



# Tidbits from Sacramento

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## **TIME TO ASSESS WHAT LEGISLATION IS STILL “ALIVE”**

June 9<sup>th</sup> was the deadline for passage of legislation from its House of Origin. All bills, except for those with an urgency clause, must meet this deadline pursuant to the rules of both the Senate and Assembly. Those bills that were not able to secure the requisite votes for passage are now considered “two-year bills.”

The Senate and Assembly members spent many hours on their respective floors this week, passing, amending or rejecting legislation that had made it through the policy and fiscal committees. Many bills were amended during the last couple of weeks to get the votes needed for passage. Some of the more controversial bills are now “two-year” bills.

Those bills considered “two-year bills” are eligible to be heard next year, but they must pass their original house by January 31 next year or they are basically dead. (I say that with some reservation as we never consider any bill really dead until the gavel comes down on the last night of the 2007-08 Legislative Session – expected to be August 31, 2008.)

### So what did pass?

Hundreds of bills did pass, many of them with just the required number of votes. This indicates that these bills may face less favorable treatment in the second house. Leadership in the second house may be less anxious to worry about whether or not bills from the other house pass. It is often easier to stop a bill in the second house for this reason.

### **The following a just a few of the key bills that were passed:**

- **AB 8 (Nunez), SB 48 (Perata) and SB 840 (Kuehl)**. These bills will be part of the overall healthcare reform negotiations. They all passed on a partisan basis. More on this as we move forward with the negotiations. I expect that will not take place in earnest until the budget conference committee completes its work.
- **AB 1 (Laird)** Expands eligibility for state supported health insurance for children. The children may be the beginning of any healthcare reform implementation plan. I consider this a “back-up plan” to be used if all else fails. This concept is included in the above bills.
- **AB 16 (Hernandez)** - This HPV bill was gutted and significantly amended. It now makes the State Health Officer the responsible entity to make decisions on future immunizations for school children. Recommendations from ACIP, pediatricians and family practice doctors would be considered
- **AB 1554 – (Jones)** would require health plans/insurers to submit any rate increases for annual approval.
- **SB 533 (Yee)** – This bill also addresses immunizations and when they are required for admittance to school.

**-SB 966 (Simitian)** requires every retailer of drugs after July 1, 2008 to have a system for accepting unused medications for proper disposal at no cost to the consumer.

**The following are bills that did not pass and are considered two-year bills.**

A number of high profile bills became two-year bills during the past couple of weeks when it was determined they would not be able to secure the requisite number of votes to pass the floor of their own house or they remained in the Appropriations Committee “suspense file” primarily due to cost. Among them:

**- SB 389 (Yee)** – Would prohibit certain physicians from billing enrollees of HMOs when billing disputes arise. Would also have required DMHC to implement a provider dispute resolution system.

**- SB 557 (Wiggins)** – This bill would expand the current scope of practice for an audiologist within the workers’ compensation system.

**- SB 993 (Calderon, Aanstad)** This bill would allow psychologists who meet certain requirements to prescribe certain drugs. This has been an ongoing issue for at least 15 years.

**- SB 1014 (Kuehl)** – The purpose of this bill is to fund SB 840 with various taxes. Should SB 840 make it through this session, I would expect SB 1014 language would be incorporated into SB 840 in some manner.

**- AB 374 (Berg)** This bill is similar to the Oregon law allowing physicians to assist a person to end their life under specified circumstances.

**- AB 636 (Levine)** – This bill advocates for a specific procedure, “low-level laser stimulation” to be performed by acupuncturists.

**- AB 1201 (Leno)** – This bill is similar to one that has been attempting to make its way through Congress that would change federal labor law. This bill attempts to put in California law what is known as a “card check” system, rather than the current practice of secret ballots.

**- AB 1436 (Hernandez)** – This bill an increase in the scope of practice of Nurse Practitioners, allowing them more autonomy under certain conditions.

**Governor’s Health Care Proposal** – We are still waiting for the release of the Governor’s actual legislative proposal language. The language is drafted, has been reviewed by several key legislative entities, but as of this date, it is still embargoed. Senator Perata stated after the vote was successful on SB 48, that now this bill could serve as a basis for negotiation. I expect he is right, but clearly there are big gaps between the Perata and Nunez bills, as well as the concepts put forth thus far in the Governor’s proposal.

One of the recent major changes in the Dem bills is the amount of money employers would have to expend on healthcare for their employees, 7.5 percent of payroll. Employers would either purchase healthcare or put that amount into a purchasing pool. Under the Governor’s proposal, it was 4 percent. This is just one of many differences that the various proposals will need to address during their negotiations. I certainly expect these to be intense, lengthy meetings.

Whatever emerges from the negotiations, it appears that all segments of California will be affected. Critical decisions will be made and despite all the negative comments from the various businesses communities, including mine, everyone knows the current healthcare system can not continue as is. I am working with the California Chapters of the National Association of Women Business Owners, along with a couple of other organizations and the conference calls and meetings are challenging at best. Bringing together the pieces of this puzzle will be a mammoth job – time will tell if it can be done or whether we will have a single payer system.

**BUDGET CONFERENCE COMMITTEE**

The Committee began its work on June 2 and has been continuing to work through a myriad of issues. The State revenues are behind expectations which will create some interesting challenges for the Committee. The Department of Finance indicates there is a \$764 million shortfall in the

current year. This would be very bad news for the budget negotiators if it holds. However, some information indicates that this shortfall may be short-lived once all the tax payments are included in this year's income. It is clear that the Governor will have some suggestions to alleviate some of the pain of our fiscal picture, including leasing the state lottery to the private sector, etc.

### **Mini Tidbits**

- The Governor recently signed AB 1714 (Levine and Kehoe) that reduces rates for solar customers. The California Public Utilities Commission (CPUC) provides financial incentives to home and business owners to install solar energy to reduce electricity demands. The program began in 2007, but there were some flaws in the original language. The bill takes effective immediately.
- This is not a surprise, but when you see it in print, it is very sobering. Californian's pay 54.2 percent of all monies that go into the General Fund revenues. Sales taxes provide 30 percent of the General Fund dollars and 11.2 percent comes from Corporations. Together these items make up the majority of the revenues that go to the General Fund. As you can see, any change in the economy has a significant impact on our General Fund. The remainder of the monies come primarily from motor vehicle fees, liquor taxes, insurance and tobacco taxes.
- Governor Schwarzenegger, along with governors from 7 other states (MA, NM, NY, OR, PA & WA), sent a strongly worded letter to Congressman Rick Boucher of Virginia opposing his draft legislation regarding "alternative fuels." This legislation, should it pass, would preempt states' efforts regarding climate change issues. The problem is that some states have already enacted laws regarding this issue and these governors do not want Congress to deny states' the ability to continue to pursue solutions in the absence of a coordinated federal policy which has not been forthcoming.