TEMPLATE LETTER – Please place on hospital letterhead and add hospital-specific details

DATE

The Honorable Susan Talamantes Eggman

Chair, Senate Budget and Fiscal Review Committee, Subcommittee No. 3

on Health and Human Services

1021 O St., Suite 8530

Sacramento, CA 95814

**SUBJECT:**  **Increase Access to Equitable Health Care, Invest in Health Care**

**Workforce — SUPPORT**

Dear Senator Eggman:

HOSPITAL NAME is pleased to support three of this year’s critical budget proposals: the California Hospital Association’s stakeholder proposals to increase access to equitable health care for Medi-Cal beneficiaries and add funding for the state’s graduate medical education (GME) program, and Governor Newsom’s proposal to make other major investments in the state’s health care workforce.

**Increased Access to Equitable Health Care**

Medi-Cal provides health coverage to low-income Californians — one-third of the entire state and nearly half of all children. Those who rely on Medi-Cal coverage are disproportionately people of color (two-thirds are non-white). But Medi-Cal beneficiaries are shortchanged: systemic underfunding means that those who care for Medi-Cal patients are reimbursed just 74 cents for every dollar they spend providing care, resulting in fewer resources for California’s most vulnerable communities.

State law requires Medi-Cal inpatient fee-for-service (FFS) reimbursement for private and district hospitals to be fixed at 2012-13 levels, while expenses for patient care — things like health care worker salaries and benefits, supplies, pharmaceuticals, utilities, and more — have increased by more than 45% during that same period. Designated public hospitals use their own resources, instead of receiving state general funds, to provide care to Medi-Cal FFS patients, resulting in reimbursement that covers only about half of the cost to care for hospitalized patients.

The impact on communities of color is significant. Outdated payment methodologies and the state’s overreliance on self-financed supplemental payment programs have led to substantial underfunding of the Medi-Cal program for patients and communities served by California’s critical safety net providers, which disproportionately affects people who are often at the highest risk of poor health. The formula for reimbursing hospitals does not account for sicker, more disadvantaged communities and has not been increased since its inception a decade ago — all while the needs of communities with socioeconomic challenges have continued to grow.

For these reasons, we urge your support of the proposal to address systemic funding issues and account for the individual challenges patients face, including:

* Replacing the policy that froze hospital APR-DRG (a schedule of payments for common

procedures) rates at 2012-13 levels

* New, annual payment adjustments to account for the social and environmental challenges patients may be experiencing
* Converting public hospitals’ Medi-Cal fee-for-service inpatient reimbursement to a value-based structure that includes state General Fund support

**Investments in the Health Care Workforce**

Statewide, patients in California face a health care system lacking enough nurses, physicians, pharmacists, behavioral health professionals, lab scientists, geriatric specialists, and physical therapists to provide the care they need. A [UC San Francisco study](https://healthworkforce.ucsf.edu/sites/healthworkforce.ucsf.edu/files/Impact%20of%20the%20COVID-19%20Pandemic%20on%20California%E2%80%99s%20Registered%20Nurse%20Workforce%20-%20Preliminary%20Data.pdf) of the state’s nursing shortage reports it will take until 2026 to close the state’s current nursing gap.

*Graduate Medical Education*

The CHA stakeholder proposal also aims to help ensure Californians have access to the care they deserve by increasing funding for the state’s GME program. It is vital to the health of Californians to further fund programs that train doctors across the state**.** Supporting GME programs in the following ways will be key to replenishing our depleted health care workforce:

* Expand the Medi-Cal GME program to include **all eligible hospitals**, not just the designated public hospitals
* Eliminate the self-financing requirement and dedicate ongoing state General Fund resources to support these vulnerable programs

*Workforce Training and Support*

Each year hospitals invest millions of dollars in training California’s next generation of health care providers, but closing the massive gaps ahead will require additional long- and short-term solutions. The pandemic has delayed education and training for thousands of new health care workers and slowed the already insufficient pipeline of those who would care for Californians now and into the future. A shortage of student openings in nursing and medical school programs has created enormous barriers to entry into the health care workforce, and outdated licensure requirements make it difficult for California to recruit nurses from other states.

We applaud Governor Newsom’s proposal for Investment in the Care Economy Workforce of $1.7 billion over three fiscal years, and in particular the proposed funding of incentives for increasing the state’s nurses, social workers, emergency medical technicians, and behavioral and community health workers.

HOSPITAL NAME appreciates these important budget proposals for their potential to ensure all Californians have access to the health care they deserve. We urge you to support them.

Sincerely,

Name

Title

Cc: Members, Senate Budget Subcommittee No. 3

Scott Ogus, Consultant, Senate Budget Subcommittee No. 3

Anthony Archie, Senate Republican Caucus

Dr. Mark Ghaly, Secretary, Health and Human Services Agency

Richard Figueroa, Deputy Cabinet Secretary, Office of the Governor

Tam Ma, Deputy Legislative Secretary, Office of the Governor

Michelle Baass, Director, Department of Health Care Services