

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 3/25/99
Department: Public Health Department
Budget Unit: 041
Agenda Date: 4/27/99
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Roger E. Heroux, Director
Public Health Department

STAFF CONTACT: Suzanne Jacobson
681-5183

SUBJECT: California Healthcare for Indigents Program (CHIP)

Recommendation(s):

That the Board of Supervisors:

Execute Standard Agreement with the State of California Department of Health Services for California Healthcare for Indigents Program (CHIP) funding for fiscal year 1998-99 in the amount of \$1,106,617.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 2. Ensure the Public Health and Safety and Provide Essential Infrastructure.

Executive Summary and Discussion:

On August 25, 1998, your Board approved the Standard Application for these funds which flow from the Tobacco Tax Initiative approved by the voters in 1988 (Proposition 99) and initially implemented by the State in 1989 (AB75). The funds are ultimately paid to local hospitals and physicians to reimburse them for uncompensated charity care for indigent patients.

Under current maintenance of effort (MOE) requirements, the Public Health department cannot make any reductions in the funding of services provided for the fiscal year 1998-99 level below the prescribed MOE amount as a condition of receiving CHIP monies. If this test is not met, the Public Health department will risk returning CHIP monies to the State of California. However, if the State recoups the funds, they are payable

only by the County, not the local hospitals and physicians. However, the Public Health department is submitting a report of their proposed expenditures for the 1998-99 fiscal year which demonstrates they will operate in accordance with guidelines and at the mandated MOE level, and, at current estimated expenditure levels, there appears to be no danger of repayment. The MOE requirement for the 1998-99 fiscal year is currently estimated at \$14,742,180. The County is projected to surpass this by funding a total of \$17,127,091. in services. Thus, this Standard Agreement will be finalized by the State after they review and approve the proposed level of expenditures.

In addition, it is important to note that the current level of CHIP funding made available for fiscal year 1998/99 has decreased from the original State budget act by \$110,316, due to the passage of Proposition 10. Proposition 10, "California Children and Families Act of 1998", was passed by the voters of California in November 1998. Proposition 10 mandates that Tobacco Tax surcharges shall be applied first to Proposition 10 uses and subsequently to Proposition 99. As a result, the Child Health Disability Prevention Program Treatment Program (CHDP-TP) funds have been discontinued state-wide. In Santa Barbara County, the funds were used primarily for low-income children with dental health needs. Consequently, since the Public Health Department is expecting a decrease of \$497,000 in Proposition 99 revenue for the 1999-00 fiscal year, there will be no funding source for the dental treatment needs of non-Denti-Cal, low income children as of July 1, 1999. This reduction is also driven by a reduction in the overall sales of tobacco products. Conversely, the County will be receiving Proposition 10 funds as a new revenue source. As your Board knows, the County's Proposition 10 Commission has yet to determine the use of this new revenue source.

Mandates and Service Levels:

This program is not mandated, but provides compensatory relief for local hospitals and physicians for charity care for indigent patients under WIC Code, Section 16900 et seq. In addition, there is no change in programs or service levels for the 1998-99 fiscal year.

Fiscal and Facilities Impacts:

There is no use of local tax dollars for the CHIP programs. Fund 0043, Department 041, Programs 2100-2300 have adjusted revenue and expenditure budgets of \$1,106,617 from CHIP allocations and the requisite disbursements. The recommended action does not alter the budgeted use of local tax dollars of \$0 for these programs. All applicable A87 Cost Allocation Plan costs and other overhead costs associated with administering this program are paid for by this funding.

There is no facilities impact.

Special Instructions:

Please return all three (3) original copies of this agreement to Health Care Services, attention Suzanne Jacobson, for execution with the State Department of Health Services.

Concurrence:

Auditor-Controller
County Counsel
Risk Management

