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WE HAVE A BUDGET – WILL IT LAST???

As you know, we have been through several budgets in the last 12 months. Let us hope that this one will include solutions that will help put California on the path to resolving our financial problems. Do I believe we are out of the woods? No, but I do want to believe that lessons have been learned and that California will move forward in the months ahead. Yes, the economy has been a problem and contributed to our fiscal problems; however, it is not the underlying reason for our huge deficits of the last couple of years.

The following are some of the budget reduction agreements voted on Friday as released by the Governor's Office:

Education	\$9.4 Billion
Health & Human Services	\$3.0 Billion
General Government	\$1.6 Billion
Corrections	\$ 785 Million
State Employee Compensation	\$ 820 Million

In addition to the cuts, the budget includes some borrowing, funding shifts, revenue changes and other options which are expected to reduce the projected deficit.

Certain structural reforms of state government are also included. Identified thus far, are consolidating and eliminating boards and commissions, including the Integrated Waste Management Board, and rooting out fraud from certain programs.

THE LEGISLATURE

The legislature is now in recess and will return to the Capitol on August 17 to complete their work on the first half of the 2009-2010 legislative session. Some of their vacation time was spent returning to Sacramento to vote on the budget bills this past week.

I expect that many of the bills that have not passed will be amended during the coming weeks. The members of the Legislature may be gone, but their staffs are here and will be working on various bills, particularly those that may have some problems moving through the process. Some of those bills may be “gutted and amended” to be a totally new bill with a different subject matter. The last four weeks of session will be prime time for “gut and amend” bills

which may have little or nothing to do with the original bill. This is the time of year when one must be overly cautious to ensure that any bill amended is thoroughly reviewed. This is a challenging time for lobbyists and their clients.

INITIATIVE PROCESS

The initiative process was put in place to ensure that “the people” could have a voice in government. This process has been used for many purposes, some of which may benefit the general public. At other times the initiative may focus on an issue of interest to a very small group of people. Initiatives that include tax increases generally have a challenge.

Initiatives must be submitted to the Attorney General of the State to begin the process. Nearly 700,000 signatures are necessary for statewide initiatives. This can be a substantial challenge unless you have lots of “foot-soldiers” or money or both. Some of the more interesting initiatives that are in the process for the June 8, 2010 ballot include:

A Part-Time Legislature. This initiative allows the Legislature to be in session no more than 95 days each session and sets forth specific dates when they will meet.

Repeal of the 2/3 vote requirement for tax issues. This will be a contentious issue for voters who believe the 2/3 vote is necessary and those who believe it is a detriment to the budget debates.

Additional Taxes to Fund Education This initiative would add one percent to the current sales tax to support education programs.

Several other initiatives are in their beginning stages of the process. I will update you if and when they move forward.

KEY LEGISLATION

AB 2 (De La Torre) - This bill is a repeat of a similar bill from last year’s session that failed. It imposes certain requirements and standards on health plans licensed by DMHC and also on health insurers subject to regulation by the Department of Insurance. The bill is now in the Senate Appropriations Committee and will be heard when the legislature returns from recess.

AB 31 (Price) - This bill will increase the maximum contract threshold amount for awards to small businesses from \$100,000 to \$250,000. Also requires contractors to report the actual percentage of the allocation at the conclusion of the contract. This is of major interest to many in the small business community. The bill is now on the 3rd Reading File of the Senate and is expected to be passed upon return of the Legislature after the summer recess.

AB 301 (Fuentes) - Requires applicants for licenses to bottle water to report the volume of water for sale, the source and the county of the source to the Dept. of Public Health. The Department shall compile this information and make it available to the public. This bill is in the Senate Appropriations Committee Suspense File.

AB 342 (Bass) - This bill requires the Dept. of HealthCare Services to submit a waiver application to the federal government for a demonstration project relative to expanding health care to eligible entities. Pending in the Senate Health Committee. Placeholder for the 2010 federal waiver process as is SB 208 (Steinberg).

AB 343 (Arambula) - Deletes certain age limits for specified childhood immunizations required for entry into schools or child care centers pursuant to the recommendations of the American Academy of Family Physicians. Pending in the Senate Appropriations Committee.

AB 911 (Lieu) - Requires licensed general acute care hospitals to assess the condition of its ER Department at specified time intervals and develop and implement capacity protocols to be submitted to OSHPD. Pending in the Senate Appropriations Committee.

AB 1383 (Jones) – Imposes a coverage fee on hospitals, except for certain designated public hospitals, for a period that would end on December 31, 2010. This “fee” would be matched by federal funds. Pending in the Senate Appropriations Committee.

SB 196 (Corbett) – Increases from 90 to 180 days the public notice an acute care hospital must provide prior to closing or downgrading their emergency room facility. Pending action in the Assembly Appropriations Committee.

SB 208 (Steinberg) – Directs the Department of HealthCare Services to develop a Medicaid waiver for the State’s Medi-Cal Program and submit the waiver for federal approval by September 1, 2010. Pending in the Assembly Health Committee. This bill is a place-holder for the federal waiver process as is AB 342 (Bass).

SB 231 (Lowenthal) – Requires each generator of hazardous waste to pay an unspecified fee per ton of waste generated. Would replace an existing more complicated fee structure. Pending in the Assembly Environmental & Toxics Committee.

SB 249 (Cox) – Provides authority for children between 11 and 18 years of age to receive the new meningitis vaccine. Information related to this vaccination process may be sent to the education community for distribution to families.

SB 294 (McLeod) – Expands the authorized functions that may be performed by nurse practitioners practicing under standard procedures. Pending Assembly Floor vote.

SB 316 (Alquist) – Requires full service health plans and insurers to spend on average at least 85 percent of the premiums on healthcare benefits beginning January 1, 2013. Requires reporting of ‘minimum loss ratio’ information by January 1, 2013. Pending in the Senate Inactive File.

SB 486 (Simitian) – Requires a pharmaceutical manufacturer that sells or distributes a medication that is self-injected at home to submit to the Integrated Waste Management Board a plan that describes how the manufacturer will support the safe collections and destruction of the sharps waste. Pending in the Assembly Appropriations Committee.

SB 683 (Calderon) – Each workers compensation group that self-insures will be required to file an annual audit report of the financial accounts and records of the group conducted by an independent, certified public accounting firm. Pending in the Assembly Insurance Committee.