

California State Association of Counties
Reader's Guide to [AB 85 \(As Amended June 13, 2013\)](#)

Section, page	Topic	Description
1, p. 4-6 Welfare & Institutions Code §11450.025	CalWORKs grant increases	<p>This section effectuates the CalWORKs grant increases through a newly created Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.</p> <p>Deposits in the Child Poverty and Family Supplemental Support Subaccount may result in CalWORKs grant increases. Includes a process and calculation for determining grant increases.</p> <p>If funds in the Child Poverty and Family Supplemental Support Subaccount in a fiscal year are insufficient to fully fund any grant increases, the remaining costs for that fiscal year will be addressed through existing authority in the Budget Act.</p> <p>Clarifies that there is no county share of cost for the grant increases.</p>
2, p. 6-11 Welfare & Institutions Code §14199.1 and 14199.2	Medicaid Expansion Under the Affordable Care – provisions related to county hospitals	<p><u>§14199.1</u></p> <p>Specifies Medi-Cal assignment to plans and primary care providers in county hospital counties.</p> <p>From 12/31/13 through 12/31/16: 75% of default members to a primary care provider within county hospital system until hospital meets its target</p> <p>1/1/17: 50% of default members to a primary care provider within county hospital system until hospital meets its target</p> <p>Doesn't apply when a county hospital meets or exceeds its target</p> <p>Medi-Cal managed care plans shall first assign a primary care provider within a county hospital system to those default members who have accessed care within the county hospital system two to three times in the past 12 months.</p> <p>Penalties for health plans that don't comply.</p> <p>Beneficiaries still able to modify or change their primary care providers.</p> <p><u>§14199.2</u></p> <p>Provides that the plans shall pay the county hospital systems rates for the newly eligible at the cost of providing services.</p> <p>Provides for penalties on health plans that do not comply.</p> <p>Allows for voluntary Intergovernmental Transfers (IGTs) for the non-federal share of a capitated rate.</p>
3, p. 11-12 Welfare & Institutions Code §14301.5	Medi-Cal managed care plan rate range increases	<p>Allows Department of Health Care Services (DHCS) to pay rate range increase for Medi-Cal managed care plans at a minimum level of 75% of rate range for the newly eligible beneficiaries. If a non-federal share is required, a county hospital system may provide it voluntarily through an IGT.</p> <p>The increased payments to Medi-Cal managed care plans shall not be reduced as a consequence of payment under this section.</p>

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		<p>The Medi-Cal managed care plan shall pay all of the rate range increases provided under this section as additional payments to county hospital systems. Provides for penalties on health plans that do not comply.</p>
4, p. 12-13 Welfare and Institutions Code §17600	1991 Realignment Accounts and Subaccounts	Sunsets the existing 1991 Local Revenue Fund section that creates all the accounts and subaccounts on July 1, 2013 to effectuate changes to the 1991 Local Revenue Fund (see next section).
5, p.13-14 Welfare and Institutions Code §17600	1991 Realignment Accounts and Subaccounts	<p>As of July 1, 2013, recreates the 1991 Local Revenue Fund section that creates all the accounts and subaccounts, as follows:</p> <p><u>Accounts:</u> Sales Tax Account Vehicle License Fee Account Vehicle License Collection Account Sales Tax Growth Account Vehicle License Fee Growth Account</p> <p><u>Subaccounts of the Sales Tax Account:</u> Mental Health Subaccount Social Services Subaccount Health Subaccount CalWORKs MOE Subaccount Family Support Subaccount – NEW Child Poverty and Family Supplemental Support Subaccount – NEW</p> <p><u>Subaccounts of the Sales Tax Growth Account:</u> Caseload Subaccount County Medical Services Subaccount General Growth Subaccount Note that the following subaccounts are eliminated: Base Restoration, Indigent Health Equity, Community Health Equity, Mental Health Equity, State Hospital Mental Health Equity</p>
6, pp. 14 Welfare and	Family Support Account	Adds the Family Support Account to the list of accounts each county and city and county are required to establish as part of 1991 Realignment.

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Institutions Code §17600.10		
7, p. 14-17 Welfare and Institutions Code §17600.15	Sales Tax Distributions	<p>Ends the current distribution of sales tax funds within 1991 Realignment at the end of 2012-13. In 2013-14, swaps \$1 billion in sales tax funds between the Social Services Subaccount and the Health Subaccount at the state level. The swap is intended to only replace the source of funds for each account – not the underlying distribution of revenues via existing formulas. The disbursements to the Mental Health Subaccount do not change. Sales tax growth continues to be allocated based on existing law.</p> <p>In 2014-15 and beyond, the statute continues the sales tax swap between Social Services Subaccount and the Health Subaccount based on what was allocated in the prior year. Adds that the Child Poverty and Family Supplemental Support Subaccount will receive sales tax and sales tax growth in 2014-15 and beyond. The disbursements to the Mental Health Subaccount do not change. Sales tax growth continues to be allocated based on existing law.</p>
8, p. 17-18 Welfare and Institutions Code §17600.20	1991 County Transfer Provisions	Clarifies that the provisions in existing law that allow counties to transfer up to 10 percent between local accounts applies to the health, mental health and social services accounts and NOT to the CalWORKs MOE or Family Support accounts.
9, p. 18-21 Welfare and Institutions Code §17600.50	County Selection of Formula	<p>Details the election into the 60/40 formula for the County Medical Services Program and 34 CMSP counties participating in CMSP as of 2011-12. The 60% is calculated based on 1991 health realignment funds and the health realignment MOE.</p> <p>Details the options for the non-CMSP, non-hospital counties (Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare and Yolo). Each county shall make a tentative decision by Oct. 1, 2013 with a final resolution adopted by the board of supervisors on or before Dec. 4, 2013. A county may choose:</p> <ul style="list-style-type: none"> ▪ A savings calculation of costs and revenues detailed in Article 13 (p.66) ▪ A 60/40 calculation. The 60% is calculated based on 1991 health realignment funds and 60% of the health realignment MOE. If a county's MOE is greater than 14.6% of total value of the county's 2010-11 health realignment allocation, the value of the MOE is limited to 14.6%.

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		<p>Details the options for the hospital counties (Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, and Ventura). Each county shall make a tentative decision by Oct. 1, 2013 with a final resolution adopted by the board of supervisors on or before Dec. 4, 2013. A county may choose:</p> <ul style="list-style-type: none"> ▪ A savings calculation of costs and revenues detailed in Article 12 (p.39) ▪ A 60/40 calculation. The 60% is calculated based on 1991 health realignment funds and 60% of the health realignment MOE. If a county's MOE is greater than 25.9% of total value of the county's 2010-11 health realignment allocation, the value of the MOE is limited to 25.9%. <p>If a county fails to elect or inform the DHCS by Dec. 4, 2013, then the following calculation shall be used: 62.5% of the 1991 health realignment funds and 62.5% of the health realignment MOE. Revenues shall be transferred to the Family Support Subaccount.</p>
<p>10, p. 21-23 Welfare and Institutions Code §17600.60</p>	<p>County Health Care Funding Resolution Committee</p>	<p>Creates the County Health Care Funding Resolution Committee to do all of the following:</p> <ul style="list-style-type: none"> ▪ Hear and determine disputes over the data submitted to DHCS for the historical percentages of health realignment amount, imputed (credited) county low-income health amount, and indigent program costs. ▪ Hear and determine petitions from counties that want to change the selection of the 60/40 formula to the savings calculation based on costs and revenues. A county must demonstrate and provide sufficient evidence that there have been changes in expenditures related to state and federal law changes, regulations and rulemaking or court decisions that impact health care services to indigent adults. Additionally, a county must submit all of the data necessary to participate in Article 12 or 13. ▪ Hear and determine petitions for an alternative cost calculation to the per person calculation for non-hospital counties. A county must document extraordinary circumstances, including circumstances related to the local health care marketplace, provider and provider contracts and submit all necessary data. <p>The committee is comprised of representatives from: 1) CSAC, 2) DOF and 3) DHCS. The committee is exempt from the Bagley-Keene Open Meeting Act and the Administrative Procedures Act for purposes of drafting regulations. The committee shall determine the form of petition by Dec. 31, 2013.</p> <p>The committee shall make decisions within 45 days of hearing any petition.</p> <p>NOTE: This is an administrative process and, as such, counties can seek judicial review upon completion of that process.</p>

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11, pp. 23	Family Support Allocations	Adds a new heading to Article 2.5 (commencing with Section 17601.25) to Chapter 6 of part 5 of Division 9 of the Welfare and Institutions Code – Article 2.5, Family Support Allocations.
12, p. 23-24 Welfare and Institutions Code §17601.25	Family Support Allocations	Clarifies that the allocations from Family Support Subaccount and CalWORKs MOE are a contribution, not a share of cost.
13, pp. 24 Welfare and Institutions Code §17601.50	Directing funds from state level to county level: Child Poverty & Family Supplemental Support Subaccount	Directs funds from the Child Poverty & Family Supplemental Support Subaccount at the state level to the family support account at the local level. Clarifies that all the funds are to be used for CalWORKs grant increases.
14, pp. 24 Welfare and Institutions Code §17601.75	Allocation of family support funds	Allocates fund to the family support account per a schedule developed by DOF in consultation with CSAC. Clarifies counties do not have a new share of cost for CalWORKs grants. Clarifies that funds in the family support account are not subject to the transferability provisions within the 1991 realignment structure at the local level.
15, p. 24-28 Welfare and Institutions Code §17603	Sales tax & sales tax growth disbursements: 2013-14 and 2014-15 and beyond	Clarifies existing disbursements of sales tax and sales tax growth ends at the end of the 2012-13 fiscal year. For 2013-14, disburses \$300 million from the Health Subaccount to the Family Support Subaccount. The funds will be withheld via a schedule developed by DOF in consultation with CSAC. CMSP counties transfer no more than the \$89 million statutory CMSP payment that counties are obligated to remit to the CMSP governing board. If there is a difference, it will be paid by the CMSP Governing Board. Clarifies that the city allocations (there are 3 cities receiving health realignment funds for their public health departments) do not change. For 2014-15 and beyond, DOF, in consultation with CSAC, shall calculate each county's contribution for each year. Clarifies that the city allocations do not change.
16, p.28-32 Welfare and	Vehicle License Fees	Adjusts the VLF disbursements to effectuate the sales tax and VLF swaps between the health and social services subaccounts. The Social Services Subaccount will now be the recipient of VLF, while

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Institutions Code §17604		the Health Subaccount will receive sales tax.
17, p. 32-36 Welfare and Institutions Code §17606.10	General Growth	<p>General growth disbursements as part of 1991 realignment continue through 2012-13. In 2013-14 and beyond, General Growth is calculated as follows:</p> <ul style="list-style-type: none"> ▪ The mental health calculation remains the same ▪ The Health Account receives 18.4545 percent ▪ The rest of the general growth funds go the Child Poverty and Family Supplemental Support Subaccount. <p>Please note that the new disbursement eliminates general growth for social services and changes the calculation for health from a calculated amount to a flat percentage.</p>
18, p. 36 Welfare and Institutions Code §17609.02	Family Support Account	Clarifies that the funds in the Family Support Account can only be used to pay for CalWORKs.
19, p. 37-39 Welfare and Institutions Code §17610-17611 Article 11	True-up and Reconciliation process	<p><u>§17610.</u> True-up process for the Family Support Subaccount for counties that choose the savings calculation based on costs and revenues: June 2016 final true-up (for 2013-14). Final true up every June for the fiscal year two years prior. If county overpaid, the state shall deposit the difference in the health account. If the county underpaid, the county shall pay the difference to the family support account at the local level. If the county does not pay within 3 months, the state will have 1.5 times that amount withheld from the county's health subaccount and transferred to the Family Support Subaccount at the next allocation.</p> <p><u>§17610.5.</u> Creates a 2013-14 Special Holding Account in the Family Support Subaccount. Funds will stay in the Special Holding Account until May Revise. The funds will be transferred to the Family Support Subaccount by June 30, 2014. If a county's revised savings is lower than the amount transferred, the balance is returned to the county.</p> <p><u>§17611.</u> True-up process/reconciliation for counties that choose the 60/40 formula: By January 10 of the following fiscal year, DOF will make a final determination of the allocation attributable to each county that chooses the 60/40 formula. DOF and the Controller will make adjustments based on the health realignment deposits.</p>

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20, p. 39-65 Welfare and Institutions Code §17612.1- 17612.8 Article 12	Hospital County Savings Formula	<p>DOF shall notify every county and the Joint Legislative Budget Committee of its determinations.</p> <p>Details the process to redirect realignment funds. Defines technical terms associated with the calculation. Defines costs. Defines the cost containment limit and provides exceptions to that limit. Defines revenues. Includes legislative intent that by Sept. 13, 2013, the Legislature shall codify an allocation methodology for other sources of funding that include unrestricted special local health funds (tobacco settlement or special assessment), one-time funds or carry-over funds, and county general purpose revenues.</p> <p><u>Total revenues</u> and other funds payable for a fiscal year: Medi-Cal revenues + Uninsured revenues + Medicaid demonstration revenues + Hospital fee direct grants + Special local health funds + County indigent health care realignment amount + Imputed county low-income health amount + Imputed gains from other payers + The amount by which the public hospital system county's cost exceed the cost containment limit (expressed as a negative number) multiplied by .50</p> <p><u>MINUS</u> Medi-Cal costs, uninsured costs, other entity IGTs, new mandatory other entity IGTs = Resulting amount shall be multiplied by by .70 in 2013-14 and .80 in 2014-15 and beyond. If the amount is positive, then that amount shall be redirected. If the amount is negative, then the amount shall be zero. The amount to be redirected shall not exceed the county indigent care health realignment amount for that FY.</p> <p>The calculation stays in effect until whichever is later: June 30, 2023 OR the beginning of a FY following two consecutive years when the interim calculation is within 10 percent of the final</p>

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		<p>calculation and the final reconciled amounts are within 5% of each other.</p> <p>Data submission to DHCS for the historical percentages of health realignment amount, county general fund contribution for Medi-Cal and uninsured, imputed gains from other payers and special local health funds:</p> <ul style="list-style-type: none"> ▪ Sept. 30, 2013 – county determines amount or percentage and provides DHCS with the calculation and supporting data ▪ If DHCS disagrees, the state will confer with the county by Nov. 15, 2013 ▪ If agreement is not reached by Dec. 31, 2013, DHCS shall apply the county’s calculation until a decision is issued <p>A county can submit a petition to the County Health Care Funding Resolution committee over the data submitted to DHCS for the historical percentages of health realignment amount, county general fund contribution for Medi-Cal and uninsured, imputed gains from other payers and special local health funds.</p> <p>The County Health Care Funding Resolution committee shall issue a decision within 45 days of the decision.</p> <p>A county can contest the determination. While the county is contesting, the Committee’s decision will apply for purposes of an interim calculation.</p> <p>DHCS shall establish an expedited formal appeal process:</p> <ul style="list-style-type: none"> ▪ The county shall have 30 calendar days to file an appeal with the DHCS director. Appeals shall be in writing. ▪ A formal hearing before an Office of Administrative Hearings and Appeals Administrative Law Judge shall begin within 45 days of filing the appeal requesting a formal hearing. ▪ A final decision shall be adopted within 60 days of the close of the record but no later than 5 months following the issuance of the appeal. ▪ If a county does not file an appeal within 30 days, the determination of the Committee shall be final. <p>If a final decision is not issued by DHCS within two years, the county shall be deemed to have exhausted its administrative remedies and can pursue judicial review. The time period can be extended by either undue delay caused by the county or an extension of time granted to a county at its request.</p> <p><u>§17612.5</u>. Los Angeles specific formula.</p>

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		<p>§17612.7. Allows DHCS to implement without creating regulations.</p> <p>§17612.8. Requires DHCS to apply for another Medicaid demonstration project to replace the current Medicaid Bridge to Reform waiver.</p>
21, p. 65-75	Non-Hospital County Savings Formula	<p>Details the process to redirect realignment funds.</p> <p>Defines technical terms associated with the calculation.</p> <p>Defines costs.</p> <p>Defines the cost containment limit and provides exceptions to that limit.</p> <p>Defines revenues.</p> <p><u>Total revenues</u> and other funds payable for a fiscal year: Indigent program revenues + Special local health funds + County indigent health care realignment amount + Imputed county low-income health amount</p> <p><u>MINUS</u></p> <p>Indigent program costs (not to exceed the cost containment limit) = Resulting amount shall be multiplied by by .70 in 2013-14 and .80 in 2014-15 and beyond. If the amount is positive, then that amount shall be redirected. If the amount is negative, then the amount shall be zero. The amount to be redirected shall not exceed the county indigent care health realignment amount for that FY.</p> <p>The calculation stays in effect until whichever is later: June 30, 2023 OR the beginning of a FY following two consecutive years when the interim calculation is within 10 percent of the final calculation and the final reconciled amounts are within 5% of each other.</p> <p>Data submission to DHCS for the historical percentages of health realignment amount, imputed county low-income health amount, and indigent program costs:</p> <ul style="list-style-type: none"> ▪ Sept. 30, 2013 – county determines amount or percentage and provides DHCS with the calculation and supporting data ▪ If DHCS disagrees, the state will confer with the county by Nov. 15, 2013

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		<ul style="list-style-type: none"> ▪ If agreement is not reached by Dec. 31, 2013, DHCS shall apply the county’s calculation until a decision is issued <p>A county may submit a petition to the County Health Care Funding Resolution committee regarding the data submitted to DHCS for the historical percentages of health realignment amount, imputed county low-income health amount, and indigent program costs.</p> <p>The County Health Care Funding Resolution committee shall issue a decision within 45 days of the decision.</p> <p>A county can contest the determination. While the county is contesting, the Committee’s decision will apply for purposes of an interim calculation.</p> <p>DHCS shall establish an expedited formal appeal process:</p> <ul style="list-style-type: none"> ▪ The county shall have 30 calendar days to file an appeal with the DHCS director. Appeals shall be in writing. ▪ A formal hearing before and Office of Administrative Hearings and Appeals Administrative Law Judge shall begin within 45 days of filing the appeal requesting a formal hearing. ▪ A final decision shall be adopted within 60 days of the close of the record but no later than 5 months following the issuance of the appeal. ▪ If a county does not file an appeal within 30 days the determination of the Committee shall be final. <p>If a final decision is not issued by DHCS in two years, the county shall be deemed to have exhausted its administrative remedies and can pursue judicial review. The time period can be extended by either undue delay caused by the county or an extension of time granted to a county at its request.</p>
22, pp. 75 Uncodified	General implementation	<p>Requires DOF, DHCS, Department of Social Services, and the Controller, in consultation with CSAC, to work on technical implementation of the measure.</p> <p>DOF, in consultation with CSAC, will work with any county that has cash flow issues stemming from allocations in the Health Subaccount.</p>
23, p. 75-76 Uncodified	Federal Immigration Reform	<p>States legislative intent to review the formulas (60/40 and cost/revenue formulas) if the federal government enacts immigration reform. Additionally requires DHCS to report to the Legislature on the potential impacts of federal immigration reform on county health care expenditures.</p>
24, pp. 76 Uncodified	Mandates	<p>If the measure contains a mandate per the Commission on State Mandates, reimbursements shall be made to local agencies.</p>
25, pp. 76 Uncodified	Budget bill	<p>Clarifies the measure provides for appropriations related to the Budget Bill.</p>