



August 9, 2021

Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Section 11.91 and Provisional Notification—Medi-Cal COVID-19 Vaccination Incentive Program, Department of Public Health and Department of Health Care Services

Pursuant to the 2021 Budget Act, the following report is respectfully submitted.

The Department of Finance has received requests for a transfer and increase in expenditure authority in fiscal year 2021-22 for the purpose of responding to the COVID-19 Pandemic. These requests are described below according to the 2021 Budget Act authority.

Control Section 11.91 (Department of Public Health and Department of Health Care Services)

Control Section 11.91 authorizes the Department of Finance to transfer funding between specified items, or to any other item, for response and recovery costs related to the COVID-19 Pandemic upon notification to the Legislature. Finance has received a request from the Department of Public Health and the Department of Health Care Services to transfer \$125 million from Item 4265-021-0001 for Program 4040010-Emergency Preparedness to Item 4260-101-0001 for Program 3960022-Benefits (Medical Care and Services); and to transfer \$50 million from Item 4265-021-0001 for Program 4040010-Emergency Preparedness to Program 3960014-Eligibility (County Administration) to respond to the COVID-19 Pandemic by supporting the Medi-Cal COVID-19 Vaccination Incentive Program.

At present, only 45.6 percent of Medi-Cal beneficiaries age 12 or older have received at least one dose of the vaccine compared with 70.5 percent of all Californians age 12 and older. The focus of this program is to improve vaccination rates within target Medi-Cal populations by closing vaccination gaps and achieving vaccination rate parity.

A total of \$250 million (\$125 million General Fund and \$125 million federal funds) will be available for the Managed Care Incentive program, in which plans will receive 20-percent of their incentive payment by submitting a Vaccine Response Plan by September 1, 2021, and 80-percent of their incentive payment conditioned on achieving pre-identified outcomes from their plan by February 2022.

An additional \$100 million (\$50 million General Fund and \$50 million in federal funds) will be available for the Direct Vaccine Incentive program to offer unvaccinated Medi-Cal beneficiaries direct member incentives (e.g. a gift card to the grocery store) to receive the vaccine.

Finance concurs with the necessity of this change to the approved budget and will be approving the transfer 10 days after this notification to the Legislature.

Provision 2 of Item 4260-101-0890 Notification (Department of Health Care Services)

Provision 2 of Item 4260-101-0890 authorizes Finance to approve expenditures payable from the Federal Trust Fund in those amounts made necessary by changes in either caseload or payments upon notification to the Legislature. To support the Medi-Cal COVID-19 Vaccination Incentive Program, the Department of Health Care Services requests an increase of Federal Trust Fund expenditure authority in Item 4260-101-0890 by \$125 million for Program 3960022-Benefits (Medical Care and Services) and \$50 million for Program 3960014-Eligibility (County Administration) pursuant to Provision 2 of Item 4260-101-0890. The funds assume the Department of Health Care Services will receive one to one federal matching funds for the \$175 million General Fund transferred pursuant to Control Section 11.91 as described above.

Finance concurs with the necessity of this change to the approved budget and will be approving the request upon submittal of this notification to the Legislature.

If you have any questions or need additional information regarding this matter, please call Jack Zwald or Laura Ayala, Principal Program Budget Analysts, at (916) 926-8177 and (916) 926-3640, respectively.

KEELY MARTIN BOSLER

Director

By:

A handwritten signature in blue ink, appearing to read 'RICHARD GILLIHAN', with a long horizontal line extending to the right.

RICHARD GILLIHAN

Chief Operating Officer

cc: On following page

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst (3)
Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office (2)
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and Budget
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Legislative Director, Assembly Republican Leader's Office
Jason Sisney, Assembly Speaker's Office (2)
Mark McKenzie, Staff Director, Senate Appropriations Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Mark Ghaly, Secretary, California Health and Human Services Agency
Michelle Baass, Undersecretary, California Health and Human Services Agency
Marko Mijic, Deputy Secretary of Program and Fiscal Affairs, California Health and Human Services Agency
Julie Souliere, Assistant Secretary, California Health and Human Services Agency
Brendan McCarthy, Assistant Secretary, Health and Human Services Agency
Tomás J. Aragón, State Public Health Officer, Director of California Department of Public Health
Brandon Nunes, Chief Deputy Director of Operations, California Department of Public Health
Susan Fanelli, Chief Deputy Director of Policy and Programs, California Department of Public Health
Will Lightbourne, Director, Department of Health Care Services
Jacey Cooper, Chief Deputy Director of Health Care Programs and State Medicaid Director, Department of Health Care Services
Kelly Pfeifer, Deputy Director of Behavioral Health, Department of Health Care Services
Erika Sperberk, Chief Deputy Director of Policy and Program Support, Department of Health Care Services
Lori Walker, Fiscal Deputy Director Fiscal and Chief Financial Officer, Department of Health Care Services
Jessica Bogard, Budget Officer, Department of Health Care Services