

SB 525 Talking Points

- SB 525 is authored by Senator Maria Elena Durazo. The bill seeks to raise the minimum wage to \$25 per hour for employees at covered health facilities, including our community health centers.
- The bill also requires an annual increase to the minimum wage of 3.5%; requires any exempt employee to make double the minimum wage (nearly \$104,000/year); and makes these provisions apply for “all paid work performed on the premises,” making these provisions applicable to independent contractors.
- CaliforniaHealth+Advocates is **opposed unless amended** to the bill as currently drafted.
- Our health centers support increased wages for our employees. Increased wages would increase recruitment and retention of valuable employees and ensure our health centers can continue providing excellent care to our communities.
- Any effort to increase wages must be sustainable, equitable and applicable to all centers, and must not be viewed through a narrow perspective. Increasing the minimum wage will require community health centers to take a comprehensive review of all staff wages/salaries and scale increases across the board, drastically increasing organizational costs. Any wage increases must fully consider this reality.
- Community health centers are not-for-profit, and patient led. They cannot unilaterally increase revenue to pay for increased wages and other inflationary cost increases because they are primarily funded by Medi-Cal and Medicare payments—which are administratively set, fall short of covering the full cost of community-based care and services, and do not allow rates adjustments due to cost increases.
- Community health centers are already facing financial challenges that put them on uncertain ground with the impact of the COVID-19 pandemic, loss of millions in 340B funding, and now, the existential threat of losing key federal 330B grant funding which must be reauthorized by Congress this year.
- To make these increased wage efforts a reality, CaliforniaHealth+Advocates has suggested several amendments to the author and sponsor:
 - Include language delaying implementation until funding is appropriated by the Legislature or another funding mechanism;
 - Include language delaying implementation for CHCs contingent on CMS providing the necessary regulatory approval;
 - Include language permitting CHCs to make a change in scope of service request to increase its PPS rate to meet the requirements of this legislation;

- Remove the provision requiring employees earn a monthly salary equivalent to no less than double the minimum wage in order to qualify as exempt from the payment of minimum wage and overtime laws (Section 1182.14(f));
 - Remove the annual increase in the minimum wage a year after implementation (Section 1182.14(d)(1)); and
 - Remove language capturing independent contractors (Section 1182.14(b)(1)(A)(i));
- **Unless the bill is amended to address the significant financial and implementation concerns for community health centers, CaliforniaHealth+Advocates must oppose the bill. We ask you to vote NO when the bill comes before you for a vote.**