

AMENDED IN ASSEMBLY MAY 1, 2014  
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. 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 July 1, 2015, until 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 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 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 July 1, 2015, to June 30, 2018, inclusive.

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

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

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

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

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

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

30 (f) Upon appropriation by the Legislature, the Superintendent  
31 shall reserve funds each year necessary to operate the  
32 demonstration as a grant program.

33 (g) A participating local educational agency, with assistance  
34 from the department, shall collect and aggregate data from  
35 schoolsites under the jurisdiction of the local educational agency  
36 that measures changes in pupil absenteeism, school climate,  
37 reductions in the incidence of violence, successful intervention  
38 against suicide attempts and pupil bullying, changes in health status  
39 among high-needs pupils, such as low income, English learners,  
40 and foster youth, general pupil outcomes and achievement, and

1 other relevant benchmarks as defined and determined by the state  
2 board. A participating local educational agency shall transmit this  
3 data to the department annually.

4 (h) Participating local educational agencies are encouraged to  
5 offer library programs that may include, but are not limited to,  
6 reading circles, tutoring programs, online research, parent  
7 engagement or classes, and parent outreach for homework  
8 assistance. To the extent feasible, schoolsites shall make every  
9 effort to offer library programming with the participation of  
10 certified bilingual staff that aims to serve the language needs of  
11 its local community. Participating local educational agencies or  
12 individual schoolsites shall ensure that programs are adequately  
13 staffed by qualified personnel, as described in subdivision (i), but  
14 may also include adult volunteers who are approved by the  
15 schoolsite.

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

20 (j) The department shall compile, analyze, and present the results  
21 of the demonstration to the Legislature and the state board no later  
22 than December 31, 2018.

23 (k) The state board may adopt emergency regulations for  
24 purposes of this section, including, but not limited to, the process  
25 for selecting applicants to participate in the demonstration, and  
26 the adoption of the emergency regulations shall be deemed to be  
27 an emergency and necessary for the immediate preservation of the  
28 public peace, health and safety, or general welfare for purposes of  
29 Sections 11346.1 and 11349.6 of the Government Code.

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

32 (m) This section shall remain in effect only until January 1,  
33 2019, and as of that date is repealed, unless a later enacted statute,  
34 that is enacted before January 1, 2019, deletes or extends that date.

35 ~~SEC. 3. Section 14132.47 of the Welfare and Institutions Code~~  
36 ~~is amended to read:~~

37 ~~14132.47. (a) It is the intent of the Legislature to provide local~~  
38 ~~governmental agencies the choice of participating in either or both~~  
39 ~~of the Targeted Case Management (TCM) and Administrative~~

1 ~~Claiming process programs at their option, subject to the~~  
2 ~~requirements of this section and Section 14132.44.~~

3 ~~(b) The department may contract with each participating local~~  
4 ~~governmental agency or each local educational consortium to assist~~  
5 ~~with the performance of administrative activities necessary for the~~  
6 ~~proper and efficient administration of the Medi-Cal program,~~  
7 ~~pursuant to Section 1903a of the federal Social Security Act (42~~  
8 ~~U.S.C. Sec. 1396b(a)), and this activity shall be known as the~~  
9 ~~Administrative Claiming process.~~

10 ~~(e) (1) Subject to the requirements of paragraph (2) of~~  
11 ~~subdivision (f), as a condition for participation in the~~  
12 ~~Administrative Claiming process, each participating local~~  
13 ~~governmental agency or each local educational consortium shall,~~  
14 ~~for the purpose of claiming federal Medicaid reimbursement, enter~~  
15 ~~into a contract with the department and shall certify to the~~  
16 ~~department the total amount the local governmental agency or each~~  
17 ~~local educational consortium expended on the allowable~~  
18 ~~administrative activities.~~

19 ~~(2) The department shall deny the claim if it determines that the~~  
20 ~~certification is not adequately supported, or does not otherwise~~  
21 ~~comply with federal requirements, for purposes of claiming federal~~  
22 ~~financial participation.~~

23 ~~(d) Each participating local governmental agency or local~~  
24 ~~educational consortium may subcontract with private or public~~  
25 ~~entities to assist with the performance of administrative activities~~  
26 ~~necessary for the proper and efficient administration of the~~  
27 ~~Medi-Cal program under the conditions specified by the department~~  
28 ~~in regulations.~~

29 ~~(e) Each Administrative Claiming process contract shall include~~  
30 ~~a requirement that each participating local governmental agency~~  
31 ~~or each local educational consortium submit a claiming plan in a~~  
32 ~~manner that shall be prescribed by the department in regulations,~~  
33 ~~developed in consultation with local governmental agencies.~~

34 ~~(f) (1) The department shall require that each participating local~~  
35 ~~governmental agency or each local educational consortium certify~~  
36 ~~to the department both of the following:~~

37 ~~(A) The expenditure of 100 percent of the cost of performing~~  
38 ~~Administrative Claiming process activities. The funds expended~~  
39 ~~for this purpose shall be from the local governmental agency's~~

1 general fund or the general funds of local educational agencies or  
2 from any other funds allowed under federal law and regulation.

3 (B) In each fiscal year that its expenditures represent costs that  
4 are eligible for federal financial participation for that fiscal year.  
5 The department shall deny the claim if it determines that the  
6 certification is not adequately supported for purposes of federal  
7 financial participation.

8 (2) (A) (i) A city that is not a participating local governmental  
9 agency, or any other local public entity, that contracts with a local  
10 governmental agency pursuant to subdivision (d) and that is located  
11 within a county that is a participating local governmental agency  
12 pursuant to this section, may submit certification to the local  
13 governmental agency of amounts expended for Administrative  
14 Claiming services in accordance with Section 433.51 of Title 42  
15 of the Code of Federal Regulations.

16 (ii) A city or other local public entity that submits certification  
17 pursuant to this paragraph shall comply with the requirements of  
18 paragraph (1), with other requirements applicable to local  
19 governmental agencies that the department determines, in  
20 regulations, to be applicable, and with all applicable federal  
21 requirements.

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

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

29 (B) A tribe or tribal organization, as defined in subdivision (n),  
30 that is not participating in Administrative Claiming process  
31 activities as a local governmental agency, may contract with, and  
32 submit to a tribe or tribal organization that is contracting with, the  
33 department pursuant to subdivision (b) amounts expended for  
34 Administrative Claiming process activities that it is certifying in  
35 accordance with Section 433.51 of Title 42 of the Code of Federal  
36 Regulations and other applicable federal law and regulations. The  
37 tribe or tribal organization receiving the certification shall forward  
38 it to the department for purposes of claiming federal financial  
39 participation. The certification shall comply with all of the  
40 requirements for certification set forth in subparagraph (A).

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

7     ~~(2) To the extent that a federal audit disallowance and interest~~  
8     ~~results from a claim or claims for which any participating local~~  
9     ~~governmental agency or local educational consortium has received~~  
10    ~~reimbursement for Administrative Claiming process activities, the~~  
11    ~~department shall recoup from the local governmental agency or~~  
12    ~~local educational consortium that submitted the disallowed claim,~~  
13    ~~through offsets or by a direct billing, amounts equal to the amount~~  
14    ~~of the disallowance and interest, in that fiscal year, for the~~  
15    ~~disallowed claim. All subsequent claims submitted to the~~  
16    ~~department applicable to any previously disallowed administrative~~  
17    ~~activity or claim, may be held in abeyance, with no payment made,~~  
18    ~~until the federal disallowance issue is resolved.~~

19    ~~(3) Notwithstanding paragraph (2), to the extent that a federal~~  
20    ~~audit disallowance and interest results from a claim or claims for~~  
21    ~~which the participating local governmental agency or local~~  
22    ~~educational consortium has received reimbursement for~~  
23    ~~Administrative Claiming process activities performed by an entity~~  
24    ~~under contract with, and on behalf of, the participating local~~  
25    ~~governmental agency or local educational consortium, the~~  
26    ~~department shall be held harmless by that particular participating~~  
27    ~~local governmental agency or local educational consortium for~~  
28    ~~100 percent of the amount of the federal audit disallowance and~~  
29    ~~interest, for the disallowed claim.~~

30    ~~(h) The use of local funds required by this section shall not~~  
31    ~~create, lead to, or expand the health care funding obligations or~~  
32    ~~service obligations for current or future years for any participating~~  
33    ~~local governmental agency or local educational consortium, except~~  
34    ~~as required by this section or as may be required by federal law.~~

35    ~~(i) The department shall deny any claim from a participating~~  
36    ~~local governmental agency or local educational consortium if the~~  
37    ~~department determines that the claim is not adequately supported~~  
38    ~~in accordance with criteria established pursuant to this subdivision~~  
39    ~~and implementing regulations before it forwards the claim for~~  
40    ~~reimbursement to the federal Medicaid Program. In consultation~~

1 with local governmental agencies and local educational consortia,  
2 the department shall adopt regulations that prescribe the  
3 requirements for the submission and payment of claims for  
4 administrative activities performed by each participating local  
5 governmental agency and local educational consortium.

6 (j) Administrative activities shall be those determined by the  
7 department to be necessary for the proper and efficient  
8 administration of the state's Medicaid plan and shall be defined  
9 in regulation.

10 (k) If the department denies any claim submitted under this  
11 section, the affected participating local governmental agency or  
12 local educational consortium may, within 30 days after receipt of  
13 written notice of the denial, request that the department reconsider  
14 its action. The participating local governmental agency or local  
15 educational consortium may request a meeting with the director  
16 or his or her designee within 30 days to present its concerns to the  
17 department after the request is filed. If the director or his or her  
18 designee cannot meet, the department shall respond in writing  
19 indicating the specific reasons for which the claim is out of  
20 compliance to the participating local governmental agency or local  
21 educational consortium in response to its appeal. Thereafter, the  
22 decision of the director shall be final.

23 (l) To the extent consistent with federal law and regulations,  
24 participating local governmental agencies or local educational  
25 consortium may claim the actual costs of nonemergency,  
26 nonmedical transportation of Medi-Cal eligibles to Medi-Cal  
27 covered services, under guidelines established by the department,  
28 to the extent that these costs are actually borne by the participating  
29 local governmental agency or local educational consortium. A  
30 local educational consortium may only claim for nonemergency,  
31 nonmedical transportation of Medi-Cal eligibles for Medi-Cal  
32 covered services, through the Medi-Cal administrative activities  
33 program. Medi-Cal medical transportation services shall be claimed  
34 under the local educational agency Medi-Cal billing option,  
35 pursuant to Section 14132.06.

36 (m) As a condition of participation in the Administrative  
37 Claiming process and in recognition of revenue generated to each  
38 participating local governmental agency and each local educational  
39 consortium in the Administrative Claiming process, each  
40 participating local governmental agency and each local educational

1 consortium shall pay an annual participation fee through a  
2 mechanism agreed to by the state and local governmental agencies  
3 and local educational consortia, or, if no agreement is reached by  
4 August 1 of each year, directly to the state. The participation fee  
5 shall be used to cover the cost of administering the Administrative  
6 Claiming process, including, but not limited to, claims processing,  
7 technical assistance, and monitoring. The department shall  
8 determine and report staffing requirements upon which projected  
9 costs will be based. The amount of the participation fee shall be  
10 based upon the anticipated salaries, benefits, and operating  
11 expenses, to administer the Administrative Claiming process and  
12 other costs related to that process.

13 (n) (1) For purposes of this section, “participating local  
14 governmental agency” means a county, chartered city, Native  
15 American Indian tribe, tribal organization, or subgroup of a Native  
16 American Indian tribe or tribal organization, under contract with  
17 the department pursuant to subdivision (b):

18 (2) Each participating Native American Indian tribe, tribal  
19 organization, or subgroup of a Native American Indian tribe or  
20 tribal organization may claim, as a Medi-Cal Administrative  
21 Activity, facilitating Medi-Cal applications, which includes, but  
22 is not limited to, using the California Healthcare Eligibility,  
23 Enrollment, and Retention System.

24 (o) For purposes of this section, “local educational agency”  
25 means a local educational agency, as defined in subdivision (h) of  
26 Section 14132.06, that participates under the Administrative  
27 Claiming process as a subcontractor to the local educational  
28 consortium in its service region.

29 (p) (1) For purposes of this section, “local educational  
30 consortium” means a local agency that is one of the service regions  
31 of the California County Superintendent Educational Services  
32 Association.

33 (2) Each local educational consortium shall contract with the  
34 department pursuant to paragraph (1) of subdivision (e):

35 (q) (1) Each participating local educational consortium shall  
36 be responsible for the local educational agencies in its service  
37 region that participate in the Administrative Claiming process.  
38 This responsibility includes, but is not limited to, the preparation  
39 and submission of all administrative claiming plans, training of  
40 local educational agency staff, overseeing the local educational

1 ~~agency time survey process, and the submission of detailed~~  
2 ~~quarterly invoices on behalf of the participating local educational~~  
3 ~~agency:~~

4 ~~(2) Each participating local educational consortium shall ensure~~  
5 ~~local educational agency compliance with all requirements of the~~  
6 ~~Administrative Claiming process established for local governmental~~  
7 ~~agencies:~~

8 ~~(3) Ninety days prior to the initial participation in the~~  
9 ~~Administrative Claiming process, each local educational~~  
10 ~~consortium shall notify the department of its intent to participate~~  
11 ~~in the process, and shall identify each local educational agency~~  
12 ~~that will be participating as its subcontractor.~~

13 ~~(r) (1) Each local educational agency that elects to participate~~  
14 ~~in the Administrative Claiming process shall submit claims through~~  
15 ~~its local educational consortium or through the local governmental~~  
16 ~~agency, but not both.~~

17 ~~(2) Each local educational agency participating as a~~  
18 ~~subcontractor to a local educational consortium shall comply with~~  
19 ~~all requirements of the Administrative Claiming process established~~  
20 ~~for local governmental agencies:~~

21 ~~(s) A participating local governmental agency or a local~~  
22 ~~educational consortium may charge an administrative fee to any~~  
23 ~~entity claiming Administrative Claiming through that agency.~~

24 ~~(t) The department shall continue to administer the~~  
25 ~~Administrative Claiming process in conformity with federal~~  
26 ~~requirements:~~

27 ~~(u) The department shall provide technical assistance to all~~  
28 ~~participating local governmental agencies and local educational~~  
29 ~~consortia in order to maximize federal financial participation in~~  
30 ~~the Administrative Claiming process:~~

31 ~~(v) This section shall be applicable to Administrative Claiming~~  
32 ~~process activities performed, and to moneys paid to participating~~  
33 ~~local governmental agencies for those activities in the 1994-95~~  
34 ~~fiscal year and thereafter, and to local educational consortia in the~~  
35 ~~1998-99 fiscal year and thereafter.~~

36 ~~(w) Nothing in this section or Section 14132.44 shall be~~  
37 ~~construed to prevent any state agency from participating in the~~  
38 ~~Administrative Claiming process or from contracting with others~~  
39 ~~to engage in these activities:~~

1     ~~(x) (1) The department and the State Department of Education~~  
2     ~~shall cooperate and coordinate efforts in order to maximize receipt~~  
3     ~~of federal financial participation under the Administrative Claiming~~  
4     ~~process pursuant to this section. To the extent permitted by federal~~  
5     ~~law, funds used by local educational agencies under the local~~  
6     ~~control funding formula, including funds used under Section~~  
7     ~~42238.054 of the Education Code, may be included in expenditures~~  
8     ~~certified under subdivision (f).~~

9     ~~(2) The department, through an interagency agreement with the~~  
10    ~~State Department of Education, shall provide technical advice and~~  
11    ~~consultation to local educational agencies participating in the~~  
12    ~~demonstration project established pursuant to Section 42238.054~~  
13    ~~of the Education Code, in order to help set up accounting systems,~~  
14    ~~conduct initial staff time studies, and any other necessary~~  
15    ~~requirements to certify and bill valid claims for allowable activities~~  
16    ~~under the Administrative Claiming process. Any entity contracted~~  
17    ~~by the department, a local educational agency, or educational~~  
18    ~~consortium for purposes of this subdivision shall be a public agency~~  
19    ~~or incorporated as a nonprofit agency or public benefit corporation~~  
20    ~~under state law.~~

21    ~~(3) The department shall seek any necessary federal approvals~~  
22    ~~to implement this subdivision.~~