Overview of the history of funding of Public Health and Indigent Health Care mandated services in Santa Barbara County:

Prior to 1978

- Funded at the local level by Property taxes, which could be increased to meet increasing needs.

1978

- Passage of Proposition 13 severly impacted the ability to fund essential services.
  - As a result, Santa Barbara County General Hospital was closed and non-profit community hospitals agreed to serve the patients that were traditionally the responsibility of the County.

- Senate Bill 154 was passed in order to fund county healthcare services with new general purpose revenues. In order to ensure that dollars went for health services, a financial 'Maintenance of Effort' level (MOE) was introduced (and has continued to the present).

1979

- Assembly Bill 8 (AB 8) replaces SB 154 and provides counties with a specified amount for county health services, if counties match these amounts with county general purpose revenues. The funding was restricted to public health and inpatient/outpatient medical care. It continued for 12 years through FY 1990-91.

1983

- During a budget crisis, the state transfered responsibility to the Counties for Medically Indigent Adult (MIA) patients, because the state did not receive federal matching funds through the Medi-Cal program for these individuals. This increases the number of indigents for whom counties are responsible under the W&I Code section 17000 mandate and counties receive only 70% of the funds that the state had spent caring for these individuals.
  - Santa Barbara County contracts to use community hospitals for inpatient services for these patients.

- The oldest Medicaid Managed Care plan in the nation, the Santa Barbara Health Initiative (later renamed the Santa Barbara Regional Health Authority) establishes local control of Medi-Cal resources in Santa Barbara County.
  - This encourages more private physicians to participate in the Medi-Cal program, thus easing overcrowding of county clinics.

1989

- Proposition 99, the Tobacco Tax Health and Protection Act, is implemented through Assembly Bill 75 (AB 75), which establishes the California Healthcare for Indigents (CHIP) program. A portion of the taxes collected are allocated to counties and and non-county hospitals to pay for health care for indigents, particularly because State MIA payments continued to be inadequate.
  - In Santa Barbara County, CHIP allocations were approximately $2,700,000 in FY 1989-90. They have subsequently dropped to $85,000 in FY 2003-04, a decrease of 97%, although needs continue to increase.

1989, continued

- The federal government establishes the Federally Qualified Health Center (FQHC) program for health centers that participate in Public Health section 330 programs. Granting of this status allows for 'reasonable cost-based' reimbursement for services provided to Medi-Cal patients.
    - Santa Barbara County qualifies for this status because of its Healthcare for the Homeless grant. This enables the County to cover the costs of providing primary care and some in-house specialty care services to the Medi-Cal population seen in the 6 county health clinics.

1991

- Realignment combines and shifts funding from the State general fund to Vehicle License Fees (VLF) and sales taxes for both MIA and AB 8 programs. Realignment can only be used for Indigent Health inpatient/outpatient programs or Public Health population-based programs, and county fund matching requirements remain.

1999

- The Federal Balanced Budget Act (BBA 1997) places a cap on FQHC revenues equal to the average of the two last audited FQHC cost reports. This essentially ends reasonable cost-based reimbursement and the ability to fully recover increasing costs attributable to Medi-Cal eligible patients for FQHC clinics.
    - Santa Barbara County Public Health Department clinics become extremely limited in their ability to cover increasing malpractice, liability and other insurance costs, as well as increasing medical overhead and salaries and benefit costs.

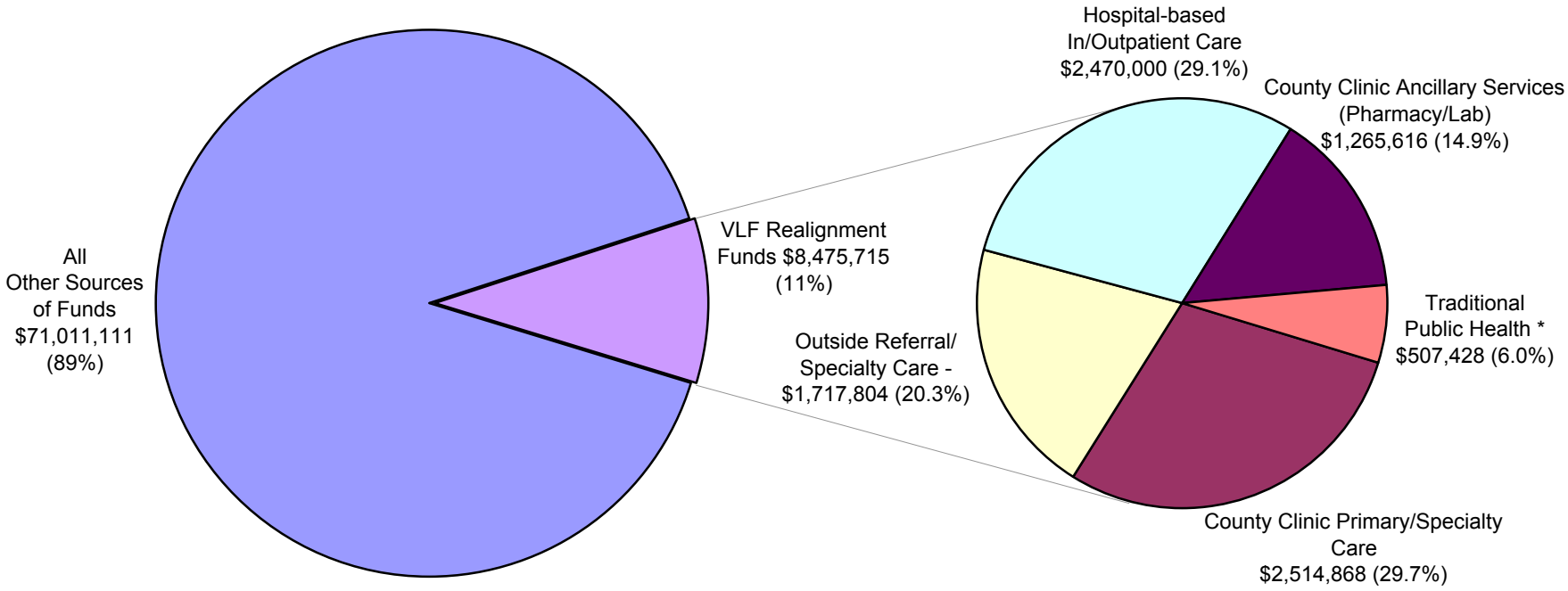
- The Master Tobacco Settlement agreement is arbitrated, resulting in a stream of payments to states and, in California and Florida, to counties.
    - In Santa Barbara County, a Board appointed Tobacco Settlement Allocation Committee (TSAC) makes recommendations annually to direct allocations to help meet local health needs.
    - A majority of these dollars are allocated to local community hospitals, specialty physicians, and emergency department physicians to provide some compensation for their uninsured patients. In addition, these dollars (approximately $1,750,000) help offset the decrease in available CHIP funds.

2003

- The rollback of the VLF increase threatens the ability of the County to pay for mandated inpatient/outpatient and Public Health population-based services. As far as we know, county fund matching requirements remain.

- State proposed mid-year spending reductions will cap Medi-Cal enrollment, possibly increasing the amount of uninsured patients seen in our clinics and in non-county hospitals. In addition, because of other reductions in Med-Cal reimbursements, more private providers will drop out of the SBRHA Medi-Cal network, causing more patients to seek care at county clinics.

Santa Barbara County Public Health Department
Budgeted Use of VLF Realignment Funds
Fiscal Year 2003-04



PHD Budgeted Sources of Funds
$79,486,826

PHD Budgeted Uses of VLF Realignment - $8,475,715

* Traditional Public Health Services include: Public Health Lab, Epidemiology, Communicable Disease Control, Health Education, and Health Officer functions