

Governor Signs 2008-09 Budget

The Legislature ended its record breaking budget impasse on September 16th to finally pass a spending plan. Governor Schwarzenegger immediately threatened a veto unless the legislature included his demands for tighter restrictions on the state's reserve fund in the final budget. After intense negotiation, the Legislature passed and the Governor signed into law the 2008-09 budget on September 23rd.

The signed budget does not provide any new permanent long-term revenue solutions and closes a \$15.2 billion shortfall by making significant cuts to health and human services among other vital state programs. The budget replaces our current annual renewal process for children receiving Medi-Cal to require them to renew their coverage every six months, resulting in the unnecessary churning on and off of an estimated 250,000 eligible children. It also raises Healthy Families premiums and extends most of the 10% payment cuts for Medi-Cal and other healthcare providers to March 2009. Families from 151-200% of poverty will have a \$3 increase in their monthly premium payments to \$12 per child. Families above 200% of poverty will have a \$2 increase in their monthly premium payments to \$17 per child.

The final budget agreement includes the Governor's demands for tighter restrictions on the state's reserve fund. Reminiscent of two years earlier, Governor Schwarzenegger also eliminated \$510 million of funding from the budget using his line-item veto authority, including \$153 million from health and human services programs. The Governor stated that a special election for 2009 will likely be called to seek voter approval for elements of the budget, including state lottery revenue and the rainy day fund.

With the signing of the budget, payments to Medi-Cal providers will now be issued. However, health

advocates across the state argue that the budget fails to provide long-term revenue solutions for the budget crisis this year or for years to come and perpetuates our growing and continuing structural deficit. Advocates will continue to argue that California needs comprehensive budget reform to bring new revenues and new solutions to bear on our continuing crisis.

Board Responds to DHS Audit Report

On September 16th, the Los Angeles County Board of Supervisors responded to a report by the County Auditor-Controller that found lapses in Department of Health Services (DHS) personnel tracking and compliance procedures at MLK-Harbor Hospital. The procedures related to criminal background screening and competency testing of employees in key skills related to patient safety. The audit also found a much higher number of employees with criminal histories than previously reported by DHS.

The failure to act on this information for much of the year investigated was attributed to understaffing in the DHS' personnel bureau responsible for oversight. The Board approved the implementation of a permanent, independent investigator for DHS, similar to the Sheriff's Department, to ensure better accuracy of information on problems in the future, but it is not clear how this addresses the core issue of staffing and training/development. The Board has already given the CEO more authority over various departments including DHS in an attempt to improve oversight of the departments. Prior reports and experts have cited governance as a problem for DHS and have recommended the establishment of a health authority or independent governing body for health services.

PPP Clinic Expansion Proposed for South LA & Other Regions to Close Equity Gap

The Los Angeles County Board of Supervisors will hear testimony October 7th on whether or not to

expand PPP Community Clinic funding significantly to address inequity in certain areas, particularly South LA. The area currently receives less than half the funding needed to meet SPA 6's needs based on the number of uninsured adults and adults below 100% federal poverty level. In April, Supervisor Molina proposed utilizing \$40 million in tobacco settlement funds to support the under-equity clinics. DHS would like to use the tobacco funds to fill their budget deficit and is only proposing an additional \$3.5 million for the PPP program. Healthcare providers in South LA support expanding the program to better manage a population that has the largest chronic disease disparities in LA County and to reduce the burden on overburdened ERs since MLK's closure.

Advocates are urged to call, email or attend the Board of Supervisors hearing on October 7th to ask the Board to approve the new funding being proposed for South LA and other under-equity clinics. For more information, contact Sadio Woods at sadio@chc-inc.org.

Menu Labeling

California

Senate Bill 1420 would require certain restaurant chains to post calorie information on their menus and on the menu boards. The bill was approved by both houses and currently awaits the Governor's signature. If signed, California would become the first state to require menu labeling in its restaurants. More than 17,000 restaurant locations throughout California would be required to post calorie information on menus and menu boards by January 1, 2011. Amendments to SB 1420 during the legislative process included raising the threshold from chains with 15 or-more locations to chains with 20 or more locations. SB 1420 also preempts local ordinances to create a uniform statewide standard for displaying nutritional information. However, nothing in the bill would prevent a restaurant from providing additional information.

SB 1420 represents a two-year effort among public health and other advocates to help Californians

combat the rising rates of obesity and chronic disease. The Governor vetoed a similar bill last year, saying it lacked flexibility. SB 1420 provides that flexibility and reflects a compromise that is responsive to concerns raised by the Governor. California has experienced one of the fastest rates of increase in adult obesity of any state in the nation. Nearly 16 million Californians are obese or overweight. Many suffer from diseases such as diabetes, heart disease, and hypertension. One third of California's kids ages 9 -11 are overweight or at risk of becoming overweight and are increasingly suffering from nutrition-related illnesses that normally occur in adulthood such as type-2 diabetes and pre-hypertension.

Los Angeles County

In Los Angeles County, conservative estimates indicate that calorie postings would result in 10% of large-chain restaurant patrons ordering reduced calorie meals. With an average reduction of 100 calories per meal, menu labeling could avert about 40% of the 6.75 million pound average annual weight gain in the Los Angeles County population ages 5 years and older.

In the event that the Governor vetoes the bill, both the Los Angeles Board of Supervisors and the City Council have introduced motions similar to SB 1420 that would move forward and implement mandatory menu labeling in local food establishments and restaurants.

CORRECTION

The description of AB 97 under "Healthy Food Legislation" in the July *Health Matters* should not have included butter and lard in the ban. AB 97 would phase out the use of oil, shortening or margarine containing artificial trans fats from restaurant cooking by 2010 and for baked goods by 2011. Our apologies for the error.

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