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May 12, 2023

To: Primary Care Clinics

RE: 2023 Annual Utilization Report Guidance for COVID-19 Worker Retention Payment

As part of the California State Budget for Fiscal Year 2022-23, the Clinic Workforce Stabilization Retention Payment Program was added to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code (Sections 14199.70 – 14199.76). This legislation creates a program for qualified clinics to receive money from the Department of Health Care Services (DHCS) for retention payments to help retain qualified health workers, in particular registered nurses, licensed vocational nurses, licensed clinical social workers, licensed mental health workers, medical assistants, and advanced practice professionals.

Per Section 14199.73(a)(3) of the Welfare and Institutions Code, the Department of Health Care Access and Information is releasing guidance to instruct qualified clinics how to report this revenue through the established clinic annual utilization reports required under Section 1216 of the Health and Safety Code.

Effective for the 2023 Annual Utilization Report year, Clinic Workforce Stabilization Retention Payments (CWSRP) from DHCS to the clinic should be reported as Other Operating Revenue in Report Page 7, Line 15 - "State Funds." The payments made to qualifying employees of the clinic should be reported as employee benefits in Report Page 7, Line 31 – "Salaries, Wages, and Employee Benefits." The 2023 Annual Utilization Report of Primary Care Clinics is due on February 15, 2024. We recommend consulting with a payroll tax professional or tax attorney for any tax implications regarding these payments.

If you have any questions or concerns regarding Annual Utilization Reporting, you may reach us via phone at (916) 326-3854 or email at utilization@hcai.ca.gov.