

Letter from the Director
Kris Calvin, AAP-CA CEO/Executive Director
May 14, 2007

-District Board News

The AAP-CA District Board met this past Saturday, May 12th, in Oakland. Highlights of the meeting include a session with District Counsel Bill Webster to finalize a draft of the District bylaws. The District expects to file for incorporation as a 501(c)4 this summer; new bylaws are part of that process. The Board unanimously passed the new bylaws, which will be distributed to the Chapters. Also at Saturday's meeting the Board approved moving forward with an internal audit on the District's current financial structure. The purpose of the audit is to inform the Board about best practices for process and transparency in financial reporting. It will be completed prior to the next District Board meeting in August of this year.

- May Revise: State Budget

I participated today in a briefing with the Office of the Governor on his May budget revision. The Governor's proposal shows the Administration backing away from the assertion that he would end the state's ongoing structural deficit in the budget year beginning in July. Instead, the deficit is projected to be \$1.4 billion for the next budget year, down from double digits when he took office in 2003.

While a complete analysis is pending, highlights include:

- The Prop 98 guarantee for K-12 will be honored, resulting in significant increased funding to schools.
- The Governor intends to make good on his January budget pledge to pay down state debt sooner than required, to reduce interest payments.
- The Healthy Families program will be "fully funded". No significant cuts in health services have been reported.
- Welfare and public transit funding are where the hits occur, leading to outcry from Democrats and advocacy groups. There is a proposed \$500 million cut from the state's welfare system, as well as elimination of cost-of-living increases for the aged, blind and disabled.

I will continue to monitor and analyze the budget, and provide you with additional information.

-Update on California Health Care Reform

The Governor has termed 2007 "the year of health care reform in California". To that end, he introduced a comprehensive health care reform proposal to serve as a blueprint for discussions. The Governor's proposal is built on "shared responsibility and shared benefit". There seems to be something in it for everyone to love and to hate. For pediatricians, the

principle of universal coverage for all children living in California, including the undocumented, is a cornerstone of the Governor's plan. Moreover, he recognizes that coverage alone would not yield access by calling for a \$4 billion increase in Medi-Cal reimbursement to physicians, putting Medi-Cal at near-parity to Medicare. However, he also asks that physicians and hospitals contribute significantly through a 2% fee on gross revenues. The Governor's plan is not a legislative bill; he is using the process to generate discussion and to communicate what he wants to see in the solution that comes to his desk. In particular, his proposal centers on an individual mandate—every Californian would need to have health insurance in the same way that every driver must have auto insurance, although there would be subsidies in place to make it available to those who can not afford it.

Several important health care reform bills are on the landscape, including SB 840 (Keuhl), a single-payer plan. A similar bill passed the Legislature last session, but was vetoed by the Governor, who has stated this year that the prison health care system is "single payer" and is terrible; he seems to be signaling another veto. None-the-less, the awareness in Sacramento that if a single-payer plan fails again in the legislative arena this year it is likely to show up as a ballot initiative next year is being used as a carrot or stick (depending upon your perspective) to get movement on comprehensive health care reform now.

The Democrats also have comprehensive health care reform bills—both Assemblymember Nunez and Senator Perata introduced employer-based mandates. They also would both cover all children, but they do not address physician reimbursement, and they lack the funding at this time (e.g., the 2 fee) to do so. There are also two Democratic-authored "children-only" bills that would enact universal coverage for children in California building on the local county children's health initiatives ("Healthy Kids"). AAP-CA strongly supports both these bills, AB1 and SB 32. The Republicans do not have a comprehensive or a kid's proposal, but have a package of bills that would increase health savings accounts and also increase Medi-Cal physician reimbursement a stand-alone improvements.

The AAP-CA is in discussions on all of these proposals, emphasizing the need for all California children to be covered in a pediatric medical home with access to pediatric primary care and subspecialists at adequate reimbursement rates. We are also bringing the issue of prevention front and center into the larger health care reform debate, including both (1) the obesity epidemic and (2) vaccine availability, cost and reimbursement.

-Adolescent Immunizations

AAP-CA has been working on several fronts to support adolescent immunizations. AAP-CA Board member Stuart Cohen, MD submitted an AAP-

CA supported resolution to the CMA House asking CMA to carry legislation to mandate ACIP-recommended vaccines for school entry for adolescents. The resolution passed, and CMA acted promptly to exert leadership in this area, resulting in AB 16 (Hernandez). AAP-CA is a cosponsor of SB 676, along with the California Coalition of Childhood Immunization (C3I), to require pertussis vaccination for adolescent school entry and to establish a broader school entry regulatory process within DHS. CMA, AAP-CA, ACOG, CAFP and C3I recently met in the Capitol to discuss the best way to improve the California process for establishing school vaccine mandates in the future. There was general consensus at that meeting that:

- A recommendation by ACIP for a vaccine should require a review and recommendation regarding the advisability of a California school entry mandate for that vaccine.
- The decision as to whether that vaccine is mandated for school entry should be made by the Director of the California Department of Public Health.
- The Director should be advised by an informal (not politically-appointed) body of physicians, community representatives and other experts.
- There should be a time certain at which the Director must have issued a recommendation for or against a school entry mandate for that vaccine. A mandate may occur before that time limit, if deemed appropriate.
- Factors that may be taken into account in the mandate review include the science, disease burden, supply/availability of the vaccine, reimbursement/cost issues, provider and community acceptance of the vaccine, and recommendations of specialty organizations including the AAP.

We continue to work with our partners to find a legislative solution to vaccine payment and mandate issues.

***That's it for now—please watch for future updates.
I look forward to your comments and feedback.***

***Kris
Kcalvin@aap.net
626-825-7444***