

November 2024

## Funding Data Exchange in California to Support Health and Social Services

### Introduction

In 2021, California enacted the Data Exchange Framework (DxF), the first statewide data sharing agreement to accelerate and expand the exchange of health and social service information among health care entities, government agencies, and social service organizations beginning in 2024. Implementation of the DxF creates new connections and efficiencies among health and social service systems, improving health outcomes and whole-person care. However, equipping all health and social service organizations in the state with technology and support necessary to implement the DxF requires significant and coordinated investments in data sharing.

To advance DxF implementation, the Center for Data Insights and Innovation (CDII) in 2023 made available \$41 million to organizations who signed the DxF Data Sharing Agreement (DSA) to support their data exchange infrastructure and capacity-building efforts. Yet cost concerns remain for many provider organizations looking to expand their data exchange capabilities. In a recent publication, the California Health Care Foundation identified multiple areas of investment needed for organizations to fully adopt and engage in data exchange, including: one-time technical system and infrastructure, technical system and infrastructure maintenance and operations, policy and implementation support, and workforce.<sup>1</sup> Currently, no one state funding stream is designed to support all four areas and grant opportunities to date are generally limited to one-time investments.

Connecting for Better Health developed this fact sheet to examine how data exchange is supported across funding opportunities for California health and social service organizations, identify remaining gaps, and to support the development of a coordinated plan – [a Data Technology Funding Blueprint](#) – to ensure sustainable and lasting implementation of the DxF.

### Laying the Foundation: Data Sharing Agreement Signatory Grants

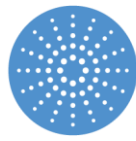
The DSA Signatory Grants were the largest funding opportunity directly tied to the DxF. In total, 810 health and social service organizations received DSA Signatory Grants, representing 20% of total DSA Signatories as of September 2024.<sup>2</sup> With allocations ranging from \$15,000 to \$100,000

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<sup>1</sup> California Health Care Foundation, “Closing the Gap in California’s Health Data Exchange.”

<https://www.chcf.org/publication/closing-gap-californias-health-data-exchange/#related-links-and-downloads>

<sup>2</sup> Center for Data Insights and innovation, Data Exchange Framework Implementation Advisory Committee Meeting, May 22, 2024. [https://www.cdii.ca.gov/wp-content/uploads/2024/06/CalHHS\\_DxF-IAC-Meeting-15-Deck\\_May-22-2024.pdf](https://www.cdii.ca.gov/wp-content/uploads/2024/06/CalHHS_DxF-IAC-Meeting-15-Deck_May-22-2024.pdf)



per organization, the organizations receiving funding can utilize dollars to address operational, technical, and technological implementation barriers to realize the full value of the DxF.

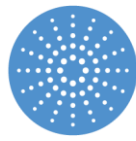
Two grant pathways were available for DSA Signatories to either onboard to a Qualified Health Information Organization (QHIO) or achieve their own selected outcome, such as implementing a technology solution for real-time data exchange, upgrading or adopting a certified electronic health record (EHR) or electronic documentation system, or creating new workflows and trainings. Funding will be dispersed over the next two years as organizations meet milestones.

## Current State Funding Opportunities to Advance Data Exchange

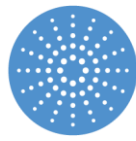
The simultaneous implementation of California’s Medi-Cal transformation waiver, “CalAIM”, under the Department of Health Care Services (DHCS) includes multiple funding options for participating provider organizations that can be applied to advance their data exchange capabilities. In addition to funding available from DHCS, state funding opportunities under the Department of Housing and Community Development (HCD) and the Department of Public Health (CDPH) can also be leveraged to support data infrastructure development.

The table below examines the different ways data exchange is supported and incentivized across various state funding opportunities within the California Health and Human Services Agency (CalHHS). Enhanced coordination across state departments can support organizations – particularly those in rural areas, underserved areas, and social service organizations who may be newer to data exchange – in achieving real-time data exchange. For organizations receiving multiple funding sources, the different approaches and milestones can lead to competing priorities and added burden to achieve similar goals. As California’s Fiscal Year (FY) 2024-2025 State Budget saw some reductions to health care programs and funding sources marked for data exchange, the remaining funding is even more critical to achieving statewide data exchange.

Department	Funding Opportunity	Amount*	Data Exchange Components
DHCS	<p><b>CalAIM – <a href="#">Incentive Payment Program (IPP)</a></b></p> <p>Available to Medi-Cal managed care plans to improve CalAIM delivery systems, provider capacity and infrastructure, and quality of care</p>	<p><b>\$1.50 billion (2022 to 2024)</b></p> <p><i>Estimated \$600 million distributed in 2022</i></p>	MCPs are evaluated against <a href="#">defined measures</a> to earn incentive funds that include specific data exchange measures, such as provider engagement in bi-directional exchange, access to closed-loop referral systems, and event notifications received from acute care facilities, and measures indirectly related to data exchange, such as care coordination and transitions of care.
DHCS	<p><b>CalAIM PATH – <a href="#">Capacity Infrastructure Transition Expansion and Development (CITED)</a></b></p>	<p><b>\$1.85 billion across all CalAIM PATH initiatives (2022 to 2026)</b></p>	Permissible funding uses include hiring and training new staff to execute CalAIM program needs and developing infrastructure to support CalAIM integration, which may include improving data



	Available to CalAIM Enhanced Care Management and Community Supports providers develop service capacity and technology infrastructure.	<i>Estimated \$530 million awarded in Rounds 1 to 3; Round 4 will open in January 2025</i>	exchange between CalAIM providers, implementation of closed-loop referral systems, and enhancing provider data systems for monitoring and data reporting.
DHCS	<b>CalAIM PATH – <a href="#">Justice-Involved Capacity Building Program</a></b>  Available to justice-involved entities to support collaborative planning and infrastructure development for pre-release Medi-Cal services.	<b>\$1.85 billion across all CalAIM PATH initiatives (2022 to 2026)</b>  <i>\$410 million total authorized with estimated \$151 million awarded in Rounds 1 and 2; Round 3 is closed with awards pending</i>	Funding may be used to modify technology and IT systems to support pre-release Medi-Cal services. <a href="#">Operational expectations</a> related to data infrastructure involve notifying partners of an individual’s release date, sharing care plans, documenting pre-release service screenings, exchanging medical records, and supporting warm handoffs and referrals.
DHCS	<b>CalAIM PATH– <a href="#">Technical Assistance Marketplace</a></b>  Available to CalAIM providers to provide hands-on technical support and off-the-shelf resources from vendors to support infrastructure needs.	<b>\$1.85 billion across all CalAIM PATH initiatives (2022 to 2026)</b>  <i>Estimated \$48 million distributed in technical assistance; Project submissions accepted on a rolling basis</i>	The TA Marketplace Building Data Capacity Domain (one of 7 Domains) is designed to enhance systems for CalAIM programs to leverage data. Technical assistance examples include data exchange services, data collection and management, analytics, implementing and modifying EHRs and data systems, and billing support. Additional project domains can also include data elements such as designing workflows, improving reporting, supporting referrals, data collection and analysis related to health equity, and staff training.
DHCS	<b>CalAIM – <a href="#">Behavioral Health Quality Improvement Program (BHQIP)</a></b>  Available to county behavioral health plans to prepare for payment reform, CalAIM policy changes, and data exchange improvements.	<b>\$86.6 million (2022 to 2024)</b>  <i>Almost <a href="#">98% of incentive funds earned</a> as of March 2024</i>	County behavioral health plans earn incentive payments for milestones, including the following data exchange milestones: <ul style="list-style-type: none"> <li>● Improve data sharing capabilities by sharing data with a MCP or onboarding to a Health Information Exchange</li> <li>● Develop an active FHIR-based application program interface (API) to be compliant with federal interoperability rules</li> <li>● Map data elements to the United States Core Data for Interoperability (USCDI) standard set</li> <li>● Leverage data exchange to improve quality and care coordination</li> </ul>
DHCS	<b><a href="#">Equity and Practice Transformation (EPT) Payments Program</a></b>  Available as a one-time program to incentivize delivery system transformation among primary care practices to advance health	<b>\$140 million (2024 to 2026)</b>  <i>Authorized \$97 million in provider directed payments (Reduced in CA FY 2024-25 Budget from \$700 million);</i>	To receive directed payments, practices may biannually report <a href="#">program milestones</a> that includes one category focused on data to enable population health management with the following milestones: <ul style="list-style-type: none"> <li>● Establish data governance and complete HEDIS reporting assessment</li> <li>● Develop a data implementation plan</li> </ul>

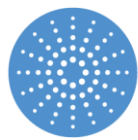


	equity and reduce disparities.	<i>Closed with a total of 205 practices selected</i>	<ul style="list-style-type: none"> <li>Implement at least 3 strategies of the plan including: Identifying and outreaching to assigned unseen population, using gaps in care reports with practice and MCP data, and exchanging data with two external partners including a DxF QHIO</li> </ul> <p>Other milestones incorporate data exchange elements such as implementing screenings and linkages to care with closed loop referrals and submitting HEDIS-like measures.</p>
<b>CDPH</b>	<p><a href="#">Future of Public Health Funding (FoPH)</a></p> <p>Available to Local Health Jurisdictions (LHJs) to support local public health workforce and infrastructure.</p> <p>CDPH is also receiving U.S. Centers for Disease Control and Prevention (CDC) <a href="#">Public Health Infrastructure Grant</a> funding over five years to support workforce, foundational capabilities, and data modernization.</p>	<p><b>\$188.2 million ongoing</b></p> <p><i>Established at \$200.4 million in FY 22-23 State Budget but reduced by the FY24-25 State Budget</i></p>	<p>Much of the FoPH funding is dedicated to strengthening the public health workforce, however 30% of funding can be used for equipment, supplies, and processes including upgrading computer systems or EHRs.</p>
<b>HCD</b>	<p><a href="#">Emergency Solutions Grant (ESG) Program</a></p> <p>Funded by U.S. Department of Housing and Urban Development (HUD) and available to local governments and nonprofit organizations to address homelessness.</p>	<p><b>\$12 million annually (approximate)</b></p> <p><i>Anticipate a <a href="#">Notice of Funding</a> for \$11 million over three-year contracts in December 2024.</i></p>	<p>In addition to <a href="#">permitted funding uses</a> for street outreach, emergency shelter, homelessness prevention, and rapid re-housing assistance, ESG funds may be used for Homeless Management Information System (HMIS) upgrades.</p>

*\*Based on available information*

## Addressing Remaining Gaps

The funding opportunities made available to date have initiated meaningful progress for many California health care entities, government agencies, and social service organizations as they work to enhance their data exchange capabilities. However, there is a lack of coordination among state grant programs, with milestones and incentives not linked to one another or an overarching strategy. For example, a county health department receiving CITED funding to stand-up a CalAIM ECM program and receiving BHQIP funding should be encouraged to link the data exchange milestones and outcomes from both grants – without duplicating – to achieve real-time data exchange with local partners.



There remains a need for additional state support for organizations looking to fully implement the DxF. With the targeted funding through the DSA Signatory Grants, only 20% of total DSA signatories received funding and just 25% of those awards went to voluntary signatories. This includes county health, public health, social services, and community-based organizations, many of which have limited experience with electronic data exchange. Organizations also face challenges in covering ongoing costs related to data exchange not typically included in grant funding, such as staff training, technical maintenance, and recurring system and network fees. As funding from the DSA Signatory Grants expires in 2026, additional support for the QHIO Program will need to be considered.

To optimize available state resources for data exchange, [a Data Technology Funding Blueprint](#) could help facilitate coordination among programs and investments. To begin, Connecting for Better Health has identified the following opportunities to strengthen a sustainable and lasting California DxF:

1. **Secure Federal Funding for California Data Exchange:** To offset limitations in the California State Budget, CalHHS should pursue federal grants and federal match funds for Medicaid to support technology planning, implementation, and maintenance. Social service organizations and community-based organizations will need additional incentives and resources to fully adopt the DxF.
2. **Agency Wide Coordination and Engagement in Data Exchange:** The sharing of health and social service information furthers the goals of many state programs, advancing health equity and improving outcomes statewide. CalHHS can align program requirements and link funding incentives and milestones across DHCS, CDPH, HCD, and other departments to support an overarching strategy for data exchange in California. Department-wide coordination is critical to advance DxF accountability, reduce conflicts for participating organizations, and promote data exchange. For example, CalAIM providers currently accessing the TA Marketplace should be able to receive support directly for DxF implementation, as DxF implementation furthers the success of CalAIM.
3. **Identify DxF Sustainability Strategies:** To ensure success for California's historic statewide initiative, the State should advance sustainability strategies to maintain the QHIO program and support the ongoing data exchange maintenance and operations needs of DSA Signatories, particularly those serving vulnerable populations and those in under resourced areas of California. For example, CalHHS could consider including data exchange capability advancements in all funding opportunities. Future funding initiatives should additionally encourage organizations to move beyond becoming DSA Signatories towards engaging in active, real-time exchange of health and social service information to realize the value of the DxF.