



LEGISLATIVE REPORT #314

Senate Adopts Budget Rejecting Many of Governor's Proposed Cuts

June 1, 2020: May 28th the Senate Budget Committee adopted a budget rejecting a number of proposals in the Governor's May revise. The Senate Budget included some significant health cuts proposed by the Governor which I mentioned in my previous report. These cuts proposed by the Governor that are a part of the Senate Budget include:

- **Proposition 56 was passed in 2016 to increase tobacco taxes. A significant portion of the funds have been used to supplement Medi-Cal reimbursement for physicians. \$1.2 billion of these funds would have been repurposed to pay for the growth in the Medi-Cal program thus eliminating the supplemental provider reimbursement.**

Thank you to everyone who made calls asking Legislators to reject this proposed cut by Governor! More calls to the Assembly would be great to persuade them to adopt the same cut.

- The proposal to expand Medi-Cal to cover adult undocumented individuals.
- Medi-Cal Managed Care capitated rates would have been reduced by 1.5%.
- Program approved in the 2019-2020 budget for \$20 million to place alcohol and drug counselors in emergency departments would have been reversed and those funds would be moved into the Medi-Cal budget.
- Proposal to assist with the cost of hearing aids and related services for children without health insurance coverage in low income households was withdrawn in the May revise but is included in Senate Budget.

The next step in the budget process is for the Senate to negotiate with the Assembly on their version of the Budget which the Assembly plans to review next week. Once the Senate and Assembly both agree on a Budget they will send it to the Governor for his signature. The Legislature is required to submit a balanced budget to the Governor by June 15th.

The main premise for the Senate's differences in their Budget was around the expectation of monies to be received from the federal government. The Governor's May revise starts with making "trigger" cuts effective July 1, 2020 such as re-routing Proposition 56 monies from physicians to the overall Med-Cal program. If the state receives monies from the federal government those cuts would be reversed. The Senate Budget assumes the state will get money from the federal government and then if the monies are not received or only a portion of the money is received potential "trigger" cuts will be made October 1, 2020.

Although there are only a few weeks before the June 15th deadline there are heavy negotiations going on between not only the Senate and Assembly but also with the Governor.