

September 27, 2024 - President's Message

Dear Public Health Care System Leaders,

I don't know about you, but I wear my Nerd Badge proudly. You have to if you're going to devote your career to Medicaid financing! This past Monday, September 20, I had the privilege of attending America's Essential Hospital's 12th annual [Medicaid Summit](#), in which colleagues from public and private safety net hospitals gathered to spend the day talking about supplemental payments – doesn't get much nerdier than that! I came away from the discussion appreciating:

The new chapter of State Directed Payments (SDRs). Last spring, CMS finalized a [rule on Medicaid managed care payments](#) that allows states to increase SDRs up to the Average Commercial Rate (ACR.) The opportunity for parity between historically low Medicaid rates and commercial reimbursements is huge and could dramatically increase Medicaid supplemental payments across the country. CAPH has already been working with DHCS to seek 70% increases for both the Enhanced Payment Program (EPP) and the Quality Incentive Program (QIP). And those programs could potentially increase even more, depending on the gap to ACR.

The vulnerabilities with self-financed supplementals. Here in California, the State's under-investment in Medi-Cal shifts the burden of financing the non-federal share of supplemental payments, including SDRs, to public health care systems. If the EPP and QIP increases are approved, PHS will be putting up a total of \$6 billion annually in non-federal share across all our supplemental payments (and for Medi-Cal inpatient care), an enormous sum of money for a small number of health care systems. We need to continue to press the State to invest in its Medi-Cal program and pay its fair share.

The potential for a resurgence of restrictive Medicaid policies under a Trump Administration. If Trump wins the election, we can expect to see a resurgence of policies like public charge, Medicaid work requirements, and other efforts to whittle away at Medicaid expansion. Our already fragile financing system could come under further strain as recent advancements are questioned or reversed. Should that happen, we will need to work together to protect our patients and preserve their care. See you at the next nerdy event, I hope!

Sincerely,

Erica Murray

President & CEO
California Association of Public Hospitals and Health Care Systems

Facing a potential federal government shut down on October 1—the first day of the new federal fiscal year—the House and Senate have passed a short-term spending bill, known as a Continuing Resolution (CR), with bipartisan support, to keep the federal government running through December 20th. If the President signs the CR, attention will turn to a potentially contentious debate over spending decision as the CR’s expiration on December 20 approaches. Funding for several key programs, including Disproportionate Share Hospitals (DSH) payments, is set to expire at the end of the calendar year on December 30, 2024, making them central to the upcoming budget discussions.

Given the significance of these issues, the AEH/CAPH “fly-in” lobby day on December 9-10 will be a critical opportunity for public health system advocacy. We, along with AEH, strongly encourage our members to participate. We will share more information as it becomes available.

Transforming Episode Accountability Model (TEAM)

On September 5, 2024, the Centers for Medicare and Medicaid Services (CMS) released a [list of hospitals](#) located within selected Core Based Statistical Areas for mandatory participation in the Medicare [TEAM model](#), including several public healthcare systems. CMS is requesting each listed hospital designate contacts for TEAM-related communications by completing the online [TEAM Primary Point of Contact Identification Form](#).

As a reminder, CMS finalized this new value-based model via the 2025 inpatient prospective payment system final rule. The TEAM model builds on the CMS Innovation Center's experience with episode-based alternative payment models, such as the Bundled Payments for Care Improvement Advanced and the Comprehensive Care for Joint Replacement Models. This model is scheduled to launch on January 1, 2026, and will operate for five years, ending on December 31, 2030.

State Legislative Update

The Legislature adjourned the 2023-24 Legislative Session, and the Governor has until September 30 to sign or veto pending bills. CAPH will continue to monitor and provide updates as we approach this deadline.

Legislation Signed by the Governor

[AB 1902 \(Alanis\)](#) requires pharmacies to provide accessible prescription labels at no additional cost to patients who identify as blind, having low-vision, or are otherwise print disabled. AB 1902 is sponsored by the California Council for the Blind. CAPH supported this bill.

[AB 2561 \(McKinnor\)](#) establishes requirements and strategies to fill vacancies for public agencies with high vacancy rates, or more than 20% of the total number of full-time positions within a single bargaining unit. AB 2561 is sponsored by AFSCME, SEIU California, and the California Labor Federation. CAPH opposed this bill.

[SB 819 \(Eggman\)](#) clarifies existing law to allow intermittent or mobile health clinics operated by license-exempt public health system clinics to qualify for streamlined Medi-Cal enrollment if they are operated by license-exempt public health system clinics. However, CAPH is concerned about ambiguous language that may restrict mobile clinics’ ability to operate at full capacity, potentially limiting their hours of operation. CAPH supported the intent of this bill and plans to seek a technical fix to ensure smooth implementation.

Vetoed Legislation

[AB 2250 \(Weber\)](#) would make social determinant of health screenings a covered benefit under Medi-Cal and require the Department of Health Care Services to develop guidance and regulations. AB 2250 was sponsored by the California Primary Care Association. CAPH was in support of this bill.

[SB 1220 \(Limon\)](#) would prohibit a local and state agencies that administer public benefits programs from contracting with call centers that use Artificial Intelligence (AI) or automated

decision systems to minimize the potential elimination of core job functions of a worker. SB 1220 was sponsored by SEIU California and the California Labor Federation. CAPH was opposed to this bill.

[SB 1432 \(Caballero\)](#) would extend the 2030 deadline for hospitals to meet state seismic retrofit requirements under certain conditions. SB 1432 was sponsored by the California Hospital Association. CAPH was in support of this bill.

Legislation Pending Final Action by the Governor

[AB 2115 \(Haney\)](#) would allow practitioners authorized to prescribe methadone at registered clinics to dispense a 72-hour supply to relieve acute withdrawal symptoms and establish additional requirements for arranging referrals to opioid addiction treatment. AB 2115 is sponsored by the San Francisco Department of Public Health. CAPH is in support of this bill.

[AB 2703 \(Aguilar-Curry\)](#) would allow Federally Qualified Health Centers (FQHCs) to bill for services provided by psychological associates under the supervision of licensed psychologists. AB 2703 is sponsored by the California Primary Care Association. CAPH is in support of this bill.

[AB 2975 \(Gipson\)](#) would require hospitals to install weapons detection systems, such as metal detectors, at specified entrances and have trained staff available to confiscate weapons. AB 2975 is sponsored by SEIU California. CAPH moved to a neutral position on this bill following final amendments to the language.

[AB 3059 \(Weber\)](#) would require health plans to provide coverage of medically necessary human donor milk obtained by a tissue bank and clarifies which entities may distribute donor milk. AB 3059 is sponsored by the University of California. CAPH is in support of this bill.

Updated Guidance for CalAIM Enhanced Care Management

In an effort to reduce administrative burdens and delays in ECM referrals and authorization, the Department of Health Care Services (DHCS) released new [ECM Referral Standards](#) and an updated ECM presumptive authorization policy, outlined in the [ECM Policy Guide](#) (page 107). DHCS will host a webinar open to all on **October 9**, from **11:00 a.m. – 12:00 p.m.**, to review the updated guidance, which will take effect on January 1, 2025. Register [here](#).

Data Exchange Framework (DxF) September Meeting

The Joint DxF Implementation Advisory Committee (IAC) and Data Sharing Agreement (DSA) Policies & Procedures Subcommittee met on September 17, 2024, to review updates on California's DxF progress and implementation. The State reported that over 2,500 organizations have signed the DSA, representing 4,000 participants, with Qualified Health Information Organizations now facilitating data exchange for half of these signatories.

Additionally, the State is developing a three-year roadmap to outline DxF implementation priorities for 2025-2027, including event notifications, social services data exchange, consent management, public health data integration, impact measurement, and a DxF Signatory Campaign Strategy. The Center for Data Insights and Innovation will gather input from stakeholders and other State Departments this fall, with the goal of finalizing the roadmap by the end of 2024. Implementation will begin in January 2025.

CAPH will review the roadmap once it is released and coordinate with members to collect feedback. The next IAC meeting is scheduled for **November 7, 2024**, from **12:30 PM – 3:00 PM**, where the DxF roadmap will be discussed further.

Resources

Early Bird Registration for the 2024 CAPH/SNI Annual Conference – closing on 10/18!

[Secure your spot now](#) for the CAPH/SNI Annual Conference, taking place December 4-6

at the Meritage Resort and Spa in Napa, CA. This year's theme, **Our Mission: Prioritizing Patients**, highlights our shared dedication to putting patients first. Join us for dynamic discussions and collaborative sessions that will explore innovative strategies to enhance care quality in our communities. **Early bird registration ends October 18**, so register today to take advantage of the discount!

Make sure to [reserve your room](#) at the Meritage Resort and Spa, Napa to lock in the special CAPH/SNI group rate of \$287.10 per night. The booking cut-off date is November 1, but availability isn't guaranteed – rooms fill up quickly, so book now!

We're thrilled to share a preview of our incredible lineup of speakers and panel sessions, all focused on our commitment to prioritizing patients. Keep an eye on our [website](#) for updates — more exciting announcements are on the way!

Behavioral Health Task Force Lunch and Learn Webinar

On **October 15, 2024, from 12:00 p.m. to 1:30 p.m.**, the Behavioral Health Task Force (BHTF) will hold a *Lunch and Learn webinar*. The session will focus on Population-based Prevention and include guests like Tomás Aragón, MD, DrPH, Director of the California Department of Public Health and the State Public Health Officer and Julie Nagasako, Deputy Director, Office of Policy and Planning, California Department of Public Health. This session will help prepare participants for a deeper discussion at the BHTF Quarterly Meeting on November 13, 2024.

Advanced [registration](#) is required. For more information and to view the 2025 BHTF Quarterly Meeting schedule please visit the [BHTF website](#).

DHCS Summits on Harm Reduction in SUD Treatment

The DHCS will be hosting five summits on Harm Reduction in SUD Treatment. These summits are designed to reduce stigma and promote implementation of harm-reduction approaches in SUD treatment services.

[Registration](#) is now open for all five summits, taking place in:

- Shasta, October 24, 2024
- San Mateo, November 19, 2024
- Fresno, January 23, 2025
- San Diego, February 11, 2025
- Los Angeles County, February 27, 2025

The summits are open to all SUD treatment providers and staff, including social workers, peers, front desk staff, case managers, nurses, physicians, and administrative staff working in SUD treatment settings. Participants will learn best practices for integrating harm reduction into treatment settings. For additional information and to register, visit the event [website](#).

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