

May 3, 2011

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## FY2012 Federal Budget

The House of Representatives voted on April 11, 2011 to pass HR 34, which incorporated much of Budget Committee Chairman Paul Ryan's proposal *Path to Prosperity: Restoring America's Promise*, to resolve the Federal Budget deficit. The Plan suggests a major change in structure to the Medicare and Medicaid program and a repeal of many of the provisions of the Affordable Care Act.

Medicaid Changes: HR 34 converts Medicaid from an entitlement program to a block grant program. The conversion would mean that states would receive a fixed amount annually, only increasing based on inflation and population growth. Any growth in spending would be shifted to the states, potentially causing them to make drastic decisions such as reducing provider rates, limiting benefits and restricting eligibility. The impact would be devastating for California's millions of children, seniors and persons with disabilities who rely on Medi-Cal to meet their healthcare needs.

Repeal of Several ACA Provisions: The bill also authorizes the repeal of the following provisions in the Affordable Care Act:

- All Medicaid provisions, including raising eligibility levels to 133%
- The individual mandate
- Employer requirements and penalties
- Health insurance exchanges and the premium credits and cost-sharing subsidies for exchange coverage
- Temporary high risk pool program (which California is already benefiting from)
- Early retiree reinsurance program

- Small business tax credits
- Tax on "high cost" plans.

The bill leaves in place many of the protections afforded by ACA. However, without the mandate, it is likely that insurers will want to minimize their risks, leading to higher premiums and greater use of the safety net system and emergency care. Senator Majority Leader Reid has already indicated he will schedule a vote to allow the debate to move toward a final budget compromise. More details and an analysis of the bill by the Congressional Research Service can be found at <http://thehill.com/images/stories/blogs/ryanrcr.pdf>.

## California's Health Benefit Exchange

The California Health Benefit Exchange Board held its first meeting on Wednesday, April 20<sup>th</sup> even though they are still one member short (the Senate's appointment). Key actions included making Secretary of Health and Human Services Diana Dooley the Interim Chair of the Board; approving a motion to apply for the Level II Federal Exchange Establishment Grant on or before a September 30, 2011 submission date; appointing an Interim Administrative office; and developing the meeting schedule and discussion points for the rest of the year.

Details about the health insurance exchange, the Board and Board meetings can be found at <http://www.healthexchange.ca.gov/Pages/Default.aspx>. The Senate is expected to make its appointment in May.

## Bill Proposes Changes to OPA

AB 922, introduced by Assembly Member Bill Monning (D-Carmel), would eliminate the Office of the Patient Advocate, currently housed under the state's Department of Managed Health Care and

replace it with an independent state Office of Health Consumer Assistance.

The bill would impose specific duties and responsibilities to this new office to provide outreach and education to Californians on healthcare coverage options, patients' rights, information, eligibility and enrollment, and respond to consumers' complaints and grievances. The Office of Health Consumer Assistance would apply for federal grant funding under the Patient Protection and Affordable Care Act and would seek to streamline healthcare assistance into a "one-stop shop" for consumers.

AB 922 has passed through the Assembly Health Committee and is now assigned to the Assembly Appropriations Committee. Co-sponsors of the bill include Health Access ([www.health-access.org](http://www.health-access.org)) and Western Center on Law and Poverty ([www.wclp.org](http://www.wclp.org)). For more information, please contact Annie Park, CHC Policy Director, at [apark@chc-inc.org](mailto:apark@chc-inc.org).

## California Healthy Food Legislation

### *AB 581 Public Health: Food Access*

A bill that would create a funding mechanism to attract food retail into under-served California communities like South Los Angeles has been introduced by California State Assembly House Speaker John Perez (D-Los Angeles). AB 581, the *California Healthy Food Financing Initiative (CHFFI)*, establishes a public-private fund to finance grocery store development in these areas.

The bill would create a fund in the State Treasury that combines federal, state, and private monies. It requires the Department of Food and Agriculture to partner with the state Department of Public Health and the State Department of Social Services to:

- Develop recommendations on promoting food access throughout California
- Place the Department of Food and Agriculture in charge of implementing policies that would increase Californians' food access

- Direct the Department to maximize funding opportunities provided by the federal 2010 Healthy Food Financing Initiative (HFFI).

Residents of low-income communities of color, like South Los Angeles, have limited access to grocery stores and affordable and nutritious food. This creates a barrier to healthy eating and has resulted in high rates of obesity and other diet-related diseases, high medical costs for families and the state, and a significant loss in productivity in South Los Angeles (see *Key Indicators of Healthy by Service Planning Area* from the Los Angeles County Department of Public Health, Office of Health Assessment and Epidemiology at <http://www.publichealth.lacounty.gov/docs/keyindicators.pdf>). CHFFI would not only increase access to healthier food and help reduce negative health outcomes, it would also revitalize economies by introducing new food retail markets, increasing tax revenue for the state and providing jobs to community members in underserved areas.

The proposed bill passed with recommendations in the Assembly Committee of Agriculture and has been re-referred to the Assembly Committee on Health. If approved, it would create a food retail financing vehicle that would last until January 1<sup>st</sup>, 2015.

### *AB 669 Taxation: Sweetened Beverage Tax: Children's Health Promotion Fund*

Assembly Member Bill Monning (D-Carmel) has proposed a penny-per-fluid-ounce tax on beverages with added sweeteners, such as soda, sports drinks, and ready-to-drink teas. Money from the tax would be used to combat childhood obesity and raise millions of dollars for local schools. AB 669 would impose the tax on every distributor in California.

The bill would require the board to deposit all taxes, penalties, and interest collected minus refunds and administrative costs into a Children's Health Promotion Fund. The money in this fund is allocated to the State Department of Public Health and Superintendent of Public Instruction for statewide childhood obesity prevention activities

and programs. The bill also authorizes the Director of the State Department of Public Health and the Superintendent of Public Instruction to make rules and regulations and provide procedural measures for the programmatic administration of the funds.

The California Center for Public Health Advocacy ([www.publichealthadvocacy.org](http://www.publichealthadvocacy.org)), a sponsor of the bill, estimates that the state loses \$41 billion annually due to lost productivity and health-related costs from overweight and obesity. A steady accumulation of research indicates that excessive consumption of sugar has contributed significantly to the skyrocketing numbers of obese and diabetic Americans over the past 30 years. While some critics argue that parents alone should monitor children's sugar consumption, supporters point to the similarities between taxing soda and taxing cigarettes as a health incentive. Other critics believe the proposal is regressive and presents an added burden on low-income communities of color with limited or no alternative beverage choices.

The Assembly Committee of Revenue and Taxation placed the bill in the suspense file. Although technically still alive, because it is a tax measure, a two-thirds majority in the legislature is necessary to pass the bill. Assembly Member Monning has said that he will continue to promote education about the risks of sugary drinks and will not move the bill forward unless it can win.

## MLK Hospital Updates

The LA County Board of Supervisors has approved a \$165 million contract to Hensel Phelps Construction Company for the renovation of the new MLK Hospital. The contract includes renovation of 194,000 square feet of the existing six-story inpatient tower as well as a new 25,000 square foot Ancillary Building to house the hospital's cafeteria and administrative offices.

When the hospital re-opens and is fully operational, the facility is expected to provide 120 beds and support 30,000 emergency room visits and 10,000 outpatient visits annually. Hensel Phelps was chosen after a lengthy review process which determined their proposal had the "best value." Current patient services at the MLK MACC and Hawkins will continue uninterrupted during construction, which is scheduled to be completed in the fall of 2013.

The Board of Directors for the new MLK Hospital also recently announced the hiring of Melayne Yocum as Interim CEO. Ms. Yocum has an extensive background in healthcare management including past positions at Healthcare Partners and the Camden Group. For more information, please contact Annie Park at [apark@chc-inc.org](mailto:apark@chc-inc.org).

## LADHS Low Income Health Programs

The Los Angeles County Department of Health Services is progressing in its implementation of the renewed 1115 Medicaid Waiver. Beginning July 1, 2011, LADHS will implement the *Low Income Health Programs*, which will build upon existing Healthy Way LA patients as the framework for the County's Medicaid Coverage Expansion. Eligibility for this program is limited to adults between the ages of 19 and 64 who are legal residents or citizens with incomes below 133% FPL.

In preparation for these changes, Community Health Councils is partnering with LA Health Action to host a series of regional dialogues with LIHP patients. These dialogues will include an introduction to Dr. Mitchell Katz, the new Director of LADHS, and a presentation on the LIHP program. The first of the Dialogues is scheduled for April 18, 2011, 6-8pm at the MLK MACC auditorium located at 12021 S. Wilmington Ave., Los Angeles, 90059. For more information, please contact Annie Park at [apark@chc-inc.org](mailto:apark@chc-inc.org).

## Upcoming Events

**2011 REACH US California & Beyond Conference: REACHing for Health Equity—Keeping Our Eye on the Prize.** *Wednesday, June 1<sup>st</sup> and Thursday, June 2<sup>nd</sup>, 8:30am-4:30pm.* The goal of the Conference is to broaden the discussion about racial and ethnic health disparities to include a human rights perspective while forging and strengthening partnerships and strategies to move us towards health equity. Invited speakers include Wayne Giles, MD, Director of Adult & Community Health at the CDC, and Howard Koh, MD, Assistant Secretary US Health & Human Services. Brochure and registration information available at [www.chc-inc.org/che](http://www.chc-inc.org/che).

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**FOR MORE INFORMATION ... CONTACT  
COMMUNITY HEALTH COUNCILS,  
323.295.9372. INFO@CHC-INC.ORG.**