

AMENDED IN ASSEMBLY APRIL 22, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1955**

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**Introduced by Assembly Member Pan**  
*(Coauthors: Assembly Members Gonzalez and Nazarian)*

February 19, 2014

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An act to add and repeal Section 42238.054 of the Education Code, and to amend Section 14132.47 of the Welfare and Institutions Code, relating to pupil health.

LEGISLATIVE COUNSEL'S DIGEST

AB 1955, as amended, Pan. ~~Healthy Pupil health:~~ *Healthy Kids, Healthy Minds Demonstration.*

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula, as specified. Existing law requires the Superintendent of Public Instruction to annually calculate a local control funding formula grant for each school district and charter school based on data submitted by local educational agencies, as specified, in accordance with instructions specified by the Controller.

This bill would require the Superintendent to establish and implement the Healthy Kids, Healthy Minds Demonstration for the period of ~~September~~ *July* 1, 2015, until ~~December 31~~ *June 30*, 2018, under which participating schoolsites would employ a school nurse and a mental health professional, *as defined*, and extend library hours. The bill would authorize local educational agencies that have a percentage of

unduplicated pupils, as defined, in excess of 55 percent of the local educational agency’s total school enrollment to apply *to the Superintendent* for funding for these purposes, as specified and upon appropriation. The bill would authorize individual schoolsites to apply for this funding if the local educational agency does not have the required percentage of unduplicated pupils. The bill would require participating local educational agencies to collect and aggregate certain pupil data, and *transmit this data annually to the State Department of Education*. The bill would encourage participating local educational agencies to offer specified library programs. The bill would require the State Department of Education to compile, analyze, and present the results of the demonstration to the State Board of Education and the Legislature no later than ~~August~~ *December 31, 2018*.

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 establishes an Administrative Claiming process under which local governmental agencies and local educational consortia contract with the State Department of Health Care Services for the purpose of obtaining federal matching funds to assist with the performance of administrative activities relating to the Medi-Cal program.

This bill would require the State Department of Health Care Services and the State Department of Education to cooperate and coordinate efforts in order to maximize receipt of federal matching funds under these provisions, and would require the State Department of Health Care Services to, through an interagency agreement with the State Department of Education, provide technical advice and consultation services to local educational agencies, as specified.

Vote: majority. Appropriation: no. Fiscal committee: 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) School-based health services lead to academic improvements,
- 4 better attendance, reduced suspension and expulsion rates, and
- 5 lower dropout rates.

1 (b) Adverse childhood experiences, such as abuse or neglect,  
2 violence, and physical health conditions, such as asthma and dental  
3 caries, impact school readiness, classroom behavior, and absentee  
4 rates.

5 (c) Only 2 percent of California’s schools have a school-based  
6 health center and 57 percent of California school districts report  
7 not having any full-time school nurse.

8 (d) The ratio of pupils to school nurses in California is 2,815 to  
9 1, and the National Association of School Nurses recommends  
10 that school districts provide one nurse for every 750 well pupils.

11 (e) The ratio of pupils to school psychologists in California is  
12 1,469 to 1, and the National Association of School Psychologists’  
13 Practice Model recommends a ratio of one psychologist for every  
14 ~~500-700~~ 500 to 700 pupils.

15 (f) School library programs and the presence of school librarians  
16 can make significant differences in pupil success, literacy,  
17 information technology skills, and overall academic achievement.

18 (g) Research shows that, when children have access to libraries  
19 with plenty of books and adequate staffing, they read more and do  
20 better on reading tests.

21 (h) California ranks 51st nationally, including the District of  
22 Columbia, in the number of pupils per librarian.

23 (i) Given the promise of education reform, the scarcity of health  
24 professionals in the schools, and the steady decline in numbers of  
25 library staff, the state must find innovative ways to spend its limited  
26 fiscal resources and leverage federal funding, in order to facilitate  
27 for local educational agencies the task of connecting health services  
28 to schools, and assist in returning schools and school libraries to  
29 their traditional missions as centers of learning and community  
30 life.

31 SEC. 2. Section 42238.054 is added to the Education Code, to  
32 read:

33 42238.054. (a) The demonstration project established pursuant  
34 to this section shall be known, and may be cited, as the Healthy  
35 Kids, Healthy Minds Demonstration.

36 (b) The Superintendent shall establish the Healthy Kids, Healthy  
37 Minds Demonstration in accordance with this section to increase  
38 the base grant amounts received by local educational agencies  
39 pursuant to Sections 2574 and 42238.02. The purpose of the  
40 demonstration is for participating schoolsites to employ one

1 full-time school nurse and one full-time mental health professional,  
2 and to ensure that the schoolsites' libraries are open one hour  
3 before, and three hours after, the regular schoolday.

4 (c) The Superintendent shall implement the demonstration for  
5 the period of ~~September~~ *July 1, 2015, to December 31 June 30,*  
6 2018, inclusive.

7 (d) (1) Except as provided in paragraph (2), a local educational  
8 agency is eligible to participate in the demonstration if it has a  
9 percentage of unduplicated pupils, as determined pursuant to  
10 Section 42238.02, in excess of 55 percent of the local educational  
11 agency's total school enrollment.

12 (2) Notwithstanding paragraph (1), local educational agencies  
13 that do not meet the requirements of paragraph (1) shall allow  
14 individual schoolsites that meet the requirements of paragraph (1)  
15 and are interested in participating to apply and participate in the  
16 demonstration.

17 (e) To participate in the demonstration, a local educational  
18 agency's application shall, at a minimum, demonstrate all of the  
19 following:

20 (1) The local educational agency meets the requirements of  
21 subdivision (d) and is able to achieve the goal of the demonstration  
22 with *a combination of* current and additional local funds *and*  
23 *funding received from the grant program.*

24 (2) The local educational agency can meet the goal of employing  
25 one-full time nurse and one full-time mental health professional,  
26 and providing the extended library hours described in subdivision  
27 (b), for three fiscal years.

28 (3) The local educational agency can show that the proposed  
29 use of the funds provided under the demonstration is consistent  
30 with its local control and accountability plan.

31 ~~(f) (1) Applicants selected to participate in the demonstration~~  
32 ~~shall receive a 5 percent increase in their base grant per unit of~~  
33 ~~average daily attendance for kindergarten and grades 1 to 8,~~  
34 ~~inclusive, as certified on July 20 for each budget year and~~  
35 ~~calculated for purposes of the advance principal apportionment.~~

36 ~~(2) Applicants selected to participate in the demonstration shall~~  
37 ~~receive a 2 percent increase in their base grant per unit of average~~  
38 ~~daily attendance for grades 9 to 12, inclusive, as certified on July~~  
39 ~~20 for each budget year and calculated for purposes of the advance~~  
40 ~~principal apportionment.~~

1 ~~(g)~~

2 (f) Upon appropriation by the Legislature, the Superintendent  
3 shall reserve funds each year necessary to operate the  
4 demonstration, ~~and establish a separate account from which to~~  
5 ~~apportion the additional base grant amounts to local educational~~  
6 ~~agencies pursuant to subdivision (f) as a grant program.~~

7 ~~(h)~~

8 (g) A participating local educational agency, with assistance  
9 from the department, shall collect and aggregate data from  
10 schoolsites under the jurisdiction of the local educational agency  
11 that measures changes in pupil absenteeism, school climate,  
12 reductions in *the* incidence of violence, successful intervention  
13 against suicide attempts and pupil bullying, changes in health status  
14 among high-needs pupils, such as low income, English learners,  
15 and foster youth, general pupil outcomes and achievement, and  
16 other relevant benchmarks as defined and determined by the state  
17 board. *A participating local educational agency shall transmit this*  
18 *data to the department annually.*

19 ~~(i)~~

20 (h) Participating local educational agencies are encouraged to  
21 offer library programs that may include, but are not limited to,  
22 reading circles, tutoring programs, online research, parent  
23 engagement or classes, and parent outreach for homework  
24 assistance. To the extent feasible, schoolsites shall make every  
25 effort to offer library programming with the participation of  
26 certified bilingual staff that aims to serve the language needs of  
27 its local community. Participating local educational agencies or  
28 individual schoolsites shall ensure that programs are adequately  
29 staffed by qualified personnel, as described in subdivision ~~(j)~~ (i),  
30 but may also include adult volunteers who are approved by the  
31 schoolsite.

32 ~~(j)~~

33 (i) This section shall not be interpreted to modify existing law  
34 or school policy regarding what staff classification is permitted to  
35 operate libraries, which includes levels of certificated and classified  
36 staff, to include media technicians and library aides.

37 ~~(k)~~

38 (j) The department shall compile, analyze, and present the results  
39 of the demonstration to the Legislature and the state board no later  
40 than ~~August~~ *December 31, 2018.*

1     ~~(j)~~

2     (k) The ~~department~~ *state board* may adopt emergency  
3 regulations for purposes of this section, including, but not limited  
4 to, the process for selecting applicants to participate in the  
5 demonstration, and the adoption of the emergency regulations shall  
6 be deemed to be an emergency and necessary for the immediate  
7 preservation of the public peace, health and safety, or general  
8 welfare for purposes of Sections 11346.1 and 11349.6 of the  
9 Government Code.

10    (l) *For purposes of this section, “mental health professional”*  
11 *means a school psychologist or social worker.*

12    (m) This section shall remain in effect only until January 1,  
13 2019, and as of that date is repealed, unless a later enacted statute,  
14 that is enacted before January 1, 2019, deletes or extends that date.

15    SEC. 3. Section 14132.47 of the Welfare and Institutions Code  
16 is amended to read:

17    14132.47. (a) It is the intent of the Legislature to provide local  
18 governmental agencies the choice of participating in either or both  
19 of the Targeted Case Management (TCM) and Administrative  
20 Claiming process programs at their option, subject to the  
21 requirements of this section and Section 14132.44.

22    (b) The department may contract with each participating local  
23 governmental agency or each local educational consortium to assist  
24 with the performance of administrative activities necessary for the  
25 proper and efficient administration of the Medi-Cal program,  
26 pursuant to Section 1903a of the federal Social Security Act (42  
27 U.S.C. Sec. 1396b(a)), and this activity shall be known as the  
28 Administrative Claiming process.

29    (c) (1) Subject to the requirements of paragraph (2) of  
30 subdivision (f), as a condition for participation in the  
31 Administrative Claiming process, each participating local  
32 governmental agency or each local educational consortium shall,  
33 for the purpose of claiming federal Medicaid reimbursement, enter  
34 into a contract with the department and shall certify to the  
35 department the total amount the local governmental agency or each  
36 local educational consortium expended on the allowable  
37 administrative activities.

38    (2) The department shall deny the claim if it determines that the  
39 certification is not adequately supported, or does not otherwise

1 comply with federal requirements, for purposes of claiming federal  
2 financial participation.

3 (d) Each participating local governmental agency or local  
4 educational consortium may subcontract with private or public  
5 entities to assist with the performance of administrative activities  
6 necessary for the proper and efficient administration of the  
7 Medi-Cal program under the conditions specified by the department  
8 in regulations.

9 (e) Each Administrative Claiming process contract shall include  
10 a requirement that each participating local governmental agency  
11 or each local educational consortium submit a claiming plan in a  
12 manner that shall be prescribed by the department in regulations,  
13 developed in consultation with local governmental agencies.

14 (f) (1) The department shall require that each participating local  
15 governmental agency or each local educational consortium certify  
16 to the department both of the following:

17 (A) The expenditure of 100 percent of the cost of performing  
18 Administrative Claiming process activities. The funds expended  
19 for this purpose shall be from the local governmental agency's  
20 general fund or the general funds of local educational agencies or  
21 from any other funds allowed under federal law and regulation.

22 (B) In each fiscal year that its expenditures represent costs that  
23 are eligible for federal financial participation for that fiscal year.  
24 The department shall deny the claim if it determines that the  
25 certification is not adequately supported for purposes of federal  
26 financial participation.

27 (2) (A) (i) A city that is not a participating local governmental  
28 agency, or any other local public entity, that contracts with a local  
29 governmental agency pursuant to subdivision (d) and that is located  
30 within a county that is a participating local governmental agency  
31 pursuant to this section, may submit certification to the local  
32 governmental agency of amounts expended for Administrative  
33 Claiming services in accordance with Section 433.51 of Title 42  
34 of the Code of Federal Regulations.

35 (ii) A city or other local public entity that submits certification  
36 pursuant to this paragraph shall comply with the requirements of  
37 paragraph (1), with other requirements applicable to local  
38 governmental agencies that the department determines, in  
39 regulations, to be applicable, and with all applicable federal  
40 requirements.

1 (iii) The local governmental agency shall forward the city's or  
2 local public entity's certification to the department for the purposes  
3 of claiming federal financial participation.

4 (iv) As applicable, the local governmental agency shall obtain  
5 and retain appropriate certifications from the expending city or  
6 local public entity, together with documentation of the underlying  
7 expenditures, as required by the department.

8 (B) A tribe or tribal organization, as defined in subdivision (n),  
9 that is not participating in Administrative Claiming process  
10 activities as a local governmental agency, may contract with, and  
11 submit to a tribe or tribal organization that is contracting with, the  
12 department pursuant to subdivision (b) amounts expended for  
13 Administrative Claiming process activities that it is certifying in  
14 accordance with Section 433.51 of Title 42 of the Code of Federal  
15 Regulations and other applicable federal law and regulations. The  
16 tribe or tribal organization receiving the certification shall forward  
17 it to the department for purposes of claiming federal financial  
18 participation. The certification shall comply with all of the  
19 requirements for certification set forth in subparagraph (A).

20 (g) (1) Notwithstanding any other provision of this section, the  
21 state shall be held harmless, in accordance with paragraphs (2)  
22 and (3), from any federal audit disallowance and interest resulting  
23 from payments made to a participating local governmental agency  
24 or local educational consortium pursuant to this section, for the  
25 disallowed claim.

26 (2) To the extent that a federal audit disallowance and interest  
27 results from a claim or claims for which any participating local  
28 governmental agency or local educational consortium has received  
29 reimbursement for Administrative Claiming process activities, the  
30 department shall recoup from the local governmental agency or  
31 local educational consortium that submitted the disallowed claim,  
32 through offsets or by a direct billing, amounts equal to the amount  
33 of the disallowance and interest, in that fiscal year, for the  
34 disallowed claim. All subsequent claims submitted to the  
35 department applicable to any previously disallowed administrative  
36 activity or claim, may be held in abeyance, with no payment made,  
37 until the federal disallowance issue is resolved.

38 (3) Notwithstanding paragraph (2), to the extent that a federal  
39 audit disallowance and interest results from a claim or claims for  
40 which the participating local governmental agency or local

1 educational consortium has received reimbursement for  
2 Administrative Claiming process activities performed by an entity  
3 under contract with, and on behalf of, the participating local  
4 governmental agency or local educational consortium, the  
5 department shall be held harmless by that particular participating  
6 local governmental agency or local educational consortium for  
7 100 percent of the amount of the federal audit disallowance and  
8 interest, for the disallowed claim.

9 (h) The use of local funds required by this section shall not  
10 create, lead to, or expand the health care funding obligations or  
11 service obligations for current or future years for any participating  
12 local governmental agency or local educational consortium, except  
13 as required by this section or as may be required by federal law.

14 (i) The department shall deny any claim from a participating  
15 local governmental agency or local educational consortium if the  
16 department determines that the claim is not adequately supported  
17 in accordance with criteria established pursuant to this subdivision  
18 and implementing regulations before it forwards the claim for  
19 reimbursement to the federal Medicaid Program. In consultation  
20 with local governmental agencies and local educational consortia,  
21 the department shall adopt regulations that prescribe the  
22 requirements for the submission and payment of claims for  
23 administrative activities performed by each participating local  
24 governmental agency and local educational consortium.

25 (j) Administrative activities shall be those determined by the  
26 department to be necessary for the proper and efficient  
27 administration of the state's Medicaid plan and shall be defined  
28 in regulation.

29 (k) If the department denies any claim submitted under this  
30 section, the affected participating local governmental agency or  
31 local educational consortium may, within 30 days after receipt of  
32 written notice of the denial, request that the department reconsider  
33 its action. The participating local governmental agency or local  
34 educational consortium may request a meeting with the director  
35 or his or her designee within 30 days to present its concerns to the  
36 department after the request is filed. If the director or his or her  
37 designee cannot meet, the department shall respond in writing  
38 indicating the specific reasons for which the claim is out of  
39 compliance to the participating local governmental agency or local

1 educational consortium in response to its appeal. Thereafter, the  
2 decision of the director shall be final.

3 (l) To the extent consistent with federal law and regulations,  
4 participating local governmental agencies or local educational  
5 consortium may claim the actual costs of nonemergency,  
6 nonmedical transportation of Medi-Cal eligibles to Medi-Cal  
7 covered services, under guidelines established by the department,  
8 to the extent that these costs are actually borne by the participating  
9 local governmental agency or local educational consortium. A  
10 local educational consortium may only claim for nonemergency,  
11 nonmedical transportation of Medi-Cal eligibles for Medi-Cal  
12 covered services, through the Medi-Cal administrative activities  
13 program. Medi-Cal medical transportation services shall be claimed  
14 under the local educational agency Medi-Cal billing option,  
15 pursuant to Section 14132.06.

16 (m) As a condition of participation in the Administrative  
17 Claiming process and in recognition of revenue generated to each  
18 participating local governmental agency and each local educational  
19 consortium in the Administrative Claiming process, each  
20 participating local governmental agency and each local educational  
21 consortium shall pay an annual participation fee through a  
22 mechanism agreed to by the state and local governmental agencies  
23 and local educational consortia, or, if no agreement is reached by  
24 August 1 of each year, directly to the state. The participation fee  
25 shall be used to cover the cost of administering the Administrative  
26 Claiming process, including, but not limited to, claims processing,  
27 technical assistance, and monitoring. The department shall  
28 determine and report staffing requirements upon which projected  
29 costs will be based. The amount of the participation fee shall be  
30 based upon the anticipated salaries, benefits, and operating  
31 expenses, to administer the Administrative Claiming process and  
32 other costs related to that process.

33 (n) (1) For purposes of this section, “participating local  
34 governmental agency” means a county, chartered city, Native  
35 American Indian tribe, tribal organization, or subgroup of a Native  
36 American Indian tribe or tribal organization, under contract with  
37 the department pursuant to subdivision (b).

38 (2) Each participating Native American Indian tribe, tribal  
39 organization, or subgroup of a Native American Indian tribe or  
40 tribal organization may claim, as a Medi-Cal Administrative

1 Activity, facilitating Medi-Cal applications, which includes, but  
2 is not limited to, using the California Healthcare Eligibility,  
3 Enrollment, and Retention System.

4 (o) For purposes of this section, “local educational agency”  
5 means a local educational agency, as defined in subdivision (h) of  
6 Section 14132.06, that participates under the Administrative  
7 Claiming process as a subcontractor to the local educational  
8 consortium in its service region.

9 (p) (1) For purposes of this section, “local educational  
10 consortium” means a local agency that is one of the service regions  
11 of the California County Superintendent Educational Services  
12 Association.

13 (2) Each local educational consortium shall contract with the  
14 department pursuant to paragraph (1) of subdivision (c).

15 (q) (1) Each participating local educational consortium shall  
16 be responsible for the local educational agencies in its service  
17 region that participate in the Administrative Claiming process.  
18 This responsibility includes, but is not limited to, the preparation  
19 and submission of all administrative claiming plans, training of  
20 local educational agency staff, overseeing the local educational  
21 agency time survey process, and the submission of detailed  
22 quarterly invoices on behalf of the participating local educational  
23 agency.

24 (2) Each participating local educational consortium shall ensure  
25 local educational agency compliance with all requirements of the  
26 Administrative Claiming process established for local governmental  
27 agencies.

28 (3) Ninety days prior to the initial participation in the  
29 Administrative Claiming process, each local educational  
30 consortium shall notify the department of its intent to participate  
31 in the process, and shall identify each local educational agency  
32 that will be participating as its subcontractor.

33 (r) (1) Each local educational agency that elects to participate  
34 in the Administrative Claiming process shall submit claims through  
35 its local educational consortium or through the local governmental  
36 agency, but not both.

37 (2) Each local educational agency participating as a  
38 subcontractor to a local educational consortium shall comply with  
39 all requirements of the Administrative Claiming process established  
40 for local governmental agencies.

1 (s) A participating local governmental agency or a local  
2 educational consortium may charge an administrative fee to any  
3 entity claiming Administrative Claiming through that agency.

4 (t) The department shall continue to administer the  
5 Administrative Claiming process in conformity with federal  
6 requirements.

7 (u) The department shall provide technical assistance to all  
8 participating local governmental agencies and local educational  
9 consortia in order to maximize federal financial participation in  
10 the Administrative Claiming process.

11 (v) This section shall be applicable to Administrative Claiming  
12 process activities performed, and to moneys paid to participating  
13 local governmental agencies for those activities in the 1994–95  
14 fiscal year and thereafter, and to local educational consortia in the  
15 1998–99 fiscal year and thereafter.

16 (w) Nothing in this section or Section 14132.44 shall be  
17 construed to prevent any state agency from participating in the  
18 Administrative Claiming process or from contracting with others  
19 to engage in these activities.

20 (x) (1) The department and the State Department of Education  
21 shall cooperate and coordinate efforts in order to maximize receipt  
22 of federal financial participation under the Administrative Claiming  
23 process pursuant to this section. To the extent permitted by federal  
24 law, funds used by local educational agencies under the local  
25 control funding formula, including funds used under Section  
26 42238.054 of the Education Code, may be included in expenditures  
27 certified under subdivision (f).

28 (2) The department, through an interagency agreement with the  
29 State Department of Education, shall provide technical advice and  
30 consultation to local educational agencies participating in the  
31 demonstration project established pursuant to Section 42238.054  
32 of the Education Code, in order to help set up accounting systems,  
33 conduct initial staff time studies, and any other necessary  
34 requirements to certify and bill valid claims for allowable activities  
35 under the Administrative Claiming process. Any entity contracted  
36 by the department, a local educational agency, or educational  
37 consortium for purposes of this subdivision shall be a public agency  
38 or incorporated as a nonprofit agency or public benefit corporation  
39 under state law.

- 1 (3) The department shall seek any necessary federal approvals
- 2 to implement this subdivision.

O