AB 1 X1 Talking Points
January 23, 2008

County Share of Cost
Comments for Section E. Financing

- Counties do have concerns with the county share of cost, which is one of the funding mechanisms included in the ballot initiative.

- First, in the future the county share of cost can be changed by a simple majority vote of the Legislature. There are no guidelines for future changes, such as whether counties have sufficient remaining revenues to provide other mandated services. We are concerned that the $1 billion county contributions will grow in the future.

- Second, the critical question for counties to evaluate the share of cost is how many people will remain without insurance and continue to access county indigent services for care. Counties want to ensure that we will have sufficient revenues to continue to provide services to this residual population and to continue to provide public health services after paying our share of cost.

- The $1 billion formula does not guarantee that this balance will be achieved and was not derived from any cost estimates about remaining county services and responsibilities.

- Third, we are concerned that the share of cost in ballot initiative can be implemented without the other related components – the transfer of the childless adult population to the state, the creation of the purchasing pool and the Medi-Cal rate increases. If the state is not going to offer coverage to childless adults, a county share of cost for health reform does not make sense.

- Finally, the county share of cost proposal is impacted by the Governor's January budget proposals. The budget proposals will increase the demand for indigent services and will make it harder for children and families to get and remain on Medi-Cal. Frankly, the budget proposals are incompatible with health reform and will affect the residual services offered by counties as well as eligibility for those services. The budget proposals include over $2 billion in permanent reductions to the Medi-Cal program.

- The proposal to eliminate adult dental services will impact county indigent programs. If Medi-Cal no longer offers dental coverage, low-income Californians will seek dental care at county indigent programs.

- The proposal to require eligibility status reporting every three months makes it harder for recipients to remain on Medi-Cal.

- The proposed budget cuts to county eligibility staff for Medi-Cal and California Children's Services will mean that it may take longer to process applications and take longer for children and families to access services.

In-Home Supportive Services (IHSS)
Comments for Section I. Other Provisions

- Counties have remaining concerns with the In-Home Supportive Services (IHSS) provisions in the bill.

- Counties' primary concerns are centered on the language in Section 60, Welfare and Institutions Code Section 12306.1 (g) contained in the bill. Specifically, this paragraph states that if the employee representative of In-Home Supportive Services workers wants health benefits provided through a trust fund, "the public authority or non-profit consortium *shall* agree to that term."

- This new paragraph circumvents the collective bargaining process in current law. The precedent of the State dictating to counties how to provide benefits that are currently collectively bargained is troublesome. Nowhere else in state law does the state tell local government how to provide health benefits to employees. This language violates the tenets of Myers-Milias-Brown.

- Counties are concerned that we will lose the ability to bargain over the health benefits offered through the trust – in effect paying for these benefits without any way to ensure that they are administered efficiently and effectively.

- There may be cases where providing health benefits through a union trust makes sense. Alternatively, there may be cases where health benefits can be provided more cost-effectively and with higher quality achieved through a different structure.

- In some cases, the trust may be more expensive. For example, some counties currently provide health benefits through their own health plan and county provider network. One county estimates that it would cost $16 million more if services were provided through a similar commercial insurance product. In another example, counties can currently include IHSS providers in their county employee pools; counties would lose a significant share of their purchasing power for health benefits if IHSS workers received their benefits through a trust.

- Counties attempt to ensure fairness in benefits provided to employees, regardless of their participation in a union. Not all IHSS providers are members of a union. If a trust mechanism were mandated, how would benefits be provided to non-union IHSS providers?

- Counties are strongly <u>opposed</u> to changing the collective bargaining process for health benefits for In-Home Supportive Services workers. We are very concerned with the

precedent of a state-specified benefit violating the tenets of Myers-Milias-Brown. Local conditions should dictate whether a trust is utilized for health benefits – not the State.

- Finally, in regards to the ballot initiative, the impact of the proposed employer fee and its impacts on counties is unclear and remains a concern for counties.