

Center for Health Care Quality

2024-25

November Estimate



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I. Center Overview

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 14,000 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 state and federal laws and regulations, and contracts with the Los Angeles County Department of Public Health (LAC) to certify health care facilities located in Los Angeles County.

In addition, CHCQ oversees the certification of nurse assistants, home health aides, hemodialysis technicians, and the licensing of nursing home administrators. These activities are funded by the CDPH L&C Program (Fund 3098), federal funds (Title XVIII and Title XIX Grants), reimbursements associated with interagency agreements with the Department of Health Care Services (DHCS), and General Fund to support survey activities in state-owned facilities.

II. CHCQ Budget Projections

Current Year 2023-24

The 2023 Budget Act appropriated \$462 million to CDPH/CHCQ. CHCQ projects current year expenditures to total \$481.8 million, an increase of 4.3 percent compared to the 2023 Budget Act. This increase is due to baseline adjustments and projected increased expenditures attributed to Title XVIII grants.

Budget Year 2024-25

For 2024-25, CDPH estimates expenditures will total \$473.7 million, which is an increase of \$11.7 million or 2.5 percent compared to the 2023 Budget Act. This increase is due to a request for \$1.1 million for Application and Fee Processing Expansion, a \$2.4 million decrease in Federal Trust Fund expenditure authority, and various baseline adjustments. Table 1 compares the 2023 Budget Act with the 2024-25 November Estimate for the current year and budget year.

Table 1
Comparison of 2023 Budget Act with 2024-25 November Estimate

Funding Source (\$ in thousands)	2023 Budget Act	CY 2023-24 2024-25 November Estimate	CY 2023-24 Change from 2023 Budget Act to 2024-25 November Estimate	CY 2023-24 Percent Change from 2022 Budget Act 2024-25 November Estimate	BY 2024-25 2024-25 November Estimate	BY 2024-25 Change from 2023 Budget Act to 2024-25 November Estimate	BY 2024-25 Percent Change from 2023 Budget Act to 2024-25 November Estimate
State Operations Appropriations Summary:							
0001 - General Fund	\$8,869	\$9,960	\$1,091	12.3%	\$4,969	-\$3,900	-44.0%
0890 - Federal Trust Fund	\$132,554	\$139,335	\$6,781	5.1%	\$130,189	-\$2,365	-1.8%
0942 - Special Deposit Fund							
Internal Departmental Quality Improvement Account	\$687	\$716	\$29	4.2%	\$718	\$31	4.5%
State Health Facilities Citation Penalty Account	\$2,144	\$2,144	\$0	0.0%	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$565	\$577	\$12	2.1%	\$579	\$14	2.5%
0995 – Reimbursements	\$14,789	\$15,614	\$825	5.6%	\$15,693	\$904	6.1%
3098 - Licensing and Certification Program Fund	\$300,536	\$311,531	\$10,995	3.7%	\$317,513	\$16,977	5.6%
Less Transfer from General Fund 0001	-\$3,700	-\$3,700	\$0	0.0%	-\$3,700	\$0	0.0%
3151 - Internal Health Information Integrity Quality Improvement Account	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
Total State Operations Appropriations	\$456,444	\$476,177	\$19,733	4.3%	\$468,105	\$11,661	2.6%
Local Assistance Appropriations Summary:							
0942 - Special Deposit Fund							
Federal Health Facilities Citation Penalty Account	\$5,575	\$5,575	\$0	0.0%	\$5,575	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$45	\$45	\$0	0.0%	\$45	\$0	0.0%
Total Local State Appropriations	\$5,620	\$5,620	\$0	0.0%	\$5,620	\$0	0.0%
Total Appropriations	\$462,064	\$481,797	\$19,733	4.3%	\$473,725	\$11,661	2.5%
Headquarters							
Field Operations	542.9	542.9	0.0	0.0%	550.2	7.3	1.3%
Supervisors	160.0	160.0	0.0	0.0%	160.0	0.0	0.0%
Surveyors*	653.0	653.0	0.0	0.0%	653.0	0.0	0.0%
Support	171.0	171.0	0.0	0.0%	171.0	0.0	0.0%
Center Positions	1,526.9	1,526.9	0.0	0.0%	1,534.2	7.3	0.5%
Public Health Staff**	7.5	7.5	0.0	0.0%	8.0	0.5	6.7%
Grand Total Positions***	1,534.4	1534.4	0.0	0.0%	1,542.2	7.8	0.5%

*Surveyors include (Health Facility Evaluator Nurses, Associate Governmental Program Analysts, Special Investigators, Consultants)

**Public Health Staff include Information Technology Services Division, Office of Legal Services, and Administration Support for Surveyors

***3.0 Positions were redirected outside of CHCQ to support Public Health

CHCQ Field Operations Status

CHCQ has received an influx of surveyor staff separations due to early retirements, more lucrative offers in a competitive market, and individuals opting to secure other lines of work. In addition to surveyors, CHCQ faces the challenge of hiring and recruiting surveyor supervisors who fill a critical role in licensing and certification activities. With these various resource challenges, CHCQ is prioritizing urgent workload to the detriment of lower-priority workload.

Staff turnover is impactful to CHCQ survey work because of both the recruitment challenges CHCQ experience and the long training time. Exiting staff have cited many reasons for leaving including burnout, feeling that there are never enough resources to complete the workload, fears about exposure to coronavirus disease 2019 (COVID-19) during the height of the pandemic, and low salary relative to other nursing roles (both governmental and private sector), despite the excellent benefits offered by California Department of Public Health (CDPH). These factors have contributed to early retirements and departures of staff not yet at retirement age.

As of October 2023, the vacancy rate is 14.3 percent for Health Facility Evaluator Nurses (HFENs), which is an increase of 10.8 percentage points since the beginning of the COVID-19 pandemic in February 2020. This increase is due in part to newly authorized positions, but also because of increased retirements and separations. CHCQ surveyors played an essential role in the COVID-19 response, and the Recruitment Outreach & Onboarding Unit within CHCQ has implemented new recruitment efforts to address this urgent need.

CHCQ is currently utilizing social media platforms, such as Indeed and LinkedIn, to attract and increase engagement with potential candidates, walking them through the complex state hiring process and the nature of the surveyor role. CHCQ's recruitment teams started attending in-person job fairs to engage with local candidates at hard-to-recruit locations. CHCQ is also promoting all internal employment opportunities with CHCQ staff via email blasts to create vacancy awareness. Finally, CHCQ has an onboarding program to welcome new hires and introduce them to CDPH's culture, mission, and values. These onboarding meetings help new hires to feel engaged, integrated, and part of the team.

Complaint Completion Timelines

Paragraphs (3), (4), and (5) of subdivision (a) of section 1420 of the Health and Safety Code mandate CHCQ to complete investigations of complaints within specified timeframes. CHCQ must complete all long-term health care facility complaints received on or after July 1, 2018, within 60 days of receipt of the complaint.

As of Quarter 3 of 2022-23, CHCQ completed 93 percent of long-term health care facility complaints within 60 days of receipt. This represents a 30 percent improvement in the timeliness of long-term care complaints since Quarter 4 of 2021-22. As of Quarter 1 of 2023-24, there are approximately 645 open complaints. Furthermore, CHCQ has completed 97.6 percent of backlogged long-term care complaints that existed as of April 1, 2021. CHCQ has redirected resources to address these open complaints with the goal of reducing the majority of the backlog by the end of fiscal year 2023-24.

CHCQ will continue to make every effort to improve compliance with mandated completion timelines for long-term health care facility complaints and remains focused on resolving existing complaints and entity reported backlog. However, regardless of staffing levels, there will always be unanticipated delays to complaint completion timeframes due to criminal investigation holds, obtaining death certificates, witness interview scheduling, and other extenuating circumstances.

Los Angeles County Monitoring and Performance

LAC and CHCQ negotiated a three-year contract, effective July 1, 2019, which includes quantity metrics and penalties for failure to meet those metrics. The contract also contains quality and customer service metrics. The current contract will allow LAC to hire the staff necessary to move towards timely completion of 100 percent of the workload.

As an important new step in bridging the relationship between LAC and CHCQ, a new LAC Contract Manager position was created in 2018-19. This position serves as the official liaison for the State to partner with LAC so that high quality and quantity standards are mutually met. CHCQ will continue to enhance many of the oversight actions that it implemented in the prior contract period. These actions include, but are not limited to:

- Maintaining the Los Angeles County Monitoring Unit to provide oversight and monitoring of LAC's performance. This unit conducts on-site review, observation, data analysis, and audits.
- Performing concurrent on-site quality reviews of surveys with LAC staff using a state observation survey analysis process and providing targeted training to address identified issues.
- Performing audits of the quality, prioritization, and principles of documentation for complaint investigations.
- Providing written feedback to LAC's management regarding identified concerns and requiring corrective action plans when appropriate.

- Increase the frequency of direct meetings between CHCQ's LAC monitor and LAC Leadership and staff.

Los Angeles County Supplemental License Fee

Assembly Bill (AB) 1810 (Chapter 34, Statutes of 2018) adopted an amendment to Health and Safety Code section 1266(g): Commencing in 2018-19 fiscal year, the department may assess a supplemental license fee on facilities located in the County of Los Angeles for all facility types set forth in this section. This supplemental license fee shall be in addition to the license fees set forth in subdivision (d). The department shall calculate the supplemental license fee based upon the difference between the estimated costs of regulating facility types licensed in the County of Los Angeles, including, but not limited to, the costs associated with the department's contract for licensing and certification activities with the County of Los Angeles and the costs of the department conducting the licensing and certification activities for facilities located in the County of Los Angeles. The supplemental license fees shall be used to cover the costs to administer and enforce state licensure standards and other federal compliance activities for facilities located in the County of Los Angeles, as described in the annual report. The supplemental license fee shall be based upon the fee methodology published in the annual report described in subdivision (d).

Internal Departmental Quality Improvement Account (IDQIA) Project Update

Since 2010-11, the Legislature has appropriated moneys in the IDQIA to be expended for internal CHCQ improvement activities as follows:

Fiscal Year	BCP Description
2010-11	BCP 002/HQ-03: 2010-11 \$18,000; 2011-12 \$393,811 and 2012-13 \$299,677 for the partial costs of 1.5 positions for the Health Facility Self-Reporting Web Portal. BCP 058/HQ-05 for contracts for quality improvements within L&C.
2012-13	BCP 002/HQ-06: 2012-13 \$333,000; 2013-14 \$333,000; and 2014-15 \$334,000 for implementation of quality improvement activity in the L&C Program. This activity will initiate and support ongoing efforts aimed at reducing preventable medical and medication errors and their associated health care costs in licensed health care facilities.

Fiscal Year	BCP Description
2013-14	November Estimate: \$1.2 million; and 2014-15 \$1.2 million to prevent infections in California's acute care hospitals, to improve the quality of data used by customers for making health care decisions, and to continue funding eight contractor positions in the Healthcare Associated Infections (HAI) Program's Infection Preventionist (IP)Liaison Unit.
2014-15	<p>BCP 000/HQ-01: \$1.4 million to expand the work related to the L&C Program Evaluation project. In order to meet CMS benchmarks, CHCQ used a contractor, Hubbert Systems Consulting, to evaluate ways to improve internal business practices and quality improvement efforts to achieve timely fulfillment of the L&C Program's state licensing and federal certification workload.</p> <p>BCP 000/HQ-04: \$201,000 for a contract with UC Davis for an independent research analysis and report that describes the extent to which the federal certification standards are or are not sufficient as a basis for state licensing standards as required by SB 543 (Chapter 722, Statutes of 2013).</p>
2015-16	BCP 004/HQ-03: \$2 million to implement projects recommended by Hubbert report. These funds were used to purchase hardware and software to develop internal and external performance dashboards, automate key business practices, and streamline data collection from regulated entities. Further, CHCQ executed contracts to improve hiring, onboarding, and retention practices. CHCQ also used the funds to contract with a project manager/change consultant.
2016-17	4265-015-BCP-DP-2016-GB: \$2 million to execute two contracts to implement recommendations from the Hubbert report. These funds were used to enhance the Centralized Applications Branch's Information Technology (IT) systems, replace the Health Facilities Consumer Information System with Cal Health Find, and complete contracted services for project and change management, recruitment, and onboarding and retention.

Fiscal Year	BCP Description
<p>2017-18 – 2019-20</p>	<p>4265-007-BCP-2017-GB: \$2 million to execute quality improvement projects and contracts (\$2 million in 2017-18, \$2 million in 2018-19, and \$2 million in 2019-20). These funds were used for contracted services for leadership training programs, facilitation of stakeholder forums, project and change management, recruitment, and onboarding and retention. Further, CHCQ executed several multi-year purchase orders for IT service contracts, such as Adobe Experience Manager maintenance and enhancements, and data architecture consulting services. Additionally, CHCQ is using these funds to complete an automated licensing application system as required by Assembly Bill (AB) 2798 (Chapter 922, Statutes of 2018), as well as a Program Flex online application portal. CHCQ will continue to use these funds to contract for innovative recruitment and retention services and technological enhancements in the coming years.</p>
<p>2020-21 – 2022-23</p>	<p>4265-202-BCP-2020-MR: \$3 million to execute quality improvement projects and contracts (\$3 million in 2020-21, 2021-22, and 2022-23). These funds have been used to obtain expert level IT consulting assistance in support of business services and technical operations, including the development of the Risk and Safety Solutions mobile survey app for COVID mitigation surveys, Complaint and FRI investigations, and Program Flex Waiver Applications. The consulting firm has provided skilled resources to aid with solution development and platform operations.</p>

Federal Civil Monetary Penalties Account Projects

CMS may impose monetary penalties against skilled nursing facilities (SNFs), nursing facilities (NFs), and dually certified SNF/NF for either the number of days or for each instance a facility is not in substantial compliance with one or more Medicare and Medicaid participation requirements for Long-Term Care Facilities (Code of Federal Regulations (CFR) 42 Part 488.430). Portions of these Civil Money Penalty (CMP) Funds collected from nursing homes are returned to the states in which CMPs are imposed. State CMP funds may be reinvested in SNFs to support CMS-approved activities that benefit nursing home residents plan that protect or improve their quality of life.

All states must submit to CMS an acceptable plan for the use of CMP funds for the upcoming calendar year. The plan must include available fund balances, current obligations, and plans for solicitation and review of future projects. CMS uses data from the California CMP state plan to verify that federal CMPs are being properly

distributed. If states are unable to adequately plan for the use of their CMP funds, then CMS may withhold future disbursements of CMP funds until the state has submitted an acceptable to comply with this section.

Per Item 4265-115-0942 of the 2022 Budget Act, the Department of Finance (Finance) may augment the budget authority for the Federal Health Facilities Citation Penalties Account upon request from CHCQ when a project is approved by CMS. Additionally, the 2020 Budget Act authorized an additional \$6 million a year for three years to fund existing projects and provide funding for new projects in fiscal years 2020-21, 2021-22, and 2022-23.

In April of 2020, CMS announced that CMP funds could be used for facilities to purchase communicative technology for SNF residents to attend telehealth appointments and communicate with friends and family. CHCQ received approximately 488 grant applications for this initiative from April 2020 to present. CHCQ has approved approximately \$2.2 million of these grants for facilities in need of these resources.

In September of 2020, CMS announced that CMP funds could be used for facilities to purchase materials such as tents and Plexiglas dividers, to promote outdoor visitation for SNF residents. CHCQ received approximately 313 grant applications for this initiative from September 2020 to present. CHCQ has approved approximately \$1.2 million of these grants for facilities in need of these resources.

In February of 2022, CMS announced that CMP funds could be used for facilities to purchase portable fans and portable room air cleaners with high-efficiency particulate air (HEPA, H-13 or H-14) filters to increase or improve air quality. CHCQ received approximately 53 grant applications for this initiative from February 2022 to present. CHCQ has approved approximately \$206,000 of these grants for facilities in need of these resources.

Approved CMP grants include:

Fiscal Year	Approved CMP Grants
2013-14	CHCQ executed a three-year contract with the California Culture Change Coalition to reduce antipsychotic medication in SNFs in California.
2015-16	CHCQ executed a three-year contract with the California Association of Health Facilities (CAHF) for the Music and Memory program for improving dementia care.
2017-18	CHCQ executed a four-year contract with CAHF for a project to improve dietary services in California nursing homes.

Fiscal Year	Approved CMP Grants
2018-19	<p>CHCQ executed a three-year contract with CAHF for the Volunteer Engagement project.</p> <p>CHCQ executed a two-year contract with Quality Care Health Foundation for the Certified Nursing Assistant (CNA) Training Kickstarter Project.</p>
2019-20	<p>CHCQ has executed contracts for following proposals:</p> <ul style="list-style-type: none"> • Using AI-Enabled Cameras to Reduce Falls for Residents with Dementia • Nurse Leadership • California Wound Care Excellence Program for SNFs • iNSPIRE • A Person-Centered Approach to Reducing Transfer, Discharge, and Eviction <p>CHCQ has approved 317 applications from Skilled Nursing Facilities and over \$1.7 million in grant funding for communicative technology.</p>
2020-21	<p>CHCQ has executed contracts for the following proposals:</p> <ul style="list-style-type: none"> • University of California Irvine Infection Prevention • SNF Clinic • LifeBio • Pilgrim Place – Make it Home • Memory Care Buddies • In-Person Visitation Grants • Communicative Technology Grants

Fiscal Year	Approved CMP Grants
2021-22 & 2022-23	<p>CHCQ has executed contracts for the following proposals:</p> <ul style="list-style-type: none"> • California Park Rehabilitation Hospital Dementia Care Project • Front Porch Communities Foundation Creativity Never Gets Old • Height Street Memory Book Project • LeadingAge Enlightenment/Obie • LeadingAge GARDEN Project • SilverKite SPARKing Creativity, Joy, and Arts Engagement • Tobin & Associates LifeBridge <p>CHCQ is currently reviewing these applications below:</p> <ul style="list-style-type: none"> • Alzheimer's Association ALZPro • CAHF Connected & Engaged Project • Jewish Home & Rehab Center (JHRC) Electronic Medical Record System Replacement Project • LeadingAge Eversound • LeadingAge iNSPIRE Phase II • Momo Medical Bed Sensor Pilot • Multicultural Care Institute • NewGen Administrative Services/SNF Clinic • NOMI-Institute 2RelaxMe • Rockwell Healthcare Readmission Reduction through Smart Nurses Application

III. Resource Estimate Methodology/Key Drivers of Cost

The CHCQ Estimate projects the workload associated with all programmatic functions and the corresponding number of positions needed to perform these functions.

CHCQ determines workload based on the following cost drivers:

- **Facility Count** – The number of health care facilities to survey or investigate.
- **Activity Count** – The number of pending and projected activities for CHCQ staff to perform. CHCQ projects the number of new and renewal licensing and certification surveys and complaint/Facility Reported Incident (FRI) investigations CHCQ will conduct in 2024-25. Some activities must occur on a specified frequency. The Estimate includes the workload associated with the number of pending complaints and facility-reported incidents the program anticipates will remain from prior years that it will complete in the budget year.
- **Standard Average Hours** – The number of hours needed to complete an activity. CHCQ calculates this **number** for each activity by facility type based on the actual average time spent on the activity by facility type in the past three years.

To estimate the workload for each activity by facility type, CHCQ uses the following formulae:

- Complaint/FRI and other variable workload hours = Standard average hours x projected activity count.
- Survey workload hours = Standard average hours x facility count x required frequency.

CHCQ then calculates the amount of additional time associated with non-survey functions (e.g., federal and state training, meetings, etc.) to calculate the overall time required by surveyor staff. Finally, CHCQ uses the total number of surveyors to calculate the number of supervisors and administrative positions needed to support these staff.

IV. Assumptions

New Assumptions/Premises

Budget Change Proposal: Center for Health Care Quality, Application and Fee Processing Expansion

Background:

The CHCQ's Centralized Applications Branch (CAB), in coordination with District Offices, processes all applications submitted by health facilities for various licensure changes, including changes of ownership, location, name, beds, and various key personnel such as Administrator and Medical Director. There are over twenty different types of licensure changes and the branch processes nearly 10,000 change applications from facilities each year; however, only four of these application types currently have a fee associated with them. A joint review of this workload with the Department of Finance's Research and Analysis Unit found opportunities to update the application fee schedule that will provide for a more equitable distribution of costs amongst the facilities, align application fee revenue with application workload costs, address stakeholder concerns regarding the Change of Ownership (CHOW) fee as required by Chapter 578, Statutes of 2022 (Assembly Bill (AB) 1502), reduce some cost pressures from the annual licensing fee, and disincentivize the practice amongst some facilities of failing to submit required change applications. This proposal would implement a fee for all licensure changes processed by the department, as well as impose late fees when these changes are not submitted timely. Resources are requested for additional payment processing, late fee assessment, and notification workload.

In addition to processing applications for licensure changes, CAB also processes all health facility applications for initial licensure, license renewals, and conducts activities associated with licensure expiration and license revocation. Completion of this workload often requires branch staff to work with applicants to address incomplete or inaccurate application materials. In recent years, there has been significant growth in the number of facilities within CHCQ's oversight jurisdiction, particularly among Hospice Agencies and Home Health Agencies. This growth, in addition to recent legislation (Chapter 797, Statutes of 2022, AB 2673) has resulted in increased license renewal and licensure change application workload, requiring additional resources within the Provider Licensing Unit (PLU) of CAB.

The CDPH Center for Health Care Quality (CHCQ) is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and quality of health care 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 receives funds through Title XVIII and Title XIX grants from the Centers for Medicare and Medicaid Services (CMS) and licensing fees paid by health care facilities. CHCQ licenses and certifies over 8,000 health care facilities and 6,000 health care agencies across California in 30 different licensure and certification categories. CHCQ evaluates health care facilities for compliance with state and federal laws and regulations, and contracts with the Los Angeles County Department of Public Health (LAC) to license and certify health care facilities located in Los Angeles County.

i. Report of Change Fee Schedule:

AB 1502 made significant changes to CHCQ's CHOW process, but most importantly it prohibited anyone from owning or operating a SNF prior to the issuance of a license. This bill was needed because there were prior instances of CHOW applications in pending status for several years while the new, unlicensed owner operated the SNF under the previous owner's license through a "management operating transfer agreement." While apart from the primary focus of the act, this bill also required CHCQ to convene a stakeholder group prior to April 1, 2023, focused on establishing a new methodology to calculate SNF CHOW fees that reflect departmental costs to process the application.

Pursuant to current law, the fee for a CHOW application is equivalent to the annual license renewal fee authorized by Health Safety Code (HSC) 1266. The annual license renewal fee is intended to generate revenue sufficient to cover all CHCQ's operating costs, less federal funding, and factoring in the available fund balance in the licensing and certification fund. Due to stagnant federal funding, a series of BCPs to expand state staffing to keep up with increased workload, and the contract with Los Angeles County for the oversight of their facilities, this fee has been increasing significantly in recent years such that the current cost for an annual license renewal or CHOW application for a 100 bed SNF is \$106,000 - up from \$20,296 in 2006-07. Nursing home operators have expressed concerns that the cost of the CHOW fee exceeds the cost borne by the department to process the change of ownership, which led to the requirement of the stakeholder group in AB 1502.

In addition to setting the CHOW fee at the annual licensing renewal fee, current law also limits the types of licensure changes for which the department may charge a fee. The equivalent of the annual license renewal fee is also assessed for change of location applications, but only for a handful of facility types (including SNFs), even though the approval process for these applications typically requires a costly onsite survey. Change of Bed Fees are charged at the annual license renewal fee, prorated by the number of added beds. Other than a nominal \$25 fee for a change of name, no other "Change Of" applications require the facility to pay a fee. CAB receives thousands of applications annually for which no fee is charged, including changes for

Administrators, Medical Directors, and Directors of Nursing, many of which require a background check. The result is that facilities driving high workload for these lower-level change applications are being subsidized by other revenue sources, such as the annual license renewals and facilities submitting CHOW applications.

The CHCQ's Fiscal Services Branch (FSB) Revenue Collection Unit (RCU) has responsibility for processing all payments, which are submitted via paper check, including all payments received for reported changes. The unit responsibilities include management of all licensing payments, deposits, annual fee notices, renewal applications, payment notifications, citations, reconciliations of deposits and fees, revocations, maintenance of logs, and customer service.

ii. Increases to existing workload:

CAB is responsible for various tasks related to licensure such as reviewing all license renewals, Report of Change Applications, including CHOWs, and Initial Applications. This branch has experienced steadily increasing workload due to an overall increase in the number of facilities for which CHCQ has oversight and recent legislation, which has made licensure requirements more stringent for certain facility types, particularly Hospices and Nursing Homes. Additionally, a plan of correction resulting from a California State Auditor's audit in 2017 resulted in the development of a license renewal application (LRA) validation process so that licensee/facility information is current and in good standing before a license is renewed. The new LRA process went into effect in May 2020, resulting in new workload to validate the information in the Electronic Licensing Management System (ELMS) database (system of record) against the information on the LRA submitted by the facility. Any discrepancies between ELMS and the LRA must be resolved before issuing a renewed license, which often results in notifying the facility that they are required to submit a Report of Change Application to update their licensure information. The frequency with which the information on the LRA does not match the licensure information in ELMS indicates that many facilities are not reporting these changes timely and are waiting until their annual license renewal to notify the department of the changes. Finally, license renewal workload often includes communication with the local District Offices to verify the facility is in good standing.

Description of Change:

CDPH requests 11.5 positions and \$1.1 million in 2024-25 and \$1.6 million in 2025-2026 and ongoing from the State Department of Public Health Licensing and Certification Program Fund (Fund 3098) to support application and fee processing expansion.

Discretionary:

Yes.

Reason for Adjustment/Change:

This proposal will allow CHCQ to revise its report of change fee schedule to align the revenue received for the various licensure changes to the cost incurred by the department to process these changes. This proposal will result in a more equitable distribution of costs amongst the facilities, as the facilities imposing additional workload for licensure changes will bear the responsibility for the costs resulting from that workload. Updates to license information drive significant workload for the department and because there is no fee associated with most change applications and written notifications, the cost for that workload is primarily covered by the annual licensing fee. As a result, the license fee paid by all facilities currently subsidizes the workload created by a subset of facilities. The following sections describe the major components of the changes to the fee schedule.

Fee Schedule Changes:

Revenue Aligned with Costs. The new fee model will be based on the cost of workload imposed on the department to process the application. To determine the workload impact resulting from these submissions, an analysis was conducted using timekeeping data submitted to CMS and some initial results from a 2023 internal CHCQ timekeeping study. The process for setting the new fees will be discussed more below.

Some Current Fees Reduced. While this proposal will impose new fees for services that were previously free of charge, some of the current report of change fees will be reduced. Pursuant to current law the CHOW fee is equivalent to the Annual Licensing Fee. However, the annual licensing fee is intended to cover the entire cost of the program, including indirect costs. This proposal makes changes to existing law, allowing a reduced CHOW fee that better aligns with the cost of the workload incurred to process the application, including an onsite survey. This results in a significant reduction to CHOW application revenue, with the CHOW fee for a 99-bed SNF reduced from \$105,039 to \$39,700. Similarly, the Change of Bed/Capacity fee is a per bed model based on the Annual Licensing Fee per bed amount. This model is flawed because it does not cover the cost of an onsite survey when a small number of beds are added, but then quickly exceeds the cost for that workload when a significant number of beds are added. This proposal imposes a flat fee for the addition of 1-5 beds to cover the cost of an onsite survey and creates a reasonable per bed fee for the addition of 6 or more beds, resulting in a reduced Change of Bed/Capacity fee for most applications.

Imposes deadlines and late fees. While current law already requires the submission of these change applications and written notifications, it does not always clearly specify when they are due and generally does not provide for any repercussions when these submissions are late or not submitted at all. This proposal adds submission deadlines to all required change applications and written notifications that are specified in law. In most cases, this will be within 10 business days of implementation of the change. In

addition, late fees, which mirror those already in place for annual license renewals, will be imposed. Currently, it is common for staff conducting a survey at a facility to find that changes have occurred that require an update to the facility's license, such as a change of ownership or a change in the management personnel. As discussed above, it is also common for facilities to attempt to update this information during their annual license renewal, rather than as the changes occur. The imposition of late fees is designed to discourage facilities from this practice.

Included in annual fee report. All fees associated with change applications and written notifications will be published in the annual fee report. Health and Safety Code (HSC) 1266 requires the department to publish a list of estimated fees for the upcoming fiscal year by February 1 of each year and exempts the update of these fees from the regulatory and rulemaking requirements of the government code. This proposal makes changes to HSC 1266 to include report of change and written notification fees in the definition of program fees, which will allow these fees to be updated annually, along with the annual licensing fee. It is anticipated that these fees will be updated and refined as the department is able to collect additional workload data.

Fee Schedule Methodology:

Data from several sources was used to design a proposed fee schedule that aligns fee revenue with the cost for CHCQ to provide the service. This included onsite survey timekeeping data from CMS' Quality and Certification Oversight Report (QCOR) data repository, initial findings from a time study for CAB workload, self-reported estimates of workload, and average position costs derived from the department's salaries and wages gallery.

The CHOW application was the initial focus for the development of this fee structure because it is the most labor-intensive application and can serve as a benchmark for the development of the other fees. Costs for a CHOW are split between (1) the time/costs associated with processing the application through the CAB unit and (2) the time/costs associated with completing the onsite survey through the respective district office within CHCQ's field operations program. The largest component of the CHOW workload is attributable to the onsite survey, which is also required for Change of Location, Change of Beds (increases), Change of Service (additions), and most License Suspension Reinstatements applications.

The workload associated with a CHOW onsite survey is considerable, but the department's internal timekeeping system does not allow for a reliable estimate of the specific workload attributable to the CHOW. However, the workload required for a CHOW overlaps considerably with a recertification survey and is estimated to take approximately the same amount of time to complete. Extensive timekeeping data on recertification surveys is available from QCOR, which is the central repository for all survey timekeeping data reported nationwide through CMS's automated survey process environment. This data includes facility and survey specific timekeeping data

for recertification surveys. The time per recertification survey in QCOR was used as a proxy for the time required to complete a CHOW survey.

The actual cost for the department to complete a CHOW application for a SNF was estimated by applying the average hours to process a CHOW application for CAB Associate Governmental Program Analysts (AGPAs) (estimated at 48 hours) and hours required to complete recertification surveys by field operations Health Facilities Evaluator Nurses (HFENs), which varies based on facility size, to the hourly cost for these classifications (including travel costs). Applying this methodology to SNF's between 80 and 140 beds (representing approximately half of all SNF facilities), results in an average cost per CHOW of \$30,664, with \$27,520 attributable to the onsite survey and \$3,144 attributable to CAB for application processing. By comparison, the current average CHOW fee for facilities this size is \$109,988, revealing that the CHOW application fee significantly exceeds the cost to the department to complete the application. To better align this revenue to the cost incurred by the department, a proposed fee of \$10,000 plus \$300 per bed fee was developed, which would result in a new CHOW fee of \$40,000 for a 100-bed facility. Based on the available data, this fee structure will cover the costs of most CHOW applications, but not all, as some facilities require significantly longer onsite surveys. Finally, data revealed that there is not a perfect correlation between facility size and hours per survey, however over the more than 1,000 surveys conducted in 2019 the general trend is that larger facilities require longer surveys. Therefore, a costing model that incorporates a per bed component is appropriate.

A proposed fee schedule includes changes to the existing fees and new fees for licensure changes that currently do not have a fee. For the CHOW fee, a similar model as described above was used for all facility types with beds, while no change to the CHOW fee is proposed for other facilities because the annual licensing fee was deemed reasonably equivalent to the cost incurred by the department to process the application. Of note in the proposed schedule is that significantly higher fees are proposed when an onsite survey is required. Onsite surveys create significant workload for the department, so this model proposes that licensure changes requiring a survey have a significantly higher fee. In some cases, this results in two different fees for the same application type. For example, a Change of Service Application requiring a survey is significantly more than one that does not.

The proposed fee schedule introduces several different calculations designed to best align the revenue collected from the fee to the cost incurred by the department to provide the service. However, if this calculation results in a fee that is higher than the annual licensing fee, the annual licensing fee will be imposed instead. This proposal also incorporates a supplemental fee for facilities located in Los Angeles County as required by HSC 1266. The department contracts with LAC for the oversight of facilities in that county. Current law requires facilities in Los Angeles County to pay a supplemental fee due to the higher cost of LAC personnel. This proposal includes a 25

percent surcharge to all report of change and written notifications processed which require a survey, as that onsite survey is conducted by LAC personnel.

Fiscal Impact (Range) and Fund Source(s):

CDPH requests 11.5 positions and \$1.1 million in 2024-25 and \$1.6 million in 2025-26 and ongoing from the State Department of Public Health Licensing and Certification Program Fund (Fund 3098) to support application and fee processing expansion.

Existing (Significantly Changed) Assumptions/Premises

There are no existing or significantly changed assumptions/premises.

Unchanged Assumptions/Premises

There are no unchanged assumptions/premises.

Discontinued Assumptions/Premises

There are no discontinued assumptions/premises.

V. Appendix A: Fiscal Summary

Fiscal Summary

Comparison of 2023-24 November Estimate to 2024-25 November Estimate
(\$ in thousands)

	2023-24 November Estimate	2024-25 November Estimate	Request
I. BUDGET ITEMS			
A. Headquarters			
1. Headquarters	75,812	75,812	-
2. Centralized Application Branch Expansion		1,078	1,078
Headquarters Sub-total	\$75,812	\$76,890	\$1,078
B. Field Operations			
1. Licensing & Certification (L&C)	155,866	155,866	
2. Los Angeles County (LAC)	124,043	124,043	
3. State Facilities Unit (SFU)	5,670	5,670	
Field Operations Sub-total	\$285,579	\$285,579	
C. Partial Year Adjustment	111,899	102,749	(9,150)
D. Statewide Cost Allocation Plan	8,507	8,507	
E. Grand Total	\$481,797	\$473,725	\$(8,072)
II. FUND SOURCES			
State Operations			
A. General Fund (0001)	9,960	4,969	(4,991)
B. Federal Trust Fund (0890)	139,335	130,189	(9,146)
C. Special Deposit Fund (0942)	-	-	
1. Internal Departmental Quality Improvement Account (IDQIA)	716	718	2
2. State Citation Penalty Account	2,144	2,144	
3. Federal Citation Penalty Account	577	579	2
D. Reimbursement (0995)	15,614	15,693	79
E. Internal Information Integrity Quality Improvement Account (3151)	-	-	
F. State Department of Public Health Licensing and Certification Program Fund (Fund 3098)	311,531	317,513	5,982
<i>Less transfer from the General Fund (0001)</i>	(3,700)	(3,700)	
Local Assistance			
G. Special Deposit Fund (0942)	-	-	
1. Federal Citation Penalty Account	5,575	5,575	
H. State Department of Public Health Licensing and Certification Program Fund	45	45	
I. Grand Total	\$481,797	\$473,725	\$(8,072)

VI. Appendix B: Position Summary

Comparison of 2023-24 Budget Act to 2024-25 November Estimate

	2023-24 Budget Act	2024-25 November Estimate Workload Analysis	2024-25 Budget Change Proposals	Total 2024-25 November Estimate	Request
TOTAL CENTER POSITIONS	1,534.4	1,534.4	7.8	1,542.2	7.8
Headquarters					
CHCQ Executive Management and Branch Chiefs					
Performance Improvement Management Office	17.0	17.0	-	17.0	-
Centralized Applications Branch	91.0	91.0	5.0	96.0	5.0
Healthcare Workforce Branch	92.0	92.0	-	92.0	-
Investigations Branch	112.0	112.0	-	112.0	-
Emergency Preparedness Disaster Response Section	7.0	7.0	-	7.0	-
Fiscal Management Branch	28.6	28.6	2.3	30.9	2.3
Recruitment Resources Section	18.0	18.0	-	18.0	-
Training Section	29.0	29.0	-	29.0	-
Business Operations Branch	29.3	29.3	-	29.3	-
Healthcare Associated Infections Program	23.00	23.0	-	23.0	-
Standards Interpretation Branch	47.0	47.0	-	47.0	-
Public Policy & Legislative Branch	24.0	24.0	-	24.0	-
CHCQ Informatics Branch	17.0	17.0	-	17.0	-
Demographics and Epidemiological Research Branch	8.0	8.0	-	8.0	-
Headquarters Total	542.9	542.9	7.3	550.2	7.3
Field Operations					
State Facilities Section					
Supervisor	11.0	11.0	-	11.0	-
Surveyor	49.0	49.0	-	49.0	-
Support	12.0	12.0	-	12.0	-
Life Safety Code					
Supervisor	5.0	5.0	-	5.0	-
Surveyor	20.0	20.0	-	20.0	-
Support	6.0	6.0	-	6.0	-
Field Office					
Supervisor	144.0	144.0	-	144.0	-
Surveyor	584.0	584.0	-	584.0	-
Support	153.0	153.0	-	153.0	-
Field Operations Total	984.0	984.0	-	984.0	-
Public Health Staff					
Administration	3.0	3.0	0.5	3.5	0.5
Information Technology Services Division	4.5	4.5	-	4.5	-
Office of Legal Services	-	-	-	-	-
Public Health Total	7.5	7.5	0.5	8.0	0.5
Total Field Operations Surveyors*	653.0	653.0	-	653.0	-

*Surveyors (HFEN, AGPA, SI, Consultants)

VII. Appendix C: Detailed Assumptions

1. Methodology:

To estimate the workload for each facility type, CHCQ uses the following general formulae:

- Planned workload = Standard average hours x facility count x required frequency (if applicable).
- Unplanned workload = Historical data and applying linear regression to project unplanned workload with possible adjustments from subject matter experts knowledgeable of the specific workload.
- CHCQ continues to analyze ratios of survey to follow-up/revisits to accurately project workload demand.
- CHCQ then estimates the positions needed to accomplish the workload. Specifically, the formulae for estimating positions are:
- Surveyor positions (for complaints, facility-reported incidents, and other non-periodic workload):
- Surveyor = ([standard average hour x activity count]/non-survey factor)/1,800 hours.
- Surveyor positions (for surveys):
- Surveyor = ([standard average hour x facility count x mandated frequency rate]/non-survey factor)/1,800 hours.
- Supervisor and support staff positions:
- Supervisors = one supervisor to six Surveyors.
- Support staff for state and federal workload = one support staff to six Surveyors and supervisors.

2. Health Care Facility Counts:

A health care facility means any facility or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, to which the persons are admitted for a 24-hour stay or longer.

- CHCQ counts health care facilities by facility type (e.g., SNFs, general acute care hospital, home health agency, etc.), and facilities opened as of a point-in-time of the current fiscal year as reported by the CMS' ASPEN for certified facilities, and facilities open as of June 2023 as reported in the Electronic Licensing Management System.
- CHCQ counts only active and open main facilities and skilled nursing distinct part facilities for purposes of this Estimate.
- For some facility types, there may be a difference in the number of licensed facilities versus the number of certified facilities. This is because some facilities are licensed only or certified only. Additionally, there may

be minor discrepancies due to the use of different data sources required by the CMS, and/or the timing of data reconciliation activities.

CHCQ updated facility counts as of June 2023.

3. Health Care Facility List:

- Adult Day Health Centers
- Alternative Birthing Centers
- Acute Psychiatric Hospitals
- Chronic Dialysis Clinics
- Chemical Dependency Recovery Hospitals
- Congregate Living Health Facilities
- Community Clinic/Free Clinic/Community Mental Health Center
- Correctional Treatment Centers
- General Acute Care Hospitals
- Home Health Agencies
- Hospice
- Hospice Facilities
- Intermediate Care Facilities
- Intermediate Care Facilities–Developmentally Disabled (DD):
DD–Habilitative; DD–Nursing
- Pediatric Day Health/Respite Care
- Psychology Clinics
- Referral Agencies
- Rehabilitation Clinics
- Skilled Nursing Facilities
- Surgical Clinics

4. Survey Activities:

CHCQ bases licensing survey activities on state mandated requirements. Surveyors perform the following state licensing activities:

- Re-licensure
- Re-licensure – Follow-up
- Initial Licensure
- Including outstanding pending initial licensure applications.
- Initial Licensure – Follow-up
- Complaint Investigations Facility-Reported Incident Investigations – State
- Field Visits
- Including Change of Ownership, Change of Location, Bed Change, Services Change.
- Review Medical Error Plan

CHCQ bases certification survey activities on the federal Centers for Medi- Cal tiered activity requirements. Surveyors perform the following federal certification activities:

- Re-certification

- Re-certification – Follow-up
- Initial Certification
- Initial Certification – Follow-up
- Life Safety Code
- Life Safety Code – Follow-up
- Complaint and Facility-Reported Investigations – Federal
- Complaint Validation
- Validation
- Validation – Follow-up
- Informal Dispute Resolution
- Federal Hearings
- Pre-Referral Hearings
- Monitoring Visits

5. Time Entry and Activity Management:

The provisions of Health and Safety Code section 1266(e) require CHCQ to capture and report workload data by category (survey activity and facility type). The Time Entry and Activity Management system captures data on the number of survey counts and the total hours spent for each survey activity to determine the standard average hours that it takes to accomplish specific workload.

6. Survey Workload:

Survey workload is either state mandated (licensing survey) or federally mandated by CMS (certification survey).

7. Standard Average Hours:

Standard average hours are the average hours each survey activity takes to complete. CHCQ used July 1, 2016, through June 30, 2019, and July 1, 2019, through June 30, 2022, closed complaints, and exited survey data to calculate standard average hours for this Estimate.

8. Complaint and Facility-Reported Incident Counts:

CHCQ bases complaint and facility-reported incident counts on the number of complaints and facility-reported incidents received between July 1, 2019, and June 30, 2022, as reported in the ASPEN database.

9. Open Complaints and Facility-Reported Incidents:

CHCQ bases the open complaints and facility-reported incidents count on all open complaints and facility-reported incidents as of June 30, 2023.

10. Received Complaints and Facility-Reported Incidents:

CHCQ bases the received complaints and facility-reported incidents count by excluding intakes with no event/time association as of June 30, 2023.

11. Annualized Workload Hours:

CHCQ determines annualized workload by the corresponding state or federal mandated survey requirements, multiplied by the standard average hours, adjusted to include non-survey administration hours.

12. Surveyor Positions:

Surveyor positions consist of HFENs, Associate Governmental Program Analysts, Special Investigators, medical, pharmacy, dietary consultants, and life safety code analysts. CHCQ uses 1,800 functional hours per position per year for state field operations staff. The LAC contract uses 1,744 functional hours per position per year for its equivalent staff.

13. Staffing Ratios:

State Ratios:

- CHCQ computes the allocation of the Health Facilities Evaluator II Supervisor positions using a (1:6) ratio: one Health Facilities Evaluator II Supervisor for every six surveyors.
- CHCQ computes the allocation of the Health Facilities Evaluator Manager I positions using a (1:6) ratio: one Health Facilities Evaluator Manager I for every six Health Facilities Evaluator II Supervisors.
- CHCQ computes the allocation of the Program Technician II positions using a (1:6) ratio: one Program Technician II for every six of the combined surveyors and supervisors.
- CHCQ computes the allocation of the CHCQ headquarters positions using a (1:10) ratio: one CHCQ headquarters position for every ten of the combined requested positions for field-based staff.

14. CHCQ updated federal grant workload to reflect the 2023 grant.**15. Fund Sources:**

- General Fund (0001)
- Federal Trust Fund (0890):
 - a. Title XVIII Long Term Care
 - b. Title XVIII Non-Long-Term Care
 - c. Title XVIII Hospice Care
 - d. Title XIX Long Term Care
 - e. Title XIX Non-Long-Term Care
- Special Deposit Fund (0942)
 - a. Internal Departmental Quality Improvement Account
 - b. SNF Minimum Staffing Penalty Account
 - c. State Health Facilities Citation Penalties Account
 - d. Federal Health Facilities Citation Penalties Account
- Reimbursements (0995)
- CDPH L&C Program Fund (3098)

16. Contract costs are included for executed contracts only.

17. Miscellaneous:

- CHCQ has implemented a systematic method of securing the data within the Estimate workbook and documenting management review.

Changes to Detailed Assumptions from the 2023-24 May Revision Estimate.

VIII. Appendix D: Revenue and Transfer Summaries

2023-24 Revenue and Transfer Summaries

FY 2023-24 \$ in thousands	Fi\$CAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total
State Department of Public Health Licensing and Certification Program Fund 3098							
Other Regulatory Licenses and Permits	4129400	\$248,135					\$248,135
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$53,487					\$53,487
Miscellaneous Services to the Public	4143500	\$6					\$6
Income from Surplus Money Investments	4163000	\$4,418					\$4,418
Special Deposit Fund 0942							
Internal Departmental Quality Improvement Account							
Fines & Penalties - External - Private Sector	4172220		\$2,689				\$2,689
Income from Surplus Money Investments	4163000		\$560				\$560
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$3,876				\$3,876
Income from Surplus Money Investments	4163000		\$424				\$424
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$4,927				\$4,927
Income from Surplus Money Investments	4163000		\$291				\$291
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$3,645				\$3,645
Federal Fund 0890							
Title 18 Survey & Certification (S&C) Medicare	4400000			\$63,808			\$63,808
Title 19 Survey & Certification (S&C) Medicaid	4400000			\$59,683			\$59,683
Unscheduled	4400000			\$10,000			\$10,000
Reimbursements 0995*							
Reimbursements 0995	4810000				\$6,387		\$6,387
Unscheduled	4810000				\$8,402		\$8,402
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals			\$306,046	\$16,412	\$133,491	\$14,789	\$3,700
							\$474,438

2024-25 Revenue and Transfer Summaries

FY 2024-25 \$ in thousands	Fi\$CAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimbursement 0995	General Fund 0001	Total	
State Department of Public Health Licensing and Certification Program Fund 3098								
Other Regulatory Licenses and Permits	4129400	\$248,135					\$248,135	
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$53,487					\$53,487	
Miscellaneous Services to the Public	4143500	\$6					\$6	
Income from Surplus Money Investments	4163000	\$4,418					\$4,418	
Special Deposit Fund 0942								
Internal Departmental Quality Improvement Account								
Fines & Penalties - External - Private Sector	4172220		\$2,689				\$2,689	
Income from Surplus Money Investments	4163000		\$560				\$560	
Federal Health Facilities Citation Penalties Account								
Fines & Penalties - External - Other	4172240		\$3,876				\$3,876	
Income from Surplus Money Investments	4163000		\$424				\$424	
State Health Facilities Citation Penalties Account								
Fines & Penalties - External - Private Sector	4172220		\$4,927				\$4,927	
Income from Surplus Money Investments	4163000		\$291				\$291	
Skilled Nursing Facility Quality and Accountability								
Fines & Penalties - External - Private Sector	4172220		\$3,645				\$3,645	
Federal Fund 0890								
Title 18 Survey & Certification (S&C) Medicare	4400000			\$54,058			\$54,058	
Title 19 Survey & Certification (S&C) Medicaid	4400000			\$59,683			\$59,683	
Unscheduled	4400000			\$10,000			\$10,000	
Reimbursements 0995*								
Reimbursements 0995	4810000				\$6,387		\$6,387	
Unscheduled	4810000				\$8,402		\$8,402	
General Fund 0001								
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700	
Revenue Projection by Fund Totals			\$306,046	\$16,412	\$123,741	\$14,789	\$3,700	\$464,688

Descriptions:

General Fund – 0001. Government Code sections 16300-16315. The General Fund has existed since the beginning of the State as a political entity. It is the principal operating fund for the majority of governmental activities and consists of all money received in the Treasury that is not required by law to be credited to any other fund.

Reimbursements – 0995. This is a fund for budgetary purposes only. It is set up separately as a General Fund Special Account and is used in the schedule of appropriation for reimbursements. Reimbursement Fund 0995 is used in this purpose to capture the funding source.

General Fund for State Facilities Section – 0001. General Fund is the funding source to recoup fees for survey costs incurred in fee exempt state-owned facilities, including the state match cost of surveys performed in certified-only facilities. Funding is specifically appropriated from the General Fund in the annual Budget Act or other enacted legislation.

Federal Trust Fund – 0890. Chapter 1284, Statutes of 1978. Government Code sections 16360-16365. Section 16361 of the Government Code appropriates the fund, "...without regard to fiscal year, for expenditure for the purposes for which the money deposited therein is made available by the United States for expenditure by the state."

Title XVIII - Social Security Act, 1864(a). Medicare health insurance for the aged and disabled.

Title XIX - Social Security Act, 1902(a)(33)(B). Medicaid low-income program that pays for the medical assistance for individuals and families of low income and limited resources.

Special Deposit Fund – 0942. Government Code sections 16370-16375, and 16377 provide that the fund is appropriated to fulfill the purposes for which payments into it are made. The fund was created by Statute in 1880 and codified by the Statutes of 1907 as Section 453a of the Political Code.

State Department of Public Health Licensing and Certification Program Fund – 3098. Chapter 483, Statutes of 2007 (SB 1039), Health and Safety Code section 1266.9. This fund is created in Chapter 528, Statutes of 2006. Original Administrative Organization Code 4260 was changed to 4265 when the Department of Health Services split into two departments effective July 2007 in accordance with Chapter 241, Statutes of 2007 (SB 162). This fund, originally titled the State Department of Health Services Licensing and Certification Program Fund, was retitled to the State Department of Public Health Licensing and Certification Program Fund in Chapter 483, Statutes of 2006 (SB 1039). Its purpose is to support the Licensing and Certification Program's operation.

IX. Appendix E: Fund Condition Statements**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT****3098 State Department of Licensing and Certification Program Fund**

	2022-23	2023-24	2024-25
BEGINNING BALANCE	\$80,892,000	\$136,892,000	\$129,861,000
Prior year adjustments	\$16,143,000	\$0	\$0
Adjusted Beginning Balance	\$97,035,000	\$136,892,000	\$129,861,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (125700)	\$312,315,000	\$301,622,000	\$301,622,000
4143500 - Miscellaneous Services to the Public (142500)	\$0	\$6,000	\$6,000
4163000 - Investment Income - Surplus Investments (150300)	\$4,418,000	\$4,418,000	\$4,418,000
4171400 - Escheat of Unclaimed Checks and Warrant (161000)	-\$2,000	\$0	\$0
4170700 - Civil and Criminal Violation Assessment (164400)	\$0	\$0	\$0
Transfers and Other Adjustments:			
Transfers from Licensing & Certification FD, CDPH (3098) to the General Fund (0001) per EO E21/22-276	\$0	\$0	\$0
Total Revenues, Transfers, and Other Adjustments	\$316,731,000	\$306,046,000	\$306,046,000
Total Resources	\$413,766,000	\$442,938,000	\$435,907,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller's Office (State Operations)	\$0	\$0	\$0
4170 Department of Aging (Local Assistance)	\$400,000	\$400,000	\$400,000
4265 Department of Public Health (State Operations)	\$267,099,000	\$311,531,000	\$317,513,000
4265 Department of Public Health (Local Assistance)	\$0	\$45,000	\$45,000
8880 Financial Information System for CA (State Operations)	\$0	\$0	\$0
9670 Equity Claims of California Victim Compensation and Governmental Claims Board (State Operations)	\$0	\$0	\$0
9892 Supplemental Pension Payments (State Operations)	\$3,179,000	\$3,179,000	\$2,591,000
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$9,896,000	\$1,622,000	\$10,925,000
Total Expenditures and Expenditure Adjustments	\$280,574,000	\$316,777,000	\$331,474,000
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures	\$276,874,000	\$313,077,000	\$327,774,000
FUND BALANCE	\$136,892,000	\$129,861,000	\$108,133,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT
3151 Internal Health Information Integrity Quality Improvement Account**

	2022-23	2023-24	2024-25
BEGINNING BALANCE	\$1,000	\$1,000	\$1,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$1,000	\$1,000	\$1,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$0	\$0	\$0
Total Resources	\$1,000	\$1,000	\$1,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$0	\$0	\$0
Total Expenditures and Expenditure Adjustments	\$0	\$0	\$0
FUND BALANCE	\$1,000	\$1,000	\$1,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT
0942-222 Special Deposit Fund - Internal Department Quality Improvement Account**

	2022-23	2023-24	2024-25
BEGINNING BALANCE			
	\$20,074,000	\$19,664,000	\$22,197,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$20,074,000	\$19,664,000	\$22,197,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$2,689,000	\$2,689,000	\$2,689,000
4163000 Investment Income - Surplus Money Investment	\$560,000	\$560,000	\$560,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,249,000	\$3,249,000	\$3,249,000
Total Resources	\$23,323,000	\$22,913,000	\$25,446,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$3,659,000	\$716,000	\$718,000
Total Expenditures and Expenditure Adjustments	\$3,659,000	\$716,000	\$718,000
FUND BALANCE	\$19,664,000	\$22,197,000	\$24,728,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT**

0942-248 Special Deposit Fund - Skilled Nursing Facility Minimum Staffing Penalty Account

	2022-23	2023-24	2024-25
BEGINNING BALANCE			
Prior year adjustments	\$15,000	\$2,295,000	\$5,940,000
Adjusted Beginning Balance	\$0	\$0	\$0
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS	\$15,000	\$2,295,000	\$5,940,000
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$3,645,000	\$3,645,000	\$3,645,000
Transfers and Other Adjustments:			
Revenue Transfer from Special Deposit Fund (0942) to Skilled Nursing Facility Quality and Accountability Special Fund (3167) per Welfare and Institutions Code 14126.022 (g)	-\$1,365,000	\$0	\$0
Total Revenues, Transfers, and Other Adjustments	\$2,280,000	\$3,645,000	\$3,645,000
Total Resources	\$2,295,000	\$5,940,000	\$9,585,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$0	\$0	\$0
State Operations (Operating Transfers-out)	\$0	\$0	\$0
Total Expenditures and Expenditure Adjustments	\$0	\$0	\$0
FUND BALANCE	\$2,295,000	\$5,940,000	\$9,585,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT**

0942-601 Special Deposit Fund - State Health Facilities Citation Penalties Account

	2022-23	2023-24	2024-25
BEGINNING BALANCE	\$11,025,000	\$14,260,000	\$10,850,000
Prior year adjustments	\$574,000	-\$4,260,000	-\$850,000
Adjusted Beginning Balance	\$11,599,000	\$10,000,000	\$10,000,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$4,927,000	\$4,927,000	\$4,927,000
4163000 Investment Income - Surplus Money Investment	\$291,000	\$291,000	\$291,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$5,218,000	\$5,218,000	\$5,218,000
Total Resources	\$16,817,000	\$15,218,000	\$15,218,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
State Operations	\$130,000	\$130,000	\$130,000
Local Assistance	\$2,094,000	\$2,094,000	\$2,094,000
4265 Department of Public Health			
State Operations	\$333,000	\$2,144,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$2,557,000	\$4,368,000	\$4,368,000
FUND BALANCE	\$14,260,000	\$10,850,000	\$10,850,000

**4265 DEPARTMENT OF PUBLIC HEALTH
FUND CONDITION STATEMENT
0942-605 Special Deposit Fund - Federal Health Facilities Citation Penalties Account**

	2022-23	2023-24	2024-25
BEGINNING BALANCE			
	\$13,940,000	\$14,795,000	\$12,955,000
Prior year adjustments	\$3,000	\$0	\$0
Adjusted Beginning Balance	\$13,943,000	\$14,795,000	\$12,955,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Federal	\$3,876,000	\$3,876,000	\$3,876,000
4163000 Investment Income - Surplus Money Investment	\$424,000	\$424,000	\$424,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$4,300,000	\$4,300,000	\$4,300,000
Total Resources	\$18,243,000	\$19,095,000	\$17,255,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
4265 Department of Public Health			
State Operations	\$0	\$565,000	\$565,000
Local Assistance	\$3,448,000	\$5,575,000	\$5,575,000
Total Expenditures and Expenditure Adjustments	\$3,448,000	\$6,140,000	\$6,140,000
FUND BALANCE	\$14,795,000	\$12,955,000	\$11,115,000