



April 21, 2021

The Honorable Nancy Skinner  
Chair, Senate Budget and Fiscal Review Committee  
State Capitol, Room 5019  
Sacramento, CA 95814

The Honorable Phil Ting  
Chair, Assembly Budget Committee  
State Capitol, Room 6026  
Sacramento, CA 95814

**Re: SUPPORT 2021-22 State Budget Request – \$300 Million for Public Health Care Systems’  
Pandemic Response and Care Delivery for Medi-Cal FFS COVID-19 Patients**

Dear Senator Skinner and Assemblymember Ting,

We the undersigned members of the California State Senate and State Assembly write in strong support of the \$300 million one-time funding request in the 2021-22 State Budget to support critical care delivery needs at California’s public hospital and health care systems during and beyond the pandemic. As public health care systems continue their pandemic response efforts, additional funding must be prioritized for these systems, which will be critical to ensure they can effectively meet COVID-19 related demands and preserve vital infrastructure. Specifically, this funding will be used to offset costs associated with the increase in Medi-Cal fee-for-service (FFS) COVID-19 patients.

As you know, California’s public health care systems are the core of the state’s health care safety net, delivering high-quality care to more than 2.85 million patients annually, regardless of ability to pay or insurance status. These systems include county-owned and -affiliated facilities, as well as the University of California (UC) medical centers. Most patients seen in public health care systems are either Medi-Cal beneficiaries or uninsured. These systems also operate over half of the state’s top-level trauma and burn centers, and train half of all physicians in the state.

The mission and mandate of public health care systems is to serve everyone, regardless of ability to pay or other circumstance, and this has never been more visible or important than

during this pandemic. As noted, these systems are caring for many of the state's most vulnerable patients, including low-income essential frontline workers, immigrants and communities of color, persons who are living without a home, and those with other complex social and medical needs.

Public health care systems experienced a dramatic increase in the number of Medi-Cal patients requiring COVID-19 hospitalization, particularly those requiring care in intensive care units. According to state reports, this has been especially true for Medi-Cal FFS patients which include uninsured individuals that sign up for coverage while getting care (presumptive eligibility), undocumented individuals with limited scope Medi-Cal coverage and other populations that are carved out of managed care. Public health care systems receive no funding from the State General Fund for serving Medi-Cal FFS patients, which comprise roughly 30% of public health care systems' hospitalizations. They must provide the entire non-federal share. Yet, the federal portion of their reimbursement only covers roughly 65% of public health care systems' costs. As a result, as public health care systems' COVID-19 hospitalizations rise, so do their unreimbursed costs. At the same time, due to federal rules, public health care systems cannot claim other federal funds like the Provider Relief Fund to offset these expenses – a financing challenge that no other types of hospitals share. State funding would be used to help offset these costs and support public health care systems' efforts to continue providing much-needed services for Medi-Cal FFS patients with COVID-19.

Since the start of the pandemic, public health care systems have played an integral role in the public health response effort. Working alongside their local public health departments and emergency personnel, and in many cases directly with the California Department of Public Health, public health care systems have executed a swift, thorough, and effective response to the pandemic. These systems have been critical in California's response efforts by expanding surge capacity to meet the influx of COVID-19 positive patients; assisting with the vaccine development and helping California achieve an equitable distribution of our vaccines; and maintaining their robust testing capabilities – even while responding to the surge and playing a key role in the vaccine role out.

Public health care systems have become increasingly concerned that they cannot sustain their robust, community-wide response efforts, while also continuing to provide hospital care to the state's most vulnerable patients, including nearly 40% of the state's uninsured and over 35% of Medi-Cal patients in their communities – numbers that will likely only increase as this crisis persists and as our state recovers. Even as these systems pursue all possible sources of support at the federal and state level, significant funding gaps for public health care systems remain and could worsen during the upcoming fiscal year.

In light of these needs and the critical role public health care systems play, we urge the inclusion of a one-time investment of \$300 million in the State General Fund to offset unreimbursed costs associated with the increase in Medi-Cal FFS COVID-19 patients at these systems.

This request will provide critical support for public health care systems to ensure that Medi-Cal and uninsured patients, and California's most vulnerable can continue to have access to high-quality care during and beyond the pandemic.


Thank you for your consideration of this request.



Sydney K. Kamlager  
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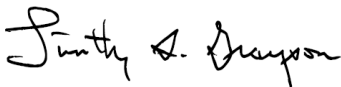
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Assemblymember, District 9



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