

4150 Department of Managed Health Care

The Department of Managed Health Care protects consumers' health care rights and promotes a stable health care delivery system in California. The Department achieves this mission by:

- Licensing and regulating managed health care plans, including all Health Maintenance Organizations (HMOs), some Preferred Provider Organizations (PPOs), Exclusive Provider Organizations (EPOs), Medicare Advantage, most Medi-Cal managed care plans, and specialized plans.
- Enforcing the body of statutes collectively known as the Knox-Keene Health Care Service Plan Act of 1975, as amended.
- Conducting medical surveys and financial examinations to verify that health plans are complying with the law and are financially stable to serve their enrollees.
- Operating a 24-hour-a-day Help Center to resolve health care consumer complaints and administer the Independent Medical Review program.
- Reviewing proposed health plan rate changes for sufficient justification and reasonableness.
- Monitoring the financial solvency of the medical groups with whom health plans contract to provide health benefits to their enrollees.
- Convening the Financial Solvency Standards Board, comprised of people with expertise in the medical, financial and health plan industries, to advise the Director on strategies to keep the managed care industry financially stable.

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
3870 Health Plan Program	288.3	267.1	268.6	\$54,638	\$74,091	\$78,207
9900100 Administration	36.1	37.0	37.0	9,348	12,260	12,526
9900200 Administration - Distributed	-	-	-	-9,348	-12,260	-12,526
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	324.4	304.1	305.6	\$54,638	\$74,091	\$78,207
FUNDING				2014-15*	2015-16*	2016-17*
0890 Federal Trust Fund				\$461	\$589	\$100
0933 Managed Care Fund				52,316	70,862	75,428
0995 Reimbursements				1,861	2,640	2,679
TOTALS, EXPENDITURES, ALL FUNDS				\$54,638	\$74,091	\$78,207

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Health and Safety Code Sections 1340-1399.818 inclusive; California Code of Regulations, Title 28, sections 1000-1300.826.

DETAILED BUDGET ADJUSTMENTS

	2015-16*			2016-17*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Coordinated Care Initiative and Ombudsman Program	\$-	\$-	-	\$-	\$1,460	-
• Provider Directories (SB 137)	-	-	-	-	1,436	8.0
• Outpatient Prescription Drug Formularies (AB 339)	-	-	-	-	733	-
• Large Group Rate Review (SB 546)	-	-	-	-	682	4.0
• Federal Mental Health Parity Ongoing Compliance Review	-	-	-	-	529	-
• Vision Services (AB 684)	-	-	-	-	308	2.0
• Infrastructure and Support Services	-	-	-	-	247	2.0
• End of Life Option Act (ABX2 15)	-	-	-	-	244	-
• Limitations on Cost Sharing: Family Coverage (AB 1305)	-	-	-	-	196	-

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

4150 Department of Managed Health Care - Continued

	2015-16*			2016-17*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Item 4150-001-0890, Budget Act of 2013 as reappropriated by Item 4150-491, Budget Act of 2016	-	-	-	-	100	-
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$5,935	16.0
Other Workload Budget Adjustments						
• Expenditure by category redistribution	\$-	\$10,137	-	\$-	\$10,340	-
• Salary Adjustments	-	776	-	-	783	-
• Benefit Adjustments	-	509	-	-	693	-
• Pro Rata	-	-	-	-	301	-
• Retirement Rate Adjustments	-	271	-	-	271	-
• Lease Revenue Debt Service Adjustment	-	-47	-	-	-67	-
• Miscellaneous Baseline Adjustments	-	-	-	-	-2,061	-14.5
• Budget Position Transparency	-	-10,137	-137.9	-	-10,340	-140.4
Totals, Other Workload Budget Adjustments	\$-	\$1,509	-137.9	\$-	-\$80	-154.9
Totals, Workload Budget Adjustments	\$-	\$1,509	-137.9	\$-	\$5,855	-138.9
Totals, Budget Adjustments	\$-	\$1,509	-137.9	\$-	\$5,855	-138.9

PROGRAM DESCRIPTIONS

3870 - HEALTH PLAN PROGRAM

The Health Plan Program's primary objective is to regulate managed health care plans and assist consumers to resolve disputes with health plans. The program's key functions to achieve this objective are to: license managed health care plans, conduct routine and non-routine financial exams and medical surveys, review proposed premium rate increases, assist consumers with health care issues and enable managed health care patients to receive the medical care and services to which they are entitled, and operate a consumer services toll-free complaint line (1-888-466-2219).

9900 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including the Executive Office, Administrative Services, and Office of Technology and Innovation.

DETAILED EXPENDITURES BY PROGRAM

		2014-15*	2015-16*	2016-17*
PROGRAM REQUIREMENTS				
3870	HEALTH PLAN PROGRAM			
	State Operations:			
0890	Federal Trust Fund	\$461	\$589	\$100
0933	Managed Care Fund	52,316	70,862	75,428
0995	Reimbursements	1,861	2,640	2,679
	Totals, State Operations	\$54,638	\$74,091	\$78,207
SUBPROGRAM REQUIREMENTS				
9900100	Administration			
	State Operations:			
0933	Managed Care Fund	\$9,348	\$12,260	\$12,526
	Totals, State Operations	\$9,348	\$12,260	\$12,526
SUBPROGRAM REQUIREMENTS				
9900200	Administration - Distributed			
	State Operations:			
0933	Managed Care Fund	-\$9,348	-\$12,260	-\$12,526

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4150 Department of Managed Health Care - Continued

	2014-15*	2015-16*	2016-17*
Totals, State Operations	-\$9,348	-\$12,260	-\$12,526
TOTALS, EXPENDITURES			
State Operations	54,638	74,091	78,207
Totals, Expenditures	\$54,638	\$74,091	\$78,207

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
PERSONAL SERVICES						
Baseline Positions	394.8	442.0	444.5	\$27,771	\$31,772	\$31,975
Budget Position Transparency	-	-137.9	-140.4	-	-10,137	-10,340
Total Adjustments	-70.4	-	1.5	-4,435	776	1,952
Net Totals, Salaries and Wages	324.4	304.1	305.6	\$23,336	\$22,411	\$23,587
Staff Benefits	-	-	-	11,751	16,041	16,961
Totals, Personal Services	324.4	304.1	305.6	\$35,087	\$38,452	\$40,548
OPERATING EXPENSES AND EQUIPMENT				\$17,511	\$35,289	\$37,309
SPECIAL ITEMS OF EXPENSES				2,040	350	350
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$54,638	\$74,091	\$78,207

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2014-15*	2015-16*	2016-17*
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$75	\$589	-
Consumer assistance program federal grant augmentation	443	-	-
Past year adjustments	-57	-	-
Prior Year Balances Available:			
Item 4150-001-0890, Budget Act of 2013 as reappropriated by Item 4150-491, Budget Act of 2016	-	-	100
TOTALS, EXPENDITURES	\$461	\$589	\$100
0933 Managed Care Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$58,538	\$69,353	\$75,428
Allocation for contingencies and emergencies	1,960	-	-
Allocation for employee compensation	539	776	-
Allocation for staff benefits	234	509	-
Budget position transparency	-	-10,137	-
Expenditure by category redistribution	-	10,137	-
Section 3.60 pension contribution adjustment	827	271	-
Tenant rent adjustment	-	-47	-
Prior Year Balances Available:			
Chapter 28, Statutes of 2012	212	-	-
Totals Available	\$62,310	\$70,862	\$75,428
Unexpended balance, estimated savings	-9,994	-	-
TOTALS, EXPENDITURES	\$52,316	\$70,862	\$75,428

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4150 Department of Managed Health Care - Continued

1 STATE OPERATIONS	2014-15*	2015-16*	2016-17*
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$1,861	\$2,640	\$2,679
TOTALS, EXPENDITURES	\$1,861	\$2,640	\$2,679
Total Expenditures, All Funds, (State Operations)	\$54,638	\$74,091	\$78,207
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FUND CONDITION STATEMENTS			
	2014-15*	2015-16*	2016-17*
0933 Managed Care Fund ^s			
BEGINNING BALANCE	\$23,277	\$16,386	\$7,275
Prior Year Adjustments	2,416	-	-
Adjusted Beginning Balance	\$25,693	\$16,386	\$7,275
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	43,044	61,406	70,375
4163000 Investment Income - Surplus Money Investments	89	114	114
4171100 Cost Recoveries - Other	1,801	2,233	1,800
4172500 Miscellaneous Revenue	1	-	-
Transfers and Other Adjustments			
Revenue Transfer from Managed Care Fund (0933) to Office of Patient Advocate Trust Fund (3209) per Chapter 552, Statutes of 2011	-1,884	-1,898	-1,869
Total Revenues, Transfers, and Other Adjustments	\$43,051	\$61,855	\$70,420
Total Resources	\$68,744	\$78,241	\$77,695
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4150 Department of Managed Health Care (State Operations)	52,316	70,862	75,428
8880 Financial Information System for California (State Operations)	42	104	88
Total Expenditures and Expenditure Adjustments	\$52,358	\$70,966	\$75,516
FUND BALANCE	\$16,386	\$7,275	\$2,179
Reserve for economic uncertainties	16,386	7,275	2,179
3133 Managed Care Administrative Fines and Penalties Fund ^s			
BEGINNING BALANCE	\$1,292	\$9,000	\$2,475
Adjusted Beginning Balance	\$1,292	\$9,000	\$2,475
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	13	4	2
4173000 Penalty Assessments - Other	9,423	3,012	1,700
Transfers and Other Adjustments			
Revenue Transfer from Managed Care Administrative Fines and Penalties Fund (3133) to the Major Risk Medical Insurance Fund (0313) per Chapter 607, Statutes 2008	-728	-8,541	-2,016
Revenue Transfer from the Managed Care Administrative Fines and Penalties Fund (3133) to the Medically Underserved Account for Physicians, Health Professions Education Fund (8034) per Chapter 607, Statutes of 2008, Section 12 (a)	-1,000	-1,000	-1,000
Total Revenues, Transfers, and Other Adjustments	\$7,708	-\$6,525	-\$1,314
Total Resources	\$9,000	\$2,475	\$1,161
FUND BALANCE	\$9,000	\$2,475	\$1,161
Reserve for economic uncertainties	9,000	2,475	1,161

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4150 Department of Managed Health Care - Continued

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
Baseline Positions	394.8	442.0	444.5	\$27,771	\$31,772	\$31,975
Budget Position Transparency	-	-137.9	-140.4	-	-10,137	-10,340
Salary and Other Adjustments	-70.4	-	-14.5	-4,435	776	-63
Workload and Administrative Adjustments						
Coordinated Care Initiative and Ombudsman Program						
Temporary Help (Limited Term 12-31-2017)	-	-	-	-	-	260
End of Life Option Act (ABX2 15)						
Temporary Help (Limited Term 06-30-2018)	-	-	-	-	-	126
Infrastructure and Support Services						
Assoc Pers Analyst	-	-	2.0	-	-	124
Large Group Rate Review (SB 546)						
Assoc Life Actuary	-	-	1.0	-	-	99
Atty III	-	-	1.0	-	-	110
Legal Secty	-	-	1.0	-	-	44
Staff Svcs Analyst (Gen)	-	-	1.0	-	-	47
Limitations on Cost Sharing: Family Coverage (AB 1305)						
Temporary Help (Limited Term 06-30-2018)	-	-	-	-	-	110
Outpatient Prescription Drug Formularies (AB 339)						
Temporary Help (Limited Term 06-30-2020)	-	-	-	-	-	266
Provider Directories (SB 137)						
Assoc Govtl Program Analyst	-	-	2.0	-	-	124
Assoc Hlth Care Svc Plan Analyst	-	-	1.0	-	-	62
Atty	-	-	3.0	-	-	242
Atty III	-	-	1.0	-	-	110
Corporation Examiner	-	-	1.0	-	-	63
Temporary Help (Limited Term 06-30-2018)	-	-	-	-	-	67
Vision Services (AB 684)						
Atty	-	-	2.0	-	-	161
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	-	-	16.0	\$-	\$-	\$2,015
Totals, Adjustments	<u>-70.4</u>	<u>-137.9</u>	<u>-138.9</u>	<u>-\$4,435</u>	<u>-\$9,361</u>	<u>-\$8,388</u>
TOTALS, SALARIES AND WAGES	324.4	304.1	305.6	\$23,336	\$22,411	\$23,587

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