, and  
14 the department's analysis of why it chose its recommended  
15 approach.

16 (c) If the Legislature enacts legislation implementing the  
17 allocation methodology described in subparagraph (C) of paragraph  
18 (2) of subdivision (ab) of Section 17612.2 by July 1, 2014, then  
19 notwithstanding Chapter 3.5 (commencing with Section 11340)  
20 of Part 1 of Division 3 of Title 2 of the Government Code, the  
21 department, without taking any further regulatory action, may  
22 implement, interpret, or make specific this section by means of  
23 all-county letters, plan letters, plan or provider bulletins, or similar  
24 instructions.

25 (d) If the Legislature does not enact legislation implementing  
26 the allocation methodology described in subparagraph (C) of  
27 paragraph (2) of subdivision (ab) of Section 17612.2 by July 1,  
28 2014, the department may implement the allocation methodology  
29 described in subparagraph (C) of paragraph (2) of subdivision (ab)  
30 of Section 17612.2 only by means that are in conformity with  
31 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
32 3 of Title 2 of the Government Code.

33 *SEC. 19. Section 17612.3 of the Welfare and Institutions Code*  
34 *is amended to read:*

35 17612.3. (a) For each fiscal year, commencing with the  
36 2013–14 fiscal year, the amount to be redirected in accordance  
37 with Section 17612.1 shall be determined for each public hospital  
38 health system county as follows:

- 1 (1) The public hospital health system county’s revenues and  
 2 other funds paid or payable for the state fiscal year shall be  
 3 comprised of the total of the following:
- 4 (A) Medi-Cal revenues.
  - 5 (B) Uninsured revenues.
  - 6 (C) Medicaid demonstration revenues.
  - 7 (D) Hospital fee direct grants.
  - 8 (E) Special local health funds.
  - 9 (F) The county indigent care health realignment amount.
  - 10 (G) The imputed county low-income health amount.
  - 11 (H) Imputed gains from other payers.
  - 12 (I) The amount by which the public hospital health system  
 13 county’s costs exceeded the cost containment limit for the fiscal  
 14 year, expressed as a negative number, multiplied by 0.50.
- 15 (2) The following, incurred by the public hospital health system  
 16 county for the fiscal year, not to exceed in total the cost  
 17 containment limit, shall be subtracted from the sum in paragraph  
 18 (1):
- 19 (A) Medi-Cal costs.
  - 20 (B) Uninsured costs.
  - 21 (C) The lesser of the other entity intergovernmental transfer  
 22 amount or the imputed other entity intergovernmental transfer  
 23 amounts.
  - 24 (D) New mandatory other entity intergovernmental transfer  
 25 amounts.
- 26 (3) The resulting amount determined in paragraph (2) shall be  
 27 multiplied by 0.80, except that for the 2013–14 fiscal year the  
 28 resulting amount determined in paragraph (2) shall be multiplied  
 29 by 0.70.
- 30 (4) If the amount in paragraph (3) is a positive number, that  
 31 amount, subject to paragraph (5), shall be redirected in accordance  
 32 with ~~Section 17612.1~~ *17612.1, except that for the 2013–14 fiscal*  
 33 *year the amount to be redirected shall not exceed the amount*  
 34 *determined for the county for the 2013–14 fiscal year under*  
 35 *subdivision (c) of Section 17603, as that amount may have been*  
 36 *reduced by the application of Section 17610.5. If the amount*  
 37 *determined in paragraph (3) is a negative number, the redirected*  
 38 *amount shall be zero.*
- 39 (5) Notwithstanding any other law, the amount to be redirected  
 40 as determined in paragraph (4) for any fiscal year shall not exceed

1 the county indigent care health realignment amount for that fiscal  
2 year.

3 (6) (A) The redirected amount shall be applied until the later  
4 of the following:

5 (i) June 30, 2023.

6 (ii) The beginning of the fiscal year following a period of two  
7 consecutive fiscal years in which both of the following occur:

8 (aa) The total interim amount determined under subdivision (b)  
9 of Section 17612.3 in May of the previous fiscal year is within 10  
10 percent of the final, reconciled amount in subdivision (d) of that  
11 section.

12 (bb) The final, reconciled amounts under subdivision (d) of  
13 Section 17612.3 are within 5 percent of each other.

14 (B) After the redirected amount ceases as provided in  
15 subparagraph (A), a permanent redirected amount shall be  
16 established to be an amount determined by calculating the  
17 percentage that the redirected amount was in the last fiscal year  
18 of the operation of this article of the county's health realignment  
19 amount of that same fiscal year, multiplied by the county's health  
20 realignment amount of all subsequent years.

21 (b) Commencing with the 2014–15 fiscal year, the department  
22 shall calculate an interim redirected amount for each public hospital  
23 health system county under subdivision (a) by the January  
24 immediately prior to the starting fiscal year, using the most recent  
25 and accurate data available. For purposes of the interim  
26 determinations, the cost containment limit shall not be applied.  
27 The interim redirected amount shall be updated in the May before  
28 the start of the fiscal year in consultation with each public hospital  
29 health system county and based on any more recent and accurate  
30 data available at that time. During the fiscal year, the interim  
31 redirected amount will be applied pursuant to Section 17612.1.

32 (c) The predetermined amounts or historical percentages  
33 described in subdivisions (i), (l), (m), (n), and (w) of Section  
34 17612.2 shall each be established in accordance with the following  
35 procedure:

36 (1) By ~~September 30~~, *October 31*, 2013, each public hospital  
37 health system county shall determine the amount or percentage  
38 described in the applicable subdivision, and shall provide this  
39 calculation to the department, supported by verifiable data and a  
40 description of how the determination was made.

1 (2) If the department disagrees with the public hospital health  
 2 system county's determination, the department shall confer with  
 3 the public hospital health system county by ~~November~~ *December*  
 4 15, 2013, *and shall issue its determination by January 31, 2014.*

5 (3) If no agreement between the parties has been reached by  
 6 ~~December~~ *January 31, 2013, 2014*, the department shall apply the  
 7 county's determination when making the interim calculations  
 8 pursuant to subdivision (b), until a decision is issued pursuant to  
 9 paragraph (6).

10 (4) ~~A~~ *If no agreement between the parties has been reached by*  
 11 *January 31, 2014, the public hospital health system county may*  
 12 *shall* submit a petition by *February 28, 2014*, to the County Health  
 13 Care Funding Resolution Committee, established pursuant to  
 14 Section 17600.60, to seek a decision regarding the historical  
 15 percentage or amount to be applied in calculations under this  
 16 section.

17 (5) The County Health Care Funding Resolution Committee  
 18 shall hear and make a determination as to whether the county's  
 19 proposed percentage or amount complies with the requirements  
 20 of this section taking into account the data and calculations of the  
 21 county and any alternative data and calculations submitted by the  
 22 department.

23 (6) The committee shall issue ~~a decision~~ *its final determination*  
 24 within 45 days of the petition. If the county chooses to contest the  
 25 *final* determination, the ~~decision~~ *final determination* of the  
 26 committee will be applied for purposes of any interim calculation  
 27 under subdivision (b) until a final decision is issued pursuant to  
 28 de novo administrative review pursuant to paragraph (2) of  
 29 subdivision (d).

30 (d) (1) The data for the final calculations under subdivision (a)  
 31 for the fiscal year shall be submitted by public hospital health  
 32 system counties within 12 months after the conclusion of each  
 33 fiscal year as required in ~~section~~ *Section 17612.4*. The data shall  
 34 be the most recent and accurate data from the public hospital health  
 35 system county's books and records pertaining to the revenues paid  
 36 or payable, and the costs incurred, for services provided in the  
 37 subject fiscal year. ~~The~~ *After consulting with the county, the*  
 38 department shall make final calculations using the data submitted  
 39 pursuant to this paragraph by ~~December 31~~ *15* of the following  
 40 fiscal year, and shall provide ~~the calculation~~ *its final determination*

1 to the county. The final ~~calculations~~ *determination* will also reflect  
2 the application of the cost containment limit, if any. ~~A~~ *If the county*  
3 *and the department agree, a revised* recalculation and  
4 reconciliation ~~shall~~ *may* be completed by the department within  
5 six months thereafter.

6 (2) The director shall establish an expedited formal appeal  
7 process for a public hospital health system county to contest ~~the~~  
8 *final* determinations made ~~in this article, and only as follows: under~~  
9 *this article. No appeal shall be available for interim determinations*  
10 *made under subdivision (b). The appeals process shall include all*  
11 *of the following:*

12 (A) The public hospital health system county shall have 30  
13 calendar days, following the issuance of a *final* determination made  
14 under ~~this article, paragraph (6) of subdivision (c) or paragraph~~  
15 *(1) of this subdivision*, to file an appeal with the Director of Health  
16 Care Services. All appeals shall be governed by Section 100171  
17 of the Health and Safety Code, except for those provisions of  
18 paragraph (1) of subdivision (d) of Section 100171 of the Health  
19 and Safety Code relating to accusations, statements of issues,  
20 statement to respondent, and notice of defense, and except as  
21 otherwise set forth in this section. All appeals shall be in writing  
22 and shall be filed with the State Department of Health Care  
23 Service's Office of Administrative Hearings and Appeals. An  
24 appeal shall be deemed filed on the date it is received by the Office  
25 of Administrative Hearings and Appeals.

26 (i) An appeal shall specifically set forth each issue in dispute,  
27 which may include any component of the determination, and  
28 include the public hospital health system county's contentions as  
29 to those issues. A formal hearing before an Office of  
30 Administrative Hearings and Appeals Administrative Law Judge  
31 shall commence within ~~45~~ *60* days of the filing of the appeal  
32 requesting a formal hearing. A final decision *under this paragraph*  
33 shall be adopted ~~within 60 days of the close of the record, but~~ no  
34 later than ~~five~~ *six* months following the ~~issuance~~ *filing* of the  
35 appeal.

36 (ii) If the public hospital health system county fails to file an  
37 appeal within 30 days of the issuance of a determination made  
38 under ~~this article~~ *section*, the determination of the department shall  
39 be deemed final and not appealable either administratively or to a  
40 court of general ~~jurisdiction~~ *jurisdiction, except that a county may*

1 *elect to appeal a determination under subdivision (c) within 30*  
 2 *days of the issuance of the County Health Care Funding Resolution*  
 3 *Committee’s final determination under paragraph (6) of*  
 4 *subdivision (c) or as a component of an appeal of the department’s*  
 5 *final determination under paragraph (1) of this subdivision for*  
 6 *the 2013–14 fiscal year.*

7 (B) If a final decision *under this paragraph* is not issued by the  
 8 department within two years of the ~~issuance of a determination~~  
 9 ~~made under this article~~, *last day of the subject fiscal year*, the  
 10 public hospital health system county shall be deemed to have  
 11 exhausted its administrative remedies and shall not be precluded  
 12 from pursuing any available judicial review. However, the time  
 13 period in this subdivision shall be extended by either of the  
 14 following:

15 (i) Undue delay caused by the public hospital health system  
 16 county.

17 (ii) An extension of time granted to a public hospital health  
 18 system county at its sole request, or following the joint request of  
 19 the public hospital health system county and the department.

20 ~~(D)~~

21 (C) If the final decision issued by the department pursuant to  
 22 ~~this section~~ *paragraph* results in a different determination than  
 23 that originally determined by the department, then the Department  
 24 of Finance shall adjust the original determination by that amount,  
 25 pursuant to a process developed by the Department of Finance and  
 26 in consultation with the public hospital health system counties.

27 (e) For purposes of this article, all references to “health services”  
 28 or “health care services,” unless specified otherwise, shall exclude  
 29 nursing facility, mental health, and substance use disorder services.

30 *SEC. 20. Section 17612.5 of the Welfare and Institutions Code*  
 31 *is amended to read:*

32 17612.5. (a) For the 2013–14 fiscal year and each year  
 33 thereafter, the amount to be redirected in accordance with Section  
 34 17612.1 for the County of Los Angeles shall be determined in  
 35 accordance with Section 17612.3, except that the formula in  
 36 subdivision (a) of Section 17612.3 shall be replaced with the  
 37 following formula:

38 (1) The total revenues as defined in paragraph (7) of subdivision  
 39 (b) paid or payable to the County of Los Angeles, Department of  
 40 Health Services, for the fiscal year, which shall include special

1 local health funds and as adjusted in accordance with Section  
2 17612.6, shall be added together.

3 (2) The sum of three hundred twenty-three million dollars  
4 (\$323,000,000), which represents the imputed county low-income  
5 health amount trended annually by 1 percent from the 2012–13  
6 fiscal year through the applicable fiscal year, and the county  
7 indigent care health realignment amount, as determined in  
8 accordance with subdivision (e) of ~~section~~ *Section* 17612.2 for the  
9 fiscal year.

10 (3) The amount by which the county’s total costs exceeded the  
11 cost containment limit for the fiscal year, expressed as a negative  
12 number, multiplied by 0.50.

13 (4) (A) The total costs as defined in paragraph (6) of subdivision  
14 (b) incurred by or on behalf of the County of Los Angeles,  
15 Department of Health Services, ~~during~~ *for* the fiscal year shall be  
16 added together, but shall not exceed the cost containment limit  
17 determined in accordance with paragraph (3) of subdivision (b).

18 (B) The costs in paragraph (A) shall be subtracted from the sum  
19 of paragraphs (1) to (3), inclusive.

20 (5) The resulting amount determined in subparagraph (B) of  
21 paragraph (4) shall be multiplied by 0.80, except that for the  
22 2013–14 fiscal year, the resulting amount determined in  
23 subparagraph (B) of paragraph (4) shall be multiplied by 0.70.

24 (6) If the amount in paragraph (5) is a positive number, that  
25 amount, subject to paragraph (7), shall be redirected in accordance  
26 with Section 17612.1 of this article, *except that for the 2013–14*  
27 *fiscal year the amount to be redirected shall not exceed the amount*  
28 *determined for the County of Los Angeles for the 2013–14 fiscal*  
29 *year under subdivision (c) of Section 17603, as that amount may*  
30 *have been reduced by the application of Section 17610.5. If the*  
31 amount determined in paragraph (5) is a negative number, the  
32 redirected amount shall be zero.

33 (7) Notwithstanding any other provision of law, the amount to  
34 be redirected as determined in paragraph (6) for any fiscal year  
35 shall not exceed the county indigent care health realignment  
36 amount for that fiscal year.

37 (8) (A) The redirected amount shall be applied until the later  
38 of:

39 (i) June 30, 2023.

1 (ii) The beginning of fiscal year following a period of two  
2 consecutive fiscal years that both of the following occur:

3 (aa) The total interim amount determined under subdivision (b)  
4 of Section 17612.3 in May of the previous fiscal year is within 10  
5 percent of the final, reconciled amount in subdivision (d) of that  
6 section.

7 (bb) The final, reconciled amounts under subdivision (d) of  
8 Section 17612.3 are within 5 percent of each other.

9 (B) After the redirected amount ceases as provided in  
10 subparagraph (A), a permanent redirected amount shall be  
11 established to be an amount determined by calculating the  
12 percentage that the redirected amount was in the last fiscal year  
13 of the operation of this article of the county's health realignment  
14 amount of that same fiscal year, multiplied by the county's health  
15 realignment amount of all subsequent years.

16 (b) Except as otherwise provided in this section, the definitions  
17 in Section 17612.2 shall apply. For purposes of this section, and  
18 for purposes the calculations in Section 17612.3 that apply to the  
19 County of Los Angeles, the following definitions shall apply:

20 (1) "Adjusted patient day" means LA County DHS's total  
21 number of patient days multiplied by the following fraction: the  
22 numerator that is the sum of the county public hospital health  
23 system's total gross revenue for all services provided to all patients,  
24 including nonhospital services, and the denominator that is the  
25 sum of the county public hospital health system's gross inpatient  
26 revenue. The adjusted patient days shall pertain to those services  
27 that are provided by the LA County DHS, and shall exclude  
28 services that are provided by contract or out-of-network clinics or  
29 hospitals. For purposes of this paragraph, gross revenue shall be  
30 adjusted as necessary to reflect the relationship between inpatient  
31 costs and ~~revenues~~ charges and outpatient costs and charges.

32 (2) "Blended CPI trend factor" means the blended percent  
33 change applicable for the state fiscal year that is derived from the  
34 nonseasonally adjusted Consumer Price Index for All Urban  
35 Consumers (CPI-U), United States City Average, for Hospital and  
36 Related Services, weighted at 90 percent, and for Medical Care  
37 Services, weighted at 10 percent, all as published by the United  
38 States Bureau of Labor Statistics, computed as follows:

39 (A) For each prior fiscal year, within the period to be trended  
40 through the fiscal year, the annual average of the monthly index

1 amounts shall be determined separately for the Hospital and  
2 Related Services Index and the Medical Care Services Index.

3 (B) The year-to-year percentage changes in the annual averages  
4 determined in subparagraph (A) for each of the Hospital and  
5 Related Services Index and the Medical Care Services Index shall  
6 be determined.

7 (C) A weighted average annual percentage change for each  
8 year-to-year period shall be calculated from the determinations  
9 made in subparagraph (B), with the percentage changes in the  
10 Hospital and Related Services Index weighted at 90 percent, and  
11 the percentage changes in the Medical Care Services Index  
12 weighted at 10 percent. The resulting average annual percentage  
13 changes shall be expressed as a fraction, and increased by 1.00.

14 (D) The product of the successive year to year amounts  
15 determined in subparagraph (C) shall be the blended CPI trend  
16 factor.

17 (3) “Cost containment limit” means the LA County DHS’s total  
18 costs determined for the 2014–15 fiscal year and each subsequent  
19 fiscal year adjusted as follows:

20 (A) The County of Los Angeles will be deemed to comply with  
21 the cost containment limit if the county demonstrates that its total  
22 costs for the fiscal year did not exceed its total costs in the base  
23 year, multiplied by the blended CPI trend factor for the fiscal year  
24 as reflected in the annual report of financial transactions required  
25 to be submitted to the Controller pursuant to Section 53891 of the  
26 Government Code. If the total costs for the fiscal year exceeded  
27 the total cost in the base year, multiplied by the blended CPI trend  
28 factor for the fiscal year, the calculation in subparagraph (B) shall  
29 be performed.

30 (B) (i) If the number of adjusted patient days of service provided  
31 by LA County DHS for the fiscal year exceeds its number of  
32 adjusted patient days of service rendered in the base year by at  
33 least 10 percent, the excess adjusted patient days above the base  
34 year for the fiscal year shall be multiplied by the cost per adjusted  
35 patient day of the public hospital health system for the base year.  
36 The result shall be added to the trended base year amount  
37 determined in subparagraph (A), yielding the applicable cost  
38 containment limit, subject to subparagraph (C). Costs per adjusted  
39 patient day shall be based upon only those LA County DHS costs  
40 incurred for patient care services.

1 (ii) If the number of adjusted patient days of service provided  
 2 by LA County DHS for the fiscal year does not exceed its number  
 3 of adjusted patient days of service rendered in the base-year, *year*  
 4 *by at least 10 percent*, the applicable limit is the trended base year  
 5 amount determined in subparagraph (A) subject to subparagraph  
 6 (C).

7 (C) If LA County DHS’s total costs for the fiscal year in as  
 8 determined in subparagraph (A) exceeds the trended cost as  
 9 determined in subparagraph (A) as adjusted by subparagraph (B),  
 10 the following cost increases shall be added to and reflected in any  
 11 cost containment limit:

12 (i) Electronic health records and related implementation and  
 13 infrastructure costs.

14 (ii) Costs related to state or federally mandated activities,  
 15 requirements, or benefit changes.

16 (iii) Costs resulting from a court order or settlement.

17 (iv) Costs incurred in response to seismic concerns, including  
 18 costs necessary to meet facility seismic standards.

19 (v) Costs incurred as a result of a natural disaster or act of  
 20 terrorism.

21 (vi) The total amount of any intergovernmental transfer for the  
 22 nonfederal share of Medi-Cal payments to the hospital facility  
 23 described in subdivision (f) of Section 14165.50.

24 (D) If LA County DHS’s ~~total costs~~, *costs for the fiscal year*  
 25 *exceed the trended costs* as adjusted by subparagraphs (B) and  
 26 (C), ~~exceed total costs for the fiscal year~~, the county may request  
 27 that the department consider other costs as adjustments to the cost  
 28 containment limit, including, but not limited to, transfer amounts  
 29 in excess of the imputed other entity intergovernmental transfer  
 30 amount trended by the blended CPI trend factor, costs related to  
 31 case mix index increases, pension costs, expanded medical  
 32 education programs, increased costs in response to delivery system  
 33 changes in the local community, and system expansions, including  
 34 capital expenditures necessary to ensure access to and the quality  
 35 of health care. Costs approved by the department shall be added  
 36 to and reflected in the cost containment limit.

37 (4) “Health realignment indigent care percentage” means 83  
 38 percent.

1 (5) “Special local health funds” means ~~the total amount of the~~  
2 ~~following funds received by LA County DHS and expended for~~  
3 ~~health services during the fiscal year; both of the following:~~

4 (A) ~~Assessments—The total amount of assessments and fees~~  
5 ~~restricted for health-related purposes that are received by LA~~  
6 ~~County DHS and expended for health services during the fiscal~~  
7 ~~year.~~

8 (B) ~~Ninety-one percent of the funds available actually received~~  
9 ~~by the County of Los Angeles during the fiscal year pursuant to~~  
10 ~~the Master Settlement Agreement and related documents entered~~  
11 ~~into on November 23, 1998, by the state and leading United States~~  
12 ~~tobacco product manufacturers and allocated to LA County DHS~~  
13 ~~during a fiscal year manufacturers, less any bond payments and~~  
14 ~~other costs of securitization related to the funds described in this~~  
15 ~~paragraph.~~

16 (6) “Total costs” means the actual net expenditures, excluding  
17 encumbrances, for all operating budget units of the LA County  
18 DHS. Operating budget units consist of four Hospital Enterprise  
19 Funds plus the LA County DHS’s budget units within the county  
20 general fund. Net expenditures, excluding encumbrances, are those  
21 recognized within LA County DHS, net of intrafund transfers,  
22 expenditure distributions, and all other billable services recorded  
23 from and to the LA County DHS enterprise funds and the LA  
24 County DHS general fund budget units, determined based on its  
25 central accounting system known as eCAPS, as of November 30  
26 of the year following the fiscal year, and shall include the new  
27 mandatory other entity intergovernmental transfer amounts, as  
28 defined in subdivision (ad) of Section 17612.2, and the lesser of  
29 other entity intergovernmental transfer amounts or the imputed  
30 other entity intergovernmental transfer amounts.

31 (7) “Total revenues” means the sum of the revenue paid or  
32 payable for all operating budget units of the LA County DHS  
33 determined based on its central accounting system known as  
34 eCAPS, as of November 30 of the year following the fiscal year.

35 (8) “LA County DHS” means operating budget units consisting  
36 of four hospital enterprise funds plus the DHS budget units within  
37 the county’s general fund.

38 *SEC. 21. Section 17612.6 of the Welfare and Institutions Code*  
39 *is amended to read:*

1 17612.6. (a) For purposes of this section, the following  
 2 definitions shall apply:

3 (1) “Type A payers” means the following sources of revenue  
 4 for amounts paid to the County of Los Angeles, Department of  
 5 Health Services:

6 (A) Title XVIII of the federal Social Security Act, known as  
 7 the Medicare program.

8 (B) Commercial health insurance.

9 (C) ~~In-home~~ *Health care coverage for providers of in-home*  
 10 *supportive services, consistent with Article 7 (commencing with*  
 11 *Section 12300) of Chapter 3 and Chapter 7 (commencing with*  
 12 *Section 14000) of Part 3 of Division 9.*

13 (2) “Type B payers” means the following sources of revenue  
 14 for amounts paid to the County of Los Angeles, Department of  
 15 Health Services:

16 (A) Patient care revenues received for services provided to other  
 17 county departments.

18 (B) State payments for patient financial services workers.

19 (C) Other federal payers, not including ~~Medicare and Medicaid~~  
 20 *federal grants, Medicare, Medicaid, and payments pursuant to*  
 21 *Section 1011 of the federal Medicare Prescription Drug,*  
 22 *Improvement, and Modernization Act of 2003 (Public Law*  
 23 *108-173).*

24 (3) “Historical Base Type A revenues” means revenues from  
 25 Type A payers in the historical fiscal years, calculated as follows:

26 (A) For each historical fiscal year, the actual revenue received  
 27 from Type A payers.

28 (B) Calculate the average of the historical year’s amounts in  
 29 subparagraph (A). This average shall be considered the historical  
 30 Base Type A revenues.

31 (4) “Historical Base Type B revenues” means revenues from  
 32 Type B payers in the historical fiscal years, calculated as follows:

33 (A) For each historical fiscal year, the actual revenue received  
 34 from Type B payers.

35 (B) Calculate the average of the historical years amounts in  
 36 subparagraph (A). This average shall be considered the historical  
 37 Base Type B revenues.

38 (5) “Type A payer revenue” means the amount of revenue that  
 39 is the greater of the following:

1 (A) The amount of the revenue received from Type A payers  
2 for services rendered during the fiscal year.

3 (B) The historical Base Type A revenues, as adjusted by the  
4 Type A adjustment, defined in paragraph (8).

5 (6) “Type B payer revenue” means the amount of revenue that  
6 is the greater of the following:

7 (A) The amount of the revenue received from Type B payers  
8 for services rendered during the fiscal year.

9 (B) The historical Base Type B revenues.

10 (7) “Baseline Type A payer costs” means the average of the  
11 costs of services provided to Type A payer patients rendered in  
12 each of the four historical fiscal years to be determined as follows:

13 (A) For each historical year, the actual costs incurred in  
14 providing services to Type A payer patients.

15 (B) Calculate the average of the historical fiscal year amounts  
16 in subparagraph (A), this average shall be considered the baseline  
17 Type A payer costs.

18 (8) “Type A adjustment” means the value of the revenue  
19 adjustment to historical base Type A revenues as defined in  
20 paragraph (3).

21 (A) This adjustment will occur only if the Type A payer revenue  
22 for the fiscal year is less than historical base, otherwise the  
23 adjustment is considered to be zero.

24 (B) If the requirement in subparagraph (A) is met, then there  
25 will only be an adjustment if one or more of the specified Type A  
26 payers’ data meets all of the following conditions:

27 (i) The Type A payer revenue for the fiscal year is less than the  
28 historical base.

29 (ii) The Type A payer costs for the fiscal year are less than the  
30 historical base trended by the blended CPI trend factor.

31 (iii) The Type A payer volume for the fiscal year is less than  
32 the historical base.

33 (C) For each Type A payer that meets all the conditions in  
34 subparagraph (B) the adjustment to the Type A payer revenue for  
35 that Type A payer will be as follows:

36 (i) Calculate the percentage decrease in cost from the baseline  
37 Type A payer cost as trended by the blended CPI trend factor as  
38 defined in *paragraph (2) of subdivision (b) of Section 17612.5* and  
39 applied from the 2010–11 fiscal year to the subject fiscal year.

- 1 (ii) Calculate the percentage decrease in volume, based on the  
 2 adjusted patient days, from the baseline Type A payer volume to  
 3 the subject fiscal year.
- 4 (iii) Calculate the average of the percentages in clauses (i) and  
 5 (ii).
- 6 (iv) The percentage *reduction* in clause ~~(ii)~~ (iii) shall be applied  
 7 to the historical Base Type A payer revenue for the individual  
 8 Type A payer.
- 9 (b) The Type A payer revenues included in the total revenues  
 10 in subdivision (a) of Section 17612.5 shall be the greater of the  
 11 adjusted historical Type A baseline or the actual revenues received  
 12 from Type A payers for services rendered in the subject fiscal year.
- 13 (c) The Type B payer revenues included in the total revenues  
 14 in subdivision (a) of Section 17612.5 shall be the greater of the  
 15 historical Base Type B revenues or the actual revenues received  
 16 from Type B payers for services rendered in the subject fiscal year.
- 17 *SEC. 22. Section 17613.1 of the Welfare and Institutions Code*  
 18 *is amended to read:*
- 19 17613.1. (a) For the 2013–14 fiscal year and each fiscal year  
 20 thereafter, for each county, the total amount that would be payable  
 21 for the fiscal year from 1991 Health Realignment funds under  
 22 Sections 17603, 17604, ~~17606.10~~, and 17606.20, as those sections  
 23 read on January 1, 2012, *and Section 17606.10, as it read on July*  
 24 *1, 2013*, and deposited by the Controller into the local health and  
 25 welfare trust fund health account of the county in the absence of  
 26 this section, shall be determined ~~pursuant to paragraph (2) of~~  
 27 ~~subdivision (b) of Section 17600.50.~~
- 28 (b) The redirected amount determined for the county pursuant  
 29 to Section 17613.3, ~~or in accordance with subdivision (b) of Section~~  
 30 ~~17600.50 option-to-forgo formula~~, shall be divided by the total  
 31 determined in subdivision (a).
- 32 (c) The resulting fraction determined in subdivision (b) shall  
 33 be the percentage of 1991 Health Realignment funds under Sections  
 34 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on  
 35 January 1, 2012, *and Section 17606.10, as it read on July 1, 2013*,  
 36 to be deposited each month into the Family Support Subaccount.
- 37 (d) The total amount deposited pursuant to subdivision (c) with  
 38 respect to a county for a fiscal year shall not exceed the redirected  
 39 amount determined pursuant to Section 17613.3, and shall be

1 subject to the appeal processes, and judicial review as described  
2 in subdivision (d) of Section 17613.3.

3 (e) The Legislature finds and declares that this article is not  
4 intended to change the local obligation pursuant to section 17000.

5 *SEC. 23. Section 17613.2 of the Welfare and Institutions Code*  
6 *is amended to read:*

7 17613.2. For purposes of this article, the following definitions  
8 shall apply:

9 (a) “Base year” means the fiscal year ending three years prior  
10 to the fiscal year for which the redirected amount is calculated.

11 (b) “Blended CPI trend factor” means the blended percent  
12 change applicable for the fiscal year that is derived from the  
13 nonseasonally adjusted Consumer Price Index for All Urban  
14 Consumers (CPI-U), United States City Average, for Hospital and  
15 Related Services, weighted at 75 percent, and for Medical Care  
16 Services, weighted at 25 percent, all as published by the United  
17 States Bureau of Labor Statistics, computed as follows:

18 (1) For each prior fiscal year within the period to be trended  
19 through the state fiscal year, the annual average of the monthly  
20 index amounts shall be determined separately for the Hospital and  
21 Related Services Index and the Medical Care Services Index.

22 (2) The year-to-year percentage changes in the annual averages  
23 determined in paragraph (1) for each of the Hospital and Related  
24 Services Index and the Medical Care Services Index shall be  
25 determined.

26 (3) A weighted average annual percentage change for each  
27 year-to-year period shall be calculated from the determinations  
28 made in paragraph (2), with the percentage changes in the Hospital  
29 and Related Services Index weighted at 75 percent, and the  
30 percentage changes in the Medical Care Services Index weighted  
31 at 25 percent. The resulting average annual percentage changes  
32 shall be expressed as a fraction, and increased by 1.00.

33 (4) The product of the successive year to year amounts  
34 determined in paragraph (3) shall be the blended CPI trend factor.

35 (c) “Calculated cost per person” is determined by dividing  
36 county indigent program costs by the number of indigent program  
37 individuals for the applicable fiscal year. If a county expands  
38 eligibility, the enrollment count is limited to those indigent program  
39 individuals who would have been eligible for services under the  
40 eligibility requirements in existence on July 1, 2013, except if

1 approved as an exception allowed pursuant to subparagraph (3) of  
2 paragraph (C) of subdivision (d).

3 (d) “Cost containment limit” means the county’s indigent  
4 program costs determined for the 2014–15 fiscal year and each  
5 subsequent fiscal year, to be adjusted as follows:

6 (1) (A) The county’s indigent program costs for the state fiscal  
7 year shall be determined as indigent program costs for purposes  
8 of this paragraph for the relevant fiscal period.

9 (B) The county’s calculated costs per person for the base year  
10 will be multiplied by the blended CPI trend factor and then  
11 multiplied by the county’s fiscal year indigent program individuals.  
12 The base year costs used shall not reflect any adjustments under  
13 this subdivision.

14 (C) The fiscal year amount determined in subparagraph (A)  
15 shall be compared to the trended amount in subparagraph (B). If  
16 the amount in subparagraph (B) exceeds the amount in  
17 subparagraph (A), the county will be deemed to have satisfied the  
18 cost containment limit. If the amount in subparagraph (A) exceeds  
19 the amount in subparagraph (B), the calculation in paragraph (2)  
20 shall be performed.

21 (2) If a county’s costs as determined in subparagraph (A) of  
22 paragraph (1) exceeds the amount determined in subparagraph (B)  
23 of paragraph (1), the following costs, as allocated to the county’s  
24 indigent care program, shall be added to the cost and reflected in  
25 any containment limit:

26 (A) Costs related to state or federally mandated activities,  
27 requirements, or benefit changes.

28 (B) Costs resulting from a court order or settlement.

29 (C) Costs incurred as a result of a natural disaster or act of  
30 terrorism.

31 (3) If a county’s costs as determined in subparagraph (A) of  
32 paragraph (1) exceed the amount determined in subparagraph (B)  
33 of paragraph (1), as adjusted by paragraph (2), the county may  
34 request that the department consider other costs as adjustments to  
35 the cost containment limit. These costs would require departmental  
36 approval.

37 (e) “County” for purposes of this article means the following  
38 counties: Fresno, Merced, Orange, Placer, Sacramento, San Diego,  
39 San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare,  
40 and Yolo.

1 (f) “County indigent care health realignment amount” means  
2 the product of the health realignment amount times the health  
3 realignment indigent care percentage, as computed on a  
4 county-specific basis.

5 (g) “County savings determination process” means the process  
6 for determining the amount to be redirected in accordance with  
7 Section 17613.1, as calculated pursuant to subdivision (a) of  
8 Section 17613.3.

9 (h) “Department” means the State Department of Health Care  
10 Services.

11 (i) “Health realignment amount” means the amount that, in the  
12 absence of this article, would be payable to a county under Sections  
13 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on  
14 January 1, 2012, *and Section 17606.10, as it read on July 1, 2013*,  
15 for the fiscal year that is deposited by the Controller into the local  
16 health and welfare trust fund health account of the county.

17 (j) “Health realignment indigent care percentage” means the  
18 county-specific percentage determined in accordance with the  
19 following, and established in accordance with the procedures  
20 described in subdivision (c) of Section 17613.3:

21 (1) Each county shall identify the portion of that county’s health  
22 realignment amount that was used to provide health services to  
23 the indigent, including the indigent program individuals, for each  
24 of the historical fiscal years, along with verifiable data in support  
25 thereof.

26 (2) The amounts identified in paragraph (1) shall be expressed  
27 as a percentage of the health realignment amount of that county  
28 for each fiscal year of the historical fiscal years.

29 (3) The average of the percentages determined in paragraph (2)  
30 shall be the county’s health realignment indigent care percentage.

31 (4) To the extent a county does not provide the information  
32 required in paragraph (1) or the department determines that the  
33 information required is insufficient, the amount under this  
34 subdivision shall be considered to be 85 percent.

35 (k) All references to “health services” or “health care services,”  
36 unless specified otherwise, shall exclude mental health and  
37 substance use disorder services.

38 (l) “Historical fiscal years” means the fiscal years 2008–09 to  
39 2011–12, inclusive.

1 (m) “Imputed county low-income health amount” means the  
2 predetermined, county-specific amount of county general purpose  
3 funds assumed, for purposes of the calculation in Section 17613.3,  
4 to be available to the county for services to indigent program  
5 individuals. The imputed county low-income health amount shall  
6 be determined as set forth below and established in accordance  
7 with subdivision (c) of Section 17613.3.

8 (1) For each of the historical fiscal years, an amount shall be  
9 determined as the annual amount of county general fund  
10 contribution provided for health services to the indigent, which  
11 does not include funds provided for mental health and substance  
12 use disorder services, through a methodology to be developed by  
13 the department, in consultation with the California State  
14 Association of Counties.

15 (2) If a year-to-year percentage increase in the amount  
16 determined in paragraph (1) was present, an average annual  
17 percentage trend factor shall be determined.

18 (3) The annual amounts determined in paragraph (1) shall be  
19 averaged and multiplied by the percentage trend factor, if  
20 applicable, determined in paragraph (2), for each fiscal year after  
21 the 2011–12 fiscal year through the applicable fiscal year.  
22 Notwithstanding the foregoing, if the percentage trend factor  
23 determined in paragraph (2) is greater than the applicable  
24 percentage change for any year of the same period in the blended  
25 CPI trend factor, the percentage change in the blended CPI trend  
26 factor for that year shall be used. The resulting determination is  
27 the imputed county low-income health amount for purposes of  
28 Section 17613.3.

29 (n) “Indigent program costs” means the costs incurred by the  
30 county for purchasing, providing, or ensuring the availability of  
31 services to indigent program individuals during the fiscal year.  
32 The costs for mental health and substance use disorder services  
33 shall not be included in these costs.

34 (o) “Indigent program individuals” means all individuals  
35 enrolled in a county indigent health care program at any point  
36 throughout the fiscal year. If a county does not enroll individuals  
37 into an indigent health care program, indigent program individuals  
38 shall mean all individuals who used services offered through the  
39 county indigent health care program in the fiscal year.

1 (p) “Indigent program revenues” means self-pay payments made  
2 by or on behalf of indigent program individuals to the county for  
3 the services rendered in the fiscal year, but shall exclude revenues  
4 received for mental health and substance use disorder services.

5 (q) “Redirected amount” means the amount to be redirected in  
6 accordance with Section 17613.1, as calculated pursuant to  
7 subdivision (a) of Section 17613.3.

8 (r) “Special local health funds” means the amount of the  
9 following county funds received by the county for health services  
10 to indigent program individuals during the fiscal year and shall  
11 include funds available pursuant to the Master Settlement  
12 Agreement and related documents entered into on November 23,  
13 1998, by the state and leading United States tobacco product  
14 manufacturers during a fiscal year. The amount of the tobacco  
15 settlement funds to be used for this purpose shall be the greater of  
16 ~~subparagraph (A) or (B)~~; *paragraph (1) or (2)*, less any bond  
17 payments and other costs of securitization *related to the funds*  
18 *described in this subdivision.*

19 ~~(A)~~

20 (1) The amount of the funds expended by the county for the  
21 provision of health services to indigent program individuals during  
22 the fiscal year.

23 ~~(B)~~

24 (2) The amount of the tobacco settlement funds multiplied by  
25 the average of the percentages of the amount of tobacco settlement  
26 funds that were allocated to and expended by the ~~noncounty~~ *county*  
27 for health services to indigent program individuals during the  
28 historical fiscal years.

29 *SEC. 24. Section 17613.3 of the Welfare and Institutions Code*  
30 *is amended to read:*

31 17613.3. (a) For each fiscal year commencing with the  
32 2013–14 fiscal year, the amount to be redirected in accordance  
33 with Section 17613.1 shall be determined for each county as set  
34 forth in this section.

35 (1) The county’s revenues and other funds paid or payable for  
36 the fiscal year shall be comprised of the total of the following:

37 (A) Indigent program revenues.

38 (B) Special local health funds.

39 (C) The county indigent care health realignment amount.

40 (D) The imputed county low-income health amount.

1 (2) Indigent program costs incurred by the county for the fiscal  
 2 year, not to exceed in total the cost containment limit, shall be  
 3 subtracted from the sum in paragraph (1).

4 (3) The resulting amount shall be multiplied by 0.80, except  
 5 that for the 2013–14 fiscal year where the resulting amount shall  
 6 be multiplied by 0.70.

7 (4) If the amount in paragraph (3) is a positive number, that  
 8 amount, subject to paragraph (5), shall be redirected in accordance  
 9 with ~~Section 17613.1~~ *17613.1, except that for the 2013–14 fiscal*  
 10 *year, the amount to be redirected shall not exceed the amount*  
 11 *determined for the county for the 2013–14 fiscal year under*  
 12 *subdivision (c) of Section 17603, as that amount may have been*  
 13 *reduced by the application of Section 17610.5. If the amount*  
 14 *determined in paragraph (3) is a negative number, the redirected*  
 15 *amount shall be zero.*

16 (5) Notwithstanding any other law, the amount to be redirected  
 17 as determined in paragraph (4) for a fiscal year shall not exceed  
 18 the county indigent care health realignment amount for that fiscal  
 19 year.

20 (6) (A) The redirected amount shall be applied until the later  
 21 of the following:

- 22 (i) June 30, 2023.
- 23 (ii) The beginning of the fiscal year following a period of two  
 24 consecutive fiscal years in which both of the following occur:
- 25 (aa) The total interim amount determined under subdivision (b)  
 26 in May of the previous fiscal year is within 10 percent of the final,  
 27 reconciled amount in subdivision (d).
- 28 (bb) The final, reconciled amounts under subdivision (d) are  
 29 within 5 percent of each other.

30 (B) After the redirected amount ceases as provided in  
 31 subparagraph (A), a permanent redirected amount shall be  
 32 established to be the amount determined by calculating the  
 33 percentage that the redirected amount was in the last fiscal year  
 34 of the operation of this article of the county’s health realignment  
 35 amount of that same fiscal year, multiplied by the county’s health  
 36 realignment amount of all subsequent years.

37 (b) Starting with the 2014–15 fiscal year, the department shall  
 38 calculate an interim redirected amount for each county under  
 39 subdivision (a) by the January immediately prior to the starting  
 40 fiscal year, using the most recent and accurate data available. For

1 purposes of the interim determinations, the cost containment limit  
2 shall not be applied. The interim redirected amount shall be updated  
3 in the May before the start of the fiscal year in consultation with  
4 each county and based on any more recent and accurate data  
5 available at that time. During the fiscal year, the interim redirected  
6 amount will be applied pursuant to Section 17613.1.

7 (c) The predetermined amounts or historical percentages  
8 described in subdivisions ~~(i)~~; (j), (m), and ~~(n)~~ (r) of Section 17613.2  
9 shall each be established in accordance with the following  
10 procedure:

11 (1) By ~~September 30~~, *October 31*, 2013, each county shall  
12 determine the amount or percentage described in the applicable  
13 subdivision, and shall provide this calculation to the department,  
14 supported by verifiable data and a description of how the  
15 determination was made.

16 (2) If the department disagrees with the county's determination,  
17 the department shall confer with the county by ~~November~~  
18 *December 15, 2013* 2013, and shall issue its determination by  
19 *January 31, 2014*.

20 (3) If no agreement between the parties has been reached by  
21 ~~December January 31, 2013, 2014~~, the department shall apply the  
22 county's determination when making the interim calculations  
23 pursuant to subdivision (b), until a decision is issued pursuant to  
24 paragraph (6).

25 (4) ~~A~~ *If no agreement between the parties has been reached by*  
26 *January 31, 2014*, the county ~~may~~ shall submit a petition by  
27 *February 28, 2014*, to the County Health Care Funding Resolution  
28 Committee, established pursuant to Section 17600.60, to seek a  
29 decision regarding the historical percentage or amount to be applied  
30 in calculations under this section.

31 (5) The County Health Care Funding Resolution Committee  
32 shall hear and make a determination as to whether the county's  
33 proposed percentage or amount complies with the requirements  
34 of this section based on the data and calculations of the county and  
35 any alternative data and calculations submitted by the department.

36 (6) The County Health Care Funding Resolution Committee  
37 shall issue ~~a decision~~ *its final determination* within 45 days of the  
38 petition. If the county chooses to contest the *final* determination,  
39 ~~the decision~~ *final determination* of the committee will be applied  
40 for purposes of any interim calculation under subdivision (b) until

1 a final decision is issued pursuant to de novo administrative review  
2 under paragraph (2) of subdivision (d).

3 (d) (1) The data for the final calculations under subdivision (a)  
4 for the fiscal year shall be submitted by counties within 12 months  
5 after the conclusion of each fiscal year as required in Section  
6 17613.4. The data shall be the most recent and accurate data from  
7 the county's books and records pertaining to the revenues paid or  
8 payable, and the costs incurred, for services provided in the subject  
9 fiscal year. ~~The~~ *After consulting with the county, the department*  
10 *shall make final calculations using the data submitted pursuant to*  
11 *this paragraph by December 31 15 of the following fiscal year,*  
12 *and shall provide the calculation its final determination to the*  
13 *county. The final calculations determination will also reflect the*  
14 *application of the cost containment limit, if any. A If the county*  
15 *and the department agree, a revised recalculation and*  
16 *reconciliation shall may be completed by the department within*  
17 *six months thereafter.*

18 (2) The Director of Health Care Services shall establish an  
19 expedited formal appeal process for a county to contest ~~the final~~  
20 *determinations made in under this article, and only as follows:*  
21 *article. No appeal shall be available for interim determinations*  
22 *made under subdivision (b). The appeals process shall include all*  
23 *of the following:*

24 (A) The county shall have 30 calendar days, following the  
25 issuance of a *final* determination made under ~~this article, paragraph~~  
26 *(6) of subdivision (c) or paragraph (1) of this subdivision,* to file  
27 an appeal with the director. All appeals shall be governed by  
28 Section 100171 of the Health and Safety Code, except for those  
29 provisions of paragraph (1) of subdivision (d) of Section 100171  
30 of the Health and Safety Code relating to accusations, statements  
31 of issues, statement to respondent, and notice of defense, and  
32 except as otherwise set forth in this section. All appeals shall be  
33 in writing and shall be filed with the State Department of Health  
34 Care Service's Office of Administrative Hearings and Appeals.  
35 An appeal shall be deemed filed on the date it is received by the  
36 Office of Administrative Hearings and Appeals.

37 (i) An appeal shall specifically set forth each issue in dispute,  
38 including, but not limited to, any component of the determination,  
39 and include the county's contentions as to those issues. A formal  
40 hearing before an Office of Administrative Hearings and Appeals

1 Administrative Law Judge shall commence within ~~45~~ 60 days of  
2 the filing of the appeal requesting a formal hearing. A final decision  
3 *under this paragraph* shall be adopted ~~within 60 days of the close~~  
4 ~~of the record, but~~ no later than ~~five~~ six months following the  
5 issuance *filing* of the appeal.

6 (ii) If the county fails to file an appeal within 30 days of the  
7 issuance of a determination made under this ~~article, section,~~ the  
8 determination of the department shall be deemed final and not  
9 appealable either administratively or to a court of general  
10 ~~jurisdiction~~ *jurisdiction, except that a county may elect to appeal*  
11 *a determination under subdivision (c) within 30 days of the*  
12 *issuance of the County Health Care Funding Resolution*  
13 *Committee's final determination under paragraph (6) of*  
14 *subdivision (c) or as a component of an appeal of the department's*  
15 *final determination under paragraph (1) for the 2013–14 fiscal*  
16 *year.*

17 (B) If a final decision *under this paragraph* is not issued by the  
18 department within two years of the ~~issuance of a determination~~  
19 ~~made under this article,~~ *last day of the subject fiscal year,* the  
20 county shall be deemed to have exhausted its administrative  
21 remedies, and shall not be precluded from pursuing any available  
22 judicial review. However, the time period in this subdivision shall  
23 be extended by either of the following:

24 (i) Undue delay caused by the county.

25 (ii) An extension of time granted to a county at its sole request,  
26 or following the joint request of the county and the department.

27 (C) If the final decision issued by the department pursuant to  
28 this ~~section~~ *paragraph* results in a different determination than  
29 that originally made by the department, then the Department of  
30 Finance shall adjust the original determination by that amount,  
31 pursuant to a process developed by the Department of Finance and  
32 in consultation with the California State Association of Counties.

33 *SEC. 25. Section 17613.4 of the Welfare and Institutions Code*  
34 *is amended to read:*

35 17613.4. (a) Beginning with the 2013–14 fiscal year, each  
36 county that has elected to participate in the County Savings  
37 Determination Process shall, within five months after the end of  
38 each fiscal year, be required to submit initial reports on both of  
39 the following:

1 (1) All revenue data required for the operation of Section  
2 17613.3, including both of the following:

3 (A) Indigent program revenues.

4 (B) Special local health funds.

5 (2) All cost data required for the operation of Section 17613.3,  
6 including indigent program costs.

7 (b) Counties shall submit final reports of cost and revenue data  
8 identified in subdivision (a) to the department for the each fiscal  
9 year no later than June 30 of the fiscal year ending one year after  
10 the subject fiscal year.

11 (c) The department shall develop, in consultation with California  
12 State Association of Counties, the methodologies used to determine  
13 the costs and revenues required to be reported and the format of  
14 the submissions.

15 (d) Reports submitted under this section shall be accompanied  
16 by a certification by an appropriate public official attesting to the  
17 accuracy of the reports.

18 (e) Notwithstanding Chapter 3.5 (commencing with Section  
19 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
20 the department, without taking any further regulatory action, shall  
21 implement, interpret, or make specific this ~~section~~ *article* by means  
22 of all-county letters, plan letters, plan or provider bulletins, or  
23 similar instructions.

24 *SEC. 26. Section 18901.2 of the Welfare and Institutions Code*  
25 *is amended to read:*

26 18901.2. (a) It is the intent of the Legislature to create a  
27 program in California that provides a nominal Low-Income Home  
28 Energy Assistance Program (LIHEAP) service benefit, through  
29 the LIHEAP block grant, to all recipient households of CalFresh  
30 so that they are made aware of services available under LIHEAP  
31 and so that some households may experience an increase in federal  
32 Supplemental Nutrition Assistance Program benefits, as well as  
33 benefit from paperwork reduction.

34 (b) To the extent permitted by federal law, the State Department  
35 of Social Services (DSS) shall, in conjunction with the Department  
36 of Community Services and Development (CSD), design,  
37 implement, and maintain a utility assistance initiative: the “Heat  
38 and Eat” program.

39 (1) The nominal LIHEAP service benefit shall be funded through  
40 the LIHEAP block grant *allocated for outreach activities in*

1 *accordance with state and federal requirements, and shall be*  
2 *provided by the CSD to the DSS upon after receipt by the CSD of*  
3 *the LIHEAP block grant funds from the federal funding authorities.*

4 (2) The total amount transferred shall be the product of the  
5 nominal LIHEAP service benefit established by the CSD in the  
6 LIHEAP state plan multiplied by the number of CalFresh recipient  
7 households as agreed upon annually by the CSD and the DSS.

8 (3) The total amount transferred shall be reduced by any  
9 unexpended or reinvested amounts remaining from prior transfers  
10 for the nominal LIHEAP service benefits as provided in  
11 subparagraph (C) of paragraph (1) of subdivision (c).

12 ~~(4) Should the demand for the nominal LIHEAP service benefit~~  
13 ~~exceed allocated funding, established by the CSD in the LIHEAP~~  
14 ~~state plan, the CSD and DSS shall report that information to the~~  
15 ~~Legislature and develop a plan to maintain the program as intended.~~

16 (c) In implementing and maintaining the utility assistance  
17 initiative, the State Department of Social Services shall do all of  
18 the following:

19 (1) (A) Grant recipient households of CalFresh benefits pursuant  
20 to this chapter a nominal LIHEAP service benefit out of the federal  
21 LIHEAP block grant (42 U.S.C. Sec. 8621 et seq.).

22 (B) In establishing the nominal LIHEAP service benefit amount,  
23 the department shall take into consideration that the benefit level  
24 need not provide significant utility assistance.

25 (C) Any funds allocated for this purpose not expended by  
26 CalFresh recipient households shall be recouped through the “Heat  
27 and Eat” program and reinvested into the program on an annual  
28 basis as determined by both departments.

29 (2) Provide the nominal LIHEAP service benefit without  
30 requiring the applicant or recipient to provide additional paperwork  
31 or verification.

32 (3) To the extent permitted by federal law and to the extent  
33 federal funds are available, provide the nominal LIHEAP service  
34 benefit annually to each recipient of CalFresh benefits.

35 (4) (A) Deliver the nominal LIHEAP service benefit using the  
36 Electronic Benefit Transfer (EBT) system or other nonpaper  
37 delivery system.

38 (B) Notification of a recipient’s impending EBT dormant  
39 account status shall not be required when the remaining balance

1 in a recipient’s account at the time the account becomes inactive  
2 is ninety-nine cents (\$0.99) or less of LIHEAP service benefits.

3 (5) Ensure that receipt of the nominal LIHEAP service benefit  
4 pursuant to this section shall not adversely affect a CalFresh  
5 recipient household’s eligibility, reduce a household’s CalFresh  
6 benefits, or disqualify the applicant or recipient of CalFresh  
7 benefits from receiving other nominal LIHEAP service benefits  
8 or other utility benefits for which they may qualify.

9 (d) Recipients of the nominal LIHEAP service benefit pursuant  
10 to this section shall remain subject to the additional eligibility  
11 requirements for LIHEAP assistance as outlined in the California  
12 LIHEAP state plan, developed by the CSD.

13 (e) (1) To the extent permitted by federal law, a CalFresh  
14 household receiving or anticipating receipt of nominal LIHEAP  
15 service benefits pursuant to the utility assistance initiative or any  
16 other law shall be entitled to use the full standard utility allowance  
17 (SUA) for the purposes of calculating CalFresh benefits. A  
18 CalFresh household shall be entitled to use the full SUA regardless  
19 of whether the nominal LIHEAP service benefit is actually  
20 redeemed.

21 (2) If use of the full SUA, instead of the homeless shelter  
22 deduction, results in a lower amount of CalFresh benefits for a  
23 homeless household, the homeless household shall be entitled to  
24 use the homeless shelter deduction instead of the full SUA.

25 (f) The department shall implement the initiative by January 1,  
26 2013.

27 *SEC. 27. This act is a bill providing for appropriations related*  
28 *to the Budget Bill within the meaning of subdivision (e) of Section*  
29 *12 of Article IV of the California Constitution, has been identified*  
30 *as related to the budget in the Budget Bill, and shall take effect*  
31 *immediately.*

32 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
33 ~~changes relating to the Budget Act of 2013.~~