



March 10, 2014

To: The Honorable Shirley Weber, Chair  
Assembly Budget Subcommittee No. 1

Honorable Members  
Assembly Budget Subcommittee No. 1

From: Frank J. Mecca, Executive Director

Re: **Suspension of the County Medi-Cal Administration COLA –  
OPPOSE**

The County Welfare Directors Association of California (CWDA) opposes trailer bill language (TBL) proposed by the Department of Health Care Services (DHCS) to indefinitely suspend the cost-of-living adjustment (COLA) provided to counties for Medi-Cal administration. This TBL is unnecessary and premature.

Current law provides an annual COLA for county Medi-Cal administrative operations to ensure that counties have adequate funding to effectively perform the eligibility and ongoing case management functions for the Medi-Cal program on behalf of the State. Current law also links the funding for the annual COLA to performance standards that counties are required to meet in their administration of Medi-Cal, and specifies that any year in which the COLA is not provided counties are not subject to fiscal penalties for failure to meet the required performance standards. The annual COLA, and by extension the ability for DHCS to impose fiscal penalties on counties for nonperformance, has been suspended in TBL as part of the Budget Act each fiscal year since 2007-08 due to the fiscal crisis faced by the State during those years.

The TBL proposed by DHCS to indefinitely suspend the COLA is not necessary because the Legislature can suspend and has suspended the COLA on an annual basis as needed as part of the budget process. There is no compelling reason, particularly in light of the improved budget situation, to change that practice.

In addition, TBL enacted as part of the 2013-14 budget requires DHCS to work with counties to develop a new budgeting methodology to take effect no sooner than 2015-16. Work on that new budgeting methodology has not yet begun. Until that new budgeting methodology is developed, it is premature to assume that an annual COLA should not be provided and indefinitely suspend it. If once the new budgeting methodology is finalized it is determined that the existing statute providing an annual COLA needs modification or is not necessary, current statute authorizing the annual COLA can be amended to take effect when the new budgeting methodology takes effect.

For these reasons, CWDA requests that you reject the proposed language to indefinitely suspend the Medi-Cal administration COLA.

cc: Agnes Lee, Office of Assembly Speaker  
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