



Tidbits from Sacramento

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Legislative and Governmental Advocacy
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BREAKING NEWS – MEDICARE LEGISLATION

Last night Congress voted to override the President's veto of the cuts to physician's reimbursement for Medicare services which went into effect on July 1. The House vote on H.R. 6331 was 383 to 41 and in the Senate 70 to 26.

BUDGET STALEMATE – WHEN WILL IT END? – NOT QUICKLY!

The Joint Legislative Budget Committee completed its work early last week. The Committee passed the budget on a party-line vote 4/2. Numerous cuts were restored which were contained in the Governor's May Revision of the budget, many of them health and welfare cuts. The proposed budget also contains numerous tax increases, sometimes referred to as "fees," to balance the budget. At this time, it appears that we are at a standstill.

The Assembly Speaker sent most of her Members home for the July 4 holiday and return on July 14. A clear signal was given that there would not be a vote on a budget last week or this week. Members of the Assembly Appropriations Committee returned on July 9 to hear about 140 bills, most of them Senate Member bills. Many of those bills found their way to the "Suspense File" to await the resolution of the budget. I expect that many will remain in Suspense given that they contain significant state costs.

Now the tough decisions will be made by the leadership of both the Senate and the Assembly Leaders and the Governor. Clearly, there is a great divide between the Republicans and the Democrats – Republicans continue to oppose tax increases and Democrats continue to resolve the budget with tax and fee increases

How it will be resolved is anyone's guess at this point – most likely with some of both "fee" increases, some cuts and perhaps some borrowing. However, first they must come to the table and time is slipping away. The State is expected to run out of cash in August. As of this writing, a vote is not yet scheduled on the budget in either house. We may have a long wait.

GLOBAL WARMING – AB 32

On June 26, the Air Resources Board (ARB) released its plan to implement the provisions of AB 32 to significantly reduce California's greenhouse gasses by 2020. The plan is called "Climate Change Draft Scoping Plan – a framework for change."

The plan requires that by 2020 our greenhouse gas emissions will be reduced to 1990 levels. According to the ARB, this program provides “a magnificent opportunity to transform California’s economy into one that runs on clean and sustainable technologies, so that all Californians are able to enjoy their rights to clean air, clean water, and a healthy and safe environment.”

Some see this program as a step in the right direction. Others are concerned that the State is embarking on one of the biggest expansions of regulatory action in our history. Clearly, this is a major issue for California and I expect that we will see this program evolve over the next year. There will be winners and losers as this program moves forward. The Board is expected to have a 45 day comment period before the Board adopts the plan in November. Following their adoption, the formal rule-making process will begin. That is probably where the “rubber will meet the road,” based on some of the comments already public by various entities.

HEALTH CARE FOR ALL LEGISLATION REVISTED

Several bills are working their way through the legislature that embody some elements of the Governor’s and Nunez’s AB X1X. While they are moving, it is difficult to determine whether or not they will reach the Governor and be signed. Among them are:

AB 697 – (Yee) and SB 981 (Perata) – Both address “balance billing” issues. SB 697 focuses on enrollees in the AIM and HF Programs in MRMIB. SB 981 focuses on patients receiving emergency care provided by non-contracting ER physicians. Establishes statutory standards for claims payment and dispute resolution processes.

AB 1945 (De La Torre) – Addresses the issue of plans/insurers regarding rescission of policies. Sets forth specific requirements for rescissions and a standard application form for individual plan contracts and insurance policies.

AB 2146 (Feuer) – Requires DHCS and MRMIB to adopt policies consistent with those developed by CMS regarding nonpayment for hospital-acquired conditions for Medi-Cal and Healthy Family Programs.

AB 2967 (Lieber) – Addresses the issues of cost and quality transparency. Sets forth very specific requirements and a commission to develop and recommend a plan to improve health care cost efficiency, improve the health system performance and the quality of patient outcomes.

SB 1440 (Kuehl) – Requires that health plans and insurers spend at least 85% of premiums, dues, fees and other periodic payments they receive on health care benefits. The bill defines health care benefits to be included.

REDISTRICTING MEASURE ON THE NOVEMBER BALLOT

A number of times a “redistricting initiative” has been placed on the ballot in recent years and each time it has failed for a variety of reason, most of them of a political nature. This year voters will be asked again to vote on a redistricting plan for California. Some followers of politics believe this may be the year that a redistricting measure will win. Proponents of this initiative include bi-partisan groups attempting to reform our legislative structure.

Basically, the initiative would create a 14 member commission that would draw the district lines for the Senate, Assembly and State Board of Equalization. It would not affect the current Congressional Districts. The commission members would be randomly selected by the State Auditor from a voter applicant pool. 5 members would be included from each of the two largest

political parties (Democrat and Republican most likely). Four additional members would be selected who are not affiliated with either political party. The initiative also sets forth the processes for this endeavor.

Mini-Tidbits

California's Water Crisis Governor Schwarzenegger and Senator Feinstein recently proposed a plan to update our water system which is sorely needed. Last month, the Governor issued an Executive Order declaring a statewide drought and proclaimed a state of emergency in nine Central Valley Counties. Keep your eye on SB X2 1(Perata).

Balance Billing. DMHC regulators are taking a tough stance on some of those entities that continue to bill insured patients when they do not get full charges from the patient's insurer. DMHC filed a lawsuit early this month in Orange County to stop one hospital from taking this action. Several bills are again working their way through the legislature to address balance billing patients. DMHC also has proposed regulations moving through the process.

2010 Elections – There will be no shortage of candidates for the office of Governor in 2010. Both parties have well known names floating around and several have already begun to set up campaign committees to they can raise money. Do these names ring a bell? Newsome, Campbell, Garamendi, Poizner, Westly, Brown, Whitman, Villaraigosa, O'Connell. More as we get past this November election.