

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY JUNE 10, 2016

AMENDED IN ASSEMBLY MAY 25, 2016

SENATE BILL

No. 835

Introduced by Committee on Budget and Fiscal Review

January 7, 2016

~~An act to amend Sections 14169.53 and 14169.75 of the Welfare and Institutions Code, relating to Medi-Cal, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately, bill related to the budget. An act to amend Sections 905.2, 8590.6, and 15820.946 of, and to add Section 15820.947 to, the Government Code, to amend Section 37001.5 of, and to add Section 43011.3 to, the Health and Safety Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 835, as amended, Committee on Budget and Fiscal Review. ~~Medi-Cal: hospitals: quality assurance fee. State government.~~

Existing law with respect to claims against public entities authorizes the "board," as defined, to assess a surcharge to the state entity against which an approved claim was filed in an amount not to exceed 15% of the claim. Existing law requires the surcharge to be deposited into the General Fund and provides that it may be appropriated in support of the board in the annual Budget Act.

This bill would specify that the Department of General Services may assess this surcharge, would require the surcharge to be deposited into

the Service Revolving Fund, and would specify that the surcharge may be appropriated to the department in the annual Budget Act.

Existing law defines a human trafficking caseworker to mean a human trafficking caseworker as defined by the Evidence Code.

This bill would expand that definition to include a human trafficking caseworker who is employed by a homeless services provider that serves homeless children or youth and has completed a minimum of 8 hours of training focused on victims of human trafficking from the Runaway and Homeless Youth Training and Technical Assistance Center.

Existing law authorizes the State Public Works Board to issue up to \$270,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, and construction of approved adult local criminal justice facilities, setting aside \$20,000,000 to be awarded to the County of Napa.

Article XXXIV of the California Constitution, among other things, prohibits any state public body from developing, constructing, or acquiring a low-rent housing project before a majority of the qualified electors vote upon and approve the project. Existing law provides that the words “develop, construct, or acquire” for the purposes of that constitutional provision shall not be interpreted to include specified activities of a state public body.

This bill would include in those specified activities the financing for a specified low-rent housing project by a state public body, as provided.

Existing law requires the State Air Resources Board to establish criteria for the evaluation of the effectiveness of motor vehicle pollution control devices and, after establishment of those criteria, requires the state board to evaluate motor vehicle pollution control devices that have been submitted to it for testing.

Existing law requires vehicles in this state to be equipped with correctly installed, operational motor vehicle pollution control devices or systems, with specified exceptions, including an alteration, modification, or modifying device, apparatus, or mechanism found by resolution of the state board to either not reduce the effectiveness of a required motor vehicle pollution control device or to result in emissions from the modified or altered vehicle that are at levels that comply with existing state or federal standards for that model-year of the vehicle being modified or converted. Existing law authorizes aftermarket and performance parts with valid state board executive orders to be sold and installed concurrent with a motorcycle’s transfer to an ultimate purchaser.

This bill would authorize the state board to enter into agreements with private entities and receive, on behalf of the state, contributions from private sources in the form of equipment or money in order to expedite the processing of applications, resolutions, and executive orders pertaining to the above exception to the requirement that vehicles be equipped with pollution control devices or systems and the authorization to sell and install aftermarket and performance parts with a valid executive order. The bill would require all moneys received to be separately accounted for, be deposited into the Air Pollution Control Fund, and available to the state board for these purposes upon appropriation of the Legislature.

This bill would appropriate \$3,000,000 from the Gambling Control Fund to the Department of Justice for the purposes of addressing the backlog in investigations related to card room licensing.

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

~~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, subject to federal approval, imposes a hospital quality assurance fee, as specified, on certain general acute care hospitals to be deposited into the Hospital Quality Assurance Revenue Fund. Existing law provides that moneys in the Hospital Quality Assurance Revenue Fund are continuously appropriated during the first program period of January 1, 2014, to December 31, 2016, inclusive, and available only for certain purposes, including paying for health care coverage for children, as specified, and making supplemental payments for certain services to private hospitals and increased capitation payments to Medi-Cal managed care plans. For subsequent program periods, existing law requires that the moneys in the Hospital Quality Assurance Revenue Fund be used for the above-described purposes upon appropriation by the Legislature in the annual Budget Act. Existing law provides that these provisions are inoperative on January 1, 2017, and that a hospital is not required to pay the hospital quality assurance fee after that date, as specified.~~

~~This bill would extend the operation of these provisions to January 1, 2018. The bill would instead, for the second program period and subsequent program periods, require moneys in the Hospital Quality~~

~~Assurance Revenue Fund to be continuously appropriated, thereby making an appropriation, for the above-described purposes.~~

~~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 declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. Section 905.2 of the Government Code is amended
2 to read:
- 3 905.2. (a) This section shall apply to claims against the state
4 filed with the Department of General Services except as provided
5 in subparagraph (B) of paragraph (2) of subdivision (b).
- 6 (b) There shall be presented in accordance with this chapter and
7 Chapter 2 (commencing with Section 910) all claims for money
8 or damages against the state:
- 9 (1) For which no appropriation has been made or for which no
10 fund is available but the settlement of which has been provided
11 for by statute or constitutional provision.
- 12 (2) (A) For which the appropriation made or fund designated
13 is exhausted.
- 14 (B) Claims for reissuance of stale, dated, or replacement
15 warrants shall be filed with the state entity that originally issued
16 the warrant and, if allowed, shall be paid from the issuing entity's
17 current appropriation.
- 18 (3) For money or damages on express contract, or for an injury
19 for which the state is liable.
- 20 (4) For which settlement is not otherwise provided for by statute
21 or constitutional provision.
- 22 (c) Claimants shall pay a filing fee of twenty-five dollars (\$25)
23 for filing a claim described in subdivision (b), except for claims
24 for reissuance of stale, dated, or replacement warrants as described
25 in subparagraph (B) of paragraph (2) of subdivision (b). This fee
26 shall be deposited into the Service Revolving Fund and shall only
27 be available for the support of the Department of General Services
28 upon appropriation by the Legislature.
- 29 (1) The fee shall not apply to the following persons:

1 (A) Persons who are receiving benefits pursuant to the
2 Supplemental Security Income (SSI) and State Supplementary
3 Payment (SSP) programs (Article 5 (commencing with Section
4 12200) of Chapter 3 of Part 3 of Division 9 of the Welfare and
5 Institutions Code), the California Work Opportunity and
6 Responsibility to Kids Act (CalWORKs) program (Chapter 2
7 (commencing with Section 11200) of Part 3 of Division 9 of the
8 Welfare and Institutions Code), the federal Supplemental Nutrition
9 Assistance Program (SNAP; 7 U.S.C. Sec. 2011 et seq.), or Section
10 17000 of the Welfare and Institutions Code.

11 (B) Persons whose monthly income is 125 percent or less of the
12 current monthly poverty line annually established by the Secretary
13 of California Health and Human Services pursuant to the federal
14 Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35),
15 as amended.

16 (C) Persons who are sentenced to imprisonment in a state prison
17 or confined in a county jail, or who are residents in a state
18 institution and, within 90 days prior to the date the claim is filed,
19 have a balance of one hundred dollars (\$100) or less credited to
20 the inmate's or resident's trust account. A certified copy of the
21 statement of the account shall be submitted.

22 (2) Any claimant who requests a fee waiver shall attach to the
23 application a signed affidavit requesting the waiver and verification
24 of benefits or income and any other required financial information
25 in support of the request for the waiver.

26 (3) Notwithstanding any other law, an applicant shall not be
27 entitled to a hearing regarding the denial of a request for a fee
28 waiver.

29 (d) The time for the Department of General Services to
30 determine the sufficiency, timeliness, or any other aspect of the
31 claim shall begin when any of the following occur:

32 (1) The claim is submitted with the filing fee.

33 (2) The fee waiver is granted.

34 (3) The filing fee is paid to the department upon the
35 department's denial of the fee waiver request, so long as payment
36 is received within 10 calendar days of the mailing of the notice of
37 the denial.

38 (e) Upon approval of the claim by the Department of General
39 Services, the fee shall be reimbursed to the claimant, except that
40 no fee shall be reimbursed if the approved claim was for the

1 payment of an expired warrant. Reimbursement of the filing fee
2 shall be paid by the state entity against which the approved claim
3 was filed. If the claimant was granted a fee waiver pursuant to this
4 section, the amount of the fee shall be paid by the state entity to
5 the department. The reimbursement to the claimant or the payment
6 to the department shall be made at the time the claim is paid by
7 the state entity, or shall be added to the amount appropriated for
8 the claim in an equity claims bill.

9 (f) ~~The board~~ *Department of General Services* may assess a
10 surcharge to the state entity against which the approved claim was
11 filed in an amount not to exceed 15 percent of the total approved
12 claim. ~~The board~~ *department* shall not include the refunded filing
13 fee in the surcharge calculation. This surcharge shall be deposited
14 into the ~~General Service Revolving~~ *General Service Revolving* Fund and may be appropriated
15 in support of the ~~board as reimbursements to Item 7870-001-0001~~
16 ~~of Section 2.00 of~~ *department* in the annual Budget Act.

17 (1) The surcharge shall not apply to approved claims to reissue
18 expired warrants.

19 (2) Upon the request of the department in a form prescribed by
20 the Controller, the Controller shall transfer the fees from the state
21 entity's appropriation to the appropriation for the support of the
22 department. However, the department shall not request an amount
23 that shall be submitted for legislative approval pursuant to Section
24 ~~13928. 14659.10.~~

25 (g) The filing fee required by subdivision (c) shall apply to all
26 claims filed after June 30, 2004, or the effective date of this statute.
27 The surcharge authorized by subdivision (f) may be calculated and
28 included in claims paid after June 30, 2004, or the effective date
29 of the statute adding this subdivision.

30 (h) This section shall not apply to claims made for a violation
31 of the California Whistleblower Protection Act (Article 3
32 (commencing with Section 8547) of Chapter 6.5 of Division 1 of
33 Title 2).

34 *SEC. 2. Section 8590.6 of the Government Code is amended*
35 *to read:*

36 8590.6. For the purposes of this article:

37 (a) "Comprehensive services" means primary services that
38 include all of the following:

39 (1) Shelter or established referral services for shelter on a 24
40 hours a day, seven days a week, basis.

1 (2) A 24 hours a day, seven days a week, telephone hotline for
2 crisis calls.

3 (3) Temporary housing and food facilities.

4 (4) Psychological support and peer counseling provided in
5 accordance with Section 1038.2 of the Evidence Code.

6 (5) Referrals to existing services in the community.

7 (6) Emergency transportation, as feasible.

8 (b) “Director” means the Director of the Office of Emergency
9 Services.

10 (c) “Fund” means the Human Trafficking Victims Assistance
11 Fund.

12 (d) “Human trafficking caseworker” means a human trafficking
13 caseworker as defined in Section 1038.2 of the Evidence ~~Code~~
14 *Code, or a human trafficking caseworker who is employed by a*
15 *homeless services provider that serves homeless children or youth*
16 *and has completed a minimum of eight hours of training focused*
17 *on victims of human trafficking from the Runaway and Homeless*
18 *Youth Training and Technical Assistance Center.*

19 (e) “Office” means the Office of Emergency Services.

20 (f) “Qualified nonprofit organization” means a nongovernmental,
21 nonprofit organization that does both of the following:

22 (1) Employs a minimum of one individual who is a human
23 trafficking caseworker.

24 (2) Provides services to victims of human trafficking, including,
25 but not limited to, housing assistance, counseling services, and
26 social services to victims of human trafficking.

27 (g) “Victim of human trafficking” means any person who is a
28 trafficking victim as described in Section 236.1 of the Penal Code
29 and satisfies either of the following conditions:

30 (1) Was trafficked in the state.

31 (2) Fled his or her trafficker to the state.

32 *SEC. 3. Section 15820.946 of the Government Code is amended*
33 *to read:*

34 15820.946. (a) The participating county contribution for adult
35 local criminal justice facilities financed under this chapter shall
36 be a minimum of 10 percent of the total project costs. The BSCC
37 may reduce contribution requirements for participating counties
38 with a general population below 200,000 upon petition by a
39 participating county to the BSCC requesting a lower level of
40 contribution.

1 (b) The BSCC shall determine the funding and scoring criteria
2 consistent with the requirements of this chapter. Financing shall
3 be awarded only to those counties that have previously received
4 only a partial award or have never received an award from the
5 state within the financing programs authorized in Chapters 3.11
6 (commencing with Section 15820.90) to 3.131 (commencing with
7 Section 15820.93), inclusive. ~~Notwithstanding this restriction,~~
8 ~~twenty million dollars (\$20,000,000) of the amount authorized in~~
9 ~~Section 15820.942 shall be set aside and awarded to Napa County.~~
10 The funding criteria shall include, as a mandatory criterion,
11 documentation of the percentage of pretrial inmates in the county
12 jail from January 1, 2015, to December 31, 2015, inclusive, and a
13 description of the county's current risk assessment based pretrial
14 release program. Funding preference shall also be given to counties
15 that are most prepared to proceed successfully with this financing
16 in a timely manner. The determination of preparedness to proceed
17 shall include the following:

18 (1) Counties providing a board of supervisors' resolution
19 authorizing an adequate amount of available matching funds to
20 satisfy the counties' contribution and approving the forms of the
21 project documents deemed necessary, as identified by the board
22 to the BSCC, to effectuate the financing authorized by this chapter,
23 and authorizing the appropriate signatory or signatories to execute
24 those documents at the appropriate times. The identified matching
25 funds in the resolution shall be compatible with the state's
26 lease-revenue bond financing.

27 (2) Counties providing documentation evidencing CEQA
28 compliance has been completed. Documentation of CEQA
29 compliance shall be either a final Notice of Determination or a
30 final Notice of Exemption, as appropriate, and a letter from county
31 counsel certifying the associated statute of limitations has expired
32 and either no challenges were filed or identifying any challenges
33 filed and explaining how they have been resolved in a manner that
34 allows the project to proceed as proposed.

35 (c) Funding consideration shall be given to counties that are
36 seeking to replace compacted, outdated, or unsafe housing capacity
37 that will also add treatment space or counties that are seeking to
38 renovate existing or build new facilities that provide adequate
39 space for the provision of treatment and rehabilitation services,
40 including mental health treatment.

1 (d) A participating county may replace existing housing
2 capacity, realizing only a minimal increase of capacity, using this
3 financing authority if the requesting county clearly documents an
4 existing housing capacity deficiency.

5 (e) A participating county with a request resulting in any
6 increase in capacity using this financing authority shall be required
7 to certify and covenant in writing that the county is not, and will
8 not be, leasing housing capacity to any other public or private
9 entity for a period of 10 years beyond the completion date of the
10 adult local criminal justice facility.

11 (f) Any locked facility constructed or renovated with state
12 funding awarded under this program shall include space to provide
13 onsite, in-person visitation capable of meeting or surpassing the
14 minimum number of weekly visits required by state regulations
15 for persons detained in the facility.

16 (g) Any county applying for financing authority under this
17 program shall include a description of efforts to address sexual
18 abuse in its adult local criminal justice facility constructed or
19 renovated pursuant to this chapter.

20 *SEC. 4. Section 15820.947 is added to the Government Code,*
21 *to read:*

22 *15820.947. Notwithstanding the award restriction in*
23 *subdivision (b) of Section 15820.946, twenty million dollars*
24 *(\$20,000,000) of the amount authorized in Section 15820.942 shall*
25 *be set aside and awarded to the County of Napa without the*
26 *submission of any further adult local criminal justice facility*
27 *proposal. This amount may be utilized in conjunction with a partial*
28 *award made to the County of Napa pursuant to Chapter 3.131*
29 *(commencing with Section 15820.93). These awards represent the*
30 *maximum state contribution for the adult local criminal justice*
31 *facility in the County of Napa.*

32 *SEC. 5. Section 37001.5 of the Health and Safety Code is*
33 *amended to read:*

34 37001.5. The words “develop, construct, or acquire,” as used
35 in Section 1 of Article XXXIV of the State Constitution, shall not
36 be interpreted to apply to activities of a state public body when
37 ~~such~~ *that* body does any of the following:

38 (a) Provides financing, secured by a deed of trust or other
39 security instrument to a private owner of existing housing; or
40 acquires a development, for which financing previously has been

1 provided, as a temporary measure to protect its security and with
2 an intention to change the ownership so that it will not continue
3 to be the owner of a low-rent housing project.

4 (b) Acquires or makes improvements to land which is anticipated
5 to be sold, ground leased, or otherwise transferred to a private
6 owner prior to its development as a low-rent housing project,
7 provided (1) the land and improvements thereon are not subject
8 to an exemption from property taxation by reason of public
9 ownership for more than five years following acquisition or
10 improvement by the state public body, or (2) such an exemption
11 from property taxation persists beyond the five-year period and
12 no alternative use is designated for the land or improvements, but
13 any property tax revenues lost by affected taxing agencies on
14 account of the exemption of land or improvements from property
15 taxes by reason of public ownership of the property, or any interest
16 in the property after the five-year period, are fully reimbursed by
17 payments in lieu of taxes following the expiration of the five-year
18 period.

19 (c) Leases existing dwelling units from the private owner of
20 such units, provided the lease or a subtenancy thereunder does not
21 result in a decrease of property tax revenues with respect to the
22 dwelling units leased.

23 (d) Provides assistance to the private owner or occupant of
24 existing housing which enables an occupant to live in decent, safe,
25 and sanitary housing at a rent he or she can afford to pay.

26 (e) Provides assistance to a low-rent housing project and
27 monitors construction or rehabilitation of ~~such~~ *that* project and
28 compliance with conditions of ~~such~~ *that* assistance to the extent
29 of:

- 30 (1) Carrying out routine governmental functions.
- 31 (2) Performing conventional activities of a lender.
- 32 (3) Imposing constitutionally mandated or statutorily authorized
33 conditions accepted by a grantee of assistance.

34 (f) Provides assistance to a development prior to its becoming
35 a low-rent housing project without intending or expecting that the
36 development will become a low-rent housing project, as defined.

37 (g) Provides financing for a low-rent housing project pursuant
38 to Chapter 6.7 (commencing with Section 51325) of Part 3 of
39 Division 31.

1 (h) Provides financing for a low-rent housing project pursuant
2 to Article 3.2 (commencing with Section 987.001) and Article 5y
3 (commencing with Section 998.540) of Chapter 6 of Division 4 of
4 the Military and Veterans Code. This subdivision shall apply to
5 all low-rent housing projects that convert the project's financing
6 to permanent financing after January 1, 2017.

7 SEC. 6. Section 43011.3 is added to the Health and Safety
8 Code, to read:

9 43011.3. The state board may enter into agreements with
10 private entities and receive, on behalf of the state, contributions
11 from private sources in the form of equipment or money in order
12 to expedite the processing of applications, resolutions, and
13 executive orders pertaining to subdivisions (h) and (i) of Section
14 27156 of the Vehicle Code. All moneys received pursuant to this
15 section shall be separately accounted for and deposited in the Air
16 Pollution Control Fund and shall be available, upon appropriation,
17 to the state board for purposes of this section.

18 SEC. 7. The sum of three million dollars (\$3,000,000) is hereby
19 appropriated from the Gambling Control Fund to the Department
20 of Justice for the purposes of Schedule (2) of Item 0820-001-0567
21 of Section 2.00 of the Budget Act of 2016 in order to address the
22 backlog in investigations related to card room licensing

23 SEC. 8. 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. ~~Section 14169.53 of the Welfare and Institutions~~
29 ~~Code is amended to read:~~

30 ~~14169.53. (a) (1) All fees required to be paid to the state~~
31 ~~pursuant to this article shall be paid in the form of remittances~~
32 ~~payable to the department.~~

33 ~~(2) The department shall directly transmit the fee payments to~~
34 ~~the Treasurer to be deposited in the fund. Notwithstanding Section~~
35 ~~16305.7 of the Government Code, any interest and dividends~~
36 ~~earned on deposits in the fund from the proceeds of the fee assessed~~
37 ~~pursuant to this article shall be retained in the fund for purposes~~
38 ~~specified in subdivision (b).~~

39 ~~(b) (1) Notwithstanding subdivision (c) of Section 14167.35,~~
40 ~~subdivision (b) of Section 14168.33, and subdivision (b) of Section~~

1 14169.33, all funds from the proceeds of the fee assessed pursuant
2 to this article in the fund, together with any interest and dividends
3 earned on money in the fund, shall continue to be used exclusively
4 to enhance federal financial participation for hospital services
5 under the Medi-Cal program, to provide additional reimbursement
6 to, and to support quality improvement efforts of, hospitals, and
7 to minimize uncompensated care provided by hospitals to uninsured
8 patients, as well as to pay for the state's administrative costs and
9 to provide funding for children's health coverage, in the following
10 order of priority:

11 (A) To pay for the department's staffing and administrative
12 costs directly attributable to implementing this article, not to exceed
13 two hundred fifty thousand dollars (\$250,000) for each subject
14 fiscal quarter, exclusive of any federal matching funds.

15 (B) To pay for the health care coverage, as described in
16 subdivision (g), except that for the two subject fiscal quarters in
17 the 2013-14 fiscal year, the amount for children's health care
18 coverage shall be one hundred fifty-five million dollars
19 (\$155,000,000) for each subject fiscal quarter, exclusive of any
20 federal matching funds.

21 (C) To make increased capitation payments to managed health
22 care plans pursuant to this article and Section 14169.82, including
23 the nonfederal share of capitation payments to managed health
24 care plans pursuant to this article and Section 14169.82 for services
25 provided to individuals who meet the eligibility requirements in
26 Section 1902(a)(10)(A)(i)(VIII) of Title XIX of the federal Social
27 Security Act (42 U.S.C. Sec. 1396a(a)(10)(A)(i)(VIII)), and who
28 meet the conditions described in Section 1905(y) of the federal
29 Social Security Act (42 U.S.C. Sec. 1396d(y)).

30 (D) To make increased payments and direct grants to hospitals
31 pursuant to this article and Section 14169.83, including the
32 nonfederal share of payments to hospitals under this article and
33 Section 14169.83 for services provided to individuals who meet
34 the eligibility requirements in Section 1902(a)(10)(A)(i)(VIII) of
35 Title XIX of the federal Social Security Act (42 U.S.C. Sec.
36 1396a(a)(10)(A)(i)(VIII)), and who meet the conditions described
37 in Section 1905(y) of the federal Social Security Act (42 U.S.C.
38 Sec. 1396d(y)).

39 (2) Notwithstanding subdivision (c) of Section 14167.35,
40 subdivision (b) of Section 14168.33, and subdivision (b) of Section

1 14169.33, and notwithstanding Section 13340 of the Government
2 Code, the moneys in the fund shall be continuously appropriated
3 during the first program period only, without regard to fiscal year,
4 for the purposes of this article, Article 5.229 (commencing with
5 Section 14169.31), Article 5.228 (commencing with Section
6 14169.1), Article 5.227 (commencing with Section 14168.31),
7 former Article 5.226 (commencing with Section 14168.1), former
8 Article 5.22 (commencing with Section 14167.31), and former
9 Article 5.21 (commencing with Section 14167.1):

10 (3) ~~Notwithstanding any other law, for the second program~~
11 ~~period and subsequent program periods, the moneys in the fund~~
12 ~~shall be continuously appropriated, without regard to fiscal year,~~
13 ~~for the purposes of this article and Sections 14169.82 and 14169.83.~~

14 (e) ~~Any amounts of the quality assurance fee collected in excess~~
15 ~~of the funds required to implement subdivision (b), including any~~
16 ~~funds recovered under subdivision (d) of Section 14169.61, shall~~
17 ~~be refunded to general acute care hospitals, pro rata with the~~
18 ~~amount of quality assurance fee paid by the hospital, subject to~~
19 ~~the limitations of federal law. If federal rules prohibit the refund~~
20 ~~described in this subdivision, the excess funds shall be used as~~
21 ~~quality assurance fees for the next program period for general acute~~
22 ~~care hospitals, pro rata with the amount of quality assurance fees~~
23 ~~paid by the hospital for the program period.~~

24 (d) ~~Any methodology or other provision specified in this article~~
25 ~~may be modified by the department, in consultation with the~~
26 ~~hospital community, to the extent necessary to meet the~~
27 ~~requirements of federal law or regulations to obtain federal~~
28 ~~approval or to enhance the probability that federal approval can~~
29 ~~be obtained, provided the modifications do not violate the spirit,~~
30 ~~purposes, and intent of this article and are not inconsistent with~~
31 ~~the conditions of implementation set forth in Section 14169.72.~~
32 ~~The department shall notify the Joint Legislative Budget Committee~~
33 ~~and the fiscal and appropriate policy committees of the Legislature~~
34 ~~30 days prior to implementation of a modification pursuant to this~~
35 ~~subdivision.~~

36 (e) ~~The department, in consultation with the hospital community,~~
37 ~~shall make adjustments, as necessary, to the amounts calculated~~
38 ~~pursuant to Section 14169.52 in order to ensure compliance with~~
39 ~~the federal requirements set forth in Section 433.68 of Title 42 of~~
40 ~~the Code of Federal Regulations or elsewhere in federal law.~~

1 ~~(f) The department shall request approval from the federal~~
2 ~~Centers for Medicare and Medicaid Services for the implementation~~
3 ~~of this article. In making this request, the department shall seek~~
4 ~~specific approval from the federal Centers for Medicare and~~
5 ~~Medicaid Services to exempt providers identified in this article as~~
6 ~~exempt from the fees specified, including the submission, as may~~
7 ~~be necessary, of a request for waiver of the broad-based~~
8 ~~requirement, waiver of the uniform fee requirement, or both,~~
9 ~~pursuant to paragraphs (1) and (2) of subdivision (c) of Section~~
10 ~~433.68 of Title 42 of the Code of Federal Regulations.~~

11 ~~(g) (1) For purposes of this subdivision, the following~~
12 ~~definitions shall apply:~~

13 ~~(A) “Actual net benefit” means the net benefit determined by~~
14 ~~the department for a net benefit period after the conclusion of the~~
15 ~~net benefit period using payments and grants actually made, and~~
16 ~~fees actually collected, for the net benefit period.~~

17 ~~(B) “Aggregate fees” means the aggregate fees collected from~~
18 ~~hospitals under this article.~~

19 ~~(C) “Aggregate payments” means the aggregate payments and~~
20 ~~grants made directly or indirectly to hospitals under this article,~~
21 ~~including payments and grants described in Sections 14169.54,~~
22 ~~14169.55, 14169.57, and 14169.58, and subdivision (b) of Section~~
23 ~~14169.82.~~

24 ~~(D) “Net benefit” means the aggregate payments for a net benefit~~
25 ~~period minus the aggregate fees for the net benefit period.~~

26 ~~(E) “Net benefit period” means a subject fiscal year or portion~~
27 ~~thereof that is in a program period and begins on or after July 1,~~
28 ~~2014.~~

29 ~~(F) “Preliminary net benefit” means the net benefit determined~~
30 ~~by the department for a net benefit period prior to the beginning~~
31 ~~of that net benefit period using estimated or projected data.~~

32 ~~(2) The amount of funding provided for children’s health care~~
33 ~~coverage under subdivision (b) for a net benefit period shall be~~
34 ~~equal to 24 percent of the net benefit for that net benefit period.~~

35 ~~(3) The department shall determine the preliminary net benefit~~
36 ~~for all net benefit periods in the first program period before July~~
37 ~~1, 2014. The department shall determine the preliminary net benefit~~
38 ~~for all net benefit periods in a subsequent program period before~~
39 ~~the beginning of the program period.~~

1 ~~(4) The department shall determine the actual net benefit and~~
2 ~~make the reconciliation described in paragraph (5) for each net~~
3 ~~benefit period within six months after the date determined by the~~
4 ~~department pursuant to subdivision (h).~~

5 ~~(5) For each net benefit period, the department shall reconcile~~
6 ~~the amount of moneys in the fund used for children's health~~
7 ~~coverage based on the preliminary net benefit with the amount of~~
8 ~~the fund that may be used for children's health coverage under~~
9 ~~this subdivision based on the actual net benefit. For each net benefit~~
10 ~~period, any amounts that were in the fund and used for children's~~
11 ~~health coverage in excess of the 24 percent of the actual net benefit~~
12 ~~shall be returned to the fund, and the amount, if any, by which 24~~
13 ~~percent of the actual net benefit exceeds 24 percent of the~~
14 ~~preliminary net benefit shall be available from the fund to the~~
15 ~~department for children's health coverage. The department shall~~
16 ~~notify the Joint Legislative Budget Committee and the fiscal and~~
17 ~~appropriate policy committees of the Legislature of the results of~~
18 ~~the reconciliation for each net benefit period pursuant to this~~
19 ~~paragraph within five working days of performing the~~
20 ~~reconciliation.~~

21 ~~(6) The department shall make all calculations and~~
22 ~~reconciliations required by this subdivision in consultation with~~
23 ~~the hospital community using data that the department determines~~
24 ~~is the best data reasonably available.~~

25 ~~(h) After consultation with the hospital community, the~~
26 ~~department shall determine a date upon which substantially all~~
27 ~~fees have been paid and substantially all supplemental payments,~~
28 ~~grants, and rate range increases have been made for a program~~
29 ~~period, which date shall be no later than two years after the end~~
30 ~~of a program period. After the date determined by the department~~
31 ~~pursuant to this subdivision, no further supplemental payments~~
32 ~~shall be made under the program period, and any fees collected~~
33 ~~with respect to the program period shall be used for a subsequent~~
34 ~~program period consistent with this section. Nothing in this~~
35 ~~subdivision shall affect the department's authority to collect quality~~
36 ~~assurance fees for a program period after the end of the program~~
37 ~~period or after the date determined by the department pursuant to~~
38 ~~this subdivision. The department shall notify the Joint Legislative~~
39 ~~Budget Committee and fiscal and appropriate policy committees~~
40 ~~of that date within five working days of the determination.~~

1 (i) Use of the fee proceeds to enhance federal financial
2 participation pursuant to subdivision (b) shall include use of the
3 proceeds to supply the nonfederal share, if any, of payments to
4 hospitals under this article for services provided to individuals
5 who meet the eligibility requirements in Section
6 1902(a)(10)(A)(i)(VIII) of Title XIX of the federal Social Security
7 Act (42 U.S.C. Sec. 1396a(a)(10)(A)(i)(VIII)), and who meet the
8 conditions described in Section 1905(y) of the federal Social
9 Security Act (42 U.S.C. Sec. 1396d(y)) such that expenditures for
10 services provided to the individual are eligible for the enhanced
11 federal medical assistance percentage described in that section.

12 SEC. 2. Section 14169.75 of the Welfare and Institutions Code
13 is amended to read:

14 14169.75. Notwithstanding Section 14169.72, this article shall
15 become inoperative on January 1, 2018. A hospital shall not be
16 required to pay the fee after that date unless the fee was owed
17 during the period in which the article was operative, and payments
18 authorized under Section 14169.53 shall not be made unless the
19 payments were owed during the period in which the article was
20 operative.

21 SEC. 3. This act is a bill providing for appropriations related
22 to the Budget Bill within the meaning of subdivision (e) of Section
23 12 of Article IV of the California Constitution, has been identified
24 as related to the budget in the Budget Bill, and shall take effect
25 immediately.

26 SEC. 4. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety within
28 the meaning of Article IV of the Constitution and shall go into
29 immediate effect. The facts constituting the necessity are:

30 In order to provide continued health care coverage for
31 Californians at the earliest possible time, it is necessary that this
32 bill take effect immediately.