June 13, 2024

The Honorable Mia Bonta
Chair, Assembly Health Committee
1021 O St., Room 390
Sacramento, CA 95814

SUBJECT: SB 1300 (Cortese) — OPPOSE UNLESS AMENDED

Dear Assembly Member Bonta:

There is no greater priority for California's hospitals than caring for their communities and ensuring access to quality health care. However, hospitals are facing challenges that are forcing them to eliminate or reduce services just to keep their doors open. The California Hospital Association (CHA) supports policy changes and payment reforms that can improve access to care. Unfortunately, Senate Bill (SB) 1300 (Cortese, D-Campbell) does not address the challenges that might force a hospital to reduce services and requires hospitals to provide information they cannot access.

For these reasons, CHA, on behalf of more than 400 hospitals and health systems, must oppose SB 1300 unless it is amended to address these concerns.

Over the past several months, CHA has worked with the author's office and presented what we believe are reasonable amendments to address our concerns. We are committed to continuing to work with the author and sponsor to reach agreement on alternative approaches to several areas of the bill as described below.

First, SB 1300 would require a health facility eliminating maternity or inpatient psychiatric supplemental services to complete an "impact analysis report" and provide it to the Department of Health Care Access and Information and the county board of supervisors prior to closing either service. We appreciate the spirit of the author's April 8, 2024, amendments which clarified that the hospital's report would be based on a "good faith estimate" of the impact of the closure. However, we remain strongly opposed to SB 1300 requiring the health facility to estimate the closure's *impact on the county*, *the county's potential annual increased costs* for providing additional inpatient psychiatric care or maternity care, and the *impact on the continuum of care capacity in the county*.

Instead, CHA proposes SB 1300 be amended to refer to the information provided by the health facility as a "report" – not an impact analysis. Additionally, our amendments would require the health facility's report to include only the information it could realistically provide or estimate, such as the impact on the

availability of those services in the county. Only the counties themselves could estimate local impacts on their own costs and the care continuums they oversee. CHA believes these amendments are important for several reasons:

1. Requiring the state or local government — not the hospital — to estimate community impacts of a service closure is consistent with existing law, state guidelines, and related and previous legislation. Specifically:

    - Health & Safety Code Section 1300 and EMSA guidelines require a hospital to report factual information to the state and the county before closing or downgrading a hospital's emergency services. In such cases, the county or the Local EMS Agency are the entities that are required to provide an "impact evaluation" to the state Department of Public Health (CDPH).
    - AB 1895 (Weber) requires a health facility closing maternity services to report specified information to the state, and the state — not the health facility — to conduct a community impact assessment. Subdivision (c) of Health and Safety Code Section 1255.28 in the bill would require the state Department of Health Care Access & Information in conjunction with CDPH to conduct a "community impact assessment".

2. The state of California, local governmental entities, and health plans licensed and regulated by the state bear the responsibility to provide health care services, not individual health care providers in a community.
    - In the case of inpatient psychiatric care, each of California's county board of supervisors has a statutory and state-county contractual obligation to provide or arrange for the provision of all inpatient psychiatric care to eligible Medi-Cal beneficiaries. The Department of Health Care Services (DHCS) establishes access standards for the specialty mental health services counties provide to Medi-Cal beneficiaries. To date, DHCS has not established network adequacy standards for the counties' Medi-Cal inpatient psychiatric benefit (see DHCS BHIN 24-020 for the most recent county behavioral health network adequacy standards).
    - For residents covered by state regulated commercial health plans, mental health services — including inpatient psychiatric services — are a required benefit. As stated on the Department of Managed Health Care web site, "California's Mental Health Parity Act, as amended in 2020, requires all state-regulated commercial health plans and insurers to provide full coverage for the treatment of all mental health conditions and substance use disorders".
    - Practically speaking, a hospital would simply not have the information or knowledge necessary to estimate the overall impact on the local county's change in costs to provide services, nor the entire continuum of care capacity in a county

Second, we propose SB 1300 be amended to clarify the purpose of the county's public hearing (i.e., to obtain input on potential impacts of the service closure and to discuss options for ameliorating those impacts) and require the county to post information after their public hearing about measures the county or others may take to ameliorate impacts of the service closure. We recommend providing counties with

guidance on the purpose of convening a public hearing and discussing ways to address potential community impacts when a hospital's supplemental services close.

CHA proposes additional amendments to SB 1300:

- Removing the option of closing the service early if CDPH cites it for unsafe staffing practices. Instead, an earlier closure would be permitted if CDPH determines the hospital cannot maintain required staffing levels due to employee attrition

- Specifying that the data the health facility must report pertains to patients that received either inpatient psychiatric services or maternity services, rather than all patients and conditions treated by the hospital in the past five years

- Removing from the facility reporting requirements identification of the three nearest available comparable services because this is already covered in current law [see Section 1 of SB 1300, Sect. 1255.25(b)(2)]

CHA remains committed to collaborative efforts toward effective solutions, but we request your "NO" vote on SB 1300 unless it is amended to address our concerns.

Sincerely,

Vanessa Gonzalez

Vanessa Gonzalez
Vice President, State Advocacy

cc: The Honorable Dave Cortese
The Honorable Members of the Assembly Health Committee
Lara Flynn, Consultant Assembly Health Committee
Justin Boman, Consultant, Assembly Republican Caucus
Jessica Cruz, Chief Executive Officer, NAMI California