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CMA's Legislative Wrap-up

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"It was the best of times; it was the worst of times." The 2007-08 session evokes the famous quote from Charles Dickens.

Following is the introduction to major 2008 legislative activities by CMA. The complete, 5,000-word report, which includes information on significant bills, is available here.

There are moments in political life that should be preserved in a time capsule to warn future generations from repeating the mistakes of their predecessors. This legislative session could certainly qualify as one of those moments.

At the beginning of 2007, the Governor embarked on a massive media blitz to pass universal health reform. But by the end of 2008, the state passed a budget that eliminates health care coverage for 250,000 Californians. What happened?

Sacramento was buzzing in January of 2007 with the possibility that universal health care would finally be achieved. Governor Schwarzenegger had proposed a comprehensive proposal that garnered national attention. Both Democratic leaders also had proposed their own plans and the state seemingly was set for a banner year.

That year-long effort famously flamed out when the State Senate defeated the Governor's proposal on January 28, 2008, largely due to concerns over the growing budgetary problems facing the state.

As much as 2007 was dominated by hope, 2008 was dominated by anger, animosity, and a broken state budget. The Governor invested mightily in his health care reform effort and its defeat left a bad taste in everyone's mouth. There was enough finger-pointing to satisfy even the most cynical of political observers.

The Governor and Assembly Speaker Fabian Nunez blamed Senate President Pro Tem Don Perata. Don Perata blamed the Governor and Fabian Nunez. And while the blame game was in full force everyone suddenly realized we had a massive budget problem with no real way out of it.

By February of 2008, the Governor was forced to exercise his mid-year cut authority to close a $15 billion budget deficit. The Legislature became immediately embroiled in a fight over whether to adopt or reject the proposed cuts. All of the Legislature's energy was lost to the reality that the state was, and remains, broke.

As part of the mid-year cuts, the Governor and Legislature slashed Medi-Cal reimbursement rates by 10 percent, forcing CMA to go to court to block the state from implementing the cuts. It is a sad commentary on political reality when politicians are cutting already dismally low reimbursements and judges are the only ones standing in their way. At least our justice system works on occasion.

The structural deficit remained pegged at over $15 billion dollars even after $7 billion in mid-year cuts. That massive deficit, combined with a partisan stand-off, led to a historic budget delay. The new budget was not enacted until September 23, 2008. The Governor now holds a dubious record: signing the latest budget in the history of California.

And what did Californians get as a result of the historic delay? A gimmicky budget that is already out of balance. Legislators are likely to be called back into special session to consider mid-year budget cuts even before the New Year begins. Such is life in Sacramento.

The next two years are likely to be dominated by a perfect financial storm: a Legislature unable or unwilling to make difficult decisions to increase revenue or massively cut services, a Governor who has become completely isolated from both Republicans and Democrats in the Legislature, and a weakening economy that will lead to diminishing tax revenues for the state.

Is there a chance that the animosity that has defined the last two years will disappear or at least diminish in the Governor's final two years? Perhaps. Both the Assembly and Senate have elected leaders, Karen Bass and Darrell Steinberg respectively, who are known to be driven primarily by policy and a desire to do what is best for the state.

Whether they can contain the hostility and bitterness of past battles and find some way to coax Republicans to the negotiating table remains a very open question. Governor Schwarzenegger vetoed a record number and percentage of bills in 2008, making even more difficult legislative leadership's efforts to overcome their colleagues' animosity and frustration and move forward with a positive agenda.

Their success or failure will probably be the best barometer for the state's ability to dig itself out of a massive structural budget deficit. If they fail, the Governor's final two years will likely be incredibly disappointing.

Given all of that uplifting news, there were still many legislative proposals significant to patients and physicians, and considering the insanity of the 2007-08 legislative session, CMA was incredibly successful.

Among the bills signed into law was legislation to provide physicians whistleblower protections and a prohibition on insurance companies from rescinding treatment authorizations after the service has been provided in good faith.

Perhaps most importantly, an egregious HMO loophole was closed. HMO fines will no longer be used to offset the fees they pay to the Department of Managed Health Care. Instead, that money will be used to finance the Steve Thompson Loan Repayment Program (STLRP) and the Major Risk Medical Insurance Program (MRMIP). The STLRP provides loan forgiveness to medical school graduates who agree to practice in underserved areas. MRMIP provides insurance to those with pre-existing medical conditions that cannot obtain coverage in the open market.

CMA also defeated a bevy of scope bills and an attempt to obliterate the corporate bar on the practice of medicine. Additionally, CMA defeated an incredibly onerous bill that would have created a commission of political hacks to rank physicians. This legislation also would have allowed the commission to

demand any and all records from physicians and medical groups and levy any tax they saw fit on physicians and medical groups.

All in all, it was a successful legislative session for CMA despite the major disappointment of not achieving universal health care.