



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Second District

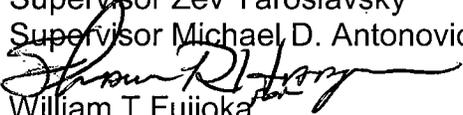
ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

December 11, 2008

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From:   
William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### State Budget Update

Governor Schwarzenegger held a press conference yesterday to announce that the State's \$11.2 billion budget deficit has increased to \$14.8 billion for the current fiscal year, and he called for an emergency meeting with the legislative leadership today. At the press conference, the Governor once again asked legislators to put aside their ideological differences and to pass legislation to resolve California's ongoing fiscal crisis, and he criticized the previous Legislature for failing to act.

### Senate Holds Hearing on Budget Proposal Affecting Health Programs

Yesterday, Senate Budget and Fiscal Review Subcommittee No. 3 held a hearing to discuss numerous budget reduction proposals for health programs, which were proposed by the Governor, the Legislative Analyst's Office (LAO), and Senate Republican members. Committee Chair, Senator Alex Padilla, indicated that 39 percent of the Governor's proposed reductions would affect health and human services programs. The members discussed the reduction proposals, but no votes were taken. A number of the proposals affect Los Angeles County such as: 1) a redirection of \$54.2 million in Federal Safety Net Care Pool funds for public hospitals to other State programs; 2) a reduction of income eligibility requirements and reinstatement of the 100-hour work rule for Medi-Cal Section 1931(b) recipients and applicants; and

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3) elimination of full-scope Medi-Cal services for newly qualified immigrants. All of these were originally proposed in the Governor's FY 2008-09 January Budget and May Revision but rejected by the Assembly and Senate Budget Committees.

**Federal Safety Net Care Pool (SNCP).** Ms. Carol Meyer from the County Department of Health Services testified in opposition to the redirection of SNCP dollars to other State programs. If approved, this redirection would result in a total loss of \$24.4 million to the County, which includes \$10 million from the South Los Angeles Medical Services Preservation Fund. The potential loss of funding equates to 60,000 outpatient visits annually.

Ms. Meyer, along with several subcommittee members, noted that reduced outpatient capacity would result in increased emergency room visits at a much higher cost to the County and the State. She emphasized that the County's health system is treating an increasing number of new patients and families because of the loss of health insurance resulting from growing unemployment in the County, and explained that SNCP funding is needed to maintain primary care and chronic disease management. Others testifying in opposition included representatives from the Service Employees International Union, Health Access, the California Association of Public Hospitals (CAPH), the California State Association of Counties (CSAC), the California Hospital Association, the California Children's Hospital Association, and Private Essential Access Community Hospitals.

**Medi-Cal Section 1931(b) Program.** County representatives also testified in opposition to the Governor's proposal to reduce the Medi-Cal Section 1931(b) income eligibility requirements for parents from 100 percent of the Federal Poverty Level to an average of 72 percent. This proposal would eliminate Medi-Cal eligibility for about 157,000 parents in Los Angeles County by FY 2010-11. Stakeholder organizations, including CSAC, CAPH, and the County Welfare Directors Association (CWDA) testified in opposition.

**Medi-Cal Eligibility for Legal Immigrants.** County representatives testified in opposition to the Governor's proposal to: 1) eliminate full-scope Medi-Cal benefits for legal immigrants who have been in the United States for less than five years; and 2) restrict Medi-Cal benefits to the month in which an emergency occurs for individuals who are allowed to reside in the country without permanent immigrant status, with the exception of pregnancy-related services. The loss of Medi-Cal coverage for these individuals would likely result in increased emergency room visits. Other stakeholders testifying in opposition included CSAC, CAPH, and CWDA.

**LAO Proposition 10 Proposal.** Another issue of interest to the County is an LAO proposal to eliminate the Proposition 10 State Commission and to redirect 50 percent of the funds to children's health or to childcare programs. These changes would require voter approval. Senate Republican members have proposed to redirect all Proposition 10 funds to backfill General Fund support in other State programs. Senator

Dave Cox contended that the State and local Proposition 10 commissions have a \$2.5 billion reserve, which could be spent on providing health insurance to children in California. A representative for the LAO suggested that this is an area that needs further review, and to look at prioritizing the expenditure of the reserves. A CSAC representative testified in opposition because these funds are being used by local First 5 Commissions for a variety of children's programs, and for a number of projects which have commitments for a period ranging from three to five years.

### **Senate and Assembly Republican Members to Announce Budget Plan**

Senate and Assembly Republican members will announce their budget plan to reduce current year expenditures by \$11 billion on Monday, December 15, 2008. The plan is expected to include proposals for across-the-board cuts in a variety of programs, including schools, prisons, Medi-Cal, welfare, In-Home Supportive Services and other fast-growing programs.

### **Los Angeles County Delegation Roster**

A list of the members of the Los Angeles County State Assembly and Senate Delegations is attached.

We will continue to keep you advised.

WTF:GK:MAL  
MR:DS:sb

### **Attachment**

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations

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D--25

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