

Introduced by Committee on Budget and Fiscal Review

January 10, 2013

~~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

SB 98, as amended, Committee on Budget and Fiscal Review. ~~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 an 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:~~

30 ~~(A) To~~

31 *(d) (1) For the 2013–14 fiscal year, of the sales tax proceeds*
 32 *from revenues deposited to the credit of the Local Revenue Fund,*
 33 *the Controller shall make monthly deposits pursuant to a schedule*
 34 *provided by the Department of Finance, which shall provide*
 35 *deposits to the Social Services Subaccount and the Health*
 36 *Subaccount of the Sales Tax Account until the deposits are one*
 37 *billion dollars (\$1,000,000,000) less than equal the total amount*
 38 *amounts that were allocated to the counties', cities', and city*
 39 *and counties' social services accounts and health accounts,*
 40 *respectively, of the local health and welfare trust funds in the prior*

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

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

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

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

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

39 (6) *On a monthly basis, pursuant to a schedule provided by the*
 40 *Department of Finance, the Controller shall transfer funds from*

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

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

10 17600.50. (a) A county that participated in the County Medical
11 Services Program in the 2011–12 fiscal year, including the Counties
12 of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El
13 Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen,
14 Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Napa,
15 Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Solano,
16 Sonoma, Sutter, Tehama, Trinity, Tuolumne, and Yuba and the
17 Governing Board of the County Medical Services Program, shall
18 adopt resolutions by ~~December 4, 2013~~, *January 22, 2014*, that
19 confirm acceptance for the following approach to determining
20 payments to the Family Support-~~Services~~ Subaccount:

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

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

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

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

36 (A) Each county listed in subdivision (a) shall pay the amounts
37 otherwise payable to the County Medical Services Program
38 pursuant to subparagraph (B) of paragraph (2) of subdivision (j)
39 of Section 16809 to the Family Support-~~Services~~ Subaccount.

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

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

16 (1) The formula detailed in Article 13 (commencing with Section
17 17613.1).

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

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

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

1 determining its payments to the Family Support—Services
2 Subaccount:

3 (1) The formula detailed in Article 12 (commencing with Section
4 17612.1).

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

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

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

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

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

1 17600.60. (a) The County Health Care Funding Resolution
2 Committee is hereby created to do all of the following:
3 (1) Determine whether the calculation of the historical
4 percentage or amount to be applied in calculations in ~~Section~~
5 *Sections 17612.3 and 17613.3* complies with ~~that section, those~~
6 *sections*, taking into account the data and calculations provided
7 by the county and any alternative data and calculations submitted
8 by the department.
9 (2) Hear and determine petitions from certain counties, as
10 defined, to make particularized changes in what provisions of
11 Section 17600.50 are controlling.
12 (3) Hear and determine petitions for an alternative cost
13 calculation to the cost per person calculation in subdivision (c) of
14 Section 17613.2.
15 (b) The committee shall consist of the following members:
16 (1) One person selected by the California State Association of
17 Counties.
18 (2) One person selected by the State Department of Health Care
19 Services.
20 (3) One person selected by the Director of Finance.
21 (c) (1) The committee is not subject to the Bagley-Keene Open
22 Meeting Act (Article 9 (commencing with Section 11120) of
23 Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
24 Code) and shall be exempt from the Administrative Procedure Act
25 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
26 Division 3 of Title 2 of the Government Code). The Department
27 of Finance shall provide staff for the committee.
28 (2) Pursuant to paragraph (2) of subdivision (b) of Section 3 of
29 Article I of the California Constitution, the Legislature finds and
30 declares that the public interest in affordable and accessible health
31 care outweighs the public interest in access to these proceedings.
32 (d) (1) A county or city and county, that chose to be subject to
33 paragraph (2) of subdivision (b) or paragraph (2) of subdivision
34 (c) of Section 17600.50 may submit a petition to the committee to
35 be subject to paragraph (1) of subdivision (b) or paragraph (1) of
36 subdivision (c) of Section 17600.50, as applicable, if the county
37 or city and county demonstrates and provides sufficient evidence
38 of both of the following criteria:
39 (A) There have been changes in expenditures related to state
40 and federal law, regulation and rulemaking, or court decisions that

1 have a material impact on the provision of health care services to
2 indigent adults.

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

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

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

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

19 (2) The county shall submit all necessary data to support its
20 submission.

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

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

25 17601.75. (a) On or before the 27th day of the month, the
26 Controller shall allocate to the family support account in the local
27 health and welfare trust fund of each county and city and county
28 the amounts deposited and remaining unexpended and unreserved
29 on the 15th day of the month in the Family Support Subaccount
30 of the Local Revenue Fund, pursuant to schedules developed by
31 the Department of Finance in conjunction with the appropriate
32 state departments and in consultation with the California State
33 Association of Counties.

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

1 support account shall not be subject to the transferability provisions
2 of Section 17600.20. Each county’s contribution pursuant to this
3 section and Section 17601.25 shall be in addition to the shares of
4 cost required pursuant to Section 15200.

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

7 17603. This paragraph shall only apply until the end of the
8 ~~2012–12~~ 2012–13 fiscal year. On or before the 27th day of each
9 month, the Controller shall allocate to the local health and welfare
10 trust fund health accounts the amounts deposited and remaining
11 unexpended and unreserved on the 15th day of the month in the
12 Health Subaccount of the Sales Tax Account of the Local Revenue
13 Fund, in accordance with subdivisions (a) and (b):

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

16		Allocation
17	Jurisdiction	Percentage
18	Alameda	4.5046
19	Alpine	0.0137
20	Amador	0.1512
21	Butte	0.8131
22	Calaveras	0.1367
23	Colusa.....	0.1195
24	Contra Costa	2.2386
25	Del Norte	0.1340
26	El Dorado	0.5228
27	Fresno	2.3531
28	Glenn	0.1391
29	Humboldt	0.8929
30	Imperial	0.8237
31	Inyo	0.1869
32	Kern	1.6362
33	Kings	0.4084
34	Lake	0.1752
35	Lassen	0.1525
36	Los Angeles	37.2606
37	Madera	0.3656
38	Marin.....	1.0785
39	Mariposa	0.0815
40		

1	Mendocino	0.2586
2	Merced	0.4094
3	Modoc	0.0923
4	Mono	0.1342
5	Monterey	0.8975
6	Napa	0.4466
7	Nevada	0.2734
8	Orange	5.4304
9	Placer	0.2806
10	Plumas	0.1145
11	Riverside	2.7867
12	Sacramento	2.7497
13	San Benito	0.1701
14	San Bernardino.....	2.4709
15	San Diego	4.7771
16	San Francisco	7.1450
17	San Joaquin	1.0810
18	San Luis Obispo	0.4811
19	San Mateo	1.5937
20	Santa Barbara	0.9418
21	Santa Clara	3.6238
22	Santa Cruz	0.6714
23	Shasta	0.6732
24	Sierra	0.0340
25	Siskiyou.....	0.2246
26	Solano	0.9377
27	Sonoma	1.6687
28	Stanislaus	1.0509
29	Sutter	0.4460
30	Tehama	0.2986
31	Trinity	0.1388
32	Tulare	0.7485
33	Tuolumne	0.2357
34	Ventura	1.3658
35	Yolo	0.3522
36	Yuba	0.3076
37	Berkeley	0.0692
38	Long Beach	0.2918
39	Pasadena	0.1385
40		

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

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

15 (2) (A) Beginning January 2014 and for the remainder of the
 16 2013–14 fiscal year ~~ending June 30, 2014,~~ year, on or before the
 17 ~~25th~~ 27th of each month, the Controller shall transfer to the Family
 18 Support Subaccount from the Health Subaccount amounts
 19 determined pursuant to a schedule prepared by the Department of
 20 Finance in consultation with the California State Association of
 21 Counties. Cumulatively, no more than three hundred million dollars
 22 (\$300,000,000) shall be transferred.

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

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

38 (3) For the 2013–14 fiscal year, the Controller, using the same
 39 timing and criteria used in paragraph (1), shall allocate to each
 40 city, not to include a city and county, funds that shall equal the

1 amounts received in the prior fiscal year by each city from the
2 Sales Tax Account and the Sales Tax Growth Account of the Local
3 Revenue Fund into the health and welfare trust fund.

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

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

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

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

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

38 17604. (a) All motor vehicle license fee revenues collected in
39 the 1991–92 fiscal year that are deposited to the credit of the Local

1 Revenue Fund shall be credited to the Vehicle License Fee Account
2 of that fund.

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

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

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

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

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

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

		Allocation
	Jurisdiction	Percentage
1		
2	Jurisdiction	
3	Alameda	4.5046
4	Alpine	0.0137
5	Amador	0.1512
6	Butte	0.8131
7	Calaveras	0.1367
8	Colusa.....	0.1195
9	Contra Costa	2.2386
10	Del Norte	0.1340
11	El Dorado	0.5228
12	Fresno	2.3531
13	Glenn	0.1391
14	Humboldt	0.8929
15	Imperial	0.8237
16	Inyo	0.1869
17	Kern	1.6362
18	Kings	0.4084
19	Lake	0.1752
20	Lassen	0.1525
21	Los Angeles	37.2606
22	Madera	0.3656
23	Marin.....	1.0785
24	Mariposa	0.0815
25	Mendocino	0.2586
26	Merced	0.4094
27	Modoc	0.0923
28	Mono	0.1342
29	Monterey	0.8975
30	Napa	0.4466
31	Nevada	0.2734
32	Orange	5.4304
33	Placer	0.2806
34	Plumas	0.1145
35	Riverside	2.7867
36	Sacramento	2.7497
37	San Benito	0.1701
38	San Bernardino.....	2.4709
39	San Diego	4.7771
40	San Francisco	7.1450

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

24

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

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

35

36	Alpine	\$(11,296)
37	Amador	25,417
38	Calaveras	49,892
39	Del Norte	39,537
40	Glenn	(12,238)

1	Lassen	17,886
2	Mariposa	(6,950)
3	Modoc	(29,182)
4	Mono	(6,950)
5	San Benito	20,710
6	Sierra	(39,537)
7	Trinity	(48,009)

8

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

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

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

27 (e) Prior to making the *monthly* allocations in accordance with
 28 paragraph (5) of subdivision (c) and subdivision (d), *and pursuant*
 29 *to a schedule provided by the Department of Finance, the*
 30 *Controller shall adjust the monthly distributions from the Vehicle*
 31 *License Fee Account to reflect an equal exchange of sales and use*
 32 *tax funds from the Social Services Subaccount to the Health*
 33 *Subaccount, as required by ~~subdivision~~ subdivisions (d) and (e)*
 34 *of Section 17600.15, and of Vehicle License Fee funds from the*
 35 *Health Account to the Social Services Account. Adjustments made*
 36 *to the Vehicle License Fee distributions pursuant to this subdivision*
 37 *shall not be used in calculating future year allocations to the*
 38 *Vehicle License Fee Account.*

39 *SEC. 13. Section 17606.10 of the Welfare and Institutions Code*
 40 *is amended to read:*

1 17606.10. (a) For the 1992–93 fiscal year and subsequent
 2 fiscal years, the Controller shall allocate funds, on a monthly basis
 3 from the General Growth Subaccount in the Sales Tax Growth
 4 Account to the appropriate accounts in the local health and welfare
 5 trust fund of each county, city, and city and county in accordance
 6 with a schedule setting forth the percentage of total state resources
 7 received in the 1990–91 fiscal year, including State Legalization
 8 Impact Assistance Grants distributed by the state under Part 4.5
 9 (commencing with Section 16700), funding provided for purposes
 10 of implementation of Division 5 (commencing with Section 5000),
 11 for the organization and financing of community mental health
 12 services, including the Cigarette and Tobacco Products Surtax
 13 proceeds which are allocated to county mental health programs
 14 pursuant to Chapter 1331 of the Statutes of 1989, Chapter 51 of
 15 the Statutes of 1990, and Chapter 1323 of the Statutes of 1990,
 16 and state hospital funding and funding distributed for programs
 17 administered under Sections 1794, 10101.1, and 11322.2, as
 18 annually adjusted by the Department of Finance, in conjunction
 19 with the appropriate state department to reflect changes in equity
 20 status from the base percentages. However, for the 1992–93 fiscal
 21 year, the allocation for community mental health services shall be
 22 based on the following schedule:

26 Jurisdiction	Percentage of Statewide Resource Base
27 Alameda	4.3693
28 Alpine	0.0128
29 Amador	0.0941
30 Butte	0.7797
31 Calaveras	0.1157
32 Colusa	0.0847
33 Contra Costa	2.3115
34 Del Norte	0.1237
35 El Dorado	0.3966
36 Fresno	3.1419
37 Glenn	0.1304
38 Humboldt	0.6175
39 Imperial	0.5425
40 Inyo	0.1217

1	Kern	1.8574
2	Kings	0.4229
3	Lake	0.2362
4	Lassen	0.1183
5	Los Angeles.....	27.9666
6	Madera	0.3552
7	Marin	0.9180
8	Mariposa	0.0792
9	Mendocino	0.4099
10	Merced	0.8831
11	Modoc	0.0561
12	Mono	0.0511
13	Monterey	1.1663
14	Napa	0.3856
15	Nevada	0.2129
16	Orange	5.3423
17	Placer	0.5034
18	Plumas	0.1134
19	Riverside	3.6179
20	Sacramento	4.1872
21	San Benito	0.1010
22	San Bernardino	4.5494
23	San Diego	7.8773
24	San Francisco	3.5335
25	San Joaquin	2.4690
26	San Luis Obispo	0.6652
27	San Mateo	2.5169
28	Santa Barbara	1.0745
29	Santa Clara	5.0488
30	Santa Cruz	0.7960
31	Shasta	0.5493
32	Sierra	0.0345
33	Siskiyou	0.2051
34	Solano	0.6694
35	Sonoma	1.1486
36	Stanislaus	1.4701
37	Sutter/Yuba	0.6294
38	Tehama	0.2384
39	Trinity	0.0826
40	Tulare	1.4704

1	Tuolumne	0.1666
2	Ventura	1.9311
3	Yolo	0.5443
4	Berkeley	0.2688
5	Tri-City	0.2347

6
7 (b) The Department of Finance shall recalculate the resource
8 base used in determining the General Growth Subaccount
9 allocations to the Health Account, Mental Health Account, and
10 Social Services Account of the local health and welfare trust fund
11 of each city, county, and city and county for the 1994–95 fiscal
12 year general growth allocations according to subdivisions (c) and
13 (d). For the 1995–96 fiscal year and annually until the end of the
14 2012–13 fiscal year, the Department of Finance shall prepare the
15 schedule of allocations of growth based upon the recalculation of
16 the resource base as provided by subdivision (c).

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

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

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

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

25 (C) Allocations for services provided for under Chapter 1294
26 of the Statutes of 1989.

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

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

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

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

34 (D) 1993–94 fiscal year Mental Health Special Education
35 allocations.

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

38 (F) 1993–94 fiscal year federal Substance Abuse and Mental
39 Health Services Administration block grant allocations pursuant

1 to Subchapter 1 (commencing with Section 10801) of Chapter 114
2 of Title 42 of the United States Code.

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

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

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

38 (1) Allocate to the mental health account of each ~~county~~ *county*,
39 *city*, or city and county based on a schedule provided by the
40 Department of Finance. The Department of Finance shall

1 recalculate the resource base used in determining the General
2 Growth Subaccount allocations to mental health account in
3 accordance with subdivision (c) and allocate based on that
4 recalculation.

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

7 (3) Allocate to the Child Poverty and Family Supplemental
8 Support Subaccount in the Sales Tax Account the remainder of
9 the funds in the General Growth Subaccount.

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

12 17610. (a) In June 2016 and for every fiscal year thereafter,
13 for every county *or city and county* that selected the option
14 pursuant to paragraph (1) of subdivision (b) or paragraph (1) of
15 subdivision (c) of Section 17600.50, the Director of Finance shall
16 make a final determination of the amount of the allocation
17 attributable to each county and city and county should have been
18 pursuant to subdivision (d) of Section 17603 for the penultimate
19 fiscal year.

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

26 (c) The Director of Finance shall promptly notify every affected
27 county *or city and county* and the Joint Legislative Budget
28 Committee of the determinations made pursuant to subdivisions
29 (a) and (b).

30 (d) If the difference calculated in subdivision (b) is negative,
31 the state shall pay the applicable county *or city and county*, the
32 difference and those funds shall be deposited in that county's *or*
33 *city and county's* health account of the local health and welfare
34 trust fund. Notwithstanding Section 13340 of the Government
35 Code, there is hereby continuously appropriated to the Director of
36 Finance the funds necessary to pay any amounts owed pursuant
37 to this subdivision.

38 (e) If the difference determined in subdivision (b) is positive,
39 the applicable county or city and county shall pay the difference
40 to the family support account within the health and welfare trust

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

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

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

17 17610.5. (a) There is hereby created a 2013–14 Special
18 Holding Account in the Family Support Subaccount. Starting
19 January 1, 2014, ~~and ending July 25, 2014,~~ *until the end of the*
20 *2013–14 fiscal year*, funds transferred to the Family Support
21 Subaccount that are attributable to every county or city and county
22 that chose to be subject to paragraph (1) of subdivision (b), or
23 paragraph (1) of subdivision (c), of Section 17600.50 shall be
24 placed in the 2013–14 Special Holding Account.

25 (b) No later than April 20, 2014, the State Department of Health
26 Care Services shall provide an updated savings estimate for every
27 county and city and county that chose to be subject to paragraph
28 (1) of subdivision (b), or paragraph (1) of subdivision (c) of Section
29 17600.50 to the Department of Finance. On or before May 14,
30 2014, the Department of Finance shall, for each county or city and
31 county described in subdivision (a), determine whether the actual
32 savings for each county or city and county is greater or lesser than
33 the amount of funds deposited into the Special Holding Account.

34 (c) If the revised estimate of savings is greater than the funds
35 estimated by the Department of Finance to be deposited in the
36 Special Holding Account, the funds shall be transferred back to
37 the Family Support Subaccount by ~~June 30, 2014,~~ *the end of the*
38 *2013–14 fiscal year*, for allocation.

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

1 Special Holding Account, the difference between the amount
2 estimated to be transferred and the revised estimated savings
3 amount shall be transferred to the health account of the local health
4 and welfare trust fund of every affected county or city and county
5 pursuant to a schedule prepared by the Director of Finance in
6 consultation with the California State Association of Counties and
7 provided to the Controller.

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

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

13 17612.1. (a) For the 2013–14 fiscal year and each fiscal year
14 thereafter, for each public hospital health system county that
15 selected the option in paragraph (1) of subdivision (c) of Section
16 17600.50, the total amount that would be payable for the fiscal
17 year from 1991 Health Realignment funds under Sections 17603,
18 17604, ~~17606.10~~ and 17606.20, as those sections read on January
19 1, 2012, and *Section 17606.10, as it read on July 1, 2013, and*
20 deposited by the Controller into the local health and welfare trust
21 fund health account of the county in the absence of this section
22 shall be determined.

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

29 (c) The resulting fraction determined in subdivision (b) shall
30 be the percentage of 1991 Health Realignment funds under Sections
31 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on
32 January 1, 2012, and *Section 17606.10, as it read on July 1, 2013,*
33 to be deposited each month into the Family Support Subaccount.

34 (d) The total amount deposited into the Family Support
35 Subaccount under subdivision (c) with respect to a public hospital
36 health system county for a fiscal year shall not exceed the
37 redirected amount determined pursuant to Section 17612.3, and
38 shall be subject to the appeal processes, and judicial review as
39 described in subdivision (d) of Section 17612.3.

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

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

5 17612.2. For purposes of this article, the following definitions
6 shall apply:

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

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

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

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

31 (2) The year-to-year percentage changes in the annual averages
32 determined in paragraph (1) for each of the Hospital and Related
33 Services Index and the Medical Care Services Index shall be
34 calculated.

35 (3) A weighted average annual percentage change for each
36 year-to-year period shall be calculated from the determinations
37 made in paragraph (2), with the percentage changes in the Hospital
38 and Related Services Index weighted at 75 percent, and the
39 percentage changes in the Medical Care Services Index weighted

1 at 25 percent. The resulting average annual percentage changes
2 shall be expressed as a fraction, and increased by 1.00.

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

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

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

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

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

33 (C) The fiscal year amount determined in subparagraph (A)
34 shall be compared to the trended amount in subparagraph (B). If
35 the amount in subparagraph (B) exceeds the amount in
36 subparagraph (A), the public hospital health system county shall
37 be deemed to have satisfied the cost containment limit. If the
38 amount in subparagraph (A) exceeds the amount in subparagraph
39 (B), the calculation in paragraph (3) shall be performed.

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

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

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

24 (A) Electronic Health Records and related implementation and
25 infrastructure costs.

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

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

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

31 (E) Costs incurred as a result of a natural disaster or act of
32 terrorism.

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

1 case mix index increases, pension costs, expanded medical
2 education programs, increased costs in response to delivery system
3 changes in the local community, and system expansions, including
4 capital expenditures necessary to ensure access to and the quality
5 of health care. Costs approved by the department shall be added
6 to and reflected in any cost containment limit.

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

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

21 (g) “Department” means the State Department of Health Care
22 Services.

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

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

34 (1) Each public hospital health system county shall identify the
35 portion of that county’s health realignment amount that was used
36 to provide health services to the indigent, including Medi-Cal
37 beneficiaries and the uninsured, for each of the historical fiscal
38 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~~. *securitization related to the funds described in*
34 *this paragraph.*

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

38 (B) The amount of the tobacco settlement funds multiplied by
39 the average of the percentages of the amount of tobacco settlement
40 funds that were allocated to and expended by the county public

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

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

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

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

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

1 the health realignment amount or imputed county low-income
2 health amount and shall not include any other revenues, grants, or
3 funds otherwise defined in this section.

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

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

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

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

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

37 (C) *Third, the sum of clauses (iv), (v), and (vi). Clause (iv) is*
38 *the special local health funds, as defined in subdivision (w) and*
39 *not otherwise identified as restricted special local health funds*
40 *under subparagraph (B), clause (v) is the imputed county*

1 low-income health amount defined in subdivision (l), and clause
 2 (vi) is the one-time and carry-forward revenues as defined in
 3 subdivision (aj), all allocated to the historical low-income shortfall.

4 These amounts shall be calculated as follows:

5 (i) Determine the sum of the special local health funds, as
 6 defined in subdivision (w) and not otherwise identified as restricted
 7 special local health funds under subparagraph (B), the imputed
 8 county low-income health amount defined in subdivision (l), and
 9 one-time and carry-forward revenues as defined in subdivision
 10 (aj).

11 (ii) Divide the historical total shortfall defined in subdivision
 12 (ah) by the sum in clause (i) to get the historical usage of funds
 13 percentage defined in subdivision (ai). If this calculation produces
 14 a percentage above 100 percent in a given historical fiscal year,
 15 then the historical usage of funds percentage in that historical
 16 fiscal year shall be deemed to be 100 percent.

17 (iii) Multiply the historical usage of funds percentage defined
 18 in subdivision (ai) and calculated in clause (ii) by each of the
 19 following funds:

20 (I) Special local health funds, as defined in subdivision (w) and
 21 not otherwise identified as restricted special local health funds
 22 under subparagraph (B).

23 (II) The imputed county low-income health amount defined in
 24 subdivision (l).

25 (III) One-time and carry-forward revenues as defined in
 26 subdivision (aj).

27 ~~(C) Third, all other sources~~

28 ~~(iv) Multiply the product of funding, excluding funds for nursing~~
 29 ~~facility, mental health, and substance use disorder services and~~
 30 ~~gains from other payers, shall be allocated subclause (I) of clause~~
 31 ~~(iii) by the historical low-income shortfall percentage defined in~~
 32 ~~a fair and reasonable manner subdivision (af) to determine the~~
 33 ~~proportion applied to, amount of special local health funds, as~~
 34 ~~defined in subdivision (w) and not to exceed, the initial low-income~~
 35 ~~shortfall. Other sources of funding shall include any of the~~
 36 ~~following: otherwise identified as restricted special local health~~
 37 ~~funds under subparagraph (B), allocated to the historical~~
 38 ~~low-income shortfall.~~

39 ~~(i) Unrestricted special local health funds.~~

40 ~~(ii) One-time funds received~~

1 (v) Multiply the product of subclause (II) of clause (iii) by the
2 historical low-income shortfall percentage defined in subdivision
3 (af) to determine the amount of the imputed county public hospital
4 low-income health system for health services for that year or prior
5 period carry-forward amounts, or carry-forward amounts: amount
6 defined in subdivision (l) allocated to the historical low-income
7 shortfall.

8 ~~(iii) County general purpose funds described~~

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

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

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

26 (ad) “New mandatory other entity intergovernmental transfer
27 amounts” means other entity intergovernmental transfer amounts
28 required by the state after July 1, 2013.

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

34 (af) “Historical low-income shortfall percentage” means, for
35 each of the historical fiscal years described in subdivision (j), the
36 historical low-income shortfall described in subdivision (ae)
37 divided by the historical total shortfall described in subdivision
38 (ah).

39 (ag) “Historical other shortfall” means, for each of the
40 historical fiscal years described in subdivision (j), the shortfall

1 for all other types of costs incurred by the public hospital health
2 system that are not Medi-Cal or uninsured costs, and is determined
3 as total costs less total revenues, excluding any costs and revenue
4 amounts used in the calculation of the historical low-income
5 shortfall, and also excluding those costs and revenues related to
6 mental health and substance use disorder services. If the amount
7 of historical other shortfall in a given historical fiscal year is less
8 than zero, then the historical other shortfall for that historical
9 fiscal year shall be deemed to be zero.

10 (ah) “Historical total shortfall” means, for each of the historical
11 fiscal years described in subdivision (j), the sum of the historical
12 low-income shortfall described in subdivision (ae) and the
13 historical other shortfall described in subdivision (ag).

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

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

32 SEC. 18. Section 17612.21 of the Welfare and Institutions Code
33 is repealed.

34 ~~17612.21. For the purposes of determining the fair and~~
35 ~~reasonable manner of allocation described in subparagraph (C) of~~
36 ~~paragraph (2) of subdivision (ab) of Section 17612.2, it is the intent~~
37 ~~of the Legislature to codify an allocation methodology by~~
38 ~~September 13, 2013. Prior to that codification, the following steps~~
39 ~~shall occur:~~

1 ~~(a) The department shall meet with representatives of the county~~
2 ~~public hospital health systems to formulate the fair and reasonable~~
3 ~~allocation methodology.~~

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

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

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

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

32 17612.3. (a) For each fiscal year, commencing with the
33 2013–14 fiscal year, the amount to be redirected in accordance
34 with Section 17612.1 shall be determined for each public hospital
35 health system county as follows:

36 (1) The public hospital health system county's revenues and
37 other funds paid or payable for the state fiscal year shall be
38 comprised of the total of the following:

39 (A) Medi-Cal revenues.

40 (B) Uninsured revenues.

- 1 (C) Medicaid demonstration revenues.
2 (D) Hospital fee direct grants.
3 (E) Special local health funds.
4 (F) The county indigent care health realignment amount.
5 (G) The imputed county low-income health amount.
6 (H) Imputed gains from other payers.
7 (I) The amount by which the public hospital health system
8 county's costs exceeded the cost containment limit for the fiscal
9 year, expressed as a negative number, multiplied by 0.50.
- 10 (2) The following, incurred by the public hospital health system
11 county for the fiscal year, not to exceed in total the cost
12 containment limit, shall be subtracted from the sum in paragraph
13 (1):
- 14 (A) Medi-Cal costs.
15 (B) Uninsured costs.
16 (C) The lesser of the other entity intergovernmental transfer
17 amount or the imputed other entity intergovernmental transfer
18 amounts.
19 (D) New mandatory other entity intergovernmental transfer
20 amounts.
- 21 (3) The resulting amount determined in paragraph (2) shall be
22 multiplied by 0.80, except that for the 2013–14 fiscal year the
23 resulting amount determined in paragraph (2) shall be multiplied
24 by 0.70.
- 25 (4) If the amount in paragraph (3) is a positive number, that
26 amount, subject to paragraph (5), shall be redirected in accordance
27 with ~~Section 17612.1~~ *17612.1, except that for the 2013–14 fiscal*
28 *year the amount to be redirected shall not exceed the amount*
29 *determined for the county for the 2013–14 fiscal year under*
30 *subdivision (c) of Section 17603, as that amount may have been*
31 *reduced by the application of Section 17610.5. If the amount*
32 *determined in paragraph (3) is a negative number, the redirected*
33 *amount shall be zero.*
- 34 (5) Notwithstanding any other law, the amount to be redirected
35 as determined in paragraph (4) for any fiscal year shall not exceed
36 the county indigent care health realignment amount for that fiscal
37 year.
- 38 (6) (A) The redirected amount shall be applied until the later
39 of the following:
40 (i) June 30, 2023.

1 (ii) The beginning of the fiscal year following a period of two
2 consecutive fiscal years in which 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) Commencing with the 2014–15 fiscal year, the department
17 shall calculate an interim redirected amount for each public hospital
18 health system county under subdivision (a) by the January
19 immediately prior to the starting fiscal year, using the most recent
20 and accurate data available. For purposes of the interim
21 determinations, the cost containment limit shall not be applied.
22 The interim redirected amount shall be updated in the May before
23 the start of the fiscal year in consultation with each public hospital
24 health system county and based on any more recent and accurate
25 data available at that time. During the fiscal year, the interim
26 redirected amount will be applied pursuant to Section 17612.1.

27 (c) The predetermined amounts or historical percentages
28 described in subdivisions (i), (l), (m), (n), and (w) of Section
29 17612.2 shall each be established in accordance with the following
30 procedure:

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

36 (2) If the department disagrees with the public hospital health
37 system county's determination, the department shall confer with
38 the public hospital health system county by ~~November~~ *December*
39 ~~15, 2013; 2013,~~ *and shall issue its determination by January 31,*
40 *2014.*

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

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

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

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

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

1 reconciliation ~~shall~~ *may* be completed by the department within
2 six months thereafter.

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

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

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

33 (ii) If the public hospital health system county fails to file an
34 appeal within 30 days of the issuance of a determination made
35 under ~~this article, section,~~ the determination of the department
36 shall be deemed final and not appealable either administratively
37 or to a court of general ~~jurisdiction.~~ *jurisdiction, except that a*
38 *county may elect to appeal a determination under subdivision (c)*
39 *within 30 days of the issuance of the County Health Care Funding*
40 *Resolution Committee's final determination under paragraph (6)*

1 of subdivision (c) or as a component of an appeal of the
2 department's final determination under paragraph (1) of this
3 subdivision for the 2013–14 fiscal year.

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

12 (i) Undue delay caused by the public hospital health system
13 county.

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

17 ~~(D)~~

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

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

27 SEC. 20. Section 17612.5 of the Welfare and Institutions Code
28 is amended to read:

29 17612.5. (a) For the 2013–14 fiscal year and each year
30 thereafter, the amount to be redirected in accordance with Section
31 17612.1 for the County of Los Angeles shall be determined in
32 accordance with Section 17612.3, except that the formula in
33 subdivision (a) of Section 17612.3 shall be replaced with the
34 following formula:

35 (1) The total revenues as defined in paragraph (7) of subdivision
36 (b) paid or payable to the County of Los Angeles, Department of
37 Health Services, for the fiscal year, which shall include special
38 local health funds and as adjusted in accordance with Section
39 17612.6, shall be added together.

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

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

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

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

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

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

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

35 (8) (A) The redirected amount shall be applied until the later
36 of:

37 (i) June 30, 2023.

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

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

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

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

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

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

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

37 (A) For each prior fiscal year, within the period to be trended
38 through the fiscal year, the annual average of the monthly index
39 amounts shall be determined separately for the Hospital and
40 Related Services Index and the Medical Care Services Index.

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

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

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

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

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

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

39 (ii) If the number of adjusted patient days of service provided
40 by LA County DHS for the fiscal year does not exceed its number

1 of adjusted patient days of service rendered in the base-year, *year*
 2 *by at least 10 percent*, the applicable limit is the trended base year
 3 amount determined in subparagraph (A) subject to subparagraph
 4 (C).

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

10 (i) Electronic health records and related implementation and
 11 infrastructure costs.

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

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

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

17 (v) Costs incurred as a result of a natural disaster or act of
 18 terrorism.

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

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

35 (4) "Health realignment indigent care percentage" means 83
 36 percent.

37 ~~(5) "Special local health funds" means the~~

38 (5) "*Special local health funds*" means both of the following:

39 (A) ~~The total amount of the following funds assessments and~~
 40 *fees restricted for health-related purposes that are received by*

1 LA County DHS and expended for health services during the fiscal
2 year: year.

3 ~~(A) Assessments and fees restricted for health-related purposes.~~

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

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

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

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

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

36 17612.6. (a) For purposes of this section, the following
37 definitions shall apply:

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

- 1 (A) Title XVIII of the federal Social Security Act, known as
2 the Medicare program.
- 3 (B) Commercial health insurance.
- 4 (C) ~~In-home~~ *Health care coverage for providers of in-home*
5 *supportive services, consistent with Article 7 (commencing with*
6 *Section 12300) of Chapter 3 and Chapter 7 (commencing with*
7 *Section 14000) of Part 3 of Division 9.*
- 8 (2) “Type B payers” means the following sources of revenue
9 for amounts paid to the County of Los Angeles, Department of
10 Health Services:
- 11 (A) Patient care revenues received for services provided to other
12 county departments.
- 13 (B) State payments for patient financial services workers.
- 14 (C) Other federal payers, not including *federal grants, Medicare,*
15 *Medicaid, and payments pursuant to Section 1011 of the federal*
16 *Medicare Prescription Drug, Improvement, and—Medicaid-*
17 *Modernization Act of 2003 (Public Law 108-173).*
- 18 (3) “Historical Base Type A revenues” means revenues from
19 Type A payers in the historical fiscal years, calculated as follows:
- 20 (A) For each historical fiscal year, the actual revenue received
21 from Type A payers.
- 22 (B) Calculate the average of the historical year’s amounts in
23 subparagraph (A). This average shall be considered the historical
24 Base Type A revenues.
- 25 (4) “Historical Base Type B revenues” means revenues from
26 Type B payers in the historical fiscal years, calculated as follows:
- 27 (A) For each historical fiscal year, the actual revenue received
28 from Type B payers.
- 29 (B) Calculate the average of the historical years amounts in
30 subparagraph (A). This average shall be considered the historical
31 Base Type B revenues.
- 32 (5) “Type A payer revenue” means the amount of revenue that
33 is the greater of the following:
- 34 (A) The amount of the revenue received from Type A payers
35 for services rendered during the fiscal year.
- 36 (B) The historical Base Type A revenues, as adjusted by the
37 Type A adjustment, defined in paragraph (8).
- 38 (6) “Type B 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 B payers
2 for services rendered during the fiscal year.

3 (B) The historical Base Type B revenues.

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

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

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

12 (8) “Type A adjustment” means the value of the revenue
13 adjustment to historical base Type A revenues as defined in
14 paragraph (3).

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

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

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

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

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

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

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

34 (ii) Calculate the percentage decrease in volume, based on the
35 adjusted patient days, from the baseline Type A payer volume to
36 the subject fiscal year.

37 (iii) Calculate the average of the percentages in clauses (i) and
38 (ii).

1 (iv) The percentage *reduction* in clause ~~(ii)~~ (iii) shall be applied
 2 to the historical Base Type A payer revenue for the individual
 3 Type A payer.

4 (b) The Type A payer revenues included in the total revenues
 5 in subdivision (a) of Section 17612.5 shall be the greater of the
 6 adjusted historical Type A baseline or the actual revenues received
 7 from Type A payers for services rendered in the subject fiscal year.

8 (c) The Type B payer revenues included in the total revenues
 9 in subdivision (a) of Section 17612.5 shall be the greater of the
 10 historical Base Type B revenues or the actual revenues received
 11 from Type B payers for services rendered in the subject fiscal year.

12 *SEC. 22. Section 17613.1 of the Welfare and Institutions Code*
 13 *is amended to read:*

14 17613.1. (a) For the 2013–14 fiscal year and each fiscal year
 15 thereafter, for each county, the total amount that would be payable
 16 for the fiscal year from 1991 Health Realignment funds under
 17 Sections 17603, 17604, ~~17606.10~~, and 17606.20, as those sections
 18 read on January 1, 2012, and *Section 17606.10, as it read on July*
 19 *1, 2013, and* deposited by the Controller into the local health and
 20 welfare trust fund health account of the county in the absence of
 21 this section, shall be ~~determined pursuant to paragraph (2) of~~
 22 ~~subdivision (b) of Section 17600.50.~~ *determined.*

23 (b) The redirected amount determined for the county pursuant
 24 to ~~Section 17613.3, or in accordance with subdivision (b) of Section~~
 25 ~~17600.50 option-to-forgo formula,~~ 17613.3 shall be divided by
 26 the total determined in subdivision (a).

27 (c) The resulting fraction determined in subdivision (b) shall
 28 be the percentage of 1991 Health Realignment funds under Sections
 29 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on
 30 January 1, 2012, *and Section 17606.10, as it read on July 1, 2013,*
 31 to be deposited each month into the Family Support Subaccount.

32 (d) The total amount deposited pursuant to subdivision (c) with
 33 respect to a county for a fiscal year shall not exceed the redirected
 34 amount determined pursuant to Section 17613.3, and shall be
 35 subject to the appeal processes, and judicial review as described
 36 in subdivision (d) of Section 17613.3.

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

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

1 17613.2. For purposes of this article, the following definitions
2 shall apply:

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

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

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

16 (2) The year-to-year percentage changes in the annual averages
17 determined in paragraph (1) for each of the Hospital and Related
18 Services Index and the Medical Care Services Index shall be
19 determined.

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

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

29 (c) “Calculated cost per person” is determined by dividing
30 county indigent program costs by the number of indigent program
31 individuals for the applicable fiscal year. If a county expands
32 eligibility, the enrollment count is limited to those indigent program
33 individuals who would have been eligible for services under the
34 eligibility requirements in existence on July 1, 2013, except if
35 approved as an exception allowed pursuant to subparagraph (3) of
36 paragraph (C) of subdivision (d).

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

1 (1) (A) The county's indigent program costs for the state fiscal
2 year shall be determined as indigent program costs for purposes
3 of this paragraph for the relevant fiscal period.

4 (B) The county's calculated costs per person for the base year
5 will be multiplied by the blended CPI trend factor and then
6 multiplied by the county's fiscal year indigent program individuals.
7 The base year costs used shall not reflect any adjustments under
8 this subdivision.

9 (C) The fiscal year amount determined in subparagraph (A)
10 shall be compared to the trended amount in subparagraph (B). If
11 the amount in subparagraph (B) exceeds the amount in
12 subparagraph (A), the county will be deemed to have satisfied the
13 cost containment limit. If the amount in subparagraph (A) exceeds
14 the amount in subparagraph (B), the calculation in paragraph (2)
15 shall be performed.

16 (2) If a county's costs as determined in subparagraph (A) of
17 paragraph (1) exceeds the amount determined in subparagraph (B)
18 of paragraph (1), the following costs, as allocated to the county's
19 indigent care program, shall be added to the cost and reflected in
20 any containment limit:

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

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

24 (C) Costs incurred as a result of a natural disaster or act of
25 terrorism.

26 (3) If a county's costs as determined in subparagraph (A) of
27 paragraph (1) exceed the amount determined in subparagraph (B)
28 of paragraph (1), as adjusted by paragraph (2), the county may
29 request that the department consider other costs as adjustments to
30 the cost containment limit. These costs would require departmental
31 approval.

32 (e) "County" for purposes of this article means the following
33 counties: Fresno, Merced, Orange, Placer, Sacramento, San Diego,
34 San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare,
35 and Yolo.

36 (f) "County indigent care health realignment amount" means
37 the product of the health realignment amount times the health
38 realignment indigent care percentage, as computed on a
39 county-specific basis.

1 (g) “County savings determination process” means the process
2 for determining the amount to be redirected in accordance with
3 Section 17613.1, as calculated pursuant to subdivision (a) of
4 Section 17613.3.

5 (h) “Department” means the State Department of Health Care
6 Services.

7 (i) “Health realignment amount” means the amount that, in the
8 absence of this article, would be payable to a county under Sections
9 17603, 17604, ~~17606.10~~, and 17606.20, as those sections read on
10 January 1, 2012, *and Section 17606.10, as it read on July 1, 2013*,
11 for the fiscal year that is deposited by the Controller into the local
12 health and welfare trust fund health account of the county.

13 (j) “Health realignment indigent care percentage” means the
14 county-specific percentage determined in accordance with the
15 following, and established in accordance with the procedures
16 described in subdivision (c) of Section 17613.3:

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

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

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

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

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

34 (l) “Historical fiscal years” means the fiscal years 2008–09 to
35 2011–12, inclusive.

36 (m) “Imputed county low-income health amount” means the
37 predetermined, county-specific amount of county general purpose
38 funds assumed, for purposes of the calculation in Section 17613.3,
39 to be available to the county for services to indigent program
40 individuals. The imputed county low-income health amount shall

1 be determined as set forth below and established in accordance
2 with subdivision (c) of Section 17613.3.

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

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

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

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

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

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

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

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

15 ~~(A)~~

16 (1) The amount of the funds expended by the county for the
17 provision of health services to indigent program individuals during
18 the fiscal year.

19 ~~(B)~~

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

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

27 17613.3. (a) For each fiscal year commencing with the
28 2013–14 fiscal year, the amount to be redirected in accordance
29 with Section 17613.1 shall be determined for each county as set
30 forth in this section.

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

33 (A) Indigent program revenues.

34 (B) Special local health funds.

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

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

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

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

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

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

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

19 (i) June 30, 2023.

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

22 (aa) The total interim amount determined under subdivision (b)
23 in May of the previous fiscal year is within 10 percent of the final,
24 reconciled amount in subdivision (d).

25 (bb) The final, reconciled amounts under subdivision (d) are
26 within 5 percent of each other.

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

34 (b) Starting with the 2014–15 fiscal year, the department shall
35 calculate an interim redirected amount for each county under
36 subdivision (a) by the January immediately prior to the starting
37 fiscal year, using the most recent and accurate data available. For
38 purposes of the interim determinations, the cost containment limit
39 shall not be applied. The interim redirected amount shall be updated
40 in the May before the start of the fiscal year in consultation with

1 each county and based on any more recent and accurate data
2 available at that time. During the fiscal year, the interim redirected
3 amount will be applied pursuant to Section 17613.1.

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

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

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

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

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

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

33 (6) The County Health Care Funding Resolution Committee
34 shall issue ~~a decision~~ *its final determination* within 45 days of the
35 petition. If the county chooses to contest the *final* determination,
36 ~~the decision~~ *final determination* of the committee will be applied
37 for purposes of any interim calculation under subdivision (b) until
38 a final decision is issued pursuant to de novo administrative review
39 under paragraph (2) of subdivision (d).

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

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

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

35 (i) An appeal shall specifically set forth each issue in dispute,
36 including, but not limited to, any component of the determination,
37 and include the county's contentions as to those issues. A formal
38 hearing before an Office of Administrative Hearings and Appeals
39 Administrative Law Judge shall commence within ~~45~~ *60* days of
40 the filing of the appeal requesting a formal hearing. A final decision

1 *under this paragraph* shall be adopted ~~within 60 days of the close~~
2 ~~of the record, but~~ no later than ~~five~~ *six* months following the
3 ~~issuance filing~~ of the appeal.

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

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

22 (i) Undue delay caused by the county.

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

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

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

33 17613.4. (a) Beginning with the 2013–14 fiscal year, each
34 county that has elected to participate in the County Savings
35 Determination Process shall, within five months after the end of
36 each fiscal year, be required to submit initial reports on both of
37 the following:

38 (1) All revenue data required for the operation of Section
39 17613.3, including both of the following:

40 (A) Indigent program revenues.

1 (B) Special local health funds.

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

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

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

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

15 (e) Notwithstanding Chapter 3.5 (commencing with Section
16 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
17 the department, without taking any further regulatory action, shall
18 implement, interpret, or make specific this ~~section~~ *article* by means
19 of all-county letters, plan letters, plan or provider bulletins, or
20 similar instructions.

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

23 18901.2. (a) It is the intent of the Legislature to create a
24 program in California that provides a nominal Low-Income Home
25 Energy Assistance Program (LIHEAP) service benefit, through
26 the LIHEAP block grant, to all recipient households of CalFresh
27 so that they are made aware of services available under LIHEAP
28 and so that some households may experience an increase in federal
29 Supplemental Nutrition Assistance Program benefits, as well as
30 benefit from paperwork reduction.

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

36 (1) The nominal LIHEAP service benefit shall be funded through
37 the LIHEAP block grant *allocated for outreach activities in*
38 *accordance with state and federal requirements, and shall be*
39 *provided by the CSD to the DSS* ~~upon~~ *after* receipt by the CSD of
40 the LIHEAP block grant funds from the federal funding authorities.

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

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

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

13 (c) In implementing and maintaining the utility assistance
14 initiative, the State Department of Social Services shall do all of
15 the following:

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

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

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

26 (2) Provide the nominal LIHEAP service benefit without
27 requiring the applicant or recipient to provide additional paperwork
28 or verification.

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

32 (4) (A) Deliver the nominal LIHEAP service benefit using the
33 Electronic Benefit Transfer (EBT) system or other nonpaper
34 delivery system.

35 (B) Notification of a recipient’s impending EBT dormant
36 account status shall not be required when the remaining balance
37 in a recipient’s account at the time the account becomes inactive
38 is ninety-nine cents (\$0.99) or less of LIHEAP service benefits.

39 (5) Ensure that receipt of the nominal LIHEAP service benefit
40 pursuant to this section shall not adversely affect a CalFresh

1 recipient household's eligibility, reduce a household's CalFresh
2 benefits, or disqualify the applicant or recipient of CalFresh
3 benefits from receiving other nominal LIHEAP service benefits
4 or other utility benefits for which they may qualify.

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

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

17 (2) If use of the full SUA, instead of the homeless shelter
18 deduction, results in a lower amount of CalFresh benefits for a
19 homeless household, the homeless household shall be entitled to
20 use the homeless shelter deduction instead of the full SUA.

21 (f) The department shall implement the initiative by January 1,
22 2013.

23 *SEC. 27. This act is a bill providing for appropriations related*
24 *to the Budget Bill within the meaning of subdivision (e) of Section*
25 *12 of Article IV of the California Constitution, has been identified*
26 *as related to the budget in the Budget Bill, and shall take effect*
27 *immediately.*

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