



## Sierra Sacramento Valley Medicine

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### CMA's Legislative Wrap-up



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*Following is the introduction to major 2009 legislative activities by CMA. The complete report, which includes information on significant bills, is available [here](#).*

California has perhaps replaced Wimpy as the most famous example of borrowing against the future to address today's appetite. This year marked another significant erosion of California's financial situation, forcing the Governor and legislature to grapple with a multi-billion dollar budget deficit. Political observers surely felt that Sacramento had fallen into a time-warp as partisan bickering over-shadowed problem solving leaving Californians to endure another historically late budget. Other pressing matters including prison reform, water shortages, and California's ever increasing number of uninsured took a back seat to the budget deficit.

In 2008 the Governor signed two separate budget accords that were supposed to solve California's budget woes. Those deals proved to be badly out of balance almost immediately after they were signed. Facing a \$40 billion budget deficit, legislators were forced to reconvene in early 2009 and pass a new budget that supposedly would keep California solvent through 2010. That budget contained \$15 billion in cuts, \$12.5 billion in new taxes, \$7.8 billion in federal stimulus money, and \$5.4 billion in borrowing. That budget also fell short, causing the state to face a \$21 billion deficit by July 2009.

The continual focus on the budget and the ongoing need to make massive cuts or find new revenues paralyzed lawmakers for months. Democrats refused to consider any additional cuts and Republicans were equally adamant that they would not support any new taxes. The partisan stalemate forced California to start the new fiscal year on July 1st without a balanced budget in place. Many thousands of state workers and businesses that contract with state went unpaid, hospitals were left without reimbursement and some patients lost their state-provided health insurance while the Governor and legislators continued to feud over a solution.

Finally, on July 28 Governor Schwarzenegger signed a new "balanced budget" that primarily relied on massive cuts and billions in borrowing to fill the deficit. But even that budget is now \$4 billion in the red as California's economy continues to struggle and next year's budget deficit may exceed \$10 billion based on current estimates. It is very likely that the legislature will once again have to take mid-year action to address the deficit now and in the future.

To make matters worse, the Governor continued his well worn pattern of veiled threats toward legislators for

their failure to act on issues such as the budget, water and prisons. The Governor used a variety of methods to try to force legislators to act. At one point the Governor sent Senate President Pro Tem Darrell Steinberg (D-Sacramento) a bronzed sculpture of bull testicles insinuating that the legislature needed a pair. Not surprisingly, Steinberg and other legislators were not amused.

By the end of the legislative session the Governor threatened to veto all legislation sent to him until lawmakers sent him a water deal he found acceptable. That threat caused considerable consternation among Republicans and Democrats alike. Ultimately, the Governor backed off from his threat and acted on the bills before him. The continuing strain between the legislature and the Governor does not bode well as major problems facing the state continue to loom. Is it any wonder that the Field Poll recently found that both the Governor and legislature suffer from historically low approval ratings of 27% and 13% respectively? The only Governor with lower approval ratings than Schwarzenegger was Gray Davis, the man that Schwarzenegger replaced through a recall election in 2003.

For CMA, it was another busy year. State budget cuts consumed many hours of hard work as we worked to defend the already abysmally low Medi-Cal reimbursement rates. Ultimately CMA's Center for Legal Affairs was forced to sue the state to block the Governor's attempts to reduce rates by ten percent. Fortunately, the court found in favor of physicians and ordered an injunction against the state prohibiting implementation of the cuts.

In the Legislature we faced fights difficult and sometimes ugly — fights over scope of practice, peer review, the bar on the corporate practice of medicine and rescission of insurance policies. Fortunately, CMA was able to defeat every bill that we opposed. Not a single bill we opposed made it to the Governor and every scope bill was defeated in their first committee.

The pharmacists, nurse practitioners, and physical therapists all pursued scope of practice expansions this year. Pharmacists attempted to get legislative approval to administer vaccines directly to patients without a physician protocol. That bill was overwhelmingly defeated. The nurse practitioners finally abandoned their efforts to establish independent practice and worked proactively with CMA to provide greater clarity to their practice protocols. The physical therapist legislation proved to be the most contentious scope bill of the year with their legislative staff asserting that physical therapists were more qualified to diagnose patients than physicians. Needless to say that argument did not carry the day and the bill was soundly rejected.

This year the fight to preserve the prohibition on the corporate practice of medicine was difficult to say the least. Three bills were introduced to destroy or undermine the corporate bar and allow for the direct employment of physicians by hospitals. Both the California Hospital Association and the American Federation of State, County and Municipal Employees union sponsored measures to take direct control of physicians through employment. The bills were passed out of the Assembly but were defeated in the State Senate. Both organizations have made it clear that they intend to pursue their efforts next year so the fight will continue.

CMA sponsored several bills and ultimately three made it through the legislative process and to the Governor. The first bill, AB 2, would have prohibited insurance companies from rescinding a patient's insurance policy without proving that the patient intentionally misled the company when they sought coverage. Unfortunately, this bill was vetoed by the Governor. Our second sponsored bill which would have made needed changes to the peer review system was also vetoed. The Governor did sign our third sponsored bill, SB 606, to expand the Steven M. Thompson medical school loan repayment program to provide additional funding to physicians

willing to practice in underserved areas.

Overall it was another year that was lost to the budget morass that the State continues to find itself in. It is likely that the final year of Gov. Schwarzenegger's term will again be dominated by budget deficits. The projected \$10 billion shortfall will be extremely difficult to address since the state is out of easy or politically acceptable means of bridging the gap.

Perhaps Wimpy will take Minerva's place on the Seal of the Great State of California.