

## 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	\$76,647
9900100 Administration	36.1	37.0	37.0	9,348	12,260	12,526
9900200 Administration - Distributed	-	-	-	-9,348	-12,260	-12,526
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>324.4</b>	<b>304.1</b>	<b>305.6</b>	<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>
<b>FUNDING</b>				<b>2014-15*</b>	<b>2015-16*</b>	<b>2016-17*</b>
0890 Federal Trust Fund				\$461	\$589	\$-
0933 Managed Care Fund				52,316	70,862	75,038
0995 Reimbursements				1,861	2,640	1,609
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>

### 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
<b>Workload Budget Adjustments</b>						
<b>Workload Budget Change Proposals</b>						
• 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	-
<b>Totals, Workload Budget Change Proposals</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$4,375</b>	<b>16.0</b>
<b>Other Workload Budget Adjustments</b>						
• Expenditure by category redistribution	\$-	\$10,137	-	\$-	\$10,340	-

\* 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
• 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
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$1,509</b>	<b>-137.9</b>	<b>\$-</b>	<b>-\$80</b>	<b>-154.9</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>\$1,509</b>	<b>-137.9</b>	<b>\$-</b>	<b>\$4,295</b>	<b>-138.9</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>\$1,509</b>	<b>-137.9</b>	<b>\$-</b>	<b>\$4,295</b>	<b>-138.9</b>

### 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*
<b>PROGRAM REQUIREMENTS</b>				
<b>3870</b>	<b>HEALTH PLAN PROGRAM</b>			
	<b>State Operations:</b>			
0890	Federal Trust Fund	\$461	\$589	\$-
0933	Managed Care Fund	52,316	70,862	75,038
0995	Reimbursements	1,861	2,640	1,609
	<b>Totals, State Operations</b>	<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>
<b>SUBPROGRAM REQUIREMENTS</b>				
<b>9900100</b>	<b>Administration</b>			
	<b>State Operations:</b>			
0933	Managed Care Fund	\$9,348	\$12,260	\$12,526
	<b>Totals, State Operations</b>	<b>\$9,348</b>	<b>\$12,260</b>	<b>\$12,526</b>
<b>SUBPROGRAM REQUIREMENTS</b>				
<b>9900200</b>	<b>Administration - Distributed</b>			
	<b>State Operations:</b>			
0933	Managed Care Fund	-\$9,348	-\$12,260	-\$12,526
	<b>Totals, State Operations</b>	<b>-\$9,348</b>	<b>-\$12,260</b>	<b>-\$12,526</b>
<b>TOTALS, EXPENDITURES</b>				
	State Operations	54,638	74,091	76,647
	<b>Totals, Expenditures</b>	<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>

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## 4150 Department of Managed Health Care - Continued

## 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	1,692
<b>Net Totals, Salaries and Wages</b>	<b>324.4</b>	<b>304.1</b>	<b>305.6</b>	<b>\$23,336</b>	<b>\$22,411</b>	<b>\$23,327</b>
Staff Benefits	-	-	-	11,751	16,041	16,801
<b>Totals, Personal Services</b>	<b>324.4</b>	<b>304.1</b>	<b>305.6</b>	<b>\$35,087</b>	<b>\$38,452</b>	<b>\$40,128</b>
OPERATING EXPENSES AND EQUIPMENT				\$17,511	\$35,289	\$36,169
SPECIAL ITEMS OF EXPENSES				2,040	350	350
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2014-15*	2015-16*	2016-17*
<b>0890 Federal Trust Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$75	\$589	-
Consumer assistance program federal grant augmentation	443	-	-
Past year adjustments	-57	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$461</b>	<b>\$589</b>	<b>\$-</b>
<b>0933 Managed Care Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$58,538	\$69,353	\$75,038
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	-	-
<b>Totals Available</b>	<b>\$62,310</b>	<b>\$70,862</b>	<b>\$75,038</b>
Unexpended balance, estimated savings	-9,994	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$52,316</b>	<b>\$70,862</b>	<b>\$75,038</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$1,861	\$2,640	\$1,609
<b>TOTALS, EXPENDITURES</b>	<b>\$1,861</b>	<b>\$2,640</b>	<b>\$1,609</b>
<b>Total Expenditures, All Funds, (State Operations)</b>	<b>\$54,638</b>	<b>\$74,091</b>	<b>\$76,647</b>

## FUND CONDITION STATEMENTS

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## 4150 Department of Managed Health Care - Continued

	2014-15*	2015-16*	2016-17*
<b>0933 Managed Care Fund</b> <sup>s</sup>			
BEGINNING BALANCE	\$23,277	\$16,386	\$6,206
Prior Year Adjustments	2,416	-	-
Adjusted Beginning Balance	\$25,693	\$16,386	\$6,206
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	43,044	61,339	73,094
4163000 Investment Income - Surplus Money Investments	89	79	79
4171100 Cost Recoveries - Other	1,801	1,266	1,266
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	\$60,786	\$72,570
Total Resources	\$68,744	\$77,172	\$78,776
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
4150 Department of Managed Health Care (State Operations)	52,316	70,862	75,038
8880 Financial Information System for California (State Operations)	42	104	88
Total Expenditures and Expenditure Adjustments	\$52,358	\$70,966	\$75,126
FUND BALANCE	\$16,386	\$6,206	\$3,650
Reserve for economic uncertainties	16,386	6,206	3,650
<b>3133 Managed Care Administrative Fines and Penalties Fund</b> <sup>s</sup>			
BEGINNING BALANCE	\$1,292	\$9,000	\$461
Adjusted Beginning Balance	\$1,292	\$9,000	\$461
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	13	2	2
4173000 Penalty Assessments - Other	9,423	1,000	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	-700
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	-\$8,539	\$2
Total Resources	\$9,000	\$461	\$463
FUND BALANCE	\$9,000	\$461	\$463
Reserve for economic uncertainties	9,000	461	463

## CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
<b>Baseline Positions</b>	394.8	442.0	444.5	\$27,771	\$31,772	\$31,975
Budget Position Transparency	-	-137.9	-140.4	-	-10,137	-10,340
<b>Salary and Other Adjustments</b>	-70.4	-	-14.5	-4,435	776	-63
<b>Workload and Administrative Adjustments</b>						
<b>End of Life Option Act (ABX2 15)</b>						
Temporary Help (Limited Term 06-30-2018)	-	-	-	-	-	126

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## 4150 Department of Managed Health Care - Continued

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
<b>Infrastructure and Support Services</b>						
Assoc Pers Analyst	-	-	2.0	-	-	124
<b>Large Group Rate Review (SB 546)</b>						
Assoc Life Actuary	-	-	1.0	-	-	99
Atty III	-	-	1.0	-	-	110
Legal Secty	-	-	1.0	-	-	44
Staff Svcs Analyst (Gen)	-	-	1.0	-	-	47
<b>Limitations on Cost Sharing: Family Coverage (AB 1305)</b>						
Temporary Help (Limited Term 06-30-2018)	-	-	-	-	-	110
<b>Outpatient Prescription Drug Formularies (AB 339)</b>						
Temporary Help (Limited Term 06-30-2020)	-	-	-	-	-	266
<b>Provider Directories (SB 137)</b>						
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
<b>Vision Services (AB 684)</b>						
Atty	-	-	2.0	-	-	161
<b>TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS</b>	-	-	16.0	\$-	\$-	\$1,755
<b>Totals, Adjustments</b>	<u>-70.4</u>	<u>-137.9</u>	<u>-138.9</u>	<u>-\$4,435</u>	<u>-\$9,361</u>	<u>-\$8,648</u>
<b>TOTALS, SALARIES AND WAGES</b>	324.4	304.1	305.6	\$23,336	\$22,411	\$23,327

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