

**STATE OF CALIFORNIA**  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 02/20)

<b>Fiscal Year</b> 2020-21	<b>Business Unit</b> 5180	<b>Department</b> California Department of Social Services	<b>Priority No.</b> Click or tap here to enter text.
<b>Budget Request Name</b> 5180-129-BCP-2020-MR		<b>Program</b> All Programs	<b>Subprogram</b> All Programs

**Budget Request Description**  
 Increased State Hearings Workload

**Budget Request Summary**

The California Department of Social Services (CDSS) requests staffing resources and funding for video hearing equipment to address increased workload associated with program changes and increased case complexity.

<b>Requires Legislation</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Code Section(s) to be Added/Amended/Repealed</b>	
<b>Does this BCP contain information technology (IT) components?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	<b>Department CIO</b>	<b>Date</b>

**For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.**

**Project No.** \_\_\_\_\_ **Project Approval Document:** \_\_\_\_\_  
**Approval Date:** \_\_\_\_\_

**If proposal affects another department, does other department concur with proposal?**  Yes  No  
*Attach comments of affected department, signed and dated by the department director or designee.*

<b>Prepared By</b>	<b>Date</b>	<b>Reviewed By</b>	<b>Date</b>
<b>Department Director</b>	<b>Date</b>	<b>Agency Secretary</b>	<b>Date</b>

**Department of Finance Use Only**

**Additional Review:**  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Dept. of Technology

<b>PPBA</b> Tyler Woods	<b>Date submitted to the Legislature</b> 5/14/2020
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## Analysis of Problem

### A. Budget Request Summary

The California Department of Social Services (CDSS) requests (20.0) Administrative Law Judges (ALJs) and video hearing equipment to address the increase in both caseload and complexity of cases associated with program changes.

### B. Background/History

The CDSS' State Hearings Division (SHD) provides administrative fair hearings to recipients and applicants of California public assistance programs. The primary programs are CalWORKs, CalFresh, IHSS, Resource Family Approval & Foster Care, Adoptions Assistance, Medi-Cal, and Covered California Affordable Care Act (ACA).

Two court orders, King v. McMahon and Ball v. Swoap, impose financial penalties on CDSS for failing to adjudicate hearing decisions within the legally mandated time frame. Timely due process for clients is critical because of the safety net nature of these programs and the imposition of penalties. CDSS must address this workload in a timely manner, or risk monetary penalties for late decisions under the Ball/King court orders, which must be paid with state General Fund.

In Fiscal Year 2017-18, CDSS received 16 additional positions to respond to healthcare program changes. These changes include the Center for Medicare and Medicaid Services final rule on three-day business expedites and the expansion of Medi-Cal coverage. The positions helped mitigate an increase in the need for hearing decisions caused by declining resolution rates. With these positions, substantial progress has been achieved in the areas of ACA and Medi-Cal Scope of Benefits appeals by creating and maintaining specialized units of ALJs/staff to address these workloads. For example, the resolution rates for ACA have dramatically improved and the daily penalty rate for Medi-Cal has dropped from \$87.50 in 2018 to \$7.50 in March 2020 (see Attachments B - Resolution Rates & C - Penalty Information). The Department of Finance previously approved eight (8.0) ALJ positions for FY 2020-21 to address the IHSS portion of this workload.

**Resource History**  
(Dollars in thousands)

<b>Program Budget</b>	<b>PY – 4</b>	<b>PY – 3</b>	<b>PY – 2</b>	<b>PY-1</b>	<b>PY</b>	<b>CY</b>
Authorized Expenditures	15,438	21,390	21,390	24,366	24,366	
Actual Expenditures	12,648	19,716	19,716	20,571	20,571	
Authorized Positions	83	115	115	131	131	
Filled Positions	68	106.5	106.5	120.6	110.6	
Vacancies	15	8.5	8.5	10.4	20.4	

**Workload History**

<b>Workload Measure</b>	<b>PY – 4</b>	<b>PY – 3</b>	<b>PY – 2</b>	<b>PY-1</b>	<b>PY</b>	<b>CY</b>
Review and Adjudicate Rehearings	N/A	N/A	750	1059	723	
Written Rehearing Decisions	N/A	N/A	1,254	748	933	
Prehearing Review of CalFresh Cases	28,741	27,879	24,314	22,997	22,345	
Written Decisions of CalFresh Cases	2,811	3,215	3,211	3,034	4,327	
Prehearing Review of Covered California Cases	7,810	10,369	9,798	7,729	5,081	
Written Decisions of Covered California Cases	2,854	3,693	5,333	3,564	1,545	
Prehearing Review of Medi-Cal & Scope of Benefit Cases	29,538	26,123	23,632	20,712	22,327	
Written Decisions of Medi-Cal & Scope of Benefit Cases	4,492	5,464	9,929	4,554	6,799	
PreHearing Review of RFA Cases	N/A	N/A	N/A	800	1,160	
PreHearing Conferences of RFA Cases	N/A	N/A	N/A	423	508	
Written Decisions of RFA Cases	N/A	N/A	N/A	414	361	

**C. State Level Consideration**

Failure to meet legally required timelines for the issuance of hearing decisions results in monetary penalties that impacts the state General Fund. The delay in due process will potentially deny some of California's most vulnerable populations access to lifesaving services, medications, or child placements. The resources requested will help meet California Health and Human Service Agency (CHHS) goals to create efficiencies and provide faster delivery of services.

## D. Justification

The current yearly case intake is approximately 80,000 cases and about 23,000 decisions are issued yearly. Recent changes in CalFresh, Medi-Cal, Covered California and other programs are expected to increase case intake over the next several years as outlined below. Case complexity has also increased across all program areas despite continuing efforts at remediation. Other changes include redistribution of the ALJs workforce statewide to cover the oldest cases first. However, the department is unable to keep up with the complexity and increase in cases which has resulted in backlogs across all program areas. The current number of unscheduled cases now stands at approximately 10,531 statewide. Case penalties continue to rise and are projected to reach \$4.1 million by the end of the fiscal year.

The requested 20.0 ALJ resources are needed to address backlogs, penalty payments, and the following changes that have affected current workload:

- Rehearing Growth – The number of rehearing requests has significantly increased over the last two years with no additional resources available to assist. In 2019, the increase of rehearing requests led to a backlog of 435 requests. Due to the growth in this workload, CDSS redirected two general jurisdiction hearing ALJs to address the backlog and ensure compliance with the statutory requirement to conduct rehearing determinations within 35 days of the request. This improved the rehearing backlog numbers, but also increased the number of unscheduled cases in other program areas due to the redirection of the two ALJs.
- Increased CalFresh caseload – CDSS estimates that 369,000 new SSI/SSP enrollees will be added to CalFresh under the statutory change providing SNAP benefits to SSI/SSP recipients. For these new CalFresh recipients, it is anticipated that there will be an additional 4,428 hearing requests. CDSS will require ALJ resources to address the new workload and to address unscheduled cases on an ongoing basis.
- Covered California Expansion – Covered California estimates a preliminary rate change of eight percent in 2020. The increase in premiums will impact an estimated 922,000 people and result in 229,000 people becoming newly insured. CDSS estimates these changes will lead to approximately 5,725 hearing requests requiring additional ALJ resources. Further, the traditional uptick in Covered CA cases will require additional hearings beyond the current ALJ capacity.
- Medi-Cal Expansion for Undocumented Young Adults – New funding expands Medi-Cal coverage effective January 1, 2020. The coverage will include eligible young adults aged 19 through 25, regardless of immigration status. This population includes approximately 137,703 undocumented young adults in the first year. Nearly 75 percent of these individuals are currently receiving limited-scope Medi-Cal benefits. CDSS estimates approximately 936 new hearing requests per year relating to Medi-Cal eligibility. Additionally, CDSS estimates that the larger impact of the expansion will be on Scope of Benefit appeals. CDSS anticipates approximately 2,250 additional Scope of Benefit hearing requests for a combined overall total of 3,186 new requests related to the Medi-Cal expansion.

Other Changes to Medi-Cal Affecting ALJ Workload:

- County Children's Health Initiative Program (CCHIP) move to Managed Care - Effective October 1, 2019, this transition brought approximately 8,000 children in three CCHIP counties into the Managed Care rolls. This transition resulted in new and increased workload of an estimated 183 hearing requests per year. In order to address these high vulnerability and complex hearings, additional ALJ II resources are required.

- Restoration of Optional Benefits – Effective January 1, 2021, restoration of optional benefits for adult Medi-Cal recipients will cause an increased workload. CDSS anticipates this will generate approximately ten percent more Scope of Benefit hearings per month or 190 hearings per year.

- Aged & Disabled-Elimination of Senior Penalty – Increased workload from the elimination of the “senior penalty” for approximately 20,000 aged and disabled Medi-Cal beneficiaries statewide, resulted in approximately 500 additional eligibility related hearing requests per year for share of cost related issues.

#### Video Hearing Equipment:

To provide better efficiency in the hearing process, CDSS requests to expand video hearing capabilities in all 58 counties, all CDSS' SHD regional offices, and to all ALJs. CDSS conducts hearings in different modalities throughout the state in all 58 counties, requiring ALJs to travel. Hearings are held via phone, in person, or, to a very limited extent, by video. Current regulations permit CDSS to set hearings by video, subject to the claimant's absolute right to request an in-person hearing. CDSS is unable to utilize the time and cost savings associated with video hearings because video equipment is often unavailable. It is not always feasible to send ALJs to all county locations for various reasons including travel distances, insufficient ALJ resources, and scheduling conflicts. Video hearings have shown to be successful in accomplishing the same result as an in-person hearing, while maximizing state resources. Video hearings provide many of the in-person hearing benefits, such as observing witness demeanor, and the benefit of face-to-face interaction between the ALJs and the parties. This equipment will allow CDSS ALJs to be more efficient and hold more hearings because they will not need to spend long hours traveling. This efficiency will reduce case backlog and penalties.

## E. Outcomes and Accountability

Approval of the requested 20.0 positions will enable the CDSS to reduce backlogs and penalties for the benefit of recipients, stakeholders, and the general public.

These resources will allow CDSS to be in compliance with the Ball/King court orders and mitigate penalties. CDSS caseload will continue to be tracked and reported in monthly statistical reports and monthly penalty reports.

### Projected Outcomes

<b>Workload Measure</b>	<b>CY</b>	<b>BY</b>	<b>BY+1</b>	<b>BY+2</b>	<b>BY+3</b>	<b>BY+4</b>
Review and Adjudicate Rehearings	1,158	1,593	2,028	2,463	2,898	3,333
Written Rehearing Decisions	1,368	1,803	2,238	2,673	3,108	3,543
Prehearing Review of CalFresh Cases	23,268	24,191	25,114	26,037	26,960	27,883
Written Decisions of CalFresh Cases	5,250	6,173	7,096	8,019	8,942	9,865
Prehearing Review of Covered California Cases	6,512	7,943	9,374	10,805	12,236	13,667
Written Decisions of Covered California Cases	2,261	2,977	3,693	4,409	5,125	5,841
Prehearing Review of Medi-Cal & Scope of Benefit Cases	23,422	24,517	25,612	26,707	27,802	28,897
Written Decisions of Medi-Cal & Scope of Benefit Cases	1,774	2,869	3,964	5,059	6,154	9,249
Additional Changes to Medi-Cal or DHCS Programs	460	920	1,380	1,840	2,300	2,760
PreHearing Review of RFA Cases	1,391	1,622	1,853	2,084	2,315	2,546
PreHearing Conferences of RFA Cases	739	970	1,201	1,432	1,663	1,894
Written Decisions of RFA Cases	592	823	1,054	1,285	1,516	1,747

## **F. Analysis of All Feasible Alternatives**

Alternative 1 – Approve the proposed permanent positions and expenditure authority

Pros:

- Ensures compliance with federal requirements
- Protects federal funding that is impacted by non-compliance
- Protects against potential consumer-driven litigation for non-compliance
- Improves access to health care for vulnerable children and adults
- Mitigates monetary penalties resulting from late decisions

Cons:

- Impact to state General Fund

Alternative 2 – Do not approve the request

Pros

- No impact to state General Fund

Cons

- Significant state General Fund costs due to late decision penalties
- Inadequate staffing to handle increased case complexity and workload
- Exposure to litigation for failure to comply with newly imposed requirements
- Decreased responsiveness to DHCS and to Medi-Cal Managed Care Plans

## **G. Implementation Plan**

On approval of this request, CDSS would immediately begin working to administratively establish the positions.

## **H. Supplemental Information**

- Fiscal Detail Sheet
- ALJs Workload
- Current Org Charts
- Proposed Org Charts

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## **I. Recommendation**

Approve this request

# Supplemental Information



# BCP Fiscal Detail Sheet

BCP Title: State Hearings Workload and Video Equipment

BR Name: 5180-129-BCP-2020-A1

Budget Request Summary

## Personal Services

Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
Positions - Permanent	0.0	10.0	20.0	20.0	20.0	20.0
<b>Total Positions</b>	<b>0.0</b>	<b>10.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
Salaries and Wages Earnings - Permanent	0	1,232	3,007	3,007	3,007	3,007
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$1,232</b>	<b>\$3,007</b>	<b>\$3,007</b>	<b>\$3,007</b>	<b>\$3,007</b>
Total Staff Benefits	0	589	1,448	1,448	1,448	1,448
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$1,821</b>	<b>\$4,455</b>	<b>\$4,455</b>	<b>\$4,455</b>	<b>\$4,455</b>

## Operating Expenses and Equipment

Operating Expenses and Equipment	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5301 - General Expense	0	16	32	32	32	32
5302 - Printing	0	1	3	3	3	3
5304 - Communications	0	23	46	46	46	46
5320 - Travel: In-State	0	20	39	39	39	39
5322 - Training	0	0	1	1	1	1
5324 - Facilities Operation	0	78	156	156	156	156
5344 - Consolidated Data Centers	0	104	194	194	194	194
5346 - Information Technology	0	87	174	174	174	174
5368 - Non-Capital Asset Purchases - Equipment	0	400	0	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$729</b>	<b>\$645</b>	<b>\$645</b>	<b>\$645</b>	<b>\$645</b>

## Total Budget Request

Total Budget Request	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$2,550</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>

## Fund Summary

### Fund Source

Fund Source	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
State Operations - 0001 - General Fund	0	950	1,900	1,900	1,900	1,900
State Operations - 0890 - Federal Trust Fund	0	435	870	870	870	870
0995 - Reimbursements	0	1,165	2,330	2,330	2,330	2,330
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$2,550</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$2,550</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>

## Program Summary

### Program Funding

Program Funding	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
4270010 - CalWORKs	0	282	550	550	550	550
4270019 - Other Assistance Payments	0	348	700	700	700	700
4275010 - IHSS	0	4	8	8	8	8
4275019 - Children and Adult Services and Licensing	0	65	131	131	131	131
4275028 - Special Programs	0	41	82	82	82	82
4285019 - Services to Other Agencies	0	1,810	3,629	3,629	3,629	3,629
<b>Total All Programs</b>	<b>\$0</b>	<b>\$2,550</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>	<b>\$5,100</b>

## Personal Services Details

### Positions

Positions	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
6178 - Administrative Law Judge II (Spec)	0.0	10.0	20.0	20.0	20.0	20.0
<b>Total Positions</b>	<b>0.0</b>	<b>10.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

### Salaries and Wages

Salaries and Wages	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
6178 - Administrative Law Judge II (Spec)	0	1,232	3,007	3,007	3,007	3,007
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$1,232</b>	<b>\$3,007</b>	<b>\$3,007</b>	<b>\$3,007</b>	<b>\$3,007</b>

### Staff Benefits

Staff Benefits	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
5150150 - Dental Insurance	0	3	8	8	8	8
5150350 - Health Insurance	0	51	126	126	126	126
5150450 - Medicare Taxation	0	18	43	43	43	43
5150500 - OASDI	0	75	186	186	186	186
5150600 - Retirement - General	0	349	860	860	860	860
5150750 - Vision Care	0	1	1	1	1	1
5150800 - Workers' Compensation	0	1	3	3	3	3
5150900 - Staff Benefits - Other	0	91	221	221	221	221
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$589</b>	<b>\$1,448</b>	<b>\$1,448</b>	<b>\$1,448</b>	<b>\$1,448</b>

### Total Personal Services

Total Personal Services	FY20 Current Year	FY20 Budget Year	FY20 BY+1	FY20 BY+2	FY20 BY+3	FY20 BY+4
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$1,821</b>	<b>\$4,455</b>	<b>\$4,455</b>	<b>\$4,455</b>	<b>\$4,455</b>

**WORKLOAD ANALYSIS for FISCAL YEAR 2020-2021**  
**State Hearings Division (SHD)**  
**Administrative Law Judge II (ALJ II)**

<b>Task I.D. #</b>	<b>Activity / Task Name Description</b>	<b>Unit</b>	<b>Hours</b>	<b>Basis for Work-load</b>	<b>Total Hours</b>	<b>Staff Being Requested</b>
100	Prehearing review and adjudication of complex CalFresh caseload due to statutory changes expanding benefits to the highly vulnerable SSI/SSP population in the new 2019 /2020 state budget.	923	8	Anticipate new and additional 923 complex new hearings which will require 8 hours per case to complete	7,384	ALJ II
101	Prehearing review and adjudication of complex Covered California cases due to an increase in premiums, increased tax credits, and the reinstatement of penalties for uninsured.	1431	6	Anticipate 1,431 new and additional hearings which require approximately 6 hours per case to complete	8,586	ALJ II
102	Prehearing review of claimant's evidence, conducting pre-hearing conferences with parties as required by regulation, adjudication of complex Resource Family Approval cases, and close collaboration with CDSS Legal Division. This case load is expanding due to The Budget Act of 2019, which provides \$100 million to CDSS programs for the placement and support of eligible minors.	231	28	Anticipate 231 new hearings which require approximately 28 hours to complete	6,468	ALJ II
103	Review and adjudication of Rehearing caseload across all CDSS programs due to changing case factors resulting in continued increase in rehearing requests. Rehearing determinations must be issued within statutory deadlines in order to ensure due process to the parties, and to avoid possible consequences of	435	8	Estimated 435 new and additional rehearing cases across all CDSS program areas requiring approximately 8 hours per case to complete. These reviews must be completed by dedicated	3,480	ALJ II

	continued non-compliance with statutory deadlines, including the possible imposition of monetary penalties.			rehearing specialists.		
104	Prehearing review and adjudication of complex Medi-Cal eligibility and Scope of Benefit cases as a result of the Medi-Cal expansion for undocumented young adults, fully funded in the 2019/2020 Budget Act. These new and additional hearings will include eligibility determination hearings for these new Medi-Cal applicants, and Scope of Benefit hearings as they become new managed care beneficiaries.	1095	6	Anticipated 1,095 new and additional hearings resulting from the increased population for both eligibility and Scope of benefits, requiring approximately 6 hours per case to complete	6,570	ALJ II
105	New and additional Scope of Benefit and eligibility hearings resulting from other changes to the Medi-Cal program funded in the 2019/2020 budget or implemented through recent DHCS program changes, including the restoration of optional dental benefits for adult Denti-Cal recipients; the transition of beneficiaries from the County Children's Health Initiative Program (C-CHIP) to managed care plans; and elimination of the "Senior Penalty" which impacts share of cost payments.	460	6	Anticipate 460 new and additional hearings resulting from the addition of these populations to the Medi-Cal rolls, requiring approximately 6 hours per case.	2,760	ALJ II
				<b>Total Hours</b>	<b>35,248</b>	

**Total Hours**  
35,248

**PYs**  
20.0

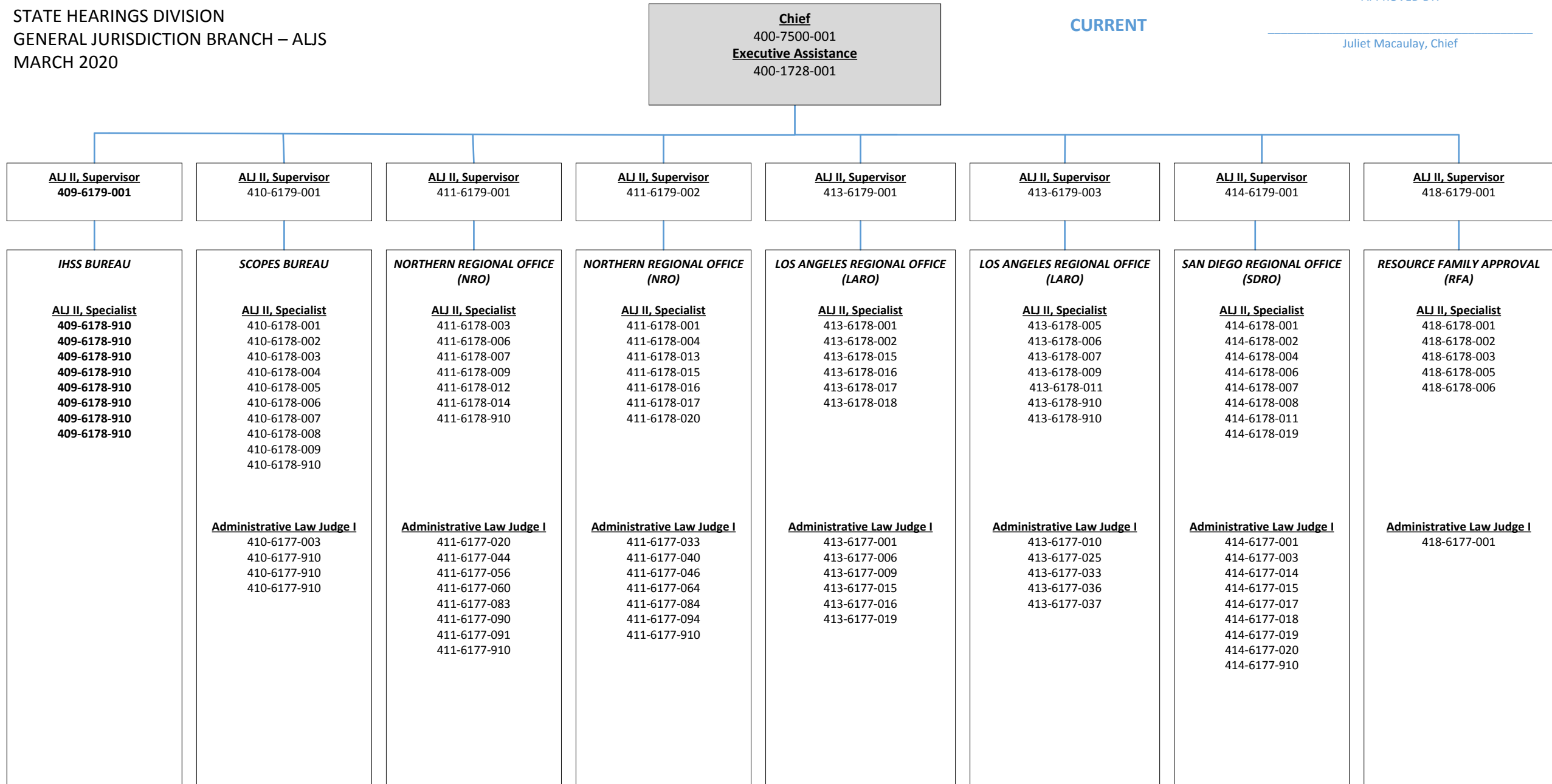
**Classification**  
ALJ II

DEPARTMENT OF SOCIAL SERVICES  
 STATE HEARINGS DIVISION  
 GENERAL JURISDICTION BRANCH – ALJS  
 MARCH 2020

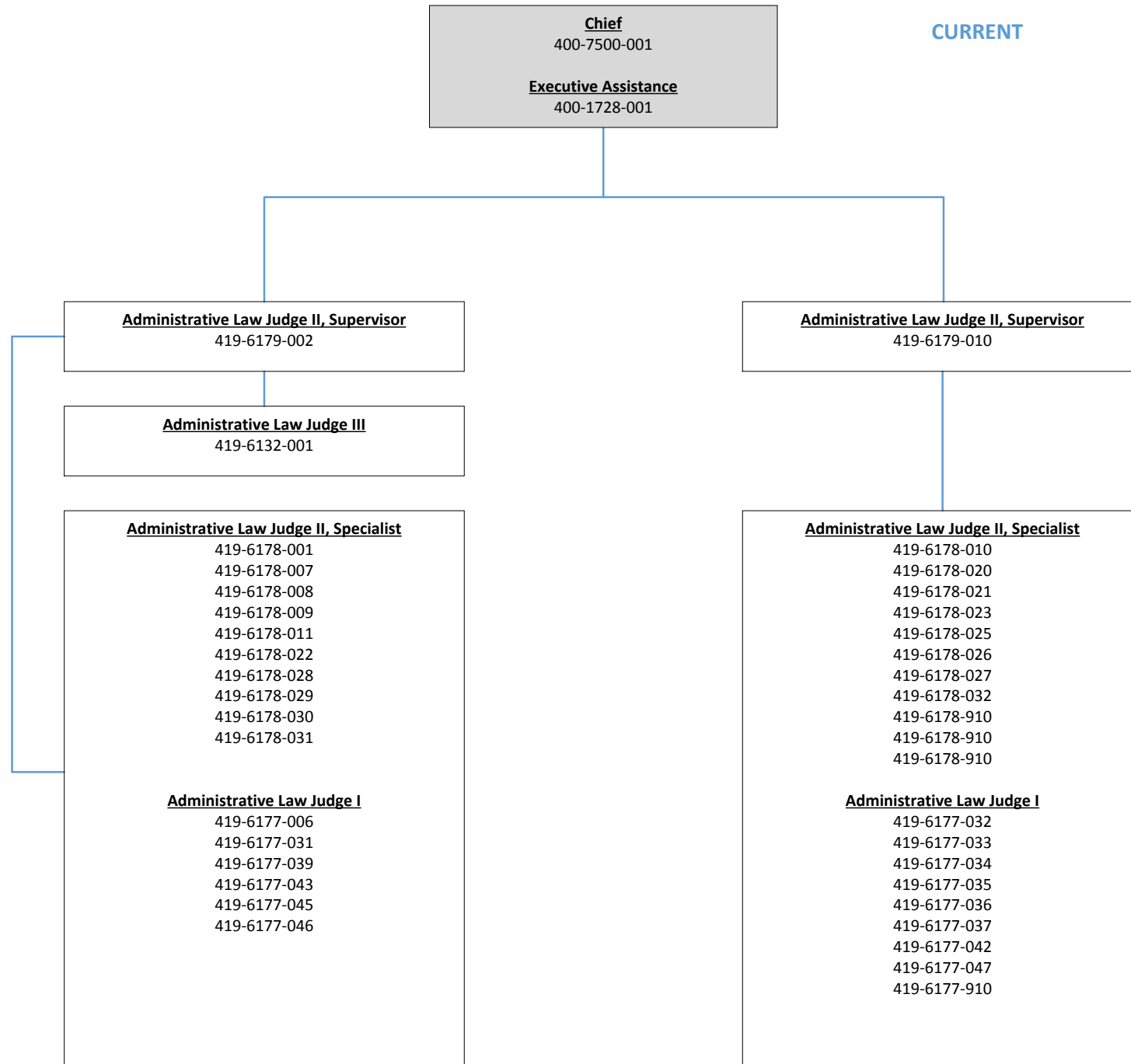
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Juliet Macaulay, Chief

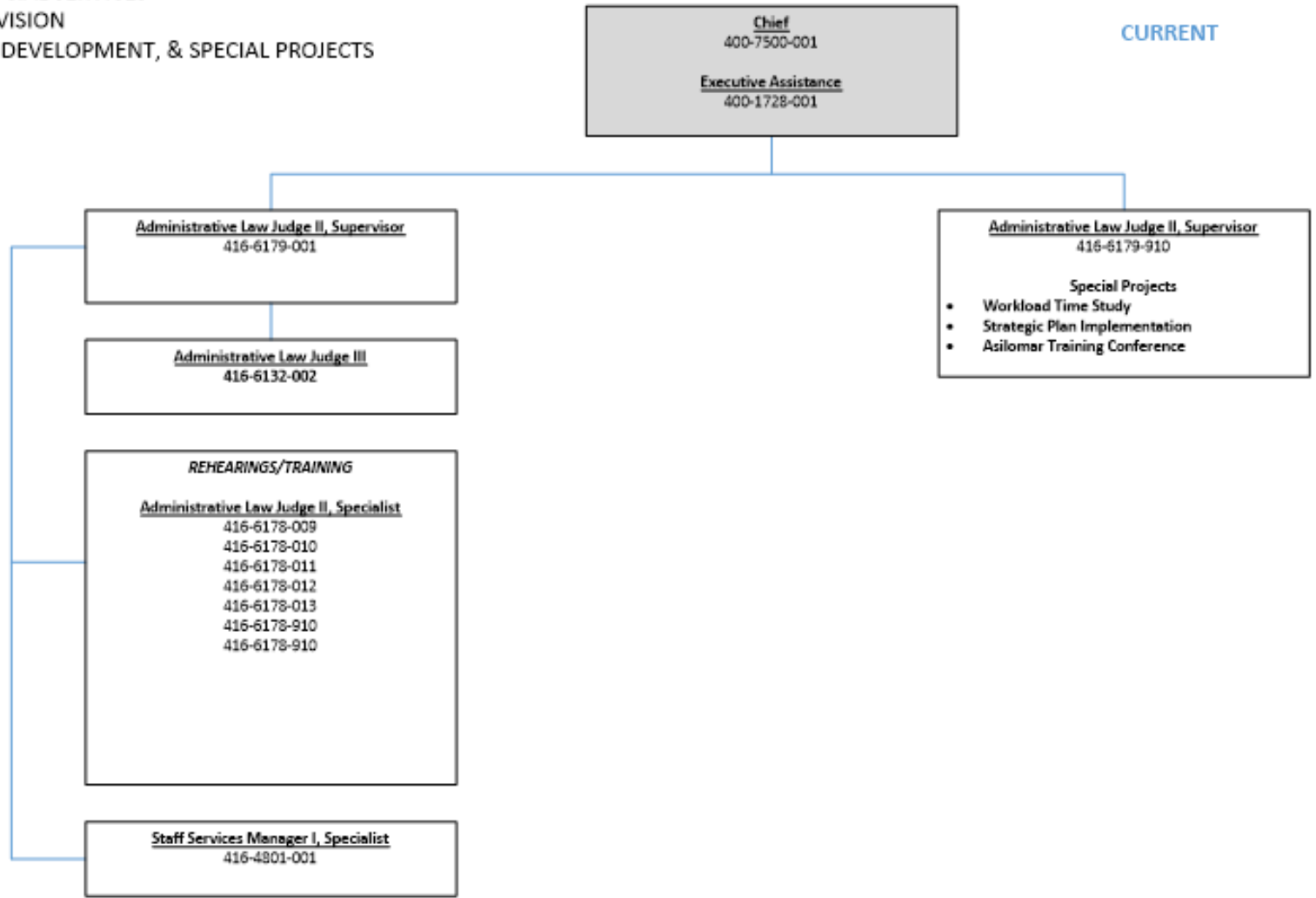
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DEPARTMENT OF SOCIAL SERVICES  
STATE HEARINGS DIVISION  
TRAINING, QUALITY DEVELOPMENT, & SPECIAL PROJECTS  
MARCH 2020



CURRENT

APPROVED BY:

Juliet Macaulay, Chief

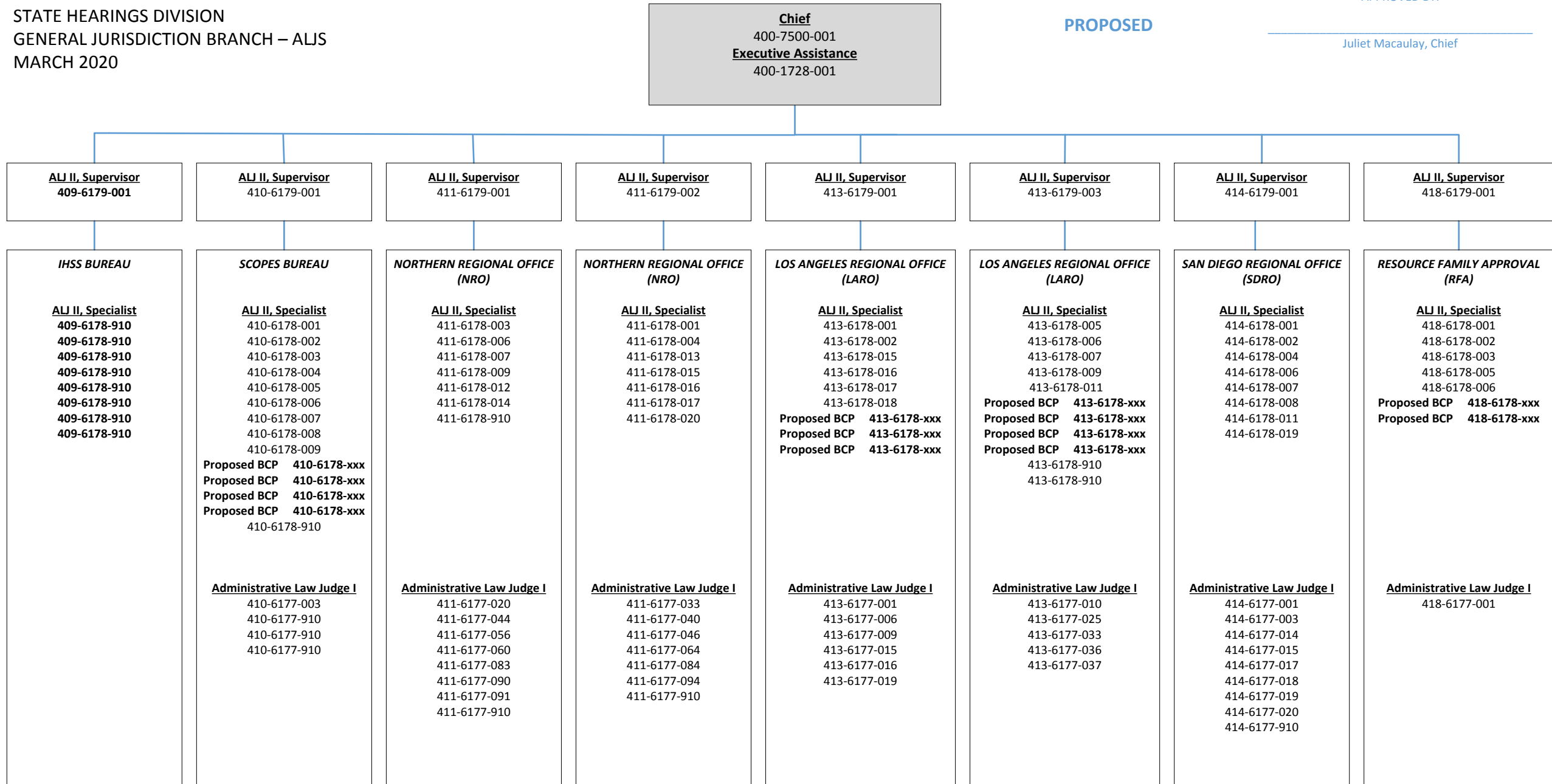


DEPARTMENT OF SOCIAL SERVICES  
 STATE HEARINGS DIVISION  
 GENERAL JURISDICTION BRANCH – ALJS  
 MARCH 2020

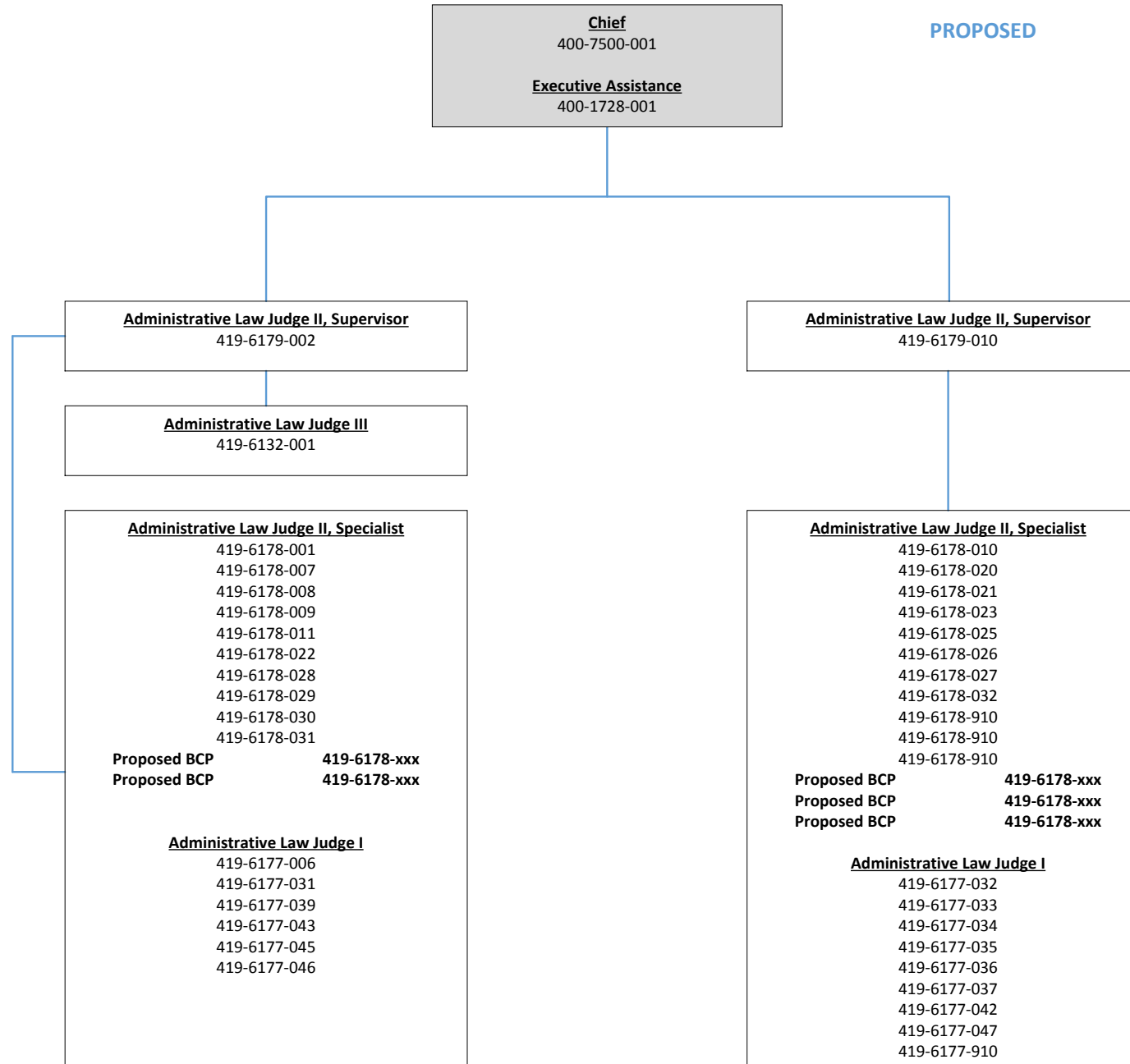
APPROVED BY:

Juliet Macaulay, Chief

PROPOSED



PROPOSED





**PROPOSED**

APPROVED BY:

Juliet Macaulay, Chief

