



Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Nearly 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).

May 27, 2022

Assembly Member Robert Rivas Asserts That He Will Ascend to Assembly Speaker

After months of rumors suggesting that this very change was in the offing, Assembly Member Robert Rivas (D-Hollister) announced in a [statement](#) today that he had secured sufficient votes to take over as Assembly Speaker. Sitting Speaker Anthony Rendon from Los Angeles, who is termed out in 2024, and Assembly Member Rivas reportedly met today to discuss a possible transition plan. A timeframe for a vote for the Assembly to consider change in leadership has not been announced as of this writing.

A former San Benito County Supervisor and the first member in the modern era to be selected as Speaker from a rural district, Assembly Member Rivas was first elected to the Assembly in 2018; his term ends in 2030. (Read his biography [here](#).) Rivas' district encompasses all of San Benito County as well as portions of the Counties of Santa Cruz, Santa Clara, and Monterey. During his first two terms in office, he has focused primarily on agricultural, environmental, and educational issues. He currently serves as Chair of the Assembly Agriculture Committee and Vice-Chair of the Latino Caucus. Typically, a change in Speakership yields considerable cascading changes in other leadership and committee chair positions. So, there is definitely more to come.

CARE Court Measure Moves to Assembly

As was expected, [SB 1338](#) (Umberg and Eggman), which contains provisions to enact the Governor's CARE Court proposal, passed off the Senate Floor yesterday. While the unanimous vote is significant (38-0), more enlightening were the various commentaries that members offered during the floor debate.

No one said that the proposal was perfect, fully formed, and ready for prime time. What nearly every member said – many of whom spoke from very personal and painful experiences with friends or loved ones – is that our state needs to act swiftly to intervene and address the often-complex needs of those who are suffering from untreated mental health issues.

Nearly every Senator who spoke on the bill also touched on the key points that counties have been articulating: in order for the CARE Court initiative to be successful, it must be (1) accompanied by stable and sufficient resources and (2) implemented on a phased-in basis beginning with a first round of implementers that demonstrate readiness.

The bill is now in the Assembly where it awaits referral to policy committee(s). We do anticipate that – like its path through the Senate – SB 1338 will make stops in the Assembly Health Committee and the Assembly Judiciary Committee. Although we expect one if not two additional set of substantive amendments, work remains to ensure that the Assembly embraces the substance of changed being advanced by the broad county coalition. Our collective objective remains focused on designing a plan and identifying long-term resources that will best prepare implementers to successfully intervene in the lives of individuals in need of mental health and substance use disorder treatment who can be successfully stabilized and supported in the community.

Governor Signs MICRA Compromise

Earlier this week, the Governor signed [AB 35](#) by Assembly Member Eloise Reyes, which updates California's Medical Injury Compensation Reform Act (MICRA) pain-and-suffering cap for medical malpractice cases. The measure was a compromise struck between legislators, the California Medical Association, the California Hospital Association, insurance carriers, and trial attorneys to avert a November ballot measure. Initiative proponents announced Monday that they had pulled it from the November ballot.

AB 35 moved quickly through the legislative process after the compromise was announced in late April. Under the measure, the pain-and-suffering cap for cases not involving a death will be raised to \$350,000, beginning January 2023, and gradually increased to \$750,000 over 10 years. The limit for cases involving a patient's death will increase to \$500,000 beginning in January — and to \$1 million over the decade. The maximum awards will continue to increase by 2 percent each year starting in 2034. The existing MICRA cap has been set at \$250,000 since 1975.

Kaiser Contract Bill Moves to Senate

[AB 2724](#), Assembly Member Arambula's measure to implement the Newsom Administration's proposal for a single statewide Medi-Cal contract for Kaiser

Permanent, passed off the Assembly floor Thursday 41-17. While the bill initially remained on call for a time, eventually the author was able to secure the necessary votes for passage to the Senate.

Assembly Member Marie Waldron (R-Escondido) said the arrangement contained in the bill lacked accountability and questioned how giving Kaiser the ability to accept or reject members would help improve access to care. A number of counties, plans represented by the Local Health Plans of California, and the National Union of Healthcare Workers are opposing the bill.

AB 2724 was amended on May 23 to reflect the Administration's trailer bill language released last week. The measure heads to the Senate where it will likely be referred to Senate Health Committee for hearing.

Bill Alert: SB 12 (McGuire) Amendments Add Water Infrastructure

SB 12, by Senator Mike McGuire, which makes a number of changes to local emergency planning and infrastructure related to disasters, particularly wildfire-related, was amended this week to require a water district, city, county, city and county, or water corporation that provides drinking water, wastewater, or recycled water, for water infrastructure projects to use only heat-resilient water conveyance infrastructure components in very high fire hazard severity zones.

SB 12 remains in the Assembly Housing and Community Development Committee, where it awaits a hearing.

LAO Releases Cautionary Multi-Year Budget Outlook

This week, the Legislative Analyst's Office (LAO) released its **Multi-Year Budget Outlook Report**, its annual multiyear assessment that incorporates the Governor's May Revision proposals. Three key takeaways from the report:

May Revision Barely Balanced Before Accounting for State Appropriations Limit (SAL) Requirements. The LAO concludes that the state would have narrow operating surpluses and deficits, but a positive ending fund balance through 2025-26. However, during that period, SAL requirements would reach \$10 billion to \$20 billion per year over the multiyear period. Because the Administration does not have a plan to address those requirements, the state would likely have significant budget shortfalls in the out-years.

Adopting LAO Revenues Mitigates Budget Impacts of a Recession. The LAO notes that economic indicators currently suggest a heightened risk of economic recession within two years and, as such, recommends adopting LAO revenue estimates, which explicitly incorporate the current heightened risk of a recession. Doing so would reduce the chances that state revenues fail to meet

expectations and would prevent the state from expanding programs to unsustainable levels.

Plan for SAL Requirements Now. Acknowledging that legislative leaders and the Governor have indicated an interest in pursuing changes to the SAL with voters by 2024, the LAO “strongly” cautions the Legislature against passing a budget with a structural deficit that fails to address the future risk of SAL obligations. The LAO instead suggests that the Legislature include changes to the SAL in its budget architecture now; specifically, by increasing reserves this year.

While the Senate and Assembly budget leaders have already determined that a budget conference committee will not occur this year, we anticipate significant behind-the-scenes negotiations on budget items in the upcoming weeks, with addressing the state’s SAL issues near the top of the list. Of course, we will continue to keep you apprised of the latest budget news.

Newsom Administration Releases Trailer Bill Language on Hospital Worker Retention Payments

Earlier this week, the Department of Finance posted the “hospital and nursing facility worker retention payments” trailer bill [language](#). Please note the following:

- “Qualifying Facility” is defined as a health facility that is not a state facility and is licensed as one of the following: (1) a general acute care hospital as defined in subdivision (a) of Section 1250 of the Health and Safety Code; (2) an acute psychiatric hospital as defined in subdivision (b) of Section 1250 of the Health and Safety Code; (3) a skilled nursing facility as defined in subdivision (c) of Section 1250 of the Health and Safety Code. The University of California hospitals are not considered state facilities for the purpose of these retention payments.
- “Worker” is defined as a person employed indirectly or directly by a covered employer or members of Qualifying Facilities’ medical staff. There is conversation about whether worker is meant to include physicians; the worker definition is intended to apply to contract staff (such as janitorial or food staff workers).
- “Eligible Worker” means a full-time or part-time worker of a covered employer. This does not include those workers who are working primarily on a remote basis, as to be defined by the department.
- “Full-time” employment means to be compensated for an average of 32 or more hours per week. A worker is also considered to be employed full-time if the covered employer considers the worker to

work full time. For a full-time eligible worker, the state payment amount shall be \$1,000 plus the amount of matching retention payment paid to the eligible worker by the covered employer, up to a total maximum state payment of \$1,500.

- “Part-time” employment means to be compensated for an average of fewer than 32 hours per week, so long as the covered employer does not consider the worker to work full time. For a part-time eligible worker, the state payment amount shall be \$750 plus the amount of matching retention payment paid to the eligible worker by the covered employer, up to a total maximum state payment of \$1,500.
- Upon appropriation by the Legislature, the Department of Health Care Services (DHCS) shall provide funding to participant Qualifying Facilities to make retention payments to their eligible workers.
- DHCS may **reduce the payment amounts on a pro-rata basis** subject to the total amount of funding appropriated to the department. Please note that it is unclear whether the amount included in the May Revision is sufficient to cover all staff, including contracted staff, at hospitals and skilled nursing facilities. The inclusion of this language gives the department discretion to reduce the payments if funding is insufficient.
- As a condition of receipt of funding, a covered employer will be required submit to the DHCS the following information for each eligible worker by a date specified by the department: (1) name of the eligible worker, (2) mailing address of the eligible worker, (3) the total amount of matching retention payments that the covered employer paid or will pay to the eligible worker, (4) average number of hours for which the covered employer compensated the eligible worker from January 1, 2022 through the end of the Qualifying Work Period, (5) other information as required by the department for purposes of implementing this section.
- The covered employer shall provide funding to their eligible workers within 30 days of receipt from the department and report to DHCS within 90 days of receipt of funds on the number of eligible workers paid by profession type, the total amount of payments made including covered employer matching funds, and information on the timing of payments.
- The language defines “matching retention payments” to include monetary compensation other than salaries, wages, and overtime paid to an eligible worker that was paid to the eligible worker on or after January 1, 2022, and prior to the date of record, and meets any of the following criteria: (1) the compensation was or is paid

as hazard or bonus pay as a result of the COVID-19 pandemic; (2) the compensation was or is paid as a bonus based on performance or financial targets or a payout resulting from performance sharing programs designed to provide employees with a share in performance gains; or (3) the compensation was or is paid in response to operational needs of the covered employer, including, but not limited to, staffing shortages or recruitment needs.