

**DEPARTMENT OF HEALTH SERVICES**

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August 06, 2001

TO: All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Health Executives  
All County Mental Health Directors

Letter No.: 01-43

### IMPACT OF DELAYED BUDGET ON MEDI-CAL

The purpose of this letter is to provide information to you regarding the impact on the Medi-Cal program resulting from the delay in enacting the state budget.

Without state budget authority, the state constitution prohibits the advancing of any state and federal funds for activities that are not mandated by federal law. Accordingly, the Department of Health Services did not release the July 2001 Medi-Cal County Administrative Claim advance payment. Advance payments will be released to the counties as soon as the state budget is enacted. Because of separate statutory authority, the Medi-Cal program will continue to pay providers for services rendered after July 1, 2001.

In 1998, legislation was enacted, AB 561, that created the continuously appropriated Medical Providers Interim Payment Fund, for the purposes of paying Medi-Cal providers, providers of drug-treatment services for persons infected with HIV, and providers of services for the developmentally disabled during any portion of a fiscal year, prior to September 1 of that year, in which a budget has not yet been enacted. This fund provides up to \$1 billion from the General Fund in the form of loans and \$1 billion from the Federal Trust Fund to the Medical Providers Interim Payment Fund.

This legislation allows the DHS to make Medi-Cal payments to providers and health plans for these services up to the time and funding limitations noted above. In a \$26 billion program, even this level of interim funding is time limited.

The Department recognizes the impact this has on the counties. However, counties are reminded of the critical role they play in making health care available to California's uninsured. The Department appreciates the counties' commitment to serve needy Californians.

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We will continue to share developments with you that will impact services in any of these areas. California has made great strides in Medi-Cal, and we are hopeful that our efforts will not be jeopardized by current budget developments.

If you have any questions regarding this letter, please contact Mr. Stan Rosenstein, Assistant Deputy Director, Medical Care Services at (916) 654-0391.

Sincerely,

ORIGINAL SIGNED BY

Diane M. Bonta, R.N., Dr.P.H.  
Director