



February 24, 2022

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

The Honorable Dr. Joaquin Arambula  
Chair, Assembly Budget Committee, Subcommittee No. 1 on Health and Human Services  
1021 O St., Room 6240  
Sacramento, CA 95814

**Subject: Invest in Medi-Cal Graduate Medical Education — Support CHA Request**

Dear Senator Eggman and Assembly Member Arambula:

As a result of the pandemic, California hospitals are facing the worst staffing shortage in recent history. Nationally, the number of health care workers has dropped by 20% since the beginning of the pandemic — with many deciding to retire early, leave hospital employment, or leave the profession altogether. In California, more than 40% of hospitals are experiencing dire workforce staffing challenges at a time when our state's health workforce is already depleted, after nearly two years of fighting the pandemic.

The pandemic has also 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. Despite the efforts made by hospitals to invest millions of dollars in training California's next generation of health care providers, addressing these massive gaps will require additional long- and short-term solutions.

The California Hospital Association (CHA) supports Gov. Newsom's proposed investments in rebuilding the health care workforce. These proposals prioritize \$1.7 billion in general fund spending over three fiscal years to increase the ranks of the state's nurses, social workers, emergency medical technicians, and behavioral and community health workers. To further assure Californians have access to the care they deserve, CHA is sponsoring a proposal to add funding to the state's graduate medical education (GME) program and sustain an investment in doctors to provide that care.

California is home to the second largest number of teaching hospitals and residents in the country, second only to New York, providing hands-on experience and training for the state's future physicians.

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However, even though our hospitals train more doctors than nearly every other state, California is nearly last in the country with state support for GME programs. Absent two small physician training programs funded by the state's general fund, these costly GME programs are largely underfunded and are at significant risk as hospitals begin their long road to financial recovery following the pandemic.

It doesn't have to be like this. As we've seen in the Medi-Cal program, there is a unique opportunity to receive enhanced federal funding to support GME. In fact, California received approval from the Centers for Medicare & Medicaid Services (CMS) to implement the existing GME program in 2020<sup>1</sup>. Unfortunately, the CMS-approved GME program is limited to only 21 designated public hospitals because the state required it to be self-financed. While the current GME program is truly a success — bringing in over \$240 million in federal funding annually<sup>2</sup> — over 85 private and district hospitals currently are not eligible to participate. Unlike the proposed \$1.7 billion in workforce investments, increasing funding for this program is a unique opportunity to invest from the state's general fund and generate hundreds of millions in new federal funds to support our workforce concerns.

Supporting these GME programs will be critical in rebuilding our depleted health care workforce. We urge state leaders to expand Medi-Cal GME to private and district hospitals and eliminate the requirement for designated public hospitals to self-finance their vulnerable programs. Please see the attached proposal. We look forward to discussing this proposal with you and your staff in the near future.

Sincerely,



Kathryn Austin Scott  
Senior Vice President, State Relations and Advocacy

cc: Members, Senate Budget Subcommittee No. 3  
Members, Assembly Budget Subcommittee No. 1  
Scott Ogus, Consultant, Senate Budget Subcommittee No. 3  
Andrea Margolis, Consultant, Assembly Budget Subcommittee No. 1  
Anthony Archie, Senate Republican Caucus  
Eric Dietz, Assembly 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

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<sup>1</sup> State Plan Amendment 17-009; <https://www.dhcs.ca.gov/formsandpubs/laws/Documents/SPA-17-0009-Approved.pdf>

<sup>2</sup> Page 641; [https://www.dhcs.ca.gov/dataandstats/reports/mceestimates/Documents/2021\\_November\\_Estimate/N21-Medi-Cal-Local-Assistance-Estimate.pdf](https://www.dhcs.ca.gov/dataandstats/reports/mceestimates/Documents/2021_November_Estimate/N21-Medi-Cal-Local-Assistance-Estimate.pdf)