

# Governor Newsom's 2022-23 Proposed State Budget CHC Talking Points

January 21, 2022



## Community Health Centers Background

- Today, more than 1,300 community health centers (CHCs) serve the state of California, and provide comprehensive, high-quality care to 7.2 million people.
- Community health centers provide the full spectrum of care, from primary care to dental to behavioral health care and a variety of enabling and wraparound services.
- In many rural communities throughout California, community health centers serve as the only source of medical and wellness care for middle- and working-class families in the region.

## Overview

- Governor Newsom's 2022-23 State Budget demonstrates a strong commitment to address California's immediate needs, moving California closer to an equitable recovery and preparing for a more inclusive future.
- We are excited the Governor builds on prior investment in health access to push California to be the first state in the nation to offer Medi-Cal to all low-income persons regardless of their age or immigration status.
- We are supportive of the unprecedented new workforce funding for primary, preventative, and behavioral health care workforce. Specific investments are needed to address CHC workforce challenges.
- While all of these investments will touch the communities we serve, we look forward to working with the administration in the coming months to understand how these proposals will intersect with immediate CHC needs, including the fiscal challenges brought on by Medi-Cal Rx.

## Health Center Budget Priority: Health4ALL

- With this budget, California is on track to finally expand full-scope Medi-Cal eligibility to include all income-eligible adults aged 26 through 49 regardless of immigration status (estimated to be over 700,000 individuals).
- Closing this gap, Medi-Cal will be available to all income-eligible Californians regardless of age and immigration status in 2024.
- **CHC ASK:** *California CHCs are proud to see this commitment. We look forward to working with Health4ALL coalition partners and that Administration in implementing this proposal.*

## Health Center Budget Priority: Medi-Cal Rx Transition – Supplemental Payment Pool Augmentation

- While we are pleased to see the administration's ongoing commitment of \$105M to the SPP, this amount ignores CHCs ongoing request to recognize the full financial burden of the Medi-Cal Rx transition.
- More funding is critically needed. Increasing the SPP to \$205M (an additional \$50M general fund commitment) will ensure patient services remain intact.
- Since 2019, the California Primary Care Association (CPCA) conducted two member surveys to understand the financial impact that the pharmacy transition (Medi-Cal Rx) would have on CHCs 340B savings. After reviewing this data, CPCA believes CHCs will experience losses that are greater than \$200M.
- The loss of 340B savings will impact patient services by reducing hours of operations for both primary care sites and pharmacies, which will translate into limiting access to pharmaceuticals, increasing wait times for patients to be seen and overall patient access. **{INSERT INFORMATION ON HOW YOUR PHARMACY SERVICES WILL BE IMPACTED BY THE LOSS OF 340B SAVINGS}**

- CHCs will also be forced to eliminate programs and services that rely on 340B savings and do not have other funding streams. {INSERT INFORMATION ON PROGRAMS OR SERVICES THAT WILL BE ELIMINATED}
- By increasing the SPP the Administration and Legislature would mitigate the potential harm the Medi-Cal pharmacy benefits transition will cause community health centers, an integral part of the safety net, and their patients.
- **CHC ASK:** *It is critically important that the state commit an additional \$50M general fund commitment, which would draw down an additional \$50M federal match, to strengthen the non-hospital clinic supplemental payment pool to a larger pool of funds that better represents the true cost of this transition.*

#### Health Center Budget Priority: Medi-Cal Telehealth Flexibility and Payment

- Governor Newsom’s commitment to continue telehealth flexibilities and build on the commitments of AB 133 (2021) can be seen in this budget proposal.
- This proposed budget assumes funding for payment parity, including for audio-only care (which we are grateful for). CHCs continue to be optimistic regarding the future of telehealth access.
- **CHC ASK:** *We look forward to working with the administration to ensure the trailer bill language preserves telehealth access and payment parity for CHCs.*

#### Health Center Budget Priority: Health Care Workforce

- We applaud the Governor’s intent to bolster California’s health professional workforce with \$1.7 billion investments across the Labor Agency and Health and Human Services Agency.
- We are particularly excited to see new investments to grow and support community health workers and the behavioral health workforce. {INSERT INFORMATION ON YOUR WORKFORCE CHALLENGES AND NEEDS}
- **CHC ASK:** *We respectfully ask the Administration and Legislature to commit \$51M in new funding for educational debt relief, advanced practice clinician training program, and residency programs that are most essential to CHC’s recruiting and training their future workforce while maintaining the workforce of today. Specifically:*
  - \$29.3 million for Loan Repayment & Scholarships Programs
    - o \$10.6M investment to the California State Loan Repayment Program to increase the number of awards granted to primary care and behavioral health providers.
    - o \$17M investment to the Allied Health Loan Repayment Program to enhance private investment and provide 1,060 new awards across all underserved areas in the state.
    - o \$1.7M investment to Allied Health Scholarship Program to build on private investment and double program awards through additional 125 scholarships.
  - \$16 million for Advanced Practice Clinicians Training Programs
    - o \$15 million to support 150 Nurse Practitioner postgraduate fellowship opportunities in primary care within underserved communities and through the Song-Brown Healthcare Workforce Training Program.
    - o \$1 million to support 10 or more Physician Assistant postgraduate fellowship opportunities in primary care within underserved communities and through the Song-Brown Training Program.
  - \$5.7M for Graduate Medical Education
    - o \$5.7M for Teaching Health Centers through the Song-Brown Primary Care Residency Program to support significant expansion of via an additional thirty-three program awards.