Budget Change Proposal - Cover Sheet
DF-46 (REV 07/14)

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<th>Business Unit</th>
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<td>4265</td>
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<th>Budget Request Name</th>
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<td>4265-004-BCP-DP-2015-GB</td>
<td>4050010 (Licensing &amp; Certification, Health Facilities)</td>
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Budget Request Description
Licensing and Certification Program Quality Improvement Projects

Budget Request Summary
The California Department of Public Health, Center for Health Care Quality, requests expenditure authority of $2 million in Fiscal Year 2015-16 from the Internal Departmental Quality Improvement Account to implement quality improvement projects recommended by Hubbert Systems Consulting's "Initial Assessment & Gap Analysis Report and Remediation Recommendations" for the Licensing and Certification Program.

Requires Legislation
☐ Yes ☒ No

Code Section(s) to be Added/Amended/Repealed

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No
If yes, departmental Chief Information Officer must sign.

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.
☐ FSR ☐ SPR
Project No.  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.

Prepared By [Signature] Date 1/2/15 Reviewed By [Signature] Date 1/2/15

Department of Finance Use Only

Date Submitted to the Legislature [Signature]  Date: 1/15/15
A. Budget Request Summary

The California Department of Public Health (CDPH), Center for Health Care Quality (CHCQ), requests expenditure authority of $2 million in fiscal year (FY) 2015-16 from the Internal Departmental Quality Improvement Account to implement quality improvement projects recommended by Hubbert Systems Consulting’s “Initial Assessment & Gap Analysis Report and Remediation Recommendations” for the Licensing and Certification Program.

B. Background/History

CDPH's CHCQ is responsible for regulatory oversight of licensed health care facilities and health care professionals to ensure safe, effective, and quality health care for all Californians. The CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to ensure they comply with federal and state laws and regulations. The CHCQ is funded by a grant from the Centers for Medicare and Medicaid Services (CMS), and by licensing fees paid by health care facilities. The CHCQ licenses and certifies over 7,500 health care facilities and agencies in California in 30 different licensure and certification categories.

Since the establishment of the Internal Departmental Quality Improvement Account in January 2009 per Senate Bill 541 (Chapter 805 of the Statutes of 2008), the CHCQ has utilized Internal Departmental Quality Improvement Account funds to contract, develop, and maintain limited-term quality improvement activities in the following budget change proposals and estimate:

- FY 2010-11 HQ-03 Health Facility Self-Reporting Web Portal
  - FY 2010-11 $17,529; FY 2011-12 $393,811; FY 2012-13 $299,677; 1.5 positions;
  - Term: 07/01/10 to 06/30/13.
- FY 2010-11 HQ-05 Quality Improvement Activities within Licensing and Certification
  - 1 year at $300,000 per year;
  - Term: 07/01/10 to 06/30/11.
- FY 2012-13 HQ-06 Reduction of Preventable Medical Errors and Medication Errors
  - 3 years at $333,333 per year;
  - Term: 07/01/12 to 06/30/15.
- FY 2013-14 November Estimate: Healthcare Associated Infections Program
  - 2 years at $1.2 million per year;
  - Term: 07/01/13 to 06/30/15.
- FY 2014-15 HQ-01 Licensing and Certification Program Evaluation
  - 1 year at $1.4 million per year;
  - Term: 07/01/14 to 06/30/15.
  - 1 year at $201,000 per year;
  - Term: 07/01/14 to 06/30/15.

In a May 4, 2012 letter, CMS withheld $1,565,384 from CDPH's 2012 federal grant allocation, pending demonstrated performance improvement.

In a June 20, 2012 letter, CMS required CDPH to "conduct a comprehensive assessment of CDPH's entire survey and certification operations at not only its headquarters but also at each of the District Offices and the offices covered by its contractual agreement with Los Angeles County... The assessment must identify concerns, issues, and barriers related to CDPH's difficulty in meeting performance expectations."
The CHCQ contracted for this assessment and received the contractor's final report in August 2014. The report contains 21 recommendations to "allow for meaningful, measurable improvements in the Program's performance."

In FY 2014-15, the CHCQ received expenditure authority of $1.4 million from the Internal Departmental Quality Improvement Account. The CHCQ is using these funds to hire consultants to conduct business process reengineering projects for its Central Applications Unit and Professional Certification Branch, and contract for a project manager and change consultant to facilitate and coordinate the multi-year implementation of the 21 assessment report recommendations.

C. State Level Considerations

This proposal supports CDPH’s mission of optimizing the health and well-being of the people in California and the strategic objectives to promote compliance with health and safety laws and make information available, transparent, and useful.

Health and Safety Code Section 1280.15(f) established the Internal Departmental Quality Improvement Account for the sole purpose of quality improvement activities in the Licensing and Certification Program.

D. Justification

This proposal will allow the CHCQ to address some of the quality improvement recommendations of the assessment report. As previously noted, CMS instructed the CHCQ to undertake this program assessment, with the expectation that the CHCQ would use it to improve its performance.

Many of the quality improvements initiatives recommended in the report will require knowledge, skills, expertise, or capacity that the CHCQ lacks internally. The remediation recommendations note that "some recommendations may require a temporary infusion of resources to initiate the major changes identified."

In FY 2015-16, the CHCQ seeks assistance implementing the following remediation recommendations:

- Standardizing data entry processes and identifying and resolving data quality issues (Recommendation 19);

- Creating metrics and dashboard reports to assess performance and provide transparency to internal and external stakeholders (Recommendation 7 and budget trailer bill language from Senate Bill 857, Chapter 31, Statutes of 2014);

- Engaging an expert to develop and implement a nurse recruitment strategy, retention strategies to retain qualified and trained staff, and develop mentoring programs (Recommendations 11 and 12);

- Acquiring expertise in business process improvement to assess licensing and certification program functions to maximize the efficient use of resources and improve the functionality of licensing and certification activities and standard operating procedures (Recommendation 18); and

- Providing leadership training to Licensing and Certification supervisors and managers (Recommendation 16).
E. Outcomes and Accountability

The CHCQ will use deliverables-based contracts to ensure the contractors complete all requirements of the scope of work.

As a result of implementing these quality improvement projects the CHCQ will:
- Use a central data repository of reliable, standardized data to generate reports;
- Use metrics and dashboards to improve performance and provide transparency to stakeholders;
- Decrease its vacancy and turnover rates;
- Improve efficiency and quality of critical work processes; and
- Develop skilled, effective leadership.

The CHCQ will report its progress implementing the recommendations of the assessment report via semiannual stakeholder meetings that are required by budget trailer bill language in Senate Bill 857 (Chapter 31, Statutes of 2014).

F. Analysis of All Feasible Alternatives

Alternative 1: Increase expenditure authority by $2 million in FY 2015-16 from the Internal Departmental Quality Improvement Account to implement quality improvement projects recommended by Hubbert Systems Consulting’s “Initial Assessment & Gap Analysis Report and Remediation Recommendations” for the Licensing and Certification Program.

Pros:
- Facilitates the CHCQ’s implementation of assessment report recommendations to make meaningful, measurable improvements in the Program’s performance.
- Helps the CHCQ make performance improvements to the Licensing and Certification program as required by CMS.
- Utilizes Internal Departmental Quality Improvement Account funds for purposes aligned with the intent of the fund.

Cons:
- Reduces the Internal Departmental Quality Improvement Account fund balance by $2 million.

Alternative 2: Increase expenditure authority by $1 million in FY 2015-16 from the Internal Departmental Quality Improvement Account to implement quality Improvement projects recommended by Hubbert Systems Consulting’s “Initial Assessment & Gap Analysis Report and Remediation Recommendations” for the Licensing and Certification Program.

Pros:
- Facilitates the CHCQ’s implementation of assessment report recommendations to make meaningful, measurable improvements in the Program’s performance.
- Helps the CHCQ make performance improvements to the Licensing and Certification Program as required by CMS.
- Utilizes Internal Departmental Quality Improvement Account funds for purposes aligned with the intent of the fund.

Cons:
- Does not allow the CHCQ to begin implementation of as many assessment report recommendations.
- Reduces the Internal Departmental Quality Improvement Account fund balance by $1 million.
Alternative 3: Do not approve this proposal.

Pros:
- No cost to the Internal Departmental Quality Improvement Account.

Cons:
- Does not enable the CHCQ to address the intent of the assessment report or implement its recommendations.
- Does not help the CHCQ make performance improvements to the Licensing and Certification Program as required by CMS.
- The Internal Departmental Quality Improvement Account fund balance would continue to grow.

G. Implementation Plan

The CHCQ will develop scopes of work, contract terms, and Requests for Offer to solicit bids from private contractors in July 2015. The contracts will be executed by September 2015.

H. Supplemental Information

☑ None ☐ Facility/Capital Costs ☐ Equipment ☐ Contracts ☐ Other ______

I. Recommendation

Alternative 1: Increase expenditure authority by $2 million in FY 2015-16 from the Internal Departmental Quality Improvement Account to implement quality improvement projects recommended by Hubbert Systems Consulting's "Initial Assessment & Gap Analysis Report and Remediation Recommendations" for the Licensing and Certification Program.