

Date of Hearing: May 3, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Chris Holden, Chair
AB 586 (Calderon) – As Amended March 30, 2023

Policy Committee: Health Vote: 11 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill adds “climate change or environmental remediation devices” to the list of allowable community supports the Department of Health Care Services (DHCS) may approve, and a Medi-Cal managed care plan may cover, through the California Advancing and Innovating Medi-Cal (CalAIM) demonstration project. This bill defines “climate change or environmental remediation devices” as devices, including their installation, as necessary, to address health-related complications, barriers, or other factors linked to extreme weather, poor air quality, or climate events. Examples include air conditioners, heaters or electric heat pumps, air filters or humidifiers, and backup power sources to operate ventilators or other medical devices.

FISCAL EFFECT:

Cost pressure, possibly exceeding \$100,000, for DHCS to seek federal approval to add climate change or environmental remediation devices as a community support in the CalAIM project. If the federal government approves the amendment, there will be additional cost pressures, potentially in the millions of dollars, to provide the newly available community supports (General Fund and federal funds).

COMMENTS:

1) **Purpose.** According to the author:

Currently, CalAIM provides an unhoused individual with an air conditioning unit in lieu of a housing deposit, and asthma remediation for individuals experiencing asthma-related hospitalizations and emergency visits. However, there are no community support programs that directly address climate change health impacts.

AB 586 aims to remedy this gap by including climate change remediation to the list of CalAIM community supports. This service would cover climate change expenses, such as payments for devices that maintain healthy temperatures and clean air within residential dwelling units during climate emergencies. This bill would also cover generators to ensure life-saving equipment continues to run in the event of power outages due to extreme weather conditions. As the impacts of climate change intensify, this bill will protect the health of vulnerable communities in our state.

2) **Background.**

- a) **CalAIM.** CalAIM is a collection of major initiatives that align with the administration's program improvement goals, including addressing social drivers of health, reducing program complexity and increasing flexibility, and modernizing payment structures to promote better outcomes. The majority of CalAIM proposals were put forward in 2021 through two comprehensive applications to the federal government. DHCS received approval on December 29, 2021, for both proposals, through December 31, 2026.
- b) **Community Supports.** Every Medicaid program has a Medicaid State Plan that specifies the benefits and services covered by that program. One component of CalAIM that addresses social drivers of health is called community supports, which are delivered by a different provider or in a different setting than is described in the State Plan. Community supports are services that can be provided by Medi-Cal managed care plans as cost-effective alternatives to traditional medical services or settings.

DHCS has a pre-approved list of 14 community supports that provide flexibility to address specific needs of complex populations, based largely on experience with prior demonstration programs. For instance, housing support services, including transition and navigation services, housing deposits, and housing tenancy and sustaining services, can potentially provide health improvements that are comparable to those from expensive, high-intensity health care services.

Medi-Cal may cover community supports only if the state determines they are medically appropriate and cost-effective substitutes or settings for a Medicaid State Plan service. Community supports are provided under a federal authority known as "in lieu of services," because the community support is provided in lieu of another covered service. Twelve of the 14 CalAIM community supports, including the housing supports mentioned above, home modifications, medically tailored meals, and other services, were approved in the state's renewal of its 1915(b) waiver.

Because the CalAIM waiver and demonstration are already approved, implementing this bill to add new community supports would require an amendment, likely to the Section 1915(b) waiver, that would need federal approval.

- 3) **Policy Concern.** According to the Assembly Health Committee analysis, community supports are specifically designed to be cost-effective services provided "In Lieu Of" other services. Whether climate change remediation supports can be defined as cost-effective is unclear.

4) **Related Legislation.**

- a) AB 1085 (Maienschein) requires DHCS to seek federal approval to add housing support services, comprised of three housing-related CalAIM Community Supports, as a Medi-Cal benefit, as specified. AB 1085 is pending on the suspense file in this committee.
- b) AB 1338 (Petrie-Norris) adds fitness, physical activity, and wellness memberships as a community support under the CalAIM initiative. AB 1338 is pending in this committee.