



Legislative Update ■ January 21, 2020

Governor Appoints New State Medicaid Director

Last Friday, Governor Newsom appointed Jacey K. Cooper as the state Medicaid director and chief deputy director of health care programs at the Department of Health Care Services (DHCS). She will replace Mari Cantwell who announced her departure late last year. Cooper has served as the DHCS assistant deputy director of health care delivery systems since 2016. She previously held positions with Meridian Healthcare Partners as well as the Kern Medical Center.

LAO: Overview of the Governor's Budget

On the heels of the release of the Governor's budget, the Legislative Analyst's Office (LAO) has published its annual [report](#): "Overview of the Governor's Budget." In it, the LAO outlines its analysis of the Governor's proposal, with a focus on sharing recommendations for the Legislature to consider during its budget deliberations. Some highlights of the report:

Addressing Reserve Amounts: The Governor's proposed budget does not continue previous years' practice of bolstering budget reserves beyond what's required by the Constitution. To nobody's surprise, the LAO recommends that the Legislature consider whether it is satisfied with the Governor's proposed reserve level or whether it would prefer a higher level.

Spending the Surplus: The LAO notes that the Governor had an estimated \$5.9 billion surplus to allocate in the budget. Of that amount, though, the LAO indicates that 95 percent of the Governor's proposals (out of an estimated 140 proposals) are relatively small, less than \$100 million in 2020-21. The LAO suggests the Legislature consider if it would rather dedicate more resources to a smaller number of priorities.

Managing Risk: Again, the LAO cautions that state's rosy budget picture is subject to considerable risk. In the short-term, federal decisions about health care financing; on the horizon, some indications that the economy may be slowing down.

Growing the Operating Surplus: A healthy operating surplus also guards against the impact of budget shortfalls. However, the LAO notes the Governor's proposed budget has small operating reserves for the three-year forecast period, which, combined with the decision to forego additional deposits into the Rainy Day Fund, makes for a risky approach. The LAO recommends maintaining a positive operating balance in its own multi-year budget plans.

Two Measures Address ACA

Senator Richard Pan, chair of the Senate Health Committee, has two two-year bills that would ensure that key elements of the Affordable Care Act (ACA) would remain in place if the law were overturned by the courts. They are as follows:

- [**SB 175**](#) would prohibit an individual or group health care service plan from establishing annual or lifetime limits on the dollar value benefits for an enrollee. The bill was heard in the Senate Health Committee this week and passed unanimously with no discussion.
- [**SB 406**](#) would indefinitely extend the ACA provisions requiring health plans to cover preventive care without patient cost-sharing. The Senate Health Committee heard the measure on January 8; it passed out of Committee unanimously. The measure will be heard in Senate Appropriations Committee next week.

State Joins Litigation Challenging Federal Food Stamp Rule

California joined with 13 other states in filing a lawsuit yesterday to block a recent federal rule that would tighten work requirement rules for individuals to receive food stamps. The states argue in the lawsuit that the Trump Administration failed to follow federal regulatory rules in enacting the rule.

The rule, which is slated to go into effect on April 1, is expected to impact 400,000 Californians this year. It requires adults without children to work at least 20 hours per week consistently as a condition of receiving food stamps. California and several states and counties had waivers to demonstrate that the local labor market made it hard for people to find jobs. The new rule makes such waivers more difficult to secure.