California Hospital Association

September 15, 2021

Secretary Mark Ghaly, MD
California Health and Human Services Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Dear Secretary Ghaly:

Hospitals are facing the worst staffing shortage since the beginning of the pandemic, a shortage that is coinciding with the worst patient surge yet for many communities across the state. California's hospitals have been struggling to meet these challenges, and need the state's immediate support to ensure care is available for all who need it in the coming weeks and months. We must work together to mitigate this staffing shortage to blunt the damage it is doing to hospitals' ability to care for patients during this fourth wave. These measures are imperative and will lay a critical foundation as we brace for what will likely be yet another wave this winter.

We have fewer people working in hospitals than we had 18 months ago, as COVID-19 has taken a devastating physical and emotional toll on California's health care workforce. Many health care workers have reached their breaking point and are leaving hospital employment, retiring early, or leaving their profession altogether. As an example, one hospital system in the San Diego area recently reported that job openings have grown by more than 50% and nurse vacancies have increased by 96% (Nurse shortages in California reaching crisis point | CalMatters).

Under normal circumstances, hospitals turn to travel nurses and other staff to help fill these temporary gaps. But in recent weeks, staff from contracted agencies have become next to impossible for many California hospitals to obtain due to national hotspots that are sapping qualified health care workers. When they have been able to secure some, travel staff have in many cases been untested, unprepared, or unwilling to do the work required, according to several reports.

At the same time the availability of these temporary staff has dramatically declined, the cost has skyrocketed. In January 2021, the maximum amount the state would pay a staffing agency for contracted staff was $200/hour. Staffing agencies are now quoting hospitals at $300/hour — a more than 50% increase in less than a year. For 10 nurses at that rate for four weeks, a hospital would incur a cost of nearly half a million dollars ($480,000). Many hospitals cannot bear such a cost — the reimbursement from government or private payers will never cover that cost, and hospitals cannot allocate such substantial resources up front. For others, it will mean that the toll of this latest surge will be felt for years to come.

Further, hospitals' limited staff should be focusing their time on acute care delivery so Californians receive needed services without delay. As you know, our members are reporting that they are experiencing higher patient acuity and volume, from both COVID-19 and non-COVID-19 patients.

While plans supported providers early in the pandemic, many have returned to business as usual. Certain health plan practices create excessive administrative barriers or mean there is limited staff availability at critical times, resulting in delays of care for patients. One hospital in a small rural county reports that a certain plan requires contacting at least 10 in-network facilities before considering an available bed with a non-contracted provider. We have also heard from many hospitals that one health plan closes its utilization management office at 3 p.m. on Friday and does not reopen until 10 a.m. on Monday. While many of these concerns pre-date the pandemic, the current public health emergency demands rapid solutions to protect patients and alleviate the strain on hospitals.

Given these circumstances, we implore the state to take immediate action on the following:

1. **Reinstate the state cost-sharing program for travel staff.** Until March 1, the state shared in the cost of travel nurses that the Emergency Medical Services Authority and California Department of Public Health contracted for through staffing agencies. Since the state discontinued cost sharing effective March 1, hospitals have had no support to cover these increased pandemic-driven costs. Cost sharing for travel staff needs to be re-established, and retroactive to July 1, to cover this summer surge and as hospitals brace for a winter surge. These agencies could do this by making it an option for hospitals to provide proof of the payments they have made to staffing agencies. The agencies could use hospital surge data to determine the situations most appropriate for state support and reimburse the hospital for a percentage of those expenses (e.g., 25, 50 or 75%).

2. **Direct the Department of Managed Health Care and Department of Health Care Services to increase oversight of health plans during the COVID-19 State of Emergency on preauthorization and payment for services**. Commercial and Medi-Cal managed care plans need to partner with hospitals to care for patients in a timely manner by ensuring those no longer needing hospital care can be discharged, and reimbursing hospitals for the care they provide. The state should exercise its oversight of health plans by directing the Departments of Health Care Services and Managed Health Care to do the following for the duration of the State of Emergency:

    a. Require plans to respond to prior authorization requests approved by the patient's attending physician within 24 hours of the request or stipulate that services are deemed approved. Prior authorization processes vary widely by plan and in many cases have created unnecessary delays in care. Patients end up waiting for days or weeks in the emergency department or inpatient beds, creating backlogs and further straining capacity.

    b. Issue an All Plan Letter reminding plans of their responsibility to adhere to established medical necessity criteria when evaluating authorization requests and require Medi-Cal managed care plans to adhere to Medi-Cal FFS guidelines for service criteria and payment (absent contractual agreements). Per regulations, if a client meets criteria that outlines

eligibility for services, the service should be authorized. However, hospitals consistently report a lack of adherence to medical necessity criteria when assessing service requests.

c. Require all commercial and Medi-Cal managed care plans to have utilization management staff available seven days a week. Patient care is 24 hours a day, seven days a week and admissions and discharges should not be delayed due to limited plan staff availability.

3. **Suspend CDPH survey activity through the end of the year.** Surveys (investigations) of complaints and facility-reported incidents, some dating back almost a decade, that have been conducted during this surge are time-consuming and pull clinical staff away from patient care. While we appreciate recent direction by CDPH to prioritize only the highest level (Immediate Jeopardy) complaints and facility-reported incidents at certain hospitals, more is needed. An All Facilities Letter that suspends all investigations of complaints and facility-reported incidents, and makes clear that CDPH will not restart relicensing surveys, through at least December 31, 2021, will ensure staff are available for patient care. This would be consistent with the statewide space waiver in effect during that same time period. Similar suspension of Centers for Medicare & Medicaid Services activity that CDPH carries out on its behalf is also needed.

4. **Issue an All Facilities Letter that extends provisional approval of team nursing program flexibility requests**. CDPH has indicated that it will provisionally approve requests for team nursing flexibility for seven days. We ask that provisional approvals be extended for whatever period CDPH needs to make its final determination. Otherwise, hospitals may move in and out of approved status. Creating teams to provide care is not something that has a quick "on/off" switch — it requires recruiting and training staff, and hospitals that are going to implement these strategies need certainty that they will be in place for some time. An All Facilities Letter should provide clear provisional approval — until CDPH acts on the program flexibility requests — so that there is no gap in authority.

5. **Expand the Hotels for Health Care Workers program statewide**. This statewide program to provide travel staff and other health care workers with hotel rooms was shut down June 15 in all but three counties (Riverside, Imperial, and San Diego). This program from the California Health and Human Services Agency and Department of General Services should be restarted to provide support statewide. Hospitals cover not just the costs charged by staffing agencies, but also the costs to house travel staff, an additional burden and barrier to ensuring staffing levels can meet California's health care needs.

For your awareness, CHA is formally asking the California Attorney General's Office to look into skyrocketing rates that staffing agencies charge for travel nurses and other personnel, and the qualifications of the workers provided. Any practices by staffing agencies that take advantage of this crisis must be thoroughly investigated.

Mass vaccination is the most direct path to end this pandemic. Yet, the upcoming September 30 deadline for health care workers to be vaccinated will exacerbate staffing challenges, particularly in the regions already hardest hit by this current wave. There will be a correlation between geographic areas that have high rates of non-vaccination and employee departures to avoid the mandate. Staff that leave the

hospital field due that requirement, or take a leave of absence, will mean fewer caregivers available for the still growing number of patients in these communities.

Your timely response to these pressing matters is appreciated.

Sincerely,

Carmela Coyle
President & CEO

cc: Marko Mijic, Undersecretary, California Health and Human Services Agency
Elizabeth Basnett, Assistant Secretary, California Health and Human Services Agency
Tomás Aragón, Director, California Department of Public Health
Mary Watanabe, Director, Department of Managed Health Care
Michelle Baass, Director, Department of Health Care Services
Dave Duncan, Director, Emergency Medical Services Authority
Cassie Dunham, Acting Deputy Director, California Department of Public Health