



Review Of Governor's Reorganization Plan For Regulatory Oversight Of Managed Health Care In California

June /July 1998

In late June, the Little Hoover Commission reviewed Governor's Reorganization Plan No. 1 of 1998, which would have created a new Department of Managed Health Care, and recommended rejection of the plan. In early July, the Senate rejected the plan.

The Commission, however, believes that in order to restore public confidence, the State should act now to correct the serious deficiency in the regulation of managed care providers. At the request of the Governor and using the Reorganization Plan as a basis, the Commission recommended that the State create a new managed health care regulatory entity that will be efficient, effective and accountable to the public.

This entity, whether it is an agency or a department, should be governed by a single gubernatorial appointee confirmed by the Senate Rules Committee. The Governor and the Legislature should commit to adequately funding the new entity.

"The Little Hoover Commission urges the Legislature and the Governor to collaborate on the development of legislation that would provide unified, effective and publicly accountable regulation of managed health care . . ."

-- Richard Terzian, Chairman, Little Hoover Commission

The Commission also recommends that the State coordinate the data collection, complaint resolution and public education of all agencies involved in health care plan oversight. Finally, to enhance decision-making and increase legitimacy, public procedures should be established and the role of the regulator's advisory committee should be expanded to provide for meaningful public comment, review of proposed policies and scrutiny of the regulatory entity.

<http://www.lhc.ca.gov/lhcdir/147/reorgno2.html>



Consumer Protection: A Quality of Life Investment

June 1998

Each year, the State invests hundreds of millions of dollars in the name of consumer protection. Each year, consumers suffer losses because of unqualified professionals and fraud, unfair and anti-competitive business practices. Sometimes the losses are measured in dollars and sometimes in tears.

As California's economy has matured, consumer protection has evolved into a government imperative. Done correctly, consumer protection efforts facilitate market efficiency, improve public decision-making and empower all consumers to make smart choices while shielding the most vulnerable from the worst abuses.

During its review the Commission found that the State has an adequate, even ambitious legal framework for giving consumers a voice in the political process that often shapes their choices in the marketplace. Yet consumer advocates, business representatives and even present and past leaders of the State's consumer protection units nearly unanimously agree that as a whole the network of consumer protections is not living up to its potential. The day-to-day exigencies of operating public agencies have somehow overwhelmed the ability of the organizations to work together and be as dynamic as the markets they monitor.

"Consumers often feel powerless when fighting businesses, particularly large corporations. That imbalance of power, combined with the impact on one's quality of life that consumer problems often have, are important reasons why the state needs to take a strong role in assisting consumers. We hope your inquiry will help improve this situation."

-- Earl Lui, Consumers Union

In this report, the Little Hoover Commission makes eight recommendations to reform the State's consumer protection apparatus. In the areas of education and interagency collaboration, the recommendations seek to make the most of existing government activities by coordinating the efforts of state and local consumer-related agencies. In the area of advocacy, the recommendations seek to creatively fortify existing but underdeveloped advocacy efforts. The recommendations on the department's structure seek to better align the regulatory boards and the department – to increase accountability, flexibility and effectiveness.

<http://www.lhc.ca.gov/lhcdir/146/TC146.html>



Review Of State's Efforts To Meet Year 2000 Computer Change

May 1998

The Little Hoover Commission believes that the Year 2000 computer problem poses a unique and substantial threat to the State's business operations. And while substantial progress has been made, the Commission believes the efforts to modernize the State's computer systems would benefit from more detailed oversight and creative support on the part of California's top policy makers.

The State is not yet halfway toward finding, fixing and testing all of the computer applications that could be crippled by date-related problems. And given the high cost of failure, this task cannot really be considered finished until the programs have been tested and solid plans are in place to deal with inevitable problems.

To aid the State in its efforts, the Little Hoover Commission offers recommendations in four areas. The Commission recommends that the State increase flexibility in departmental access to funds and technological personnel, and ensure that new legislation does not distract departments' Year 2000 remediation efforts. It recommends that the State intensify oversight through more detailed reporting and independent review, and make department directors aware of their responsibilities. It also recommends that the State hold an oversight hearing to determine which projects have failed to meet the deadline and ensure that the appropriate plans are in place.

"For the State, the Y2K problem poses an enormous risk to the public services that Californians rely upon. The collection of revenue and the distribution of benefits could be interrupted. Public safety could be jeopardized by malfunctioning prison security, transportation or emergency response systems."

—Richard Terzian, Chairman, Little Hoover Commission

To address external factors, the Commission recommends that the State "get firm with vendors" and take the appropriate action to ensure that essential utility services have invested in necessary Y2K repairs. Lastly, the Commission recommends that a post-millennium review be conducted to assess the costs of diverting resources and to re-assess the Department of Information Technology's oversight role.

<http://www.lhc.ca.gov/lhcdir/y2k.html>



Beyond Bars: Correctional Reforms To Lower Prison Costs And Reduce Crime

January 1998

After more than a decade of investing in new county jails and state prisons, California faces an inmate overcrowding crisis that worsens each day. Over the last decade an increasing percentage of a growing population has been sentenced to state prison, and correctional officials see that trend continuing into the foreseeable future.

The Commission spent 10 months conducting research and analysis with the cooperation of the agencies involved and with the assistance of professional and academic experts from across the nation. In the course of its review, the Little Hoover Commission was presented with compelling evidence that prison overcrowding is not just the product of tougher sentences enacted in recent years. Overcrowding is compounded by inappropriate sanctions for low-level property criminals and a policy of incarceration instead of treatment for drug users, who because of repeated failures end up in state prisons. In addition, two out of three paroled felons in California – far more than in most other states – fail to successfully reintegrate into society. Consequently, they are returned to prison, too often having committed another crime.

"This hard hitting report exposes the reasons for the failure of California's 'get tough' prison policy . . . Prisons don't correct and sending low-level offenders to prison squeeze us out of room for violent criminals."

-- Jerry D. Hill, Field Director for Justice Fellowship California

The Commission believes that reforms should occur in three areas. First, it recommends that the State create an integrated system, constantly evaluating and expanding those strategies that work wherever they are best suited. Secondly, the State should maximize existing facilities by effectively sanctioning low-level offenders and reintegrating parolees into society. Lastly, the Commission recommends that the State expand its facilities through competitive procedures that allow private and public agencies to submit proposals and be held accountable for their performance.

<http://www.lhc.ca.gov/lhcdir/144/TC144.html>



Dollars And Sense: A Simple Approach To School Finance

July 1997

California spent almost \$34 billion on schools and the services provided at them in the 1996-97 fiscal year. Well over a third of the State's General Fund is dedicated to elementary and secondary education. Yet despite the enormity of this commitment of public dollars, the number of people is tiny who understand – accurately and completely – how the funds are parceled out to districts, school sites and individual classrooms. The funding system for education is complex and grows more so annually with each new tweak and adjustment.

The results of this complexity undermine public confidence in and support for the State's public schools in many ways, including lack of meaningful accountability, public and parent dissatisfaction, questionable equity, lack of results-oriented leadership, and high process costs.

In this report, the Commission examines the historical context of and current problems with the State's education finance system. The Commission urges the governor and the Legislature to take several steps, including:

- ❖ Redesigning the education funding system to simplify formulas, redirect the focus to educational needs rather than process and ensure meaningful equity of educational opportunity.
- ❖ Simplifying the Special Education system to ensure equity and flexibility without diminishing protections for children with special needs.

"The Hoover report lays out a series of concrete steps that could be taken to bring California's school system to some semblance of rationality."

-- Dan Walters, The Sacramento Bee

- ❖ Realigning fiscal accountability measures so they conform with and drive decision-making toward the statewide educational goals now being developed.
- ❖ Re-enforcing local control of schools by creating a local funding option.
- ❖ Convening a process to build consensus on what elements constitute an adequate education environment in California.

<http://www.lhc.ca.gov/lhcdir/143/TC143.html>



Enforcing Child Support: Parental Duty, Public Priority

May 1997

After reviewing California's Child Support Enforcement Program, the Little Hoover Commission has concluded that the program is falling far short of its traditional expectations. Of equal importance, given welfare reform and concerns over the financial health of the State's poorest families, the program is ill-prepared to take on a larger role in helping single-parent families meet basic human needs.

The Commission found that despite the confidence of state officials and promises that technology purchasing procedures have been reformed, the State was struggling to salvage a brand new \$300 million computer network that is barely functioning. Automation is an important tool in increasing child support collections. But today, the computer system actually increases the chances that children do not receive the financial support they deserve.

The Commission also discovered that welfare reforms create challenges for a child support program that did not live up to modest, pre-reform expectations. To successfully implement federal requirements – including creation of a centralized collections unit – state social service workers, county law enforcement officials and legislative leaders need to fundamentally put children at the center of reform efforts.

"The Little Hoover Commission, in a critical 1997 report on the state's collection efforts, advised the Legislature that child support should be an inescapable obligation. . . . There can be no more excuses for the lack of accountability at the state or county level, no more tolerance for a system that fails so many children."

Los Angeles Times Editorial

In short, State leaders need to make child support a priority. California's counties, as the day-to-day operators of the program, must be held accountable for meeting minimum performance standards. Reorganization efforts should be guided by the imperative that children deserve the best possible service. Automation needs to be pragmatically embraced to accomplish the routine and counterweighted with a pledge to resolve problems person to person. And finally the commitment to do better must be renewed with every birth in California, because every child is entitled to financial and emotional support.

<http://www.lhc.ca.gov/lhcdir/142/TC142.html>