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March 17, 2015

The Honorable Tony Thurmond, Chair
California Assembly Budget Subcommittee No. 1
State Capitol Building, Room 5150
Sacramento, CA 95814

Re: County Medi-Cal Administration Funding

Dear Assembly Member Thurmond:

The California State Association of Counties (CSAC) appreciates the Administration's and Legislature's commitment to providing adequate funding for county administration of the Medi-Cal program. Counties have been working hard to ensure the successful implementation of the Affordable Care Act (ACA) and provide efficient and timely eligibility determinations for both new and existing Medi-Cal beneficiaries. The Governor's January Budget proposal for 2015-16 includes two main components related to county Medi-Cal administration.

Medi-Cal Administration Funding

CSAC is grateful for the inclusion of \$150 million (\$48.8 million General Fund) in the current year for ongoing ACA implementation. The incredibly rapid growth in Medi-Cal caseload, coupled with technical difficulties, created a significant workload at the local level. The \$150 million current year augmentation has allowed counties to retain and hire caseworkers and keep up with the unprecedented demand. Again, we thank both the Administration and the Legislature for upholding the state's commitment to ACA implementation.

While the proposed 2015-16 budget does not provide for additional funding beyond the original two-year, \$240 million (\$78 million General Fund) funding amount for county ACA administration, the Administration has indicated that consideration for additional funds is underway for the May Revision. Counties anticipate that the significant workload levels that necessitated the current year \$150 augmentation will continue into the budget year, and we look forward to working with the Legislature and Administration to ensure adequate funding for Medi-Cal administration in the new ACA world.

Elimination of the Cost-of-Living Adjustment (COLA)

Counties oppose language to eliminate the COLA provided to counties for Medi-Cal administration in 2015-16. This proposal was also rejected by the Legislature last year, and with good reason: it is unnecessary to eliminate the COLA and highly premature to consider doing so. It is unnecessary because the COLA has been suspended since 2007-08 due to the state's fiscal crisis and may be suspended – rather than eliminated – at any time by the Legislature. The COLA is supposed to fund critical eligibility and ongoing case management functions for Medi-Cal on behalf of the state, and under current law the Legislature may either fund the COLA or suspend it for that year. Eliminating the COLA altogether reduces Legislative oversight and budget authority for the state's largest entitlement program.

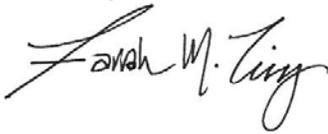
Further, the proposal to eliminate the COLA is premature in the face of existing statute directing the Department of Health Care Services to develop a new Medi-Cal budgeting methodology. Work on this project has not yet begun. Therefore, we believe it is premature

to propose significant changes to the Medi-Cal administration COLA until that methodology is developed with county input.

Counties wish to again thank the Administration and Legislature for providing additional funding for ACA implementation in the current year and for recognizing the fluid nature of funding needs for local administration of the Medi-Cal program in the current year and beyond.

If you have additional questions about the county position on the current year \$150 million Medi-Cal augmentation and the proposal to eliminate the Medi-Cal local administration COLA, I can be reached at fmcdaid@counties.org or (916) 650-8110. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Farrah M. Ting". The signature is written in a cursive style with a large, stylized "F" and "T".

Farrah McDaid Ting
Legislative Representative

cc: Honorable Members, Assembly Budget Subcommittee No. 1
Nicole Vazquez, Consultant, Assembly Budget Subcommittee No. 1
Mary Bellamy, Republican Consultant, Assembly Republican Caucus
Mike Wilkening, Health and Human Services Agency
Will Lightbourne, Director, Department of Social Services
Matt Paulin, Program Budget Manager for HHS, Department of Finance
Ginni Bella Navarre, Legislative Analyst's Office
Patricia Houston, Legislative Affairs, Department of Social Services
Frank Mecca, Executive Director, County Welfare Directors Association