



HEALTH SERVICES AGENCY
ADMINISTRATION

0213

COUNTY OF SANTA CRUZ

HEALTH SERVICES AGENCY

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July 17, 2000

AGENDA: August 1, 2000

BOARD OF SUPERVISORS

County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Subject: Report Back on State Budget Impacts on Health

Dear Board Members:

The Board of Supervisors recommended in the June budget hearings that the HSA report back on the impacts of the State budget on county health services. There were a number of important health initiatives in the State budget with potential impacts on the budget approved by the Board of Supervisors.

Background:

Since the Board of Supervisors approved the County budget, the State legislature finalized its budget which was sent to Governor Davis. Governor Davis then used his executive authority to "blue pencil" or delete specific funding levels and items in the proposed budget. Each division within the Health Services Agency has analyzed the impacts of the final budget approved by the Governor. With the exception of Medicruz, where the Legislature and Governor are continuing to negotiate the funding levels and allocation mechanisms, projected State funding for each HSA program is included in the final State Budget. There were many important enhancements to health services throughout the community which were proposed by the Legislature to the Governor. Many of these were reduced or eliminated. Fortunately, the Health Services Agency budget did not include these augmentations in the County budget, and therefore HSA will not need to revise the budget at this time.

Impacts on Specific Programs within Health:

Medicruz: As anticipated, the Governor reduced the indigent care program (CHIP) by \$24.8 million. The Governor has stated that he wants to allocate a like amount to local communities for emergency room physicians, but the legislature did not approve the

necessary trailer bill language. The veto message stated that the \$24.8 million would be set aside awaiting separate legislation. HSA will continue to track this process and report if there are significant impacts to local services or budgets. It is anticipated that there will be an agreement that will move these funds into the CHIP budget.

Public Health/Clinics: The legislature supported the need for many augmentations to local services in the budget. These augmentations were vetoed by the Governor. The veto message states that “Recent funding increases from the Children and Families Commissions, Realignment Health Accounts, and the Master Tobacco Settlement should provide the resources to fund these programs at the local level.” Obviously the Governor wishes to have local communities use their discretionary funds, Proposition 10 funds, and realignment funds to augment state health programs. The list of vetoes is as follows:

- Eliminate \$9.5 in public health infrastructure funding;
- Eliminate \$440,000 to provide vaccines to public health clinics for children who do not qualify for other state programs;
- Eliminate \$340,000 in assist county health departments in monitoring parolees with tuberculosis;
- Eliminate \$600,000 to provide Hepatitis A vaccine to clinics for patients not eligible for other state programs;
- Eliminate \$6 million of the \$8 million in additional funds for HIV/AIDS health outreach, education and prevention for communities of color;
- Eliminate 1.5 million for Indian Health clinics;
- Eliminate 15\$ million for construction needs in community clinics;
- Eliminate \$1.75 million from community-based dental disease prevention;
- Eliminate 6 million for asthma grants;
- Eliminate \$3 million for community clinics funding.

On a positive note, California Children’s Services physicians received a 39% rate increase, and there was a \$5 million increase to insurance programs covered by the State Medical Insurance Board (MRMIB). There is also a \$50 million augmentation to the California Health Facilities Financing Authority; additionally, Medical and Healthy Families programs have been expanded through improved eligibility criteria and a simplified application process.

Mental Health: There is \$155 million in new mental health funding. These funds will be allocated through competitive grants. The populations targeted by the new funds are individuals who are homeless, children, and those involved in the criminal justice system. Mental Health staff will be analyzing these new funding opportunities and requesting permission from the Board to apply for grants.

Alcohol and Drug Services: There are 4 major items which address this program area. There is a \$5 million dollar augmentation to drug Medical services. There is an additional \$5.7 million for youth treatment services. There is an additional \$7.7 for adult treatment services. There is also a \$10 million dollar augmentation to Drug Courts which would competitive grants. A community planning process will take place to

allocate the new adult and youth treatment funds. These recommendations will return to your Board.

Recommendations:

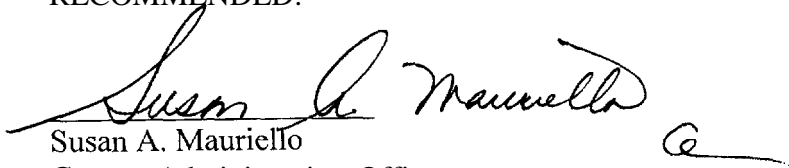
It is therefore RECOMMENDED that your Board accept and file this report.

Sincerely,



Rama Khalsa, Ph.D.
HSA Administrator

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

cc: CAO
HSA Administrator
Environmental Health
County Counsel
Auditor-Controller