

April 3, 2002

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State Budget Update

DSH Administrative Fee

On Monday, April 1, 2002, the Senate Budget Subcommittee No. 3 on Health and Human Services voted to increase the DSH administrative fee by \$55 million for two years, and adopted trailer bill language to eliminate the fee after that time. This action places the administrative fee at \$85 million.

Various hospital groups and county lobbyists urged Subcommittee members to reject the Governor's proposal because public and private hospitals face billions of dollars in cuts in Federal Medicaid funds over the next several years, and that a \$55 million increase will only compound the fiscal constraints facing these hospitals. Senator Chesbro stated that the Governor's proposed \$55 million increase was based on a \$12 billion shortfall, but now that shortfall has grown to \$17 billion. Senator Ortiz told counties and hospitals to "do a better job" of enrolling the uninsured in either the Medi-Cal or Healthy Families Programs, which would help hospitals to offset uncompensated care costs.

Our Sacramento representatives will continue to work with various hospital advocacy groups to request that the Subcommittee reopen the item and postpone any decision until after the May Revision is released. As previously reported, Assembly Subcommittee No. 1 has left this item open pending the release of the May Revision.

Medi-Cal County Administration

At the request of the County Welfare Directors Association, the Senate Subcommittee also adopted trailer bill language which would require the Administration to notify the Legislature and counties within 60-days of passage of the State Budget if it plans to withhold allocation of the local assistance appropriation for Medi-Cal Administration within the fiscal year.

Generally, the State Budget provides counties with cost-of-doing business adjustments for administration of the Medi-Cal program. While the Legislature had appropriated \$107 million in the current fiscal year, the Department of Health Services withheld those funds at the request of the Department of Finance, because of the State's declining fiscal condition. The proposed trailer bill language will allow counties to better plan their budgets.

Status of County-Interest Legislation

County-supported AB 1058 (Pavley) passed the Senate Environmental Quality Committee on a party line vote, 5 -2. The bill would require the State Air Resources Board (ARB) to develop and adopt, by January 1, 2005, regulations that achieve the maximum feasible reduction of greenhouse gases emitted by passenger vehicles and light-duty trucks in the state. Those regulations would take effect January 1, 2006. The bill would authorize the ARB to elect not to adopt a standard for a greenhouse gas, if the ARB determines that the federal government has adopted a standard regulating these emissions. The bill now goes to the Senate Appropriations Committee.

Pursuit of County Position on Legislation

AB 1450 (Cardenas), as amended on February 28, 2002, would reappropriate \$2 million for the Community Law Enforcement and Recovery (CLEAR) program through June 30, 2002.

The CLEAR program was designed to combat the problem of criminal street gang violence in Los Angeles. In areas where CLEAR programs have been implemented, there has been a dramatic decrease in criminal activity. The Sheriff, Probation Department and the District Attorney support full funding of the CLEAR program. **Our Sacramento advocates will be supporting AB 1450 based on the County's State Legislative Agenda, adopted on January 8, 2002, which supports funding for the CLEAR program.** AB 1450 has been referred to the Senate Public Safety and Budget and Fiscal Review Committees, and has not been scheduled for a hearing.

AB 2641 (Leonard) would cap ERAF transfers at their FY 2000-01 level and transfer the growth to an Emergency Response Augmentation Fund for Local Public Health and Safety to be allocated among local agencies proportionate to these agencies share of the county's ERAF, to be used for public health and safety. As introduced, the bill does not have a maintenance of effort requirement or an anti-supplanting provision. **Consistent with existing Board policy to support legislative efforts to cap ERAF growth as an interim measure pending full return of the property tax, our Sacramento advocates will be supporting AB 2641.** The bill is scheduled for a hearing on April 10, 2002 in Assembly Local Government Committee.

SB 1609 (Soto), as introduced on February 21, 2002, mandates that contraction of a blood-borne disease by County health care workers is job-related, thereby making them eligible for workers' compensation disability benefits and disability retirement. "Health care workers," would include registered nurses, licensed vocational nurses, certified nurse aids, clinical laboratory technologists, dental hygienists, physicians, janitors, sanitation or housekeeping workers.

Current law, which the County opposed under AB 196 (Correa), mandates that safety members who develop a blood-borne infectious disease are presumed to have contracted it on the job, if the member can demonstrate exposure to blood or blood products as a result of performance of job duties. It also provides that the disease is not attributable to any existing prior condition, and extends the presumption for up to five years after termination of service. SB 1609 extends these provisions to health care workers.

The Workers' Compensation Appeals Board and the Board of Retirement of the Los Angeles County Employees Retirement Association (LACERA) review all requests for workers' compensation and service connected disability retirements to determine if the disability is job related and awards such benefits as warranted. Expansion of this presumption reduces the Workers' Compensation Appeals Board and LACERA's Board of Retirement's powers to differentiate between service connected and non-service connected disabilities, thus increasing County costs because disability retirement and workers' compensation benefits are a 100 percent County cost.

My Compensation and Benefits staff recommends that the County oppose SB 1609 and we concur. **Opposition is consistent with existing County policy adopted by the Board on January 8, 2002, to oppose legislation that creates new presumptions by mandating that certain injuries and illnesses, diseases, or physical conditions are job-related for workers' compensation or service-connected disability retirement. Therefore, the County will be opposing SB 1609,** which is currently in the Senate Committee on Labor and Industrial Relations, with a hearing date set for April 10, 2002.

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Grant to Help the Homeless Mentally Ill

On March 25, 2002, Governor Davis announced grants of nearly \$11 million from his Homeless Initiative to provide housing and treatment to the homeless mentally ill. The funding will be provided to 17 rural and urban counties, including Los Angeles County, and one city. Statewide, an additional 972 persons will now be provided mental health services. The County will receive \$1.6 million in additional funding because of high performance in its existing program to assist the homeless mentally ill, and because of the County's capacity to expand that program.

Governor Davis will hold a Statewide summit on homelessness on Monday, April 22, 2002, in Sacramento. The Governor has proposed establishing a State Council on Homelessness to develop both immediate and long-term goals and strategies for increasing permanent housing.

We will continue to keep you advised.

DEJ:GK
IGR:md

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants