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State budget delay will affect local Medi-Cal

By **ROB BURGESS** The Daily Journal

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With the California state budget nearly three weeks overdue, those relying on Sacramento financially may soon start feeling the effects.

"Right now there is no state budget," said Cathy Frey, executive director of the Alliance for Rural Health. "Any program that relies on the state is not being paid. In the past it has gone as long as September before we had a budget. If you're working for the state, after a while they won't get paid. Those people go without paychecks. Everything kind of comes to a standstill. It's the time of year you get a line of credit from a bank. Anything where there is a state dollar attached is affected."

California lawmakers have missed the deadline to approve a state budget for the fiscal year that started July 1.

Republicans and Democrats in both houses of the state Legislature remain far apart on how to close the state's \$15.2 billion budget shortfall.

Republicans, including Gov. Arnold Schwarzenegger, favor wide-ranging cuts to services and programs. Democrats want to raise taxes by anywhere from \$6 billion to \$11 billion.

It is nothing new. State lawmakers haven't passed a budget by June 15 since 1986, although they came close in 1999, missing the deadline by only one day. There's no penalty if they don't meet the

deadline.

They also haven't been batting 1.000 as far as getting a budget in place by July 1, the start of a new fiscal year. They've reached that goal only a dozen times during the last 30 years.

Frey said that no matter when the state budget is finally approved, scheduled delays in the reimbursements health care providers receive for treating Medi-Cal patients during the entire month of August will still occur.

"The withholding of medical reimbursements is still in place so that means regardless of whether budget is signed, their reimbursement is going to be delayed," she said. "It's a huge cash flow problem for these organizations. Some entities have things they can fall back on that can help fill in some of that gap. One of the things we're trying to do is look at exemptions for these providers."

Rob Burgess can be reached at udjrb@pacific.net.

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