



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

March 31, 2014

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To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains a pursuit of County positions on the following legislation:

Pursuit of County Position on Legislation

- **Pursuit of County Position to Support AB 1644 (Medina).** This measure would require the California Department of Health Care Services or counties, prior to entering into a contractual obligation, to obtain criminal history information on owners of Drug Medi-Cal Program provider organizations to determine if owners have been convicted of any crimes involving fraud. Therefore, unless otherwise directed by the Board, consistent with existing policies to support legislation that improves oversight of the State's Drug Medi-Cal program by implementing specified program enhancements, **the Sacramento advocates will support AB 1644.**
- **Pursuit of County Position to Oppose AB 2378 (Perea).** This measure would allow the payment of Labor Code 4850 disability benefits, special leaves of absence without loss of pay benefits, to certain peace officers in addition to the maximum benefits allowed for temporary disability payments. Therefore, unless otherwise directed by the Board, consistent with existing policy to oppose legislation that mandates or authorizes compensation or benefit changes without approval of the Board of Supervisors, **the Sacramento advocates will oppose AB 2378.**

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Pursuit of County Position on Legislation

AB 1644 (Medina), which as amended on March 18, 2014, would require that prior to contracting with Drug Medi-Cal (DMC) provider organizations, the California Department of Health Care Services (DHCS) or the county contracting for DMC provider services, receive State criminal history information on owners of DMC provider organizations. The criminal history information, which is to be provided by the California Department of Justice (DOJ), will summarize whether or not an owner has been convicted of any crime involving fraud. Additionally, under AB 1644, DHCS or the responsible county will be required to request subsequent arrest notifications from DOJ.

Existing law provides for the Drug Medi-Cal Program in which counties enter into contracts with DHCS to provide drug treatment services to Medi-Cal recipients, via community-based organizations/service providers. In instances where counties elect not to provide or administer this service, DHCS contracts directly with service providers to provide these services within the respective county. Drug treatment services provided under the DMC Program are provided in an outpatient or residential treatment facility setting and include services such as: narcotic treatment; outpatient Naltrexone treatment; outpatient drug free; day care habilitative; and perinatal residential services.

At the local level, the Department of Public Health (DPH) is responsible for administering the DMC Program on behalf of the County through its contract with DHCS. Under the terms of the County's contract with the State, which was originally approved by the Board in 1994, DPH is responsible for ensuring that alcohol and drug treatment services which are deemed medically necessary are provided to Medi-Cal eligible recipients. In this role, DPH is responsible for, among other things: 1) directly contracting with program providers; 2) monitoring program services to ensure compliance with all rules, regulations, and contractual requirements; and 3) working with service providers to correct deficiencies.

As a result of various news reports and allegations of rampant fraud and ineffective oversight within the DMC Program, AB 1644 was introduced to address some of the problems identified. Specifically, AB 1644 will require that DHCS and counties have an additional tool to better understand who their prospective providers are and the type of character these individuals have exhibited in the past. This information will ultimately be helpful in determining whether or not certain provider agencies should be contracted.

In addition to AB 1644, on August 21, 2013, the State's Joint Legislative Audit Committee (JLAC) approved an audit of the DMC Program, including a review of three county agencies responsible for administering the Program. Los Angeles was selected as one of three counties that would be audited. The State Auditor currently anticipates

their audit findings will be released in June 2014. Finally, the Governor's FY 2014-15 Proposed Budget includes 21 positions and \$2.2 million in total funding to continue the State's focus on DMC Program integrity, as well as re-certification efforts of all DMC Program providers within the State.

The Department of Public Health indicates that AB 1644, if enacted, will help fortify the DMC Program, as well as their understanding of prospective contractors. DPH further indicates that the bill will help strengthen and/or improve the accountability of owners of DMC provider organizations.

This office and the Department of Public Health support AB 1644. Therefore, unless otherwise directed by the Board, consistent with existing policies to support legislation that improves oversight of the State's Drug Medi-Cal Program by implementing program enhancements that include, but are not limited to: 1) improved collaboration, information sharing, and communication between the State and local jurisdictions; 2) adoption of formal policy and procedures for immediately advising counties when provider agencies are being decertified or suspended by the State and/or investigated by the Department of Justice; 3) inclusion of in-depth administrative, programmatic, and financial reviews during the provider certification review process; and 4) increased provider engagement and training, **the Sacramento advocates will support AB 1644.**

Currently there is no registered support or opposition on file for AB 1644.

AB 1644 is scheduled for hearing in the Assembly Health Committee on April 1, 2014.

In addition to AB 1644, other bills have been introduced to improve and/or refine the State's Drug Medi-Cal Program. This office, in conjunction with the Department of Public Health and the Department of Mental Health, is reviewing and closely monitoring these bills to determine potential County impact. It should be noted that some bills are spot bills with no specific or substantive provisions.

AB 2378 (Perea), which as introduced on February 21, 2014, would allow the payment of Labor Code 4850 disability benefits, special leaves of absence without loss of pay benefits, to certain peace officers in addition to the maximum benefits allowed for temporary disability payments.

Under current workers' compensation law, certain peace officers, firefighters, and other specified State and local public employees are entitled to a leave of absence without loss of salary while disabled by injury or illness arising out of and in the course of employment. Currently, aggregate disability payments for a single injury causing a temporary disability may not extend for more than 104 compensable weeks within a

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period of five years. AB 2378 would provide special leaves of absence without loss of salary benefits, known as Labor Code 4850 disability benefits, which would be payable in addition to the maximum aggregate disability payments provided for a single injury.

The Chief Executive Office Risk Management Branch (CEO-RM) reports that Labor Code 4850 (LC 4850) disability benefits are equal to a one-year leave of absence without loss of salary and are paid to specified safety personnel in lieu of temporary disability payments. Under current law, limiting aggregate disability payments, peace officers paid LC 4850 benefits are allowed one additional year of wage loss benefits in the form of temporary disability payment. Under AB 2378, LC 4850 disability benefits would no longer be subject to the aggregate limit. This would allow covered peace officers to receive LC 4850 disability benefits in addition to 104-weeks of regular temporary disability benefits within a period of five years. CEO-RM indicates this mandated increase of disability benefits significantly would increase workers' compensation liabilities and costs to the County. CEO-RM reports that AB 2378 would allow for and encourage longer periods of disability, which would result in increasing service interruptions and the use of overtime pay use to address service reductions. County Counsel concurs with CEO-RM's concerns regarding AB 2378.

AB 2378 is substantially similar to **County-opposed AB 136 (Kehoe) of 2003**, which would have provided an extended workers' compensation leave to police officers, sheriffs, and firefighters. AB 136 died in the Assembly.

This office recommends an oppose position on AB 2378. Therefore, consistent with existing Board policy to oppose legislation that mandates or authorizes compensation or benefit changes without approval of the Board of Supervisors, and unless otherwise directed by the Board, **the Sacramento advocates will oppose AB 2378.**

AB 2378 is opposed by the California State Association of Counties. There currently is no support on file. AB 2378 is pending hearing in the Assembly Insurance Committee.

We will continue to keep you advised.

WTF:RA
MR:RM:PC:lm

c: All Department Heads
Legislative Strategist