

Day at the Capitol CHC Priorities Talking Points

April 2024



AB 2303 (J. Carrillo)/Sponsor

- This bill is a direct response to the Legislature passing and the Governor signing SB 525, the healthcare worker minimum wage bill.
- This bill seeks to ensure CHCs and clinics have the ability AND flexibility to pay their well-deserving workforce the increased wages required by SB 525.
- In SB 525, CHCs did not receive a mechanism to request additional funding to support the wage increase; due to PPS rigidity, CHCs cannot simply increase rates for the services it provides.
- This bill requires the Department of Health Care Services to request federal approval, or any necessary waivers, in order to authorize an additional payment on top of a CHC's PPS rate to address the direct impacts of SB 525.
- There is a corresponding budget ask to provide the necessary funding to support this bill; however, DHCS can pursue this policy change with the federal government with likely minor or absorbable costs to its department.

SB 1067 (Smallwood-Cuevas)/Sponsor

- SB 1067 will create an expedited licensure application process at healing arts boards for healthcare providers who can demonstrate they intend to practice in a medically underserved area or serve a medically underserved population.
- Licensure delays undermine quality patient care, timely access to care, and further exacerbates the major healthcare workforce shortage in California.
- In a recent survey CHCs reported high vacancy rates and prolonged periods of time to fill staff vacancies for key positions such as physicians, dentists, and nurse practitioners. Data shows CHCs need an average of 26.6 weeks to fill a physician vacancy and 18 weeks to fill a dentist and nurse practitioner vacancy.
- Part of this is because the healing arts boards who license dentists, nurses, and other healthcare providers in California have lengthy backlogs for processing applications for licensure, which prevents a provider from joining the healthcare workforce in a timely manner.

SB 1382 (Glazer)/Co-Sponsor

- Existing law is stopping the state from modifying CHC standards to the appropriate acuity level for a primary care outpatient clinic setting.
- These standards result in barriers to access patient care because CHCs are required to utilize funds for unnecessary construction costs rather than expanding healthcare services or opening additional clinics in underserved communities.
- Private physician offices and county clinics who provide the same services as CHCs, currently operate outside of the hospital-based construction requirements without any documented risk to public health and safety or environmental protections.
- SB 1382 will modernize licensing and building standard requirements for community health centers while continuing to provide necessary patient protection by tying requirements to the existing standards for county clinics.

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Fiscal Year 2024-25 Budget Request:

MCO Tax

- **340B Supplemental Payment Pool Payments (SPP) Increases & Transition to Directed Payments**
 - We were pleased to see increased funding for the non-hospital 340B fund included in the Governor's budget from the MCO tax.
 - This investment will result in adding \$100M-125M to the CHC 340B funding pool, bringing it closer to the actual total losses in 340B saving when California moved to Medi-Cal Rx.
 - These funds have been provided as a supplemental payment through a CMS-approved state plan amendment. However, CHCs have experienced significant delays & payment issues from the SPP.
 - CPCA has worked with DHCS to transition the SPP into a directed payment program on January 1, 2025.
 - The directed payment includes an incentive payment component in addition to a reimbursement component tied directly to PPS-reimbursed visits for Medi-Cal managed care members.
 - We are hopeful that moving into a directed payment will allow for real-time payments to be processed for most of the funding and avoid reconciliation issues that we have seen in the SPP.
 - ***We ask for your support in retaining the Governor's proposed \$50M increasing CHC 340B funds annually to approximately \$205-225M using MCO tax revenues in the FY 2024/25 Budget.***
- **Targeted Rate Increases (TRIs)**
 - The Administration's budget includes \$291 million (without federal match) for primary care and specialty care services, which are proposed to be distributed through TRIs for identified Medi-Cal services.
 - Unfortunately, although FQHCs and RHCs serve one-quarter of all Medi-Cal recipients, they have been excluded from accessing these TRI investments.
 - DHCS has taken this stance because it believes FQHCs are sufficiently reimbursed through a prospective payment system (PPS), which is intended to cover the full cost of care.
 - The same workforce issues that DHCS aims to address through the MCO tax TRI exist within CHCs – recruiting and maintaining providers is one of the top issues for CHCs, including their ability to provide competitive wages with the commercial sector.
 - By allowing FQHC/RHCs to access the Medi-Cal TRIs, as a key component of the primary care system, it would function in a similar way as the department's goals in the private sector –increasing provider participation (more successful provider and staff recruitment and retention), and investing in access, quality, and equity for Medi-Cal members.
 - ***We encourage the Legislature to ensure that FQHCs and RHCs can equitably access the MCO tax primary and specialty care Targeted Rate Increases to advance provider participation, as well as access, quality, and equity for ALL Medi-Cal patients, regardless of where care is received.***

SB 525 Implementation/AB 2303 Funding

- The corresponding budget requests \$1.2B annually to support CHCs to meet the requirements of SB 525.
- The law requires health centers to increase wages in subsequent years until they reach \$25/hour. Beginning June 1, 2024, CHCs will increase wages to \$21/hour; on June 1, 2026, CHCs will increase wages to \$22/hour; and on June 1, 2027, CHCs will increase wages to \$25/hour.
- If successful, the funding will go to CHCs to offset the direct impacts of the wage and salary increases.
- ***We ask for your support in this budget request to successfully support CHC workers and sustainably implement the wage increases.***