



California
CHAPTER

LEGISLATIVE REPORT #293

Budget Update - Prop 56 Deal Reached

June 14, 2017: The Legislature and the Administration have reached an agreement on the budget for the 2017/2018 fiscal year including the allocation of the Prop 56 monies.

The agreement would be to use \$465 million for increasing provider payments of which \$325 million would be for physician provider supplemental payments and \$140 million for dental provider supplemental payments for the current budget year. The Legislature agreed to keep in place \$700 million of Prop 56 funds to be used for general Medi-Cal purposes as the Governor proposed.

There was also language that could lead to up an additional \$800 million in provider supplemental payments in the 2018/2019 budget year if there are positive changes in the state's fiscal condition. This language is rather vague and may not realistically lead to any increased supplemental payments.

The specifics for how the supplemental payments will be awarded have not been detailed. It is expected the Department of Healthcare Services will develop the criteria for these payments over the next few months.

Although the amount put aside for physicians is much less than what CMA and the physician community has hoped for it is still a win as the Governor had proposed to take all of the Prop 56 money for other Medi-Cal purposes. There is still discussion over whether any of the provider groups will sue the Administration over the use of the \$700 million

The Legislature is expected to vote on the Budget tomorrow to meet the constitutional deadline of June 15th to send an approved budget to the Governor.