

# May Revision of the FY21-22 California Budget Proposal

## CHC Talking Points

May 19, 2021



### Overview

- Governor Newsom's 2021-22 Revised State Budget demonstrates a strong commitment to transition California from pandemic response to pandemic recovery.
- With an unexpected \$75 billion budget surplus, we are grateful to see the Governor investing across sectors to position California businesses and families for a brighter future through the \$100 billion California Comeback Plan.
- The revised \$207.7 billion CA Health & Human Services budget finally moves the needle on coverage for undocumented seniors, furthers behavioral health delivery, rethinks the state's approach to health care workforce, and signals movement on telehealth - but even more can be done to keep California healthy.

### *TOP PRIORITIES*

#### Health Center Budget Priority: Telehealth and Telephonic Care

The May Revision recognizes the role of audio-only care for helping California come back and clarifies the Administration's intent to establish rates for audio-only telehealth. The rate will be set at 65 percent of the Medi-Cal rate for the service rendered in fee-for-service, and comparable alternative to prospective payment system (PPS) rates for health centers to maintain an incentive for in-person care.

- **CHC ASK:** *While we applaud the Administration's commitment to expand Medi-Cal telehealth benefits, the administration must invest more now or risk widening the gap in care and recovery – they must maintain current audio-only payments and flexibilities post-pandemic for health centers. AB 32 (Aguiar-Curry) is the model for the future of virtual care in Medi-Cal. We continue to urge the Administration and the Legislature to adopt AB 32 language in the final state budget.*

#### Health Center Budget Priority: Medi-Cal Rx and Non-hospital Clinic Supplemental Payment Pool

The Governor continues to be committed in implementing the pharmacy transition, where all pharmacy services will be transferred out of Managed Care and into Fee For Service (FFS). Considering the uncertainty caused by Centene Corporation's acquisition of Magellan Health, the May Revision assumes that the transition will take place January 1, 2022, for budgeting purposes only.

- **CHC ASK:** *CHC continue to be deeply concerned regarding the pending launch of Medi-Cal Rx. While we are grateful for the legislature's leadership that established the supplemental payment pool last year, we know that more resources are needed and request an additional \$50M general fund commitment to recognize the full costs of the transition on California's health centers.*

#### Health Center Budget Priority: Health4All

The May Revision ensures that adults, 60 years of age and older, will now be eligible for Medi-Cal coverage, regardless of immigration status.

- **CHC ASK:** *California has been on the forefront of expanding health care coverage and access, and now with the expansion of coverage to undocumented seniors, we encourage the administration to go one step further – to finally commitment to coverage for all adults regardless of immigration status.*

## **ADDITIONAL PRIORITIES**

### **Health Center Budget Priority: Behavioral Health Access**

The May Revise reflects the Administration's recognition of COVID-19's behavioral health impacts on Californians, especially children and youth. In addition to investments in the January proposed budget, the May Revise leverages federal funding from the American Rescue Plan Act (ARPA) to improve the fragmented behavioral health delivery system.

- **CHC ASK:** *We applaud the Administration for this unprecedented commitment to improving behavioral health access, and the focus on our children and youth. We stand ready to work with the Administration and our county partners. To that end, we strongly urge the Administration to ensure that these new resources are available to all behavioral health providers, including mild-to-moderate behavioral health providers and specialty mental health providers.*

### **Health Center Budget Priority: CalAIM**

Building upon the investments in the January budget proposal, the May Revise proposes additional funding to implement essential elements of CalAIM.

- **CHC ASK:** *Health centers have played key roles in previous waiver efforts and will continue to play key roles in implementing CalAIM. For those CalAIM elements that will be implemented through State Plan Amendment process, e.g., Dental Transformation Initiative, the Administration must allow health centers to participate and receive funding for those services.*

### **Health Center Budget Priority: Workforce**

The May Revise proposes significant new investments that build on the January budget proposal to support and expand existing and new UC Programs in Medical Education (PRIME), expand, and diversify the geriatric workforce, and expand California health workforce training programs. The May Revise also reflects an Office of Statewide Health Planning and Development (OSHPD) recast and modernization plan.

- **CHC ASK:** *We applaud the Administration for momentous proposals to workforce investments. The new commitments to PRIME and primary care residency build on proposals CaliforniaHealth+ Advocates brought forward pre-pandemic and are essential to closing the state-s widening shortage of physicians. We look forward to working with the administration to guarantee that the \$50 million one-time additional investments in residency are directed to CHC affiliated residency programs committed to diverse communities. These new funds, coupled with OSHPD's new focus, will bring in a new era.*

### **Health Center Budget Priority: COVID-19 Health Care Worker Recognition and Retention Fund**

CHCs recognize that their heroic staff are key to California's COVID-19 response. They are constantly evaluating workforce structures that best benefit their employees and acknowledge the ongoing COVID-19 stress and trauma. Heavily concerned with the toll COVID-19 has taken on their workforce, approx. one in three CHCs offered COVID-19 hazard pay and CHCs provided new bonuses, overtime, premium pay, hardship funds, paid time off, sick time, vacation, meals, self-care days, and wellness programs.

- **CHC ASK:** *As a quarter of the nation's health care workforce is now reconsidering their professions due to COVID-19 stress, we appreciate that dialog now happening in the legislature to create a new \$2B health care worker recognition and retention fund. We welcome a fund that supports all health centers in providing recognition and retention bonus without hindering their financial stability and ability to deliver care.*