

## Final CA Budget Could Cut AOM Coverage

BENEFITS MIGHT BE RESTORED BY FEDERAL FUNDS.

Editorial Staff

On Feb, 20, 2009, California Governor Arnold Schwarzenegger signed the 2009-2010 California state budget approved by the legislature earlier in the week. Schwarzenegger's stamp of approval finally brought to a close what was a grueling 106 days with no state budget, where the fate of public-works projects and state employees' jobs hung in the balance. Unfortunately, the final version of the budget could eliminate funding for "optional benefits" in the Medi-Cal program, including acupuncture, chiropractic, podiatry, mental health, optometry and dental services. This loss of funding would be scheduled to take effect on July 1, 2009.

However, there may well be a bit of a silver lining in this budgetary cloud. If [California receives enough funding](#) from the federal economic stimulus package signed by President Obama on Feb. 17, 2009, it may be enough to offset the cuts. The final state budget assumes that California will receive a conservatively estimated [\\$7.8 billion of federal revenue](#) from the stimulus package. If the state received at least \$10 billion in federal aid by April 1, 2009, it would restore a certain number of budget cuts - optional Medi-Cal benefits among them.

However, even if California receives enough funding, there will still need to be a special election on May 19, 2009, to get voter approval for a series of provisions, three of which fall under health care. According to the California Progress Report ([www.californiaprogressreport.com](http://www.californiaprogressreport.com)):

Proposition 1D would amend Proposition 10, which was passed in 1998 and increased the tobacco tax to be used exclusively for services for children up to 5 years old. This budget, subject to voter approval, would redirect Proposition 10 funds of up to \$340 million in the first year and \$268 annually for the following five years to be appropriated by the Legislature. As a result, local First Five Commissions would have to cut the programs they fund, such as county "Healthy Kids" coverage initiatives.

Proposition 1E would amend Proposition 63, which in 2004 raised the income tax for the upper-tax bracket to earmark funding specifically for mental health services. This budget, subject to voter approval, would redirect Proposition 63 funds of up to \$226.7 million in the first year and \$234 annually for the following year from Proposition 63 mental health services to backfill the existing Early and Periodic Screening, Diagnosis, and Treatment program.

Proposition 1A would pass a Constitutional amendment to institute a spending cap to limit the amount of revenue that can be appropriated for the General Fund. It also would extend the temporary taxes to last from two to five years. Under the spending cap, any revenues above a forecasted amount must be put in a "Budget Stabilization Fund," and can only be accessed under certain circumstances. In other words, the spending cap locks up money, making the state less able to fund education, health care, and other core state services.

