

# LEGISLATIVE UPDATE



Week of March 21, 2022

## State Issues

Update on the Governor's Community Benefit Proposal

In his budget proposal released in January, Governor Newsom proposed to require non-profit hospitals to allocate 25 percent of their community benefit funds to local public health efforts, including community-based organizations (CBOs). The Administration explains that this proposal is intended to direct these funds to address social determinants of health, by linking hospitals to communities so that community benefits reflect the needs and priorities of communities.

This issue was heard on Monday in the Assembly Budget subcommittee. In their analysis they note that through last year's 2021 budget process, the Legislature approved an annual \$115 million grant program for CBOs, tribes, and health clinics to address social determinants of health. However, they also note that this funding was not included in the final 2021 Budget Act because it was not approved by the Governor.

In the hearing, the Department of Health Care Access and Information (HCAI, formerly OSHPD) presented the Governor's proposal. They mentioned the problems in the current hospital community benefit process that includes reports are not uniform, there is a lack of transparency and quantitative measures, not all hospitals consult adequately with the community, and there is too much ambiguity in hospital service area. HCAI also noted that hospitals provide \$6 billion in community benefit, with \$4 billion coming from Medi-Cal and Medicare shortfalls. They also responded to a question that this proposal would not accommodate investment in all communities and there will be gaps.

Several entities provided detail testimony, including the Center to Advance Community Health & Equity (CACHE). Their proposal includes three suggestions:

1. Consistent with primary care spend legislation in other states, first step is secure clarity and consistency in reports by establishing common definitions and rules for reporting by categories and creating a state database for targeted reporting.
2. Establish inclusive advisory structure and ensure strong representation of diverse community and sector interests.
3. Establish incentives for voluntary leadership with potential state matches for hospital commitments.

CACHE specifically noted that some hospitals may be challenged to meet the Governor's proposal, including:

- Safety net hospitals, as they have a less favorable payer mix, lower margins, and serve more low-income patients in their emergency departments;
- Teaching hospitals, who are already contributing to provider education; and
- Rural hospitals that also have limited margins and provide more specialty care to meet the needs of the community.

The next step for this discussion will most likely be in and around the Governor's May Revise budget proposal. We should expect new, detailed budget trailer bill language and more opportunities to weigh in through the legislative budget process.

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“Care 4 All California” Bill Package

This week, the Care 4 All California Coalition released its 2022 package of bills. They have adopted the tag line: Covering All Californians and Improving Affordability Toward Universal Coverage. The coalition of 70 organizations including unions, health care advocacy organizations and patient organizations (e.g., Health Access, Cal Labor Federation, Children Now, Equality California and Western Center on Law and Poverty) submitted a package of bills that they state builds on the progress California has made implementing and improving on the Affordable Care Act over the last decade. The coalition states that the bill package seeks “additional and bold action to achieve a universal health care system that is affordable, accountable, and equitable to all Californians.” Following are a few of the key bills they are highlighting:

**AB 4 (Arambula): Expand Medi-Cal Regardless of Immigration Status, Toward the Goal of #Health4All.** Medi-Cal should cover all income-eligible adults regardless of their immigration status. Building on previous coverage expansions, this proposal, also in the Governor’s budget and by Senator Durazo, would remove the exclusion for over 700,000 undocumented Californians aged 26-49. *[Co-Sponsored by California Immigrant Policy Center and Health Access California]*

**SB 944 (Pan) and AB 1878 (Wood): Greater Affordability in Covered California.** Federal assistance has lowered premiums, but escalating deductibles and copays keep care out of reach for many Covered California enrollees. These bills will eliminate deductibles for Silver plans and reduce co-pays so that all enrollees can afford to seek care when they need it. *[Sponsored by Health Access California]*

**AB 2402 (Rubio): Medi-Cal Continuous Coverage for Young Children.** To prevent gaps and disruptions in early childhood preventive care, Medi-Cal children would have continuous coverage from birth up to age 5 without requiring annual renewals. *[Budget effort sponsored by The Children’s Partnership, National Health Law Program, Children Now, Maternal and Child Health Access, Western Center on Law & Poverty]*

**AB 2530 (Wood): Keeping Striking Workers Covered.** This bill would provide health benefits through Covered California to workers and their families who lose health benefits due to a labor dispute. *[Co-Sponsored by California Labor Federation and SEIU CA State Council]*

**SB 1033 (Pan): Advancing Health Equity with Data.** The bill will improve data collection standards that will help address health outcomes for racially and ethnically diverse communities, including LGBTQ+ and disabled communities. *[Sponsored by California Pan-Ethnic Health Network]*

**SB 923 (Wiener): Access to Gender Affirming Care.** This bill would require TGI (transgender, gender non-conforming, and intersex) cultural competency training for contracted providers, their staff, and the staff of health plans. It also ensures plan provider directories identify providers who offer gender affirming services. *[Co-Sponsored by California LGBTQ Health and Human Services Network, Equality California, National Health Law Program, Western Center on Law & Poverty]*

**SB 1019 (Gonzalez): Strengthening Access to Medi-Cal Mental Health for Diverse Communities.** The bill would require Medi-Cal Managed Care Plans to provide enrollees with information on their mental health benefits, right to timely access to care, and linguistically-relevant resources on how to navigate health care plans. *[Sponsored by California Pan-Ethnic Health Network]*

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<p>“Care 4 All California” Bill Package <i>(continued)</i></p>	<p><b>AB 1930 (Arambula): Comprehensive Perinatal Services in Medi-Cal.</b> Medi-Cal’s Comprehensive Perinatal Services Program (CPSP) helps connect pregnant and postpartum people to services to address social determinants of health (SDOH) and mental health conditions. This bill will ensure that CPSP services will be available to provide assessments, care plans, and warm handoffs for SDOH assistance throughout the extended 12-month post pregnancy eligibility period that launches April 1, 2022. <i>[Sponsored by Maternal and Child Health Access]</i></p> <p><b>AB 1130 (Wood): Create an Office of Health Care Affordability.</b> This bill creates the Office of Health Care Affordability and will set enforceable cost targets for health care expenditures. The author states that he believes the bill will provide health system entities the tools to meet these goals, and accountability, including the ability to levy financial penalties, if they don’t.</p> <p><b>AB 2080 (Wood): Improved Oversight Over Health Industry Consolidation.</b> According to the author, this bill will extend and expand the oversight of the California Attorney General and Department of Managed Health Care on health care mergers, acquisitions and other transactions, and also prohibit certain anti-competitive contracting clauses.</p> <p><b>SB 858 (Wiener): Health Plan Accountability.</b> Despite the strong consumer protections for 27 million Californians in health plans regulated at the Department of Managed Health Care (DMHC), many are still denied or delayed in getting medically necessary services. DMHC’s financial penalties have not been updated for decades and plans often pay the penalties instead of improving care. The bill would update penalty amounts to hold plans accountable. <i>[Sponsored by Health Access California]</i></p>
<p>New Report on California’s Safety Net</p>	<p>This week, the Public Policy Institute of California released its Fact Sheet on California’s Health Care Safety Net – see link <a href="#">here</a>. They report that Medi-Cal has provided health coverage for more than 14.2 million low-income Californians and serves as the primary funding source for the safety net providers. They state, “Since the onset of the pandemic, Medi-Cal enrollment has increased by about 1.8 million,” in part due to a federal requirement that eligibility redeterminations be paused during the public health emergency. However, more than 2.8 million Californian residents reported being uninsured at the beginning of 2021. Nearly 75% of uninsured Californians are Latino, 80% have low or moderate incomes and about 35% are not US citizens.</p> <p>The report, unfortunately, focuses primarily on county hospitals and generally ignores the private hospital safety net, which is much more expansive and provides more Medi-Cal services to vulnerable populations. While they do reference the use of other Emergency Departments, the memo does not recognize the breadth of the private safety net and its role in meeting the health care needs of millions of Californians.</p> <p>One interesting note that will definitely impact both the private and public safety net providers is that in looking towards the future, the PPIC notes that given the disproportionate impact of COVID on lower-income communities, it will be important to monitor the health care safety net’s ability to provide care to Californians who may now have greater health care needs as a result of delayed care during the pandemic.</p>

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