



July 6, 2022

The Honorable Chris R. Holden
Chair, Assembly Appropriations Committee
1021 O St., Suite 8220
Sacramento, CA 95814

SUBJECT: SB 979 (Dodd) — SPONSOR

Dear Chair Holden:

California's hospitals and health systems have been at the forefront of caring for patients during the COVID-19 pandemic. Among the lessons learned from the pandemic is that California's health care delivery system functions best with clear and consistent statewide flexibilities and direction. However, during a declared emergency, California's health plan and insurer regulators don't have the authority they need to act swiftly to ensure patients in California hospitals can get the care they need when they need it most. Senate Bill (SB) 979 (Dodd, D-Napa) would streamline the process for these state regulatory agencies to respond to and support the health care delivery system when the governor declares a state of emergency, or the state public health officer declares a public health emergency.

The Department of Managed Health Care (DMHC) and the Department of Insurance have automatic authority during a state of emergency to take specified actions. This includes requiring health plans to approve patients to see out-of-network providers if in-network providers are unavailable or relaxing time limits for prior authorization or filing claims. However, DMHC and the Department of Insurance only have this authority when enrollees or the insured are physically "displaced" due to the emergency. During a pandemic like COVID-19, individuals are not physically displaced, so this DMHC and Department of Insurance authority doesn't apply. As a result, during COVID-19, hospital beds became filled with patients who no longer needed acute care, but could not be discharged because they needed post-acute services that health plans and insurers were too slow to authorize under timelines not suited to an emergency. In addition to resulting in unnecessary utilization of high-cost services, these delays impeded access to inpatient beds for new patients needing life-saving acute care.

At little to no cost, SB 979 would give DMHC and the Department of Insurance the authority to require health plans and insurers to take additional steps to assist their members whose health is affected by a disaster by speeding up prior authorization timelines, even if the members are not "displaced." COVID-19 has shown the necessity of having a health care system that responds to changing health care needs during a state of emergency. Without SB 979, there would be no guarantee that the state's health care providers will have the flexibility to ensure their patients can receive critical care in future disasters.

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For these reasons, the California Hospital Association and its more than 400 hospital and health system members strongly urge your "AYE" vote on SB 979.

Sincerely,

A handwritten signature in black ink that reads "Vanessa Gonzalez". The signature is written in a cursive style with a long, sweeping flourish at the end.

Vanessa Gonzalez
Legislative Advocate

cc: The Honorable Bill Dodd
Members of the Assembly Appropriations Committee
Allegra Kim, Consultant, Assembly Appropriations Committee
Gino Folchi, Consultant, Assembly Republican Caucus