

March 13, 2025

Honorable Scott D. Wiener, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review
Committee

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Honorable Anna M. Caballero, Chair
Senate Appropriations Committee

Honorable Buffy Wicks, Chair
Assembly Appropriations Committee

Section 28.00—Department of Public Health, Fiscal Year 2022-23 Budget Adjustment

Pursuant to the provisions of Section 28.00, Budget Act of 2022, the following report is respectfully submitted.

The California Department of Public Health (CDPH) requests an increase in expenditure authority of \$4.6 million in Item 4265-001-0890 of the 2022 Budget Act. CDPH received a \$6 million supplemental award in August 2024 for surveying activities for the fiscal year 2022-23 and needs this additional authority to spend the full award.

This request supports the CDPH Center for Health Care Quality's survey work related to Medicare, in accordance with the US Department of Health and Human Services' Center for Medicare and Medicaid Services requirements. The Center for Health Care Quality utilizes federal resources to certify that health facilities accepting Medicare payments meet various federal requirements establishing critical health and safety standards. In addition, CDPH requested a waiver of the 30-day review period. The Department of Finance concurs with this request and will augment CDPH's budget upon JLBC approval of the requested waiver of the 30-day review period.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended to support a federally mandated workload on surveys related to Medicare, which is consistent with state law.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.
- Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding for a prior fiscal year because the Department has overspent their authority in 2022-23.

Finance concurs with the necessity of this change to the approved budget and will be approving the Section 28.00 application not sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please contact Nina Hoang, Principal Program Budget Analyst, at (916) 445-6423 or at Nina.Hoang@dof.ca.gov.

JOE STEPHENSHAW

Director

By:



ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Akilah Weber Pierson, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst (3)
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office (2)
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
and Budget
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Jason Sisney, Assembly Speaker's Office (2)
Mark McKenzie, Staff Director, Senate Appropriations Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Brendan McCarthy, Deputy Secretary of Program and Fiscal Affairs, California
Health and Human Services Agency
Julie Souliere, Assistant Secretary, California Health and Human Services Agency
Erica Pan, Director, California Department of Public Health
Brandon Nunes, Chief Deputy Director of Operations, California Department of
Public Health
Phuong La, Deputy Director, Administration Division, California Department of
Public Health

BUDGET REVISION

STD. 26 (Rev. 1/2023)

SEE SAM SECTION 6500, ET SEQ. FOR INSTRUCTIONS

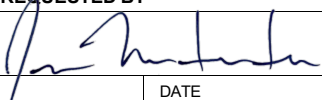

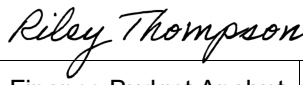
DEPARTMENT NAME 4265 Department of Public Health	FUND Federal Trust Fund 0890	DOCUMENT NUMBER BR 4265-18
		FISCAL YEAR 2022-23

SOURCE OF FUNDS	AMOUNTS AVAILABLE	INCREASE (+) OR DECREASE (-)	
		REVISION REQUESTED	REVISION APPROVED (DEPT. OF FINANCE USE ONLY)
APPROPRIATION (List adjustments in detail): 4265-001-0890, Chapter 43, Statutes of 2022	\$109,086,000	\$4,614,297	
TOTAL (Must equal the NET APPROPRIATION TOTAL below)	\$109,086,000	\$4,614,297	0.00
UNSCHEDULED APPROPRIATIONS: LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION: (1) 4040 - Public Health Emergency Preparedness (2) 4045 - Public and Environmental Health (3) 4050 - Licensing and Certification	\$68,510,000 \$225,479,000 \$109,086,000	\$4,614,297	
NET APPROPRIATION TOTAL	\$403,075,000	\$4,614,297	0.00

PURPOSE OF REVISION (List in detail, including workload, fiscal history on capital outlay, and cross-reference supporting and related documents.)

Pursuant to Control Section 28.00 of the 2022 Budget Act (Chapter 43, Statutes of 2022), this budget revision increases expenditure authority in Item 4265-001-0890, Schedule 3, Program 4050—Health and Facilities by \$4,614,297 to fund a federally mandated workload on surveys related to Title 18 – Medicare.

(for additional space, see reverse)

REQUESTED BY		RECOMMENDED BY (Department)		APPROVED BY (Dept. of Finance)	
NAME Jovan Montantes		NAME Jen Hill		NAME Riley Thompson	
TITLE Budget Officer	DATE 12/18/2024	TITLE Assistant Deputy Director	DATE 12/18/2024	TITLE Finance Budget Analyst	DATE 3/7/2025

Please report dollars in thousands.

DEPARTMENT California Department of Public Health (CDPH)	ITEM NO./ FISCAL YEAR 2022-23	NOTIFICATION LETTER TO LEGISLATURE: <input type="checkbox"/> 30-DAY NOTICE <input checked="" type="checkbox"/> REQUEST WAIVER OF 30-DAY NOTICE
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PROGRAM TITLE PER GOVERNOR'S BUDGET:
Center for Health Care Quality

FUNDING (SPECIFY FUND)	CURRENTLY BUDGETED	REQUESTED CHANGE (+) OR (-)	TOTAL
4265-001-0890	403,075	+ 4,614	407,689

(Check appropriate boxes)

- ☒ The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- ☒ The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- ☒ Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- ☒ The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- ☐ This application is provided to Finance within 45-days of official notice of receipt of funds.
- ☒ Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- ☐ A copy of the official notice of fund availability is attached to this application.
- ☒ One-time expenditure.
- ☐ Ongoing commitment from this source (if checked, explain under Program Proposal).
- ☐ Matching funds required (if checked, explain under Program Proposal).
- ☐ Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

PART A: For what purpose will the funds be expended?

The Center for Health Care Quality (CHCQ) receives Federal Fund authority to fund a federally mandated workload on surveys related to Title 18 – Medicare. CHCQ has overspent their 2022-23 federal fund authority by approximately \$4.6 million. On August 22, 2024, CHCQ received a supplemental award of \$6 million for 2022-23 for Title 18 – Medicare. Our Accounting counterpart recently reported that we have the cash, but an insufficient amount of authority to spend. Therefore, this 2022-23 BR for the amount of \$4.6 million is needed.

PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:

CHCQ needs the funding for Fiscal Year (FY) 2022-23 because they overspent their 2022-23 federal fund authority. The supplemental award they received was specifically for budget period 2022-23. In addition, since this revision is for FY 2022-23 which will be reverted in June 2025, and since this is related to FY 2022-23 Plan of Financial Adjustment, which it should be cleared by March 2025, we need to expedite this BR request.

PROGRAM PROPOSAL (Attach additional information as necessary)

TITLE:

Title T18 Survey & Certification (S&C) Medicare

STATUTORY AUTHORITY: (state, federal, as appropriate)Section 28, Budget Act of 2022

DESCRIPTION:

The California Department of Public Health (CDPH), Center for Health Care Quality (CHCQ), Licensing & Certification (L&C) Program is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and health care quality for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to determine compliance with federal and state laws and regulations. CHCQ licenses and certifies over 15,000 health care facilities and agencies in California in 30 different licensure and certification categories.

The U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) awards federal grant monies to CHCQ to certify that facilities accepting Medicare and Medicaid (Medi-Cal) payments meet federal requirements. CHCQ evaluates health care facilities for compliance with federal laws and regulations. These activities are funded by federal funds (Title XVIII Medicare and Title XIX Medicaid Grants)

JUSTIFICATION:

The Department of Public Health respectfully requests an increased expenditure authority in item 4265-001-0890 (Federal Trust Fund 0890) for the Center for Health Care Quality (CHCQ) to fund a federally mandated workload on surveys related to Title 18 – Medicare.

CHCQ has overspent their Fiscal Year (FY) 2022-23 federal fund authority by approximately \$4.6 million. On August 22, 2024, CHCQ received a supplemental award of \$6 million for FY 2022-23 for Title 18 – Medicare. The Accounting Unit recently reported that we have the cash but an insufficient amount of authority to spend.

In March 2023 of the May Revision budget building season for FY 2023-24, we initially intended to increase CHCQ's Federal Fund authority to prevent over expenditure issues but were advised by our Finance colleagues (see attached email) to wait until all Notice of Awards (NOAs) pertaining to Title 18 – Medicare have been received in order to process the complete amount in order to prevent any negative consequences of not receiving it timely through a Control Section 28.00 budget revision. The award was not received in time to meet Finance's June 15th cutoff and we therefore withdrew our BR request. However, Finance confirmed at the time that any revision needed in the future can be applied retroactively.

Therefore, we are submitting a BR for a \$4.6 million increase in state operations federal fund authority for 2022-23 in order for CHCQ to fund a federally mandated workload on surveys related to Title 18 – Medicare, and not lose an opportunity returning this funding to the Centers for Medicare & Medicaid Services (CMS).

This notification was not sent to Finance within 45 days of receipt of the additional award because CDPH was unaware that there was a need for additional expenditure authority until recently.

SUBMITTED BY:**BUDGET OFFICER:**

Jovan Montantes

DATE:

12/18/2024

APPROVED BY DEPARTMENT OF FINANCE:**DATE SUBMITTED TO LEGISLATURE:**

3/13/2025

DIRECTOR:

Jen Hill

DATE:

12/18/2024

PPBA:

Riley Thompson

DATE:3/7/2025

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADDITIONAL FINANCIAL INFORMATION ON AWARD

Closure

California

<p>a. PAYMENT CLAUSES (Check one. If b or a insert name address and telephone number)</p> <p>2. (X) DFAFS</p> <p>Payments under this award will be made available through the DHHS payment Management System (PMS). PMS is administered by the Federal Assistance Financing Branch (FAFB), Office of the Deputy Assistant Secretary, Finance which will forward instructions for obtaining payments. Inquires regarding payment should be directed to:</p> <p>Director, Division of Payment Management Post Office Box 6021 Telephone No. (301) 443-1660</p>	<p>2. CENTRAL REGISTRY SYSTEM ENTITY IDENTIFICATION NUMBER (CRSEIN) 1-743204993-A1</p> <p>3. DOCUMENT NUMBER 2205CA5000</p> <p>4. FISCAL YEAR, CAN AND AMOUNT OF THIS AWARD/ACTION</p> <table border="1"> <thead> <tr> <th><u>Fiscal Year</u></th> <th><u>CAN</u></th> <th><u>Amount of Award/Action</u></th> </tr> </thead> <tbody> <tr> <td>FY 2022</td> <td></td> <td></td> </tr> <tr> <td>Current Authorization</td> <td>25991690</td> <td>\$46,501,595.00</td> </tr> <tr> <td colspan="2">Final Authorization</td> <td>\$52,526,024.00</td> </tr> <tr> <td colspan="3">IMPORTANT: SEE REMARKS BELOW</td> </tr> <tr> <td colspan="2">Total Amount of This Award</td> <td>\$6,024,429.00</td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>CAN</u>	<u>Amount of Award/Action</u>	FY 2022			Current Authorization	25991690	\$46,501,595.00	Final Authorization		\$52,526,024.00	IMPORTANT: SEE REMARKS BELOW			Total Amount of This Award		\$6,024,429.00
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<p>b. {} AGENCY LETTER OF CREDIT</p> <p>Payments under this award will be made available through a letter of credit administered by _____</p> <p>Inquires regarding payments should be directed to: _____</p> <p>Telephone #: _____</p>	<p>5. CARRY-OVER BALANCE/UNOBLIGATED BALANCE FROM PRIOR BUDGET PERIODS</p> <p>Amount _____</p>																		
<p>c. {} TREASURY CHECK</p> <p>Payments under this award will be made available by Treasury Check issued through the _____</p> <p>Finance Office. Inquires regarding payments should be directed to: _____</p> <p>Telephone #: _____</p> <p>HHS-640T</p>	<p>6. SPECIAL EXPENDITURE REPORTING REQUIREMENT (For Awards paid by DFAFS only)</p> <p>_____ YES _____ NO</p> <p>If the yes block is checked, the recipient of this award must report his allowable expenditures to DFAFS Document Number.</p> <p>7. REMARKS:</p> <p>The Medicare funds awarded in this notice can only be drawn from sub-account 22S&CTITLE18MEDICARE</p>																		