

Center for Health Care Quality

2024-25

May Revision 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

CHCQ projects expenditure authority of \$481.8 million, which is unchanged from the 2024-25 Governor's Budget.

Budget Year 2024-25

For 2024-25, CHCQ estimates expenditures will total \$474.6 million, which is an increase of \$852,000 or 0.2 percent compared to the 2024-25 Governor's Budget. This is due to a \$852,000 increase in expenditure authority for the Internal Departmental Quality Improvement Account (IDQIA).

Table 1 compares the 2024-25 Governor's Budget with the 2024-25 May Revision Estimate for the current year and budget year.

Table 1
Comparison of 2024-25 Governor's Budget with 2024-25 May Revision Estimate

Funding Source (\$ in thousands)	CY 2023-24 at 2024-25 Governor's Budget	CY 2023-24 at 2024-25 May Revision	Change from 2024-25 Governor's Budget to 2024-25 May Revision Estimate	Percent Change from 2024-25 Governor's Budget 2024-25 May Revision Estimate	BY 2024-25 2024-25 Governor's Budget	BY 2024-25 2024-25 May Revision Estimate	BY 2024-25 Change from 2024-25 Governor's Budget to 2024-25 May Revision Estimate	BY 2024-25 Percent Change from 2024-25 Governor's Budget to 2024-25 May Revision Estimate
State Operations Appropriations Summary:								
0001 - General Fund	\$9,960	\$9,960	\$0	0.0%	\$4,969	\$4,969	\$0	0.0%
0890 - Federal Trust Fund	\$139,335	\$139,335	\$0	0.0%	\$130,189	\$130,189	\$0	0.0%
0942 - Special Deposit Fund								
Internal Departmental Quality Improvement Account	\$716	\$716	\$0	0.0%	\$718	\$1,570	\$852	118.7%
State Health Facilities Citation Penalty Account	\$2,144	\$2,144	\$0	0.0%	\$2,144	\$2,144	\$0	0.0%
Federal Health Facilities Citation Penalty Account	\$577	\$577	\$0	0.0%	\$579	\$579	\$0	0.0%
0995 - Reimbursements	\$15,614	\$15,614	\$0	0.0%	\$15,693	\$15,693	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$311,530	\$311,530	\$0	0.0%	\$317,513	\$317,513	\$0	0.0%
Less Transfer from General Fund 0001	-\$3,700	-\$3,700	\$0	0.0%	-\$3,700	-\$3,700	\$0	0.0%
3151 - Internal Health Information Integrity Quality Improvement Account	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%
Total State Operations Appropriations	\$476,176	\$476,176	\$0	0.0%	\$468,105	\$468,957	\$852	0.2%
Local Assistance Appropriations Summary:								
0942 - Special Deposit Fund								
Federal Health Facilities Citation Penalty Account	\$5,575	\$5,575	\$0	0.0%	\$5,575	\$5,575	\$0	0.0%
3098 - Licensing and Certification Program Fund	\$45	\$45	\$0	0.0%	\$45	\$45	\$0	0.0%
Total Local State Appropriations	\$5,620	\$5,620	\$0	0.0%	\$5,620	\$5,620	\$0	0.0%
Total Appropriations	\$481,796	\$481,796	\$0	0.0%	\$473,725	\$474,577	\$852	0.2%
Headquarters	542.9	542.9	0.0	0.0%	550.7	552.7	2.0	0.4%
Field Operations							0.0	0.0%
Supervisors	160.0	160.0	0.0	0.0%	160.0	160.0	0.0	0.0%
Surveyors*	653.0	653.0	0.0	0.0%	653.0	653.0	0.0	0.0%
Support	171.0	171.0	0.0	0.0%	171.0	171.0	0.0	0.0%
Center Positions	1,526.9	1,526.9	0.0	0.0%	1,534.7	1,536.7	2.0	0.1%
Public Health Staff**	7.5	7.5	0.0	0.0%	7.5	7.5	0.0	0.0%
Grand Total Positions***	1,534.4	1,534.4	0.0	0.0%	1,542.2	1,544.2	2.0	0.1%

*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 March 2024, the vacancy rate is 13.8 percent for Health Facility Evaluator Nurses (HFENs), which is an increase of 9.8 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 (HSC) 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 1 of 2023-24, CHCQ completed 94 percent of long-term health care facility complaints within 60 days of receipt. This represents a 28 percent improvement in the timeliness of long-term care complaints since Quarter 4 of 2021-22. Furthermore, CHCQ has completed 100 percent of backlogged long-term care complaints that existed as of April 1, 2021.

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 H&SC 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.

Fiscal Year	BCP Description
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.
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.

Fiscal Year	BCP Description
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.
2017-18 – 2019-20	<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.</p> <p>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>
2020-21 – 2022-23	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 state licensing surveys. The consulting firm will provide skilled resources to aid with solution development and platform operations.

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 plan to comply with this section.

Per Item 4265-115-0942 of the 2023 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 2023 Budget Act authorized an additional \$6 million to fund existing projects and provide funding for new projects in current and future fiscal years until June 30, 2027.

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 489 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 323 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 87 grant applications for this initiative from February 2022 to present. CHCQ has approved approximately \$275,000 of these grants for facilities in need of these resources.

In June 2023, CMS implemented a temporary hold on reviewing and approving CMP applications. In September 2023, CMS lifted the hold and released new guidance for the CMP program, including an updated application and funding limits for most projects. The updated, Americans with Disabilities Act compliant application and budget template were posted to the CDPH CMP site in January 2024. Applicants who previously applied under the former guidance must reapply using the new application and budget templates.

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.
2018-19	CHCQ executed a three-year contract with CAHF for the Volunteer Engagement project. CHCQ executed a two-year contract with Quality Care Health Foundation for the Certified Nursing Assistant (CNA) Training Kickstarter Project.

Fiscal Year	Approved CMP Grants
<p>2019-20</p>	<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>
<p>2020-21</p>	<p>CHCQ has executed contracts for the following proposal:</p> <ul style="list-style-type: none"> • Tobin & Associates LifeBridge • University of California Irvine Infection Prevention • LTC SNF Clinic • LifeBio Improving P.C.C. through Engagement, Reminiscence Therapy, and Life Stories • Pilgrim Place – Make it Home • Memory Care Buddies • In-Person Visitation Grants • Communicative Technology Grants
<p>2021-22</p>	<p>CHCQ has executed contracts for the following proposals:</p> <ul style="list-style-type: none"> • LeadingAge CA's The Java Project • LifeBridge • The Java Project: Addressing Social Isolation and Loneliness COVID-19 and Beyond (extension expanding to 97 homes and is a separate application)
<p>2022-23</p>	<p>CHCQ has executed contracts for the following proposals:</p> <ul style="list-style-type: none"> • CPRH Dementia Care Project • Height Street Memory Book Project • LeadingAge Enlightenment/Obie • Front Porch Communities Foundation Creativity Never Gets Old • LeadingAge GARDEN Project • SilverKite SPARKing Creativity, Joey, and Arts Engagement • In-Person Visitation (Air Quality) Grants

Fiscal Year	Approved CMP Grants
2023-24	CHCQ has not executed any contracts this FY and does not anticipate any new CMP contracts executed before 7/1/2024. CHCQ is currently reviewing eight applications.

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

Center for Health Care Quality, Quality Improvement Activities

Background:

Health and Safety Code section 1280.15(f) establishes the Internal Departmental Quality Improvement Account (IDQIA) and provides that “moneys in the account shall be expended for internal quality improvement activities in the Licensing and Certification Program.” The account is funded by administrative penalties that the California Department of Public Health (CDPH) imposes on health facilities for violations that cause harm to a patient, or administrative penalty associated with breaches of medical information. Since fiscal year 2010-11, the Legislature has appropriated moneys in IDQIA to be expended for internal quality improvement activities.

CHCQ uses IDQIA to fund both large scale quality improvements requiring the Project Approval Lifecycle (PAL) process as well as small scale improvements such as robotic process automation, implementing use-cases for previously PAL-approved technology such as Microsoft Dynamics, equipment purchases, et cetera, that are not required to go through the PAL process. These projects directly improve the quality and efficiency of CHCQ's services to providers and the public.

Description of Change:

CDPH CHCQ requests \$500,000 and 2.0 positions in 2024-25 and ongoing from the Internal Departmental Quality Improvement Account (Fund 0942-222) to expand the Provider Technical Assistance Section to assist health care facilities in complying with state and federal requirements and \$352,000 in 2024-25 to support one-time planning costs for the Centralized Application Branch Online Licensing Application Project.

Discretionary?:

Yes.

Reason for Adjustment/ Change:

CHCQ requests \$500,000 and 2.0 positions in 2024-25 and ongoing to expand the Provider Technical Assistance Section to assist health care facilities in

complying with state and federal requirements and \$352,000 in 2024-25 to support one-time planning costs for the for the implementation of the Centralized Applications Branch (CAB) paperless/automated licensing application project (hereafter referred to as CAB Online).

Provider Technical Assistance Expansion - \$500,000

Health and Safety Code section 1417.3 requires CDPH to promote the quality of life for residents in long-term care facilities by researching and evaluating innovative care models, providing training on effective facility practices, and providing technical assistance to facilities regarding licensing and certification requirements, compliance with federal and state standards, and related operational issues. SIB is responsible for providing policy interpretations, conducting quality assurance reviews, and evaluating alternative concepts for meeting regulatory requirements presented by facilities. As part of process improvement efforts, CHCQ conducted a review of the current and future state workload trends and identified the need for additional resources to be able to support all facilities that are at risk of termination, and to fulfill the growing need for policy expertise in support of the program.

Recent skilled nursing facility decertification's in California have highlighted the need to identify compliance problems and proactively support facilities to assist them in improving compliance with state and federal regulatory requirements, and the quality of care the facilities are providing. In 2018-19, there were 255 facilities that received termination notices from Centers for Medicare & Medicaid Services (CMS). Although facility decertification did decrease over the next three years due to the COVID-19 pandemic, CHCQ has seen that the number of facilities receiving termination notices has returned to pre-COVID levels. Currently, 275 facilities have received termination notices from CMS. CHCQ has identified a need to expand the unit to include higher-level professionals who possess experience in the operation and oversight of health facilities. These include one Public Health Medical Officer II (PHMO II) and one Nurse Consultant II (NC II).

The PHMO II and the NC II will serve as consultants to facilities with significant compliance issues that place them at risk of being on the termination track for CMS certification or license revocation. These clinical experts will go onsite to observe operations, identify training needs, and assess the operational changes needed to bring the facility back into compliance with state and federal requirements. The PHMO II and the NC II will bring different skill sets to the unit than those provided by the existing staff. The PHMO II must meet the requirements to practice medicine in California; this individual would provide the perspective of a medical director of a skilled nursing facility. Having this

physician expertise is critical to advising the facility leadership on issues related to medical care. The NC II must have expertise in overseeing clinical treatment. This brings a similar skill set to that of a nursing home administrator, which is a key leadership role in ensuring that facilities operate safely.

The existing technical assistance staff are nurses who have expertise in evaluating programs and providing training and consultation. While the nurses can evaluate the performance and processes implemented by direct care staff and infection control preventionists, they would not be able to comment on the role of the facility medical director or factors outside of their clinical expertise and scope of licensure. Similarly, the education coordinators and AGPAs within the unit would not have the same qualifications to provide the type of technical assistance that the PHMO II and the NC II could provide.

Centralized Application Branch (CAB) - \$352,000

CAB processes health care facility licensure and certification applications for CHCQ, including all applications for initial facility licenses, changes to existing licenses, licensure renewals, and conducts activities associated with license expiration and license revocation. CAB processes applications on a first-in, first-out basis and often works with applicants to address incomplete or inaccurate application materials. CAB receives over 15,000 applications annually. Most of the application processing is manual and requires health care facilities to submit various required forms and supporting documentation to CAB via United States Postal Service mail, fax, and/or email.

Assembly Bill 2798 (Chapter 922, Statutes of 2018) requires an automated application system to process licensing applications from General Acute Care Hospitals (GACH) and Acute Psychiatric Hospitals (APH), and it was mandated that the resources necessary to implement the application process would be made available, upon appropriation, from IDQIA. The automated license application submission system was built in Adobe Experience Manager (AEM) and went live in late 2019 for GACHs and APHs. The automated application submission system reduced many cumbersome manual processes for GACH and APH applications, eliminated the ability to submit an incomplete application, reduced back and forth communications around incomplete applications, has proven beneficial for providers and has created a seamless route for application submissions and processing.

For the remaining 33 provider types licensed/certified by the center, the application submission and review process has remained manual, and paper based. Manual processes draw on already limited resources and limit the

center's ability to improve the customer experience, increase efficiency, reduce errors, and mitigate extended processing timeframes.

The CAB Online project proposes to refresh, enhance, and expand the technology of CAB's original automated license application submission system to enable all 35 healthcare facility provider types to submit applications electronically and have the technological flexibility to add new facility types in the future. Additionally, the technology refresh will integrate the new CAB Online license application submission system with other CHCQ systems, including the center's Electronic Licensing Management System (ELMS) database and enable facilities to pay licensing fees electronically, rather than by paper check. Functionality in the CAB Online project can also reduce errors in submitted applications, minimizing the number of applications that require corrections or additional documentation.

This project will also improve the efficiency of CAB's operations. Currently, analysts manually key information from paper applications into ELMS. The workflow between CAB intake team, managers, analysts, Fiscal Unit, and District Offices includes passing application packets and folders either manually or via email. Analysts manually look up information in related systems and rekey relevant information into ELMS. Integration of the online application system with ELMS system and other systems will reduce many of the cumbersome manual processes currently in place and will provide a simplified workflow that will contribute to provider satisfaction by creating a seamless route for application submissions and processing.

Due to the anticipated cost and complexity of this CAB online project, the project will require approval through the California Department of Technology's PAL process. CAB expects the PAL process will result in approval of an Information Technology project that will deliver anticipated solutions. Currently, this project is in Stage Two of the PAL process and CHCQ will utilize approximately \$1,070,000 in 2024-25 from IDQIA Fund to finish the planning process. The requested \$352,000 combined with the \$718,000 in existing IDQIA authority will provide adequate funding to complete this process.

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

CDPH CHCQ requests 2 positions and \$852,000 in 2024-25 and \$500,000 in 2025-26 and ongoing from Fund 0942-222 to execute contracts and acquire additional resources, products, or skill sets as needed to accelerate quality improvement efforts.

Existing (Significantly Changed) Assumptions/Premises

There are no existing or significantly changed assumptions/premises.

Unchanged Assumptions/Premises**Budget Change Proposal: Center for Health Care Quality, Application and Fee Processing Expansion****Background:**

The CHCQ's 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.

Description of Change:

CDPH requests 11.5 positions and \$1.1 million in 2024-25 and \$1.6 million in 2025-26 and ongoing from 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. HSC 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.

Proposed Positions: This proposal would add 4.0 Staff Service Analyst (SSA) and 1.0 SSMI position for the CAB Administration Section to address increasing workload. Overall health facility application volume and licensure renewal volume have increased by 28 percent and 16 percent, respectively, between Fiscal Year 2020-21 and Fiscal Year 2022-23. In addition, the implementation of the license renewal validation process has increased the time required to process annual license renewals due to the validation of the information in the renewal application against the information in the Electronic Licensing Management System (ELMS). This validation workload is critical for the successful implementation of the proposed fee schedule changes as facilities attempting to submit license updates through the renewal process will need to be informed of the requirement to submit a report of change application and the applicable fees. Following this initial notification, unit staff will need to follow-up with any facilities that fail to submit the required report of change.

This proposal also includes 3.5 AGPAs and 1.0 SSM I position for the Revenue Collection Unit to address the projected 75 percent increase in fee payment processing volume due to the addition of new fees on various types of applications. The fee schedule changes are anticipated to result in an additional 8,000 payments per year for licensure changes, which is in addition to the 11,000 total checks currently processed. The estimated 8,000 additional payments do not include late penalty assessments, which this unit will also be responsible for processing. The number of late penalty assessments is unknown at this time, so additional future resources may be needed to address this workload. To address the additional check deposit workload, 1.0 AGPA is proposed for the Accounting Section of the Administration Division's Financial Management Branch.

Finally, this proposal includes permanent funding and position authority for 1.0 AGPA for workload related to increased hospice application volume associated with AB 2673. Although the sharp increase in hospice change of management personnel applications is likely one-time, the volume of other types of hospice report-of-change applications have more than doubled since 2020-21 and is likely to remain elevated given the current number of hospice providers. One-year limited term funding was provided for this position through a 2023-24 Budget Change Proposal.

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 Fund 3098 to support application and fee processing expansion.

Discontinued Assumptions/Premises

There are no discontinued assumptions/premises.

V. Appendix A: Fiscal Summary**Fiscal Summary**Comparison of 2024-25 Governor's Budget to 2024-25 May Revision Estimate
(\$ in thousands)

	2024-25 Governor's Budget	2024-25 May Revision Estimate	Request
I. BUDGET ITEMS			
A. Headquarters			
1. Headquarters	76,890	76,890	
2. Internal Department Quality Improvement		852	852
Headquarters Sub-total	\$76,890	\$77,742	\$852
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	106,135	107,141	1,006
D. Statewide Cost Allocation Plan	5,121	4,115	(1,006)
E. Grand Total	\$473,725	\$474,577	\$852
II. FUND SOURCES			
State Operations			
A. General Fund (0001)	4,969	4,969	
B. Federal Trust Fund (0890)	130,189	130,189	
C. Special Deposit Fund (0942)			
1. Internal Departmental Quality Improvement Account (IDQIA)	718	1,570	852
2. State Citation Penalty Account	2,144	2,144	
3. Federal Citation Penalty Account	579	579	
D. Reimbursement (0995)	15,693	15,693	
E. Internal Information Integrity Quality Improvement Account (3151)			
F. State Department of Public Health Licensing and Certification Program Fund (Fund 3098)			
<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	\$473,725	\$474,577	\$852

VI. Appendix B: Position Summary

Comparison of 2024-25 Governor's Budget to 2024-25 May Revision Estimate

	2024-25 Governor's Budget	2024-25 May Revision Budget Change Proposals	Total 2024-25 May Revision Estimate	Request
TOTAL CENTER POSITIONS	1,542.2	2.0	1,544.2	2.0
Headquarters				
CHCQ Executive Management & Branch Chiefs	17.0	0.0	17.0	0.0
Centralized Applications Branch	98.8	0.0	98.8	0.0
Healthcare Workforce Branch	92.0	0.0	92.0	0.0
Investigations Branch	112.0	0.0	112.0	0.0
Emergency Preparedness Disaster Response Section	7.0	0.0	7.0	0.0
Fiscal Services Branch	28.6	0.0	28.6	0.0
Recruitment Resources Section	18.0	0.0	18.0	0.0
Training Section	29.0	0.0	29.0	0.0
Business Operations Branch	29.3	0.0	29.3	0.0
Healthcare Associated Infections Program	23.0	0.0	23.0	0.0
Standards Interpretation Branch	47.0	2.0	49.0	2.0
Public Policy & Legislative Branch	24.0	0.0	24.0	0.0
CHCQ Informatics Branch	17.0	0.0	17.0	0.0
Demographics & Epidemiological Research Branch	8.0	0.0	8.0	0.0
Headquarters Total	550.7	2.0	552.7	2.0
Field Operations				
State Facilities Section				
Supervisor	11.0	0.0	11.0	0.0
Surveyor	49.0	0.0	49.0	0.0
Support	12.0	0.0	12.0	0.0
Life Safety Code				
Supervisor	5.0	0.0	5.0	0.0
Surveyor	20.0	0.0	20.0	0.0
Support	6.0	0.0	6.0	0.0
Field Office				
Supervisor	144.0	0.0	144.0	0.0
Surveyor	584.0	0.0	584.0	0.0
Support	153.0	0.0	153.0	0.0
Field Operations Total	984.0	0.0	984.0	0.0
Public Health Staff				
Administration	3.0	0.0	3.0	0.0
Information Technology Services Division	4.5	0.0	4.5	0.0
Office of Legal Services	0.0	0.0	0.0	0.0
Public Health Total	7.5	0.0	7.5	0.0
Total Field Operations Surveyors*	653.0	0.0	653.0	0.0

*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 = $([\text{standard average hour} \times \text{activity count}] / \text{non-survey factor}) / 1,800$ hours.
- Surveyor positions (for surveys):
- Surveyor = $([\text{standard average hour} \times \text{facility count} \times \text{mandated frequency rate}] / \text{non-survey factor}) / 1,800$ 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 2024-25 November Estimate.

There are no changes to Detailed Assumptions from the 2024-25 November 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	Reimburse- ment 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		\$4,100				\$4,100
Income from Surplus Money Investments	4163000		\$656				\$656
Federal Health Facilities Citation Penalties Account							
Fines & Penalties - External - Other	4172240		\$5,312				\$5,312
Income from Surplus Money Investments	4163000		\$537				\$537
State Health Facilities Citation Penalties Account							
Fines & Penalties - External - Private Sector	4172220		\$4,397				\$4,397
Income from Surplus Money Investments	4163000		\$426				\$426
Skilled Nursing Facility Quality and Accountability							
Fines & Penalties - External - Private Sector	4172220		\$3,882				\$3,882
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				\$9,227		\$9,227
General Fund 0001							
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700
Revenue Projection by Fund Totals			\$306,046	\$19,310	\$133,491	\$15,614	\$3,700
							\$478,161

2024-25 Revenue and Transfer Summaries

FY 2024-25 \$ in thousands	FiSICAL Account Code	L&C Program Fund 3098	Special Deposit Fund 0942	Federal Fund 0890	Reimburse- ment 0995	General Fund 0001	Total	
State Department of Public Health Licensing and Certification Program Fund 3098								
Other Regulatory Licenses and Permits	4129400	\$242,820					\$243,195	
Other Regulatory Licenses and Permits (Los Angeles County Supplemental)	4129400	\$21,743					\$21,743	
Miscellaneous Services to the Public	4143500	\$6					\$6	
Income from Surplus Money Investments	4163000	\$7,482					\$7,482	
Special Deposit Fund 0942								
Internal Departmental Quality Improvement Account								
Fines & Penalties - External - Private Sector	4172220		\$4,100				\$4,100	
Income from Surplus Money Investments	4163000		\$656				\$656	
Federal Health Facilities Citation Penalties Account								
Fines & Penalties - External - Other	4172240		\$5,312				\$5,312	
Income from Surplus Money Investments	4163000		\$537				\$537	
State Health Facilities Citation Penalties Account								
Fines & Penalties - External - Private Sector	4172220		\$4,397				\$4,397	
Income from Surplus Money Investments	4163000		\$426				\$426	
Skilled Nursing Facility Quality and Accountability								
Fines & Penalties - External - Private Sector	4172220		\$3,882				\$3,882	
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				\$9,306		\$9,306	
General Fund 0001								
General Fund Transfer State Facilities Section Allocation	6210000					\$3,700	\$3,700	
Revenue Projection by Fund Totals			\$272,051	\$19,310	\$123,741	\$15,693	\$3,700	\$434,495

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	\$80,656,000	\$136,892,000	\$132,926,000
Prior year adjustments	\$16,380,000	\$0	\$0
Adjusted Beginning Balance	\$97,036,000	\$136,892,000	\$132,926,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 - Other Regulatory Licenses and Permits (125700)	\$312,315,000	\$301,622,000	\$264,564,000
4143500 - Miscellaneous Services to the Public (142500)	\$0	\$6,000	\$6,000
4163000 - Investment Income - Surplus Investments (150300)	\$4,418,000	\$7,482,000	\$7,482,000
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:	\$0	\$0	\$0
Loan from Licensing & Certification FD, CDPH (3098) to the General Fund (0001)	\$0	\$0	-\$70,000,000
Total Revenues, Transfers, and Other Adjustments	\$316,731,000	\$309,110,000	\$202,052,000
Total Resources	\$413,767,000	\$446,002,000	\$334,978,000
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
FUND CONDITION STATEMENT**

3098 State Department of Licensing and Certification Program Fund
(Continued)

	2022-23	2023-24	2024-25
4265 Department of Public Health (State Operations)	\$267,099,000	\$311,530,000	\$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)	\$9,897,000	\$1,622,000	\$10,926,000
Total Expenditures and Expenditure Adjustments	\$280,575,000	\$316,776,000	\$331,475,000
Less Funding Provided by the General Fund	-\$3,700,000	-\$3,700,000	-\$3,700,000
Total Expenditures	\$276,875,000	\$313,076,000	\$327,775,000
FUND BALANCE	\$136,892,000	\$132,926,000	\$7,203,000

**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	\$19,637,000	\$23,677,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$20,074,000	\$19,637,000	\$23,677,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$2,689,000	\$4,100,000	\$4,100,000
4163000 Investment Income - Surplus Money Investment	\$560,000	\$656,000	\$656,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$3,249,000	\$4,756,000	\$4,756,000
Total Resources	\$23,323,000	\$24,393,000	\$28,433,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4265 Department of Public Health (State Operations)	\$3,686,000	\$716,000	\$1,570,000
Total Expenditures and Expenditure Adjustments	\$3,686,000	\$716,000	\$1,570,000
FUND BALANCE	\$19,637,000	\$23,677,000	\$26,863,000

**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	\$15,000	\$2,295,000	\$6,177,000
Prior year adjustments	\$0	\$0	\$0
Adjusted Beginning Balance	\$15,000	\$2,295,000	\$6,177,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$3,645,000	\$3,882,000	\$3,882,000
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	\$3,882,000	\$3,882,000
Total Resources	\$2,295,000	\$6,177,000	\$10,059,000
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	\$6,177,000	\$10,059,000

**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	\$14,233,000	\$14,688,000
Prior year adjustments	\$574,000		
Adjusted Beginning Balance	\$11,599,000	\$14,233,000	\$14,688,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172220 Fines and Penalties - External - Private Sector	\$4,927,000	\$4,397,000	\$4,397,000
4163000 Investment Income - Surplus Money Investment	\$291,000	\$426,000	\$426,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$5,218,000	\$4,823,000	\$4,823,000
Total Resources	\$16,817,000	\$19,056,000	\$19,511,000
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	\$360,000	\$2,144,000	\$2,144,000
Total Expenditures and Expenditure Adjustments	\$2,584,000	\$4,368,000	\$4,368,000
FUND BALANCE	\$14,233,000	\$14,688,000	\$15,143,000

**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	\$14,264,000	\$13,961,000
Prior year adjustments	\$3,000	\$0	\$0
Adjusted Beginning Balance	\$13,943,000	\$14,264,000	\$13,961,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4172240 Fines and Penalties - External - Federal	\$3,876,000	\$5,312,000	\$5,312,000
4163000 Investment Income - Surplus Money Investment	\$424,000	\$537,000	\$537,000
Transfers and Other Adjustments:			
Total Revenues, Transfers, and Other Adjustments	\$4,300,000	\$5,849,000	\$5,849,000
Total Resources	\$18,243,000	\$20,113,000	\$19,810,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4170 Department of Aging			
4265 Department of Public Health			
State Operations	\$0	\$577,000	\$579,000
Local Assistance	\$3,979,000	\$5,575,000	\$5,575,000
Total Expenditures and Expenditure Adjustments	\$3,979,000	\$6,152,000	\$6,154,000
FUND BALANCE	\$14,264,000	\$13,961,000	\$13,656,000