

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 390**

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**Introduced by Assembly Member Logue**

February 15, 2013

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An act to amend Section 14000 of the Welfare and Institutions Code, relating to health care; add Section 13335.1 to the Government Code, relating to the State Budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 390, as amended, Logue. Health care.

*The California Constitution requires the Governor to submit annually to the Legislature a budget itemizing state expenditures and estimating state revenues and requires the Legislature to pass the Budget Bill by midnight on June 15. Under existing law, a state agency for which an appropriation is made is generally required to submit to the Department of Finance for approval a complete and detailed budget setting forth all proposed expenditures and estimated revenues for the ensuing fiscal year.*

*Under the federal Patient Protection and Affordable Care Act (PPACA), each state is required to, by January 1, 2014, establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers. Existing state law establishes the California Health Benefit Exchange (Exchange) within state government, specifies the powers and duties of the board governing the Exchange, and requires the board to facilitate the purchase of qualified health plans through the Exchange by qualified individuals and small employers by January 1, 2014.*

*The bill would require the Exchange to submit to the department and the Legislative Analyst’s Office a complete and detailed budget utilizing performance-based budgeting, as defined, that sets forth all proposed expenditures and estimated revenues for the ensuing fiscal year. The bill would require the Exchange to, if necessary, develop a process for consulting with contractors or other responsible entities and stakeholders to develop information related to performance standards and program performance. The bill would require the department to include specified performance-based budgeting information for the Exchange in the Governor’s Budget proposal and to post that information on the department’s Internet Web site. The bill would also require the Legislative Analyst’s Office to review the adequacy of performance metrics and progress toward targeted outcomes in preparing its review of the Governor’s Budget proposal as it relates to the Exchange.*

~~Existing law requires the State Department of Health Services, whenever possible and feasible, to give due consideration to the appropriate organization and the ready accessibility and availability of the facilities and resources for health care to eligible persons, and to new and innovative approaches to the delivery of health care services.~~

~~This bill would make technical, nonsubstantive changes to these provisions:~~

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

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

- 1     SECTION 1. *The Legislature finds and declares all of the*
- 2     *following:*
- 3     (a) *State government must focus on the outcomes of public policy*
- 4     *decisions and public programs to ensure opportunities are*
- 5     *available for all Californians to achieve a high quality of life.*
- 6     (b) *The Legislature must ensure that policymakers, public*
- 7     *program administrators, and rank-and-file state workers have*
- 8     *access to relevant and timely information so that they can make*
- 9     *informed decisions in the design and delivery of public programs.*
- 10    (c) *The focus of that information must be on the goals of those*
- 11    *public programs and the performance of the public agencies in*
- 12    *administering those programs.*

1 (d) Goal and performance information should be widely  
2 available, relevant, and timely for informing budget, policy, and  
3 oversight decisions.

4 (e) In order to identify performance measurements relevant to  
5 budget, policy, and oversight decisionmaking, public agencies  
6 must consult with the public, rank-and-file state workers,  
7 supervisors, and other officials responsible for the delivery of  
8 public programs.

9 (f) Performance measurements, including information on  
10 outcomes and other metrics relevant to improving those outcomes,  
11 should be designed to ensure that limited public resources are well  
12 spent.

13 (g) Establishing goal, performance, and outcome information  
14 for public programs should be part of a systematic review of the  
15 effectiveness and efficiency of those programs.

16 (h) Goal, performance, and outcome information should be  
17 made widely available to the public.

18 (i) Goal, performance, and outcome information should be used  
19 in the annual budget and policymaking process to inform fiscal  
20 and policy decisions and by the Legislature to enhance oversight  
21 of public programs and to ensure results-based accountability.

22 (j) As a component of legislative oversight, goal, performance,  
23 and outcome information should be used to identify programs that  
24 require fundamental reforms to improve outcomes and programs  
25 subject to elimination because they are ineffective.

26 SEC. 2. Section 13335.1 is added to the Government Code, to  
27 read:

28 13335.1. (a) As used in this article, the following definitions  
29 shall apply:

30 (1) "Exchange" means the California Health Benefit Exchange  
31 established pursuant to Title 22 (commencing with Section 100500)  
32 of the Government Code.

33 (2) "Performance-based budgeting" means a system of  
34 budgeting that uses information on performance to inform resource  
35 allocation decisions, thereby establishing clear accountability.

36 (b) The purpose of performance-based budgeting is to inform  
37 policy, fiscal, and oversight decisions by the Governor and  
38 Members of the Legislature; to focus managers, supervisors, and  
39 rank-and-file workers on achieving desired goals; and to  
40 communicate to the public the value of public programs, progress

1 toward desired results, and the choices available to improve the  
2 expenditure of public funds.

3 (c) The Exchange shall submit to the Department of Finance  
4 and the Legislative Analyst's Office a complete and detailed budget  
5 at the time and in the form prescribed by the department that sets  
6 forth all proposed expenditures and estimated revenues for the  
7 ensuing fiscal year.

8 (d) The budget submitted pursuant to subdivision (c) shall use  
9 performance-based budgeting to make clear to policymakers and  
10 the public the value and results of existing operations and proposed  
11 changes.

12 (e) The budget submitted pursuant to subdivision (c) using  
13 performance-based budgeting shall identify and update all of the  
14 following:

15 (1) The mission and goals of the Exchange.

16 (2) The activities and programs focused on achieving those  
17 goals.

18 (3) Performance metrics that reflect desired outcomes for  
19 existing and proposed activities and a targeted performance level  
20 for the following year.

21 (4) Prior year performance data and an explanation of deviation  
22 from previous year targets.

23 (5) Proposed changes in statute, including the creation of  
24 incentives or elimination of disincentives that could improve  
25 outcomes or hold down costs.

26 (6) A description of the impacts and consequences to parties  
27 affected by an activity or program proposed for modification or  
28 elimination.

29 (7) A five-year projection of estimated assessment levels on  
30 health plans to pay for Exchange expenditures.

31 (f) Performance-based budgeting shall be used by the Exchange  
32 and shall allow the public and policymakers to understand the  
33 effectiveness and efficiency of the Exchange. The Exchange shall,  
34 if necessary, develop a process for consulting with contractors or  
35 other responsible entities, and stakeholders to develop information  
36 related to performance standards and program performance.

37 (g) The Department of Finance shall include performance-based  
38 budgeting information for the Exchange in the Governor's Budget  
39 proposal in both printed and electronic formats if prepared, and  
40 post the information on its Internet Web site where the department

1 routinely posts budget information. That information shall include,  
2 but not be limited to, information on all of the following:

3 (1) The mission and goals of the Exchange's provided spending  
4 authority in the budget proposal.

5 (2) The activities and programs focused on achieving those  
6 goals.

7 (3) Performance metrics that reflect desired outcomes for  
8 existing and proposed activities and a targeted performance level  
9 for the following year.

10 (4) Prior year performance data and an explanation of deviation  
11 from previous year targets.

12 (5) A description of the impacts and consequences to parties  
13 affected by an activity or program proposed for modification or  
14 elimination.

15 (h) The Legislative Analyst's Office shall review the adequacy  
16 of performance metrics and progress toward targeted outcomes  
17 in preparing its review of the Governor's Budget proposal as it  
18 relates to the Exchange.

19 ~~SECTION 1. Section 14000 of the Welfare and Institutions~~  
20 ~~Code is amended to read:~~

21 ~~14000. The purpose of this chapter is to afford to qualifying~~  
22 ~~individuals health care and related remedial or preventive services,~~  
23 ~~including related social services which are necessary for those~~  
24 ~~receiving health care under this chapter.~~

25 ~~The intent of the Legislature is to provide, to the extent~~  
26 ~~practicable, through the provisions of this chapter, for health care~~  
27 ~~for those aged and other individuals, including family members~~  
28 ~~who lack sufficient annual income to meet the costs of health care,~~  
29 ~~and whose other assets are so limited that their application toward~~  
30 ~~the costs of such care would jeopardize the individual's or family's~~  
31 ~~future minimum self-maintenance and security. It is intended that~~  
32 ~~whenever possible and feasible:~~

33 ~~(a) The means employed shall allow, to the extent practicable,~~  
34 ~~an eligible individual to secure health care in the same manner~~  
35 ~~employed by the public generally, and without discrimination or~~  
36 ~~segregation based purely on his or her economic disability. The~~  
37 ~~means employed shall include an emphasis on efforts to arrange~~  
38 ~~and encourage access to health care through enrollment in~~  
39 ~~organized, managed care plans of the type available to the general~~  
40 ~~public.~~

1     ~~(b) The benefits available under this chapter shall not duplicate~~  
2     ~~those provided under other federal or state laws or under other~~  
3     ~~contractual or legal entitlements of the individual or individuals~~  
4     ~~receiving them.~~  
5     ~~(c) In the administration of this chapter and in establishing the~~  
6     ~~means to be used to provide access to health care to individuals~~  
7     ~~eligible under this chapter, the department shall emphasize and~~  
8     ~~take advantage of both the efficient organization and ready~~  
9     ~~accessibility and availability of health care facilities and resources~~  
10    ~~through enrollment in managed health care plans and new and~~  
11    ~~innovative fee-for-service managed health care plan approaches~~  
12    ~~to the delivery of health care services.~~