

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 1, 2008
POSITION: Oppose
SPONSOR: American Federation of State, County and
Municipal Employees AFL-CIO

BILL NUMBER: SB 973
AUTHOR: J. Simitian

BILL SUMMARY: California Health Benefits Service Program

This bill would establish the California Health Benefits Services Program (CHBSP) within the Department of Health Care Services (DHCS). The CHBSP would be required to identify and develop solutions to statutory, regulatory or financial barriers which inhibit joint ventures between health plans which are operated at the county level and which are affiliated with local government or authorities, and would establish a stakeholder group to provide input on the program and assist the program in carrying out its responsibilities. The CHBSP would make its initial report to the Legislature by January 15, 2010 and its ten member stakeholder committee would make a report to the Legislature by November 1, 2009 and annually thereafter. SB 973 requires that no public funds be used to implement the requirements of this bill and that the DHCS shall not implement its specified duties until the Department of Finance has determined that sufficient private donations have been deposited with the state to fully provide for the duties and activities prescribed in this bill. The bill also authorizes the DHCS to enter into contracts with such joint ventures to provide medical services.

FISCAL SUMMARY

The DHCS estimates that eight positions and \$909,000 annually would be required to perform the analytical, supervision and legal counsel duties required in SB 973 and to support the work of the stakeholder committee. This bill would require that these funds come from private donations.

COMMENTS

The Department of Finance opposes this bill for the following reasons:

- The bill does not address how necessary private funds would be generated on an ongoing basis to fully fund the requirements of SB 973. This could create pressure on the General Fund to backfill any short-falls which the CHBSP might experience.
- It has not been demonstrated that a need for the CHBSP exists. California law currently allows two or more public agencies to establish joint powers arrangements as may be necessary in a joint venture among local governments.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				(Dollars in Thousands)			
				2008-2009	2009-2010	2010-2011	
4260/Hlth Care	SO	No		----- See Fiscal Summary -----			0001
4260/Hlth Care	SO	No		----- See Fiscal Summary -----			0994
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
0994	Other Unclassified Funds						

Analyst/Principal (0544) J. Lapanja	Date	Program Budget Manager Michael Wilkening	Date
--	------	---	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)