



## California Dialysis Council

Legislative Office

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### MEMORANDUM

TO: CDC Board of Directors and Members

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

DATE: October 18, 2006

SUBJECT: 2006 Legislative Highlights

Enclosed with this memorandum are the Legislative Highlights for the 2006 legislative year. The report contains both a general overview of some of the key bills we worked on and a more detailed Legislative Status Report listing of all the measures we tracked during the 2006 legislative session.

We sincerely appreciate the guidance and support you have provided over the past year.

Please let us know if you have any questions or need further information of any kind.

Enclosures



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# California Dialysis Council

## LEGISLATIVE HIGHLIGHTS 2006 LEGISLATIVE YEAR

October 18, 2006  
Sacramento

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 2006 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 2006. 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.

### **Effective Dates of New Legislation**

The bills that were passed by the Legislature and signed by the Governor will take effect on January 1, 2007, 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 2006

### 1. 2006-2007 State Budget

In January, the Schwarzenegger Administration presented the 2006-2007 State Budget for consideration by the Legislature. The budget represented a refocused effort to eliminate the operating budget deficit, reducing it to \$6.3 billion. The Governor proposed no new taxes and elected not to use the remaining \$3.7 billion in economic recovery bonds. Governor Schwarzenegger also proposed depositing \$920 million into the budget stabilization account that was approved by voters in 2004 under Proposition 58, representing the maximum amount. Many other proposals were included to make early repayments on prior loans from various funds. The Governor also made good on his promise to make education a high-priority, increasing Proposition 98 spending to \$4 billion.

On May 12<sup>th</sup>, Governor Schwarzenegger submitted his May Revise of the State Budget. The May Revise included \$4.8 billion in unexpected tax revenue in the current year and \$2.7 billion in the budget year, for a two-year increase of \$7.5 billion. The Administration proposed using \$3.2 billion of the increase to prepay debt service on several outstanding loan obligations. \$2.2 billion was earmarked to shore up reserves for the next budget year. The \$131 billion budget was adopted on the night of June 27 by the Legislature. Governor Schwarzenegger signed the bipartisan budget on June 30, the day before the beginning of the new fiscal year. This was the first time since 2000 that a state budget was in place prior to July 1<sup>st</sup>. Historically, a budget has been signed prior to the new fiscal year only four times in the last twenty years.

### 2. State Infrastructure Bonds

In May, the Legislature put a \$37.3 billion package of infrastructure bonds on the November ballot. The bipartisan effort was led by the Governor who had earlier in the year called for the Legislature to deliver an infrastructure plan in time for the general election. In July, the Secretary of State numbered the propositions:

- **Transportation and Port Security (\$19.9 billion) - Prop 1B:** SB 1266 (Ch. 25, 2006) Perata. Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond of 2006.
- **Housing and Emergency Shelters (\$2.8 billion) - Prop 1C:** SB 1689 (Ch. 27, 2006) Perata. Housing and Emergency Shelter Trust Fund Act of 2006.
- **School Construction (\$10.4 billion) - Prop 1D:** AB 127 (Ch. 35, 2006) Nunez. Kindergarten-University Public Education Facilities Bond Act of 2006.
- **Disaster Preparedness and Flood Control (\$4.1 billion) - Prop 1E:** AB 140 (Ch. 33, 2006) Nunez. Disaster Preparedness and Flood Prevention Bond Act of 2006.

The Legislature was unable to come to an agreement concerning a water resource infrastructure bond. As a result, public and private interest groups had their own bond qualified through the initiative process:

- **Water Quality/Parks (\$5.4 billion) - Prop 84:** Water Quality, Safety and Supply. Flood. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute. \$5.388 Billion General Obligation Bond.

In total, there will be over \$42 billion in infrastructure bonds for consideration by voters in November.

### **3. SB 912 (Ducheny) - Medi-Cal Provider Reimbursement – Rate Cut Eliminated**

On behalf of the California Dialysis Council (CDC) we strongly supported this measure. SB 912 eliminates the existing 5 percent reduction in Medi-Cal provider payments and makes an appropriation from the General Fund (GF) and the Federal Trust Fund (FTF). This bill was needed to eliminate the 5 percent Medi-Cal provider rate reduction in order to ensure the integrity of the Medi-Cal system and access to services provided to beneficiaries. SB 912 prospectively eliminated the 5 percent rate reduction beginning 14 days after it was enacted, except as it applies to managed health care plans. In support of SB 912, we argued that Medi-Cal reimbursement rates are already among the lowest in the nation and that, because of such poor reimbursement, fewer and fewer providers are available to provide medical and dental services to beneficiaries. Imposing a 5 percent rate reduction would have compounded this access problem, delayed needed care, and strained already overburdened emergency rooms. We were happy to report in early February that SB 912 passed the legislature and was sent to the Governor's desk. SB 912 was signed by the Governor as Chapter 8, Statutes of 2006.

### **4. ACR 114 (Coto) – Legislative Task Force on Diabetes and Obesity**

This measure was strongly supported by the CDC. ACR 114 establishes the Legislative Task Force on Diabetes and Obesity (Task Force), consisting of 20 members, as specified, to study the factors contributing to the high rates of diabetes and obesity in Latinos, African Americans, Asian Pacific Islanders and Native Americans in this country and requires the Task Force to prepare a report containing recommendations, not later than December 31, 2007, regarding ways to reduce the incidence of those debilitating conditions. The Resolution was passed by both the Assembly and Senate. ACR 114 was chaptered by the Secretary of State as Chapter 151, Statutes of 2006.

### **5. ACR 141 (Benoit) – National Donate Life Month**

ACR 141 proclaims April 2006 as National Donate Life Month, urges all Californians to consider becoming a donor, and encourages all organ and tissue recipients to tell others how their lives and health have changed because of the generosity of a donor. We supported the resolution as it moved through the legislative process. ACR 141 was passed by the Legislature and Chaptered by the Secretary of State as Chapter 38, Statutes of 2006.

### **6. AB 1807 ( Budget Committee) – Licensure and Certification Fees**

This bill was one of several “budget trailer bills.” It makes various statutory changes necessary to implement the 2006-07 state Budget. AB 1807 provides new authority for the restructuring of fees that are collected from institutional and non-institutional providers by the Department of Health Services (DHS) Licensing Certification Branch. The Licensing and Certification Division (L&C) of DHS shall, no later than the beginning of fiscal year (FY) 2009-10 be supported entirely by federal funds and special funds. AB 1807 changes the fee setting methodology for health facilities and agencies licensed by the L&C. AB 1807 was signed by the Governor as Chapter 74, Statutes of 2006. During the fall we will be participating in stakeholder meetings to provide input on changes in the process, timeframes, methodology and fees to be imposed in future years.

**Importantly, AB 1807 changed the State licensure fee for dialysis clinics from 0.0003 time prior year generating costs to a flat \$1500. AB 1807 also repealed the certification fee (\$50.00) for hemodialysis technician certification .**

#### **7. AB 2226 (Garcia) – Diabetes Screening**

This bill requires, on or after July 1, 2010, each school district or the authority of each public institution to provide an information sheet regarding type 2 diabetes, as specified, to the parent or guardian of incoming 7th grade pupils, and requires the California Department of Education to develop that information sheet. We watched this bill as it moved through the legislative process. AB 2226 was passed by the Legislature and sent to the Governor's desk. Governor Schwarzenegger signed the bill as Chapter 235, Statutes of 2006.

#### **8. SCR 106 (Alquist) – California Chronic Kidney Disease Education Week**

SCR 106 is a CDC sponsored measure to call attention to Chronic Kidney Disease Education Week: August 6-12, 2006. We worked with Senator Alquist to have the resolution introduced on the floor of the California State Senate. The resolution encourages all Californians to familiarize themselves with the causes of chronic kidney disease. The goal of introducing the resolution was to help raise the awareness level of legislators in regard to chronic kidney disease.

### **2007-2008 Biennial Session**

The 2006 legislative year was the final year of the 2005-2006 biannual legislative session. The State Legislature will return to Sacramento on Monday, December 4, 2006 to begin the 2007-2008 biennial legislative session. At that time, all new members who were successful in the November election will be sworn into office. Most of December will be spent organizing the Legislature and introducing legislation which will be considered in January.

We must immediately begin planning for the 2007 legislative year. The proposed State Budget for the 2007-2008 fiscal year will be released in January. The State Budget is always one of the overriding issues of the session. All bills introduced during 2007 may stay alive for future consideration during 2008. We will carefully monitor the session as it unfolds. We wish to thank you for all the support and assistance you have provided throughout the year.