

**Director's Log, Kris Calvin, MA, AAP-CA CEO
July 10,2008**

On behalf of your AAP-CA Chapters, State Advocacy Chair Marc Lerner, MD and District Chair Myles Abbott, MD

BUDGET UPDATE: CONFERENCE COMMITTEE ACTIONS

1. Conference Committee Completes Work, But Stalemate Between Parties Remains

July 9th the Budget Conference Committee completed its work on the 2008-09 Budget. Due to strongly expressed Republican opposition to many of the items passed by the Conference Committee (most of which passed on a straight party line vote with Democrats in favor and Republicans against) it is unknown which of the Conference Committee items will remain in the final state budget. (Recall that 8 Republican votes are needed in the Legislature to pass the final budget.)

2. New Revenue proposed

The Conference Committee budget provides an additional \$2.6 billion in General Fund revenue above that proposed by the Governor in the May Revise.

The Conference Committee relies heavily upon increasing taxes for higher-income Californians and businesses to bring in new revenue. The six revenue proposals are as follows:

\$5.6 billion by reinstating the 10 and 11% personal income tax levels on high-earners

\$1.5 billion in net additional income tax through a tax amnesty program

\$1.1 billion by suspending the Net Operating Loss Tax Credit for Business

\$850 million by suspending "income tax indexing"

\$215 million by rolling back Dependent Income Tax Credit for families with incomes over \$150,000

\$470 million by restoring Corporate tax level to 9.3% (1997 level)

3. Medi-Cal Reimbursement To Be Restored (Revenue-Dependent)

Some excellent news: As the result of effective lobbying by many groups, including the AAP-CA, regarding the link between reimbursement and access, the Conference Committee asks to roll back the 10% Medi-Cal reimbursement cuts as of September 1, 2008 - if their revenue proposals pass.

4. SERIOUS CUTS FOR CHILDREN'S COVERAGE APPROVED BY CONFERENCE COMMITTEE

Despite that good news, there are still areas of great concern.

The initial proposal by the Governor to increase reporting for Medi-Cal from annually to quarterly was mitigated, with the Conference Committee calling for semi-annually reporting. This is still estimated to knock over 200,000 children off of state insurance and onto the rolls of the uninsured.

Similarly, the Governor's proposal to increase Healthy Families premiums was softened, but there would still be a modest increase under the Conference Committee Plan. (Details to follow.)

The Conference Committee proposes to suspend streamlining and enrollment reforms, enacted through AAP-CA supported SB437 (Escutia) two years ago.

The bill was intended to get more eligible children enrolled.

5. NEXT STEPS

While the date has not yet been finalized, it is expected that the Legislature will vote as early as next week, though neither house has committed to a date.

It is essential that pediatricians initiate passionate advocacy on issues of importance to children's health in the state budget now.

Please contact your legislator regardless of party, but it is particularly important to speak with Republican legislators to obtain the 8 votes needed to pass a sound budget.

Urge your legislator to support the best of the Conference Committee recommendations -- restoring Medi-Cal reimbursement --and oppose the worst - semi- annual reporting!

PLEASE CONTACT YOUR Chapter SGA representative (see below). IF YOU HAVE QUESTIONS or need more information, or go to www.leginfo.ca.gov to identify your legislators and contact them now.

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