

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

177



FROM: Executive Office

SUBMITTAL DATE:
March 17, 2016

SUBJECT: Medi-Cal Funding and Accountability Act State Ballot Initiative

RECOMMENDED MOTION: That the Board of Supervisors:
Supports the Medi-Cal Funding and Accountability Act State Ballot Initiative

BACKGROUND:

Summary

Whereas the federal government established the Medicaid program to help pay for health care services provided to low-income patients, including the elderly, persons with disabilities, and children. In California this program is called Medi-Cal. In order for any state to receive federal Medicaid funds, the State has to contribute a matching amount of its own monies.

In 2009, a new program was created whereby California hospitals began paying a fee to help the State obtain available federal Medicaid funds, at no cost to California taxpayers: This program has helped pay for health care for low-income children and resulted in California hospitals receiving approximately \$2 billion per year in additional federal monies to help hospitals to meet the needs of Medi-Cal patients.

Departmental Concurrence

Zareh Sarrafian
Chief Executive Officer,
Riverside University Health System

Brian Nestande
Deputy County Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$	\$	\$	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS:

Budget Adjustment:

For Fiscal Year:

C.E.O. RECOMMENDATION:

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: All

Agenda Number:

3-6

BACKGROUND:

Summary (continued)

Medical Funding and Accountability Act:

This initiative backed, by the California Hospital Association, would amend existing law SB 239 which imposes fees, on hospitals (for purpose of obtaining federal Medi-Cal matching funds), and requires the fee to be deposited into the Hospital Quality Assurance Revenue Fund. The existing law further requires that the monies in the fund be used, upon appropriation by the Legislature, only for certain purposes, including, among other things, paying for health care coverage for children and making supplemental payments for certain services to private hospitals, increased capitation payments to Medi-Cal managed care plans, and increased payments to mental health plans.

This initiative would require voter approval of changes to the hospital fee program through a voter initiative or a two-thirds vote by the Legislature. This initiative mandates that these funds should be used for their intended purpose of supporting hospital care to Medi-Cal patients and to help pay for health care for low-income children and are not to be used for any other purposes. It further states that proceeds of the fee imposed by the Act and all interest earned on such proceeds shall not be considered revenues, General Fund revenues, General Fund proceeds of taxes, or allocated local proceeds of taxes. Furthermore the enacting of this initiative would eliminate the acts original ending date January 1, 2017.

Summary of estimates by the Legislative Analyst and Director of Finance of fiscal impact on state and local government:

- State savings from increased revenues that offset state costs for children's health coverage of around \$500 million beginning in 2016-17 (half-year savings) to over \$1 billion annually by 2019-20, likely growing somewhere between 5 percent to 10 percent annually thereafter.
- Increased revenues to support state and local public hospitals of around \$90 million beginning in 2016-17 (half-year) to \$250 million annually by 2019-20, likely growing somewhere between 5 percent to 10 percent annually thereafter.

Impact on Residents and Businesses

The action presented should not affect residents or businesses within Riverside County

SUPPLEMENTAL:

Additional Fiscal Information

N/A

Contract History and Price Reasonableness

N/A