



Tidbits from Sacramento

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May 12, 2007 - Issue #5

2007-2007 Budget Revision

On May 15, the Governor will release the updated revision of the state budget that he submitted to the legislature in January. This update is called the “May Revise.” The January budget is built upon projections of fiscal information available near the end of December. The legislature begins its review of the budget in March based upon the Governor’s January budget. These projections may change significantly following the April tax deadline. Therefore, many of the legislature’s tough budget decisions are put off until after the “May Revise” is released.

This document will become the focus of legislative budget subcommittee activities for the coming weeks. Most other committees will be suspended for a period of time to allow members to focus on the budget. The deadline for the budget completion is June 15, a date that has been missed more than it has been completed in the last couple of decades.

Legislative Deadlines

The Legislature tends to do its best work when the deadlines for various committees are approaching. During the last week of April and the first week in May, policy committees had lengthy meetings, sending a large volume of bills to the Appropriation Committees in both houses. Appropriation committees met for hours last week and will continue to work this coming week to act on remaining fiscal bills.

Many bills that passed their policy committee and were sent to the Appropriations Committees for review may find that they have been or will be sent to the “suspense file.” All bills with any state costs that exceed \$150 thousand automatically go to suspense. The threshold number changes in some years, but essentially it is a stopping place for new programs or increases to existing programs. It can also be used as a place to “kill a bill” without “fingerprints.” The suspense file decisions will be made before the end of May.

Health Care Reform – Will it Happen??

For months we have all been talking about health care reform. Everyone seems to believe the system is broken, but how do we fix it? That is the “64 dollar question.” However, there does appear to be some movement. The Governor tends to focus on specific issues and works to resolve the issues, one at a time – the latest was his focus on “prison reform.” While one can argue whether or not, the Prison Reform Bill, AB 900 could be considered reform, it did have something for Democrats and Republicans to accept (notice I did not say like) and it gave the Governor something he wanted – keeping the judicial system at bay. The tradeoff included some prison construction and rehabilitation beds for inmates to address the recidivism rate – one of the highest in the nation.

With that burning issue off the table, the Governor has been very active and vocal about health care reform in the last few weeks. Everywhere he goes he speaks about the need for health care for all Californians and is quoted not only in California newspapers, but also in those outside California.

At the May 6 California Small Business Day event at the Sacramento Convention Center, the Governor spoke for nearly 30 minutes and health care was clearly on his mind. The key issue revolves around funding (what is new about that). The biggest challenge the crafters of this proposal face is how to address the cost for small businesses. Despite the fact that some of those in attendance - small retailers or restaurants owners, with more 10 employees, but low margins - may be negatively impacted, the Governor received a very loud and warm reception from this audience.

During a recent meeting my clients and I had with several of the Governor's staff drafting legislative language for his document, it is clear they are moving into the details of how to put this plan together. Some excellent questions were asked and we responded and provided data to assist them. Still this will not be an easy task. But, where there is this much smoke, there is fire!!

The budget will consume a great deal of attention for the next few weeks. Once the budget is completed, I believe the Governor and the legislative leadership will begin to work toward solutions to address the differences in their approach to health care reform. There is more that unites the various factions in this endeavor, but the issues that divide them are major and will require compromises that will be difficult, if not impossible to fully resolve. Health care reform could become a reality this year, although it most likely will be in the last days of this session

The coalitions that have been forming for the last couple of months, while they make "strange bedfellows," show the magnitude of both the interest and concerns revolving around health care. It seems clear that the alternative to doing nothing is not going to be acceptable much longer to the business community, the payers or the public in general.

Legislation of Interest

Numerous bills were amended in their policy committees in order to continue the process.

AB 374 (Berg)—Compassionate Choices Act. Passed the Assembly Judiciary Committee on a 7 to 3 vote and sent to the Assembly Appropriations Committee. It was sent to the "suspense file."

AB 512 (Lieber) – Requires businesses to provide translation of contracts or agreements into any foreign language in which negotiations were conducted.

AB 682 (Berg, Garcia, Huffman) Addresses routine screening for HIV in all health care settings.

AB 1155 (Huffman) - Requires DMHC to make physicians whole when they find an HMO has underpaid the physician. This includes both the underpayment and the interest.

AB 1226 Hayashi - Shortens the time for the DHS to process physician applications for enrollment in the Medi-Cal program.

AB 1436 (Hernandez) – This is a scope of practice bill that is co-sponsored by the California Association of Nurse Practitioners and the California Academy of Physician Assistants. This will be a two year bill. I expect negotiations on the bill to continue if this bill has any chance of making it out of the "house of origin" by January 31, 2008. If not, this bill will be dead for this session.

AB 1439 (Levine) – Provides a 10 percent tax credit for employers that promote employee fitness. May be used for health club memberships and on-site fitness centers.

AB 1444 (Emmerson) - Permits direct access to physical therapists without a referral from a physician.

SB 389 (Yee) – A version of the balance billing bills of the last couple of years, coupled with a dispute resolution process to be implemented by the DMHC.

SB 840 (Kuehl) – This is the Single Payer Bill which is now in the Senate Appropriations Committee “suspense file.”

SB 993 (Calderon, Aanestad) – Would allow certain psychologists who receive training and certification to prescribe psychotropic drugs. This will become a two-year bill.

SB 1014 (Kuehl) – Health Coverage Tax to fund the Single Payer Bill, SB 840. This will be made a two-year bill.

Political Activities

Congressional District 37 – The June 26th special election to fill the 37th CD to replace the late Juanita Millender-McDonald is heating up. It appears that the top contenders for this race are State Senator Jenny Oropeza, Assembly Woman Laura Richardson and the daughter of the deceased, Valerie McDonald. Should either Oropeza or Richardson win, that will leave a vacancy in the legislature and another election will be called to fill that seat.

Assembly District 29 – The special election to fill the unexpired term of former Assembly Member Richard Alarcon is set for May 15. The favorite in this election is Felipe Fuentes, supported by LA Mayor Antonio Villaraigosa and Richard Alarcon. He received his MBA from Pepperdine University. He should be a “shoo-in” for this seat.

California Initiatives - The election will not be held until February 5, 2008, but already initiatives are making their way through the process to be eligible for the election.

Term Limit Initiative (ACA 1)

The opponents filed a writ of mandate in the Sacramento Superior Court on May 2nd in an attempt to change the Attorney General's Title and Summary this initiative. This initiative would increase the number of terms a legislator may serve in either the Assembly or Senate.

Reimbursement of Legislators' Expenses – This initiative came from an individual citizen. If approved, legislators would neither receive a per diem nor travel expenses. This has not qualified for the ballot; however, the proponent has until October 1, 2007 to collect the required signatures, nearly 700,000!!

Mini-Tidbits

- In early May, the Governor discussed the need for California to build a High-Speed Rail System. This venture has been on hold for some time. However, the Governor stated that he wanted his staff to work with the High Speed Rail Authority to develop a plan for financing the project and make this a reality for California.

- Ron Bangasser, MD a long time friend succumbed to cancer on May 2, 2007. Ron was a long time member of Beaver Medical Group in Redlands, California. Ron was well known in medical circles having served in a number of capacities with the CMA the AMA and was Chairman of the Board for the California Foundation for Medical Care. Ron was a strong advocate for patient care and will be missed by many of us.

- Katie Trueworthy was appointed by the Governor to the position of Deputy Director of Legislative and Government Affairs for the Department of Health Services. Katie replaces Jennifer Kent who has moved to the legislative position for the Health & Human Services Agency.

