



May 3, 2018

The Honorable Ed Hernandez
Chair, Senate Health Committee
State Capitol, Room 2080
Sacramento, CA 95814

Re: Senate Bill 1108 (Hernandez) - CONCERNS

Dear Senator Hernandez:

On behalf of the California Association of Public Hospitals and Health Systems and the millions of patients they serve, I am writing to express our concerns regarding your bill SB 1108 that could compromise future Medicaid waiver negotiations and funding. We support the intent of your legislation and appreciate your efforts to protect the Medi-Cal population from changes to Medicaid eligibility such as work requirements, which would result in restricted participation in the program. However, we are concerned that this bill could unnecessarily complicate negotiations with the federal government for the next waiver and could ultimately reduce or restrict federal funding for Medi-Cal enrollees and safety net providers.

As you know, California's 21 public health care systems are the core of the state's health care safety net, delivering care to all who need it, regardless of ability to pay or insurance status. Though just six percent of all California hospitals statewide, public health care systems serve 2.85 million Californians each year and provide nearly 40 percent of all hospital care to the state's uninsured residents. They deliver 10 million outpatient visits per year; operate more than half of the state's top-level trauma centers and burn centers; and train 57 percent of all new doctors in the state. They provide more than 30 percent of all hospital care to the state's Medi-Cal population and serve hundreds of thousands more in the primary and specialty care settings. To a large extent, their patient population has complex and multiple medical needs.

In December 2015, the federal Centers for Medicare and Medicaid Services (CMS) approved California's five-year and roughly \$7 billion Medicaid waiver that offered an historic opportunity to test new payment and delivery system reforms to improve health for our state's Medi-Cal enrollees. With your leadership and support to implement the waiver through SB 36 (Hernandez) in 2015 and SB 815 (Hernandez) in 2016, public health care systems have demonstrated a number of early achievements. For example:

- **Public Hospitals Redesign and Incentives in Medi-Cal (PRIME):** In the first two years, public health care systems have met over 90% of their improvement targets for this pay-for-performance program. In addition, last year they screened an additional 16,000 patients for colorectal cancer and 25,000 patient for tobacco. They have also made significant strides in reducing readmissions and in improving coordination with behavioral health.
- **Global Payment Program:** This innovative payment reform program for the remaining uninsured creates incentives for public health care systems to shift more care to the primary care setting, increase their use of non-traditional services (e.g. econsultation, nurse advice lines, and mobile visits) and improve care

coordination with providers. After the second year of the GPP, public health care systems have increased primary care services, expanded the use of nontraditional services and reduced inpatient utilization.

- Whole Person Care: With more than 35,000 enrolled in local programs throughout the state, these county-based pilots are collaborating on new efforts to address the root causes of health by providing individualized care plans that include behavioral health coordination, housing supports, coordinated care management, and assistance with food and transportation services.

The waiver programs are already improving the state's health care services – and as a result, the health – of low income patient populations in California. We also recognize that the waiver programs can only be successful if our patients are enrolled in eligible coverage and can obtain the services they need, without restriction.

Although we support the goals of SB 1108 to forestall any restrictions to Medi-Cal eligibility, we have concerns about initiating the terms of a state/federal negotiation before a dialogue has even begun. More than two years of current waiver funding and activities remain, and public health care systems are working hard to make a strong case that the current waiver has resulted in improvements in health outcomes, better coordination and efficiencies. It is our hope that any subsequent waiver negotiation would take into account the evidence of this waiver's success, and include recommendations for how to build on this progress that would benefit both the state and federal government. SB 1108 could complicate this process and pre-empt the conditions for this negotiation, which could compromise the state's ability to reach agreement and renew critical funding for California.

For these reasons, we remain concerned about SB 1108. I would welcome the opportunity to have a more in-depth discussion with you regarding our concerns. This is a complicated situation wherein we acknowledge and support your goal of protecting against restrictive changes to Medi-Cal eligibility standards but are also striving to create the most positive environment for our future waiver negotiations. The language in SB 1108 could impede the state's ability to initiate productive discussions with CMS, which would hopefully lead to long-term benefits for the Medi-Cal population. If you have any questions, please feel free to contact me directly or Terri Thomas, our Sacramento representative at 916-325-1010. Thank you for your consideration of our views.

Sincerely,



Erica Murray
President and CEO

cc:

Melanie Moreno, Committee Consultant
Terri Thomas, Thomas Advocacy