STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	**Business Unit Number**	**Department**
2026-27	4265	California Department of Public Health

Hyperion Budget Request Name	**Relevant Program or Subprogram**
4265-096-BCP-2026-GB	4050010 – Health Facilities

Budget Request Title
Center for Health Care Quality Internal Department Quality Improvement

Budget Request Summary
The California Department of Public Health requests $5,941,000 in 2026-27 from the Internal Departmental Quality Improvement Account with provisional language to make the funding available upon approval of Stage 4 of the Project Approval Lifecycle (PAL) to support planning and implementation cost of the Centralized Application Branch (CAB) Online Licensing Application Project.

Requires Legislation (submit required legislation with the BCP)	**Code Section(s) to be Added/Amended/Repealed**	
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	N/A	
Does this BCP contain information technology (IT) components? ☒ Yes☐ No *If yes, departmental Chief Information Officer must sign.*	**Department CIO** John Roussel	**Date** 7/11/2025

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

Project No. 4265-081 **Project Approval Document:** S3SA
Approval Date: 5/14/2024 **Total Project Cost:** $41.1 million

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	**Date**	**Reviewed By**	**Date**
Eric Ruth	7/7/2025	Phuong La	7/23/2025
Department Director	**Date**	**Agency Secretary**	**Date**
Susan Fanelli	7/25/2025	Julie Souliere	9/2/2025

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☒ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	**Date submitted to the Legislature.**
Nina Hoang	January 10, 2026

A. Problem Statement

The California Department of Public Health (CDPH) Center for Health Care Quality (CHCQ) is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and quality of health care for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to determine compliance with federal and state laws and regulations, and contracts with the Los Angeles County Department of Public Health to license and certify health care facilities located in Los Angeles County. CHCQ receives funds through Title XVIII and Title XIX grants from the Centers for Medicare and Medicaid Services and licensing fees paid by health care facilities. CHCQ licenses and certifies over 15,000 health care facilities and agencies across California in 32 different licensure and certification categories.

Health and Safety Code section 1280.15(f) establishes the Internal Departmental Quality Improvement Account (IDQIA) and provides that "moneys in the account shall be expended for internal quality improvement activities in the Licensing and Certification Program." The account is funded by administrative penalties that CDPH imposes on health facilities for violations that cause harm to a patient, or administrative penalties associated with breaches of medical information. Since fiscal year 2010-11, the Legislature has appropriated fundings in IDQIA to be expended for internal quality improvement activities.

CHCQ relies on IDQIA funding for both large-scale technology initiatives requiring the Project Approval Lifecycle (PAL) and Budget Change Proposals, as well as smaller, high-impact quality improvement efforts such as robotic process automation, equipment purchases, and use cases for previously approved technologies like Microsoft Dynamics (MS), which do not require the PAL process. These efforts directly enhance CHCQ's operational efficiency and service delivery to providers and the public.

However, many small-scale quality and efficiency improvement efforts arise from urgent or emergent needs that fall outside the annual budget cycle. Without flexible IDQIA authority, CHCQ faces delays that compound already lengthy procurement timelines and hinder responsiveness, reinforcing stakeholder perceptions of inflexibility. In years where needs exceeded available IDQIA funds, CHCQ has had to rely on licensing fees from Fund 3098, meant to fund core operations.

The Centralized Application Branch (CAB) processes health care facility licensure and certification applications for CHCQ, including initial licensing applications for facilities changes to existing licenses, licensure renewals, and conducts activities associated with license expiration and revocation. CAB processes applications on a first-in, first-out basis and often works with applicants to address incomplete or inaccurate application materials. CAB receives over 15,000 applications annually. Most of the application processing is manual and requires health care facilities to submit various forms and supporting documentation via United States Postal Service mail, fax, and/or email.

Assembly Bill 2798 (Chapter 922, Statutes of 2018) requires an automated application system to process licensing applications from General Acute Care Hospitals (GACH) and Acute Psychiatric Hospitals (APH), and requires that the resources necessary to implement the application process would be made available, upon appropriation, from IDQIA. The automated license application submission system was built in Adobe Experience Manager (AEM) and went live in late 2019 for GACHs and APHs. The automated application submission system reduces cumbersome manual processes for GACH and APH applications, eliminates the ability to submit incomplete applications, reduces back and forth communications, has proven beneficial for providers and creates a seamless route for application submissions and processing.

Currently, the GACH/APH system receives 1000 applications annually with a maintenance and support model consisting of a business analyst (BA), three developers, two testers, and a software engineer supporting the platform. There are approximately 3,000 end users of the system and an average of 537 technical tickets annually. For the remaining 32 provider types licensed/certified by CHCQ, the application submission and review process is manual, and paper based. Manual processes draw on already limited resources and limit CHCQ'S ability to improve customer experience, increase efficiency, and reduce errors.

The Enterprise Platform Services Branch (EPSB) Development Operation (DevOps) II Section within CDPH's Information Technology Services Division (ITSD) is responsible for platform services including Pega, AEM, and MS Power Platform. EPSB DevOps II has experienced significant growth in workload over the last three years. This growth began with the department's rapid implementation of new systems and services in response to the COVID-19 Pandemic. In just three years, CDPH has seen a 330 percent increase in the number of systems that are managed on low code cloud-based platforms and has increased its adoption of cloud hosting from 20 percent to 70 percent. As CDPH has incorporated the MS Power Platform as the low code platform of choice, the DevOps II section's workload has increased exponentially. EPSB DevOps II has grown from supporting seven online applications to over 42 applications. There are currently 10 new applications either in the project stage, in development, or waiting to be transitioned to maintenance and operations.

IDQIA Resource History
(Dollars in thousands)

Program Budget	2020-21	2021-22	2022-23	2023-24	2024-25*	2025-26*
Authorized Expenditures	$3,600	$3,699	$3,686	$716	$1,570	$4,301
Actual Expenditures	$2,455	$3,608	$3,686	$466	$1,570	$4,301
Revenues	$1,951	$1,666	$2,389	$5,885	$5,267	$5,267

* Projected

B. Justification

CDPH requests $5,941,000 in 2026-27 from the Internal Departmental Quality Improvement Account with provisional language to make the funding available upon approval of Stage 4 of the PAL to support planning and implementation cost of the CAB Online Licensing Application.

The CAB Online Project proposes to refresh, enhance, and expand the technology of CAB's original automated license application submission system to enable all 33 healthcare facility provider types to submit applications electronically and have the technological flexibility to add new facility types in the future. Additionally, the technology refresh will integrate the new CAB Online license application submission system with other CHCQ systems, including the Center's Electronic Licensing Management System (ELMS) database and enable facilities to pay licensing fees electronically, rather than by paper check. CDPH also plans to migrate existing applications by first or second quarter of 2026 to a technology that ITSD can support and is consistent with the Future of Public Health Department-wide technology enhancement strategy. The current system was created using AEM software, which is outdated.

In addition, CHCQ has a need to reduce errors in submitted applications. Reducing the errors in submitted applications will minimize the number of applications that require corrections or additional documentation. The GACH and APH automated licensing application system has effectively reduced application errors since inception. Prior to AEM, GACH and APH applicants were able to submit incomplete applications with missing documents, which increased processing times. With AEM, application errors have been effectively reduced since applicants are required to submit completed applications which has substantially decreased processing times from 100 days in 2019 to 30 days in 2024 which provides greater efficiency for both the provider and the department. Subsequently, other provider types across the CHCQ regulated universe are requesting the ability to submit forms and payments using the online application system.

CHCQ has a need to create efficiencies in CAB's operations. Analysts manually key information from paper applications into ELMS. The workflow between CAB intake team, managers, analysts, Fiscal Unit, and District Offices includes passing application packets and folders either manually or via email. Analysts manually look up information in related systems and re-key relevant information into ELMS. Integration of the online application system with ELMS system and other systems will reduce many of the cumbersome manual processes currently in place and provide a simplified workflow that will contribute to provider satisfaction by creating a seamless route for application submissions and processing. This CAB Online project is currently in Stage Four of the PAL process, Project Readiness and Approval. The project schedule will be re-baselined after vendor selection as the start of the implementation phase is delayed from July 2025 to August 2026. Initially, CDPH projects that users will need a high level of assistance with the system, and

the need for additional support staff will increase significantly once all facility types go live in the system. As users grow more familiar with using the system, the need for support is projected to diminish.

In addition, CHCQ needs two LT Information Technology Specialist II (ITS II) (one software engineer and one BA) to support the CAB online project implementation and maintenance. The CAB Online application is considered a large-scale application being built on MS Dynamics and the MS Power Platform. This application will need to have the support of at least one BA with one backup BA, three MS Platform developers, three quality assurance testers and one help desk specialist. These positions will be supporting 33 facility types licensing over 15,000 facilities. The number of expected external users of this system is approximately 30,000. Once the CAB online project is fully implemented these positions will help in management, operating, and supporting the system.

C. Departmentwide and Statewide Considerations

This proposal supports CDPH's Strategic Plan for Public Health Transformation. Specifically, it advances the Lean Leadership Philosophy of Continuous Improvement and Enterprise Alignment.

D. Outcomes and Accountability

By automating the application submission process for health care facility providers, CHCQ will reduce errors in health care facility applications which in turn reduce the number of days applications spent in correction status. CHCQ will provide improved service to health care facility providers by approving applications more quickly. CHCQ will also improve its regulatory compliance regarding application processing timelines, though it will not be sufficient to fully meet regulatory requirements. CAB will run a standard report within 3, 6, and 12 months after implementation to measure incremental progress toward the objective.

Projected Workload

Workload Measure	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Application Support (bug fixes, product owner meetings, user stories written, unit and regression testing, deployments support)	1,080	30,000	25,000	20,000	20,000	15,000
External users (health facility staff submitting applications)	3,240	91,410	91,410	91,410	91,410	91,410
Annual License Renewals	540	15,235	15,692	16,163	16,648	17,147
Initial/Report of Change Applications	1,400	14,000	14,420	14,853	15,298	15,757

E. Implementation Plan

CHCQ, in collaboration with ITSD, will develop the scopes of work, contract terms with performance measures and performance outcomes, and requests for offers to solicit bids from contractors for various quality improvement efforts. The implementation timeline will be reassessed once Stage 4 of the PAL process is complete, and a vendor is selected.

- PAL Stages 2-4: July 1, 2022 – August 11, 2026 (49 months).
- Implementation: August 17, 2026 – October 3, 2028 (25 months).

F. Supplemental Information:

- Attachment I: BCP Fiscal Detail Sheet
- Attachment II: Provisional Language

Attachment I - BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Center for Health Care Quality Internal Department Quality Improvement

BR Name: 4265-096-BCP-2026-GB

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Positions - Permanent	0.0	0	0	0	0	0
Total Positions	**0.0**	**0**	**0**	**0**	**0**	**0**
Salaries and Wages Earnings – Temporary Help	0	246	0	0	0	0
Total Salaries and Wages	**$0**	**$246**	**$0**	**$0**	**$0**	**$0**
Total Staff Benefits	0	132	0	0	0	0
Total Personal Services	**$0**	**$378**	**$0**	**$0**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	5,529	0	0	0	0
5302 - Printing	0	4	0	0	0	0
5322 - Training	0	2	0	0	0	0
5342 - Departmental Services	0	28	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$5,941**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$5,941**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 3477 – Internal Departmental Quality Improvement Account	0	5,941	0	0	0	0
Total State Operations Expenditures	**$0**	**$5,941**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$5,941**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
4050010 - Health Facilities	0	5,941	0	0	0	0
Total All Programs	**$0**	**$5,941**	**$0**	**$0**	**$0**	**$0**

Attachment II: Provisional Language

4265-001-3477

Provision:

Of the funds appropriated in Schedule (2), $5,941,000 shall be available upon approval of Stage 4 of the Project Approval Lifecycle by the Department of Technology.