



February 19, 2015

To: The Honorable Holly J. Mitchell, Chair
Senate Budget and Fiscal Review Subcommittee No. 3

Honorable Members
Senate Budget and Fiscal Review Subcommittee No. 3

From: Frank J. Mecca, Executive Director *DM*

Re: County Medi-Cal Administration

The County Welfare Directors Association of California (CWDA) appreciates the Administration's ongoing commitment to provide adequate funding for administration of the Medi-Cal program. The proposed 2015-16 budget is largely reflective of that commitment and includes two main components related to Medi-Cal administration.

1. Medi-Cal Administration Funding

CWDA is grateful for the \$150 million total funds (\$48.8 million General Fund (GF)) current year augmentation that the Administration provided for ongoing Affordable Care Act (ACA) implementation. This \$150 million is provided on top of the \$240 million total funds (\$78 million GF) already provided in the current year for ACA implementation. With the growth in Medi-Cal caseloads vastly exceeding projections and ongoing technical difficulties requiring additional manual work and time to complete enrollment and case management activities, county workload is much higher than it was originally expected to be. CWDA worked closely with the Administration in estimating this additional amount of funding for the current year necessary to enable counties to continue their work to ensure that Medi-Cal applicants and recipients are provided the services for which they are eligible, in a timely and accurate manner.

While the proposed budget for 2015-16 does not provide additional funding beyond the original \$240 million total funds (\$78 million GF) included for ACA administration, the Administration has indicated it will consider providing additional 2015-16 funding as part of the May Revision. We anticipate the workload that necessitated the current year augmentation to continue into the budget year and we anticipate that the Administration will continue to work in good faith with CWDA and counties to determine the appropriate amount of ACA administrative funding to include the May Revision.

2. Elimination of the Cost-of-Living Adjustment

The proposed 2015-16 budget includes trailer bill language (TBL) to eliminate the COLA provided to counties for Medi-Cal administration starting in 2015-16. This TBL was also proposed by the Administration and rejected by the Legislature as part of the 2014-15

budget process. Like last year, CWDA is opposed to this language because we believe it 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. The annual COLA 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 proposed TBL to eliminate 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. In addition, TBL enacted as part of the 2013-14 budget requires the Department of Health Care Services 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 eliminate 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, the current statute authorizing the annual COLA can be amended with the changes to take effect when the new budgeting methodology takes effect.

We again thank the Administration for providing additional funding for ACA implementation in the current year and we look forward to productive ongoing discussions with the Administration this spring to continue to ensure adequate funding is provided in 2015-16 and beyond.

cc: Marjorie Swartz, Office of the President Pro Tem
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