

California Dialysis Council

LEGISLATIVE HIGHLIGHTS 2005 LEGISLATIVE YEAR

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Prepared by:
Michael J. Arnold, Legislative Advocate
Kristian E. Foy, Legal Counsel

These “Legislative Highlights” consist of both a general overview highlighting some of the key issues addressed during the 2005 legislative year and a more comprehensive “Legislative Status Report” generated by our bill tracking system. The status report is attached at the end of the highlights and shows the final status of all the legislation we followed during 2005. As you will note, the status report includes the following information on all of the bills we followed:

Bill Number, Author, and Title
Our Final Position on the Measure
Final Location or Chapter Number
Brief Summary

Importantly, the status report reflects the final position taken on the bill. The final position may be different from the position taken on the bill as originally introduced. Amendments to a bill frequently lead to a new position. This is especially true when the amendments are made at our request. For example, we frequently adopt a position of “Oppose Unless Amended” and move to a “Watch” position after our amendments are adopted.

Two-Year Bills

Since 2005 was the first year of the 2005-2006 biennial session, bills not passed to the Governor’s desk remain alive for consideration during 2006. The rules provide that these measures must pass the house of origin by the end of January 2006 to remain alive for additional consideration. Thus, January will be a busy month. Proponents of two-year bills will be attempting to move them through the house of origin prior to the January deadline.

Effective Dates of New Legislation

The bills that were passed by the Legislature and signed by the Governor will take effect on January 1, 2006, unless they include an urgency clause or contain a provision calling for some other effective date. Urgency measures take effect immediately upon chaptering by the Secretary of State. Bills are normally chaptered on the day following their signature by the Governor.

Key Issues of Interest During 2005

1. 2005-2006 State Budget -- General

The Schwarzenegger Administration released the 2005-2006 State Budget in January. The Budget utilized a combination of borrowing, cuts and fund transfers to overcome the \$9.1 billion budget deficit. The bulk of the \$2.5 billion in borrowing came in the form of \$1.7 billion in economic recovery bonds from the \$15 billion economic recovery bond package the voters approved last year. The Governor also initially proposed to suspend Proposition 42 so that transportation revenues could be expended for General Fund budget purposes. The Governor also proposed to under fund K-14 education by \$2.2 billion. This greatly upset the education community, who felt he had gone back on the deal he negotiated last year when he promised he would provide education with more revenue as soon as the state's revenue picture improved.

The May Revision to the Budget released on May 13, announced a gain of \$2.2 billion in the current year and an increase in revenue in 2005-2006 of another \$4.4 billion, or a gain of \$6.6 billion. This new revenue allowed the Governor to announce in the May Revision that he would shift \$1.3 billion back into transportation to comply with Proposition 42. The rebound in state revenues changed the debate about the budget. The Democrats were not pushing for new taxes and the type of severe cuts in health, welfare and human services programs, which have been considered for the past three years, were able to be pushed off into the future. However, the added political factor of the special election loomed large over the Capitol. This issue of the special election dominated the budget negotiations. Surprisingly, Governor Arnold Schwarzenegger and the four legislative leaders were able to reach a compromise on the budget during the first week of July. Governor Schwarzenegger signed the 2005-2006 State Budget on July 11.

2. November Special Election

On June 13, when it became clear that the Legislature would not deliver a state budget to the Governor's desk by the Constitutional deadline, Governor Arnold Schwarzenegger called for a special election on November 8, 2005. In his long-anticipated announcement, the Governor indicated he was calling a special election to give the public the ability to consider three of the four reform proposals he outlined in his State of the State message in January. He had subsequently dropped his call for reform of the public employee pensions, but continued to pursue ballot measures for reforming the state's budget process, reforming teacher tenure and reforming the redistricting process. Labor organizations throughout California reacted to the Governor's move by forming special entities which combined resources to oppose the initiatives. The special election quickly became the overriding interest during the last months of the legislative session. Eight initiatives qualified for the November Special Election. In addition to the original three, which the Governor proposed, he also took positions on many of the other propositions on the ballot. It is unclear what ramifications there will be from the results of the special election.

3. ACR 75 (Oropeza) – Chronic Kidney Disease Week – CDC Sponsored Bill

On behalf of the California Dialysis Council, we were successful in having an Assembly Concurrent Resolution signed into law. We worked with Assembly Member Jenny Oropeza to have the resolution introduced on the Floor of the California State Assembly. The

Resolution establishes Chronic Kidney Disease Week for 2005 and encourages all Californians to familiarize themselves with the causes of Chronic Kidney Disease and the importance of intervention to promote sustained health and a better quality of life. ACR 75 outlines several key statistics relative to Chronic Kidney Disease. The goal of introducing this Resolution was to help raise the awareness level of legislators in regard to Chronic Kidney Disease. We are happy to report that the Resolution was passed by both the Assembly and Senate with no “no” votes. ACR 75 was chaptered by the Secretary of State as Chapter 116, Statutes of 2005.

4. AB 1735 (De La Torre) – Medi-Cal Provider Rates: Authority for 5% Cut

This measure was strongly supported by the CDC and other provider groups. The bill was sponsored by the California Medical Association in response to a court ruling which allows the State to implement the 5% Medi-Cal rate cut which had been stayed by lower court rulings. You will recall that the 2003-04 State Budget included a 5% rate cut for most Medi-Cal providers, scheduled to take effect January 1, 2004 and remain in place for three years. AB 1735 deletes the authority for the rate cut for the 2004 and 2005 calendar years. The bill does not, however, cover 2006. Thus, we must closely monitor this issue during the next year. We will plan strategy and be prepared to oppose any proposed reimbursement rate cut which might be presented for all or part of 2006.

5. AB 232 (Arambula) – Registered Nursing Programs

AB 232 would require specified designees of the Chancellor of the California Community Colleges and the Chancellor of the California State University to adopt prerequisites for registered nurse training programs that would be accepted by both institutions for admission to their nursing programs. On behalf of the California Dialysis Council, we supported the bill. We stated that it is important to promote enrollment growth in the field of registered nursing. As introduced, the bill also sought to appropriate \$45 million from the General Fund to promote enrollment in Registered Nursing (RN) Training Programs. However, this section was deleted from the bill. AB 232 made it through the Assembly and to the Senate. However, much of the support for the bill faded when the funding was taken out. The bill is currently a two-year bill in the Senate.

6. AB 1676 (Richman) – Advance Directives and Terminal Illness Decisions Program

This bill enacts the Advanced Directives and Terminal Illness Decisions Program and calls for collaboration among state entities to develop information about end-of-life care and advanced health directives. On behalf of the California Dialysis Council we supported AB 1676, along with the California Hospital Association, California Restaurant Association, and the Drug Policy Alliance Network. We explained that the CDC works with many ill patients who are in the final stages of their life. It is important that these patients have these decisions made in advance. The bill will help in the dissemination of information about advanced care planning. Too often, people put off advanced care planning, seeing it as something that can wait until they are frail and elderly. Providing this information, through state departments, moves advanced care planning more into the main stream of everyday life, which is where it belongs. AB 1676 was passed by the Legislature and sent to the Governor’s desk. We were happy to report that Governor Schwarzenegger signed AB 1676 as Chapter 434, Statutes of 2005.

7. AB 1707 (Chan) – Medi-Cal Financing

During fiscal years without a timely budget, the instability to pay providers for services already rendered could have a significant impact on providers and Medi-Cal patients. A prolonged budget delay would have major impact on cash short providers. In response to this, DHS sponsored

AB 1707. This bill clarifies the intent of the Medi-Cal Providers Interim Payment (MPIP) Fund. The current statute does not permit prior fiscal year Medi-Cal claims to be paid from the MPIP Fund during a new fiscal year when there is no budget. AB 1707 restores the state's ability to use the MPIP Fund to continue paying Medi-Cal providers and other provider claims for a limited period when there is no enacted budget. We supported this bill on behalf of CDC. This bill was passed as an urgency measure in July and took affect as Chapter 57, Statutes of 2005.

8. SB 401 (Ortiz) – Medical Information

Another issue we worked on for the California Dialysis Council was SB 401 by Senator Deborah Ortiz. This bill provides that a written communication given by a pharmacist to a patient when dispensing a prescription drug is “marketing” if certain conditions exist. On behalf of the California Dialysis Council, we supported SB 401. The bill was passed by the Senate to the Assembly. It was held in the Assembly Committee on Health as a two-year bill. The bill will be eligible for consideration during the 2006 Legislative Session.

9. SB 689 (Speier) – Vehicles: Organ and Tissue Donors

This bill requires the Department of Motor Vehicles, beginning July of 2006, to collect organ and tissue donor designation information on its applications for driver's licenses and identification cards rather than to provide a standardized form for a donor to mail in to the State's donor registrar. SB 689 requires DMV to collect organ and tissue donor registration information on all applications for original or renewal driver's licenses or identification cards. The bill also requires DMV on a weekly basis to transmit the information electronically and to print the word “Donor” or other appropriate designation on the face of a driver's license or identification card. SB 689 also makes additional changes to current law relating to organ and tissue donor registry. The bill was passed by the Legislature and sent to the Governor's desk. Governor Arnold Schwarzenegger signed SB 689 as Chapter 665, Statutes of 2005.

10. SB 375 (Speier) – Medicare Supplemental Insurance Coverage

CDC strongly supported the original version of SB 375 in light of the bill language to delete the current provision of law which allows sellers of Medi-Gap policies to exclude dialysis patients. Unfortunately, the insurance industry was successful in having this provision deleted from the bill and CDC moved from “support” to “watch.” The insurance industry argued that the cost increase would make these policies less affordable.

2005-2006 Biennial Session – Interim Hearings

The 2005 legislative year was the first year of the 2005-2006 biannual legislative session. The State Legislature will return to Sacramento on Monday, January 4, 2006. During the interim between the

2005 and 2006 legislative years, the Legislature will be holding interim hearings on two-year bill topics for consideration in 2006. We will monitor these hearings and will participate as appropriate.

Conclusion

We must immediately begin planning for the 2006 legislative year. The State Budget for the 2006-2007 fiscal year appears to be in difficult shape and, therefore, will again be a key issue of the session. However, the major overriding issue next year will be the 2006 gubernatorial election. The primary and general elections will dominate and influence every issue next year. We will carefully monitor the session as it unfolds, and ensure that our position is effectively pursued throughout the process. We have had a good year and wish to thank all of those involved for the support and assistance provided throughout the session.