

**ADDENDUM**

(REPLACES PAGE 21 OF THE MAY 6, 2002 SUB 1 AGENDA)

**ITEM 4260 DEPARTMENT OF HEALTH SERVICES – MEDI-CAL****ISSUE 3: MEDI-CAL ADMINISTRATION****BACKGROUND:**

During the current year the Legislature appropriated full funding for the county administration of the Medi-Cal program. The appropriation included an increase that was included in the May Revision of the 2001-2002 budget. The item was not vetoed nor reduced by the Governor when he signed the budget. In the late fall counties were advised the Administration was not going to allocate \$108 million of the appropriation, it reverted to the General Fund.

The counties conduct the enrollment and eligibility processing for the Medi-Cal Program. Funding is provided to the counties for: cost-of-doing business; policy changes; increases in the costs of goods and services; and staff training and development. Counties plan their budgets on the assumption the appropriated level of funding will be provided. The counties were/are forced to manage the Medi-Cal enrollment operations within the reduced budget. As a result of no notification to the counties or the Legislature, the County Welfare Directors are urging the Legislature to adopt trailer bill language to address the lack of notification. The proposed language would require notification by the Department of Health Services, or other appropriate agency, when it determines it will not allocate the *baseline full appropriation* for Medi-Cal Administration in any fiscal year. The proposed language would not affect the Administration's ability to manage the state budget.

Counties feel they were denied an opportunity to bring their case to the Legislature for review and consideration. The CWDA contends this language is needed in order for counties to plan their budgets accordingly. Finding out late in the year that there is no intention to allocate baseline funds impedes the counties' ability to manage operations within the resources provided.

**COMMENTS:**

Department, please describe for the Subcommittee the process for providing how notice of non-allocation is provided to counties and the timing of issuing such notices.