



Tidbits from Sacramento

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POLICY COMMITTEES BEGIN AGAIN AND LEGISLATION MOVES FORWARD

The deadline for legislation to move to the second house has passed. Urgency bills, including the budget, do not have to adhere to the deadline for passage of bills from one house to the other. Many non-urgency bills, including some high profile bills, remain in their “house of origin.” Some of these bills may be “gutted and amended” later this session to become a totally different bill. With the appropriate rule waivers such a bill will move forward. , “he who makes the rules, may change the rules.” Usually these are bills that both Republicans and Democrats want to move for a specific purpose.

The “second house” policy committees began slowly the week of June 11, but picked up the pace significantly last week. Many bills are being amended to smooth their passage from these policy committees. Numerous bills related to various aspects of health care are still alive and well.

LEGISLATION MOVING IN THE SECOND HOUSE

AB 1 (Laird & Dymally) Expands Medi-Cal and Healthy Families to 300 percent of the federal poverty level-

AB 16 (Hernandez) – One of three bills addressing elementary school immunizations. Each has a different approach.

AB 106 (Berg) - Hospitals would offer influenza and pneumonia immunizations to patients who are 65 years or older prior to discharge.

AB 1521 (Salas) –Requires vended and bottled water to make significant changes to their processes.

AB 1554 (Jones) – Requires approval by DMHC or Dept. of Insurance for insurance/HMOs to increase their premiums, co-pays and deductibles.

SB 32 (Steinberg) – Expands eligibility for Medi-Cal and Healthy Families Programs to 300 percent of the federal poverty level and permits families with higher income levels to “buy-in” to the program.

SB 171 (Perata) – Requires general acute care hospitals to establish a patient protection & health care worker back injury prevention plan.

SB 210 (Kehoe) – Requires the Air Resources Board to enforce a low-carbon fuel standard. Requires a 10 percent reduction of the greenhouse gas emissions.

SB 220 – (Corbett) – Mandates a number of requirements on the bottled water industry and makes some changes in the vended water current laws.

SB 366 (Aanestad) – Removes the “sunset clause” in current law allowing labs and cytotechs to continue using the automated screening and imaging devices for Pap smears per federal law.

SB 494 (Kehoe) – Requires the Air Resources Board to adopt regulations for vehicles and light duty trucks relative to cleaner air.

SB 533 (Yee) – Makes several changes to current law regarding childhood immunization

SB 676 (Ridley-Thomas) –Makes several changes to current law regarding children immunizations.

Latest amendments reinstate the current legislative approval of immunization requirements for grade school entry

SB 966 Simitian – Requires drug retailers to accept & collect unused or outdated drugs for proper disposal.

HEALTHCARE REFORM LEGISLATION

At this point, it is difficult to determine what version of health care reform may be forthcoming and how it will be put together before the end of session. However, the same caution preceded workers' compensation reform. Some may remember that workers compensation reform legislation came down and was voted on during the middle of the night a few years ago. It was done and signed into law in record time – most of the negotiations were done behind closed doors.

Rumors are just starting that indicate that the Democrats and Republicans “may” put together a joint conference committee on healthcare reform. This is generally the way difficult issues are resolved and could be the beginning of serious dialogue. The Senate Republican Bill, SB 236 (Runner) was held in the Senate Rules Committee in April making it unable to move. However, if a conference committee takes place, the SB 236 issues will be included in the discussions.

With all this suspense and perceived lack of movement, it is easy to see why some believe we will not get real reform legislation negotiated and passed before the end of the Session – September 14. Only time will tell, but what are the options? Can California sustain the current system?

The “dance of healthcare reform legislation” is continuing. Senator Perata and Speaker Nunez merged their bills this week (AB 8 and SB 48), making major compromises. That could be considered a good first step.

AB 8 and SB 48 Compromises Will Become Merged Into a Single Bill, AB 8

Guaranteed Issue & Individual Mandate

Compromise included issues from both bills. Guaranteed Issue for everyone in the individual market **WITHOUT** serious medical conditions. High risk pool for individuals with serious medical conditions, funded by a broad assessment on health plans. **NO INDIVIDUAL MANDATE**

Affordability

Senate Version – Requires MRMIB to ensure that premiums for employees under 300% of FPL in the purchasing pool do not exceed 5% of family income after taking into account tax savings.

Effective Date of Purchasing Pool & Employee Fee

Compromise 2010 -(AB 8 – 2009 and SB 48 2011)

Premium Assistance

Compromise -AB 8 – provides assistance to families and children under 300% of FPL that are offered employer-sponsored insurance by subsidizing their premiums

Minimum Employer Spending Requirements

Compromise - Senate Version – Gives MRMIB the authority to adjust the employer fee to ensure fiscal solvency

Small Business Exemptions

Compromise - Senate version – No small business exemptions

Assembly version contained a number of exemptions for businesses with less than 2 employees

Mandatory Section 125 Plans

Compromise - AB 8 Version – Requires ALL employers to establish Section 125 plans for purposes of sheltering employee health insurance premiums from state and federal tax.

Insurance Market Reforms

- **Compromise – SB 48 – Senate Version** – Phases out the rate bands established in the mid-size group market. (AB 8 does not).

- **Compromise – AB 8 –Version-** Requires MRMIB to create a standardized medical underwriting form for the individual market and requires health plans to offer 3 uniform benefit designs for both the individual and group markets. (Senate did not).
- **Compromise – AB 8 – Version** – Extends small group rules to mid-size employers with 51-250 employees. (Senate was 51 to 199 employees).

Cost Containment

- **Compromise - SB 48 –Senate Version -** Directs MRMIB to ensure that health plans contracting with the purchasing pool use efficient practices to control costs (preventive care, chronic disease management, standardized bills, healthy lifestyles, etc.) SB 48 requires MRMIB to negotiate with Medi-Cal managed care plans. (AB 8 did not)
- **Compromise – AB 8 – Assembly Version** Requires the Health & Human Services Agency to develop fitness, wellness and health promotion programs; pay for performance standards in all state programs; and best practices standards for treatment of chronic diseases.

Required Evaluation

Compromise – Senate Version – Both AB 8 and SB 48 require an evaluation of the progress of the legislation, but with different required elements.

Title of the Purchase Pool

Compromise – Assembly Version --- The California Cooperative Health Insurance Purchasing Program (Cal-CHIPP) (SB 48 title The Connector)

MINI-TIDBITS

Governor appointed Will Bush as the Director of the Department of General Services on June 21. Mr. Bush replaces Ron Joseph, who retired in December, 2006. This department is critical to the operation of state business. It provides the majority of the state's printing needs, manages the vehicle fleet and most importantly to businesses, oversees the procurement efforts for most of the state's needs. The Department has 4000 employees and a budget in excess of \$500 million Mr. Bush has an extensive background in state administration having served in various capacities for more than 30 years.

Despite strong opposition from the California Correctional Peace Officers Association (CCPOA), David Gilb was approved by the Senate Rules Committee on a unanimous vote to head the State Department of Personnel Administration. Gilb hopes to now move forward with contract negotiations with the CCPOA union.

“Together for Health Care” is an interesting coalition of organizations, not always on the same page. They have come together in an attempt to move healthcare reform agenda forward. It includes AARP, Blue Shield of California, CA Labor Federation, CHW, Health Net, Kaiser Permanente, the CMA and SEIU