

AB 1549 Talking Points

- AB 1549 is authored by Assemblymember Wendy Carrillo and currently has no opposition.
- AB 1549 seeks to modernize California statute applicable to CHCs payment structure in order to align with state-led care transformation efforts as articulated in CalAIM.
- The statutory modernization will help CHCs provide better care for its patients by capturing expanded team members, highlighting the value of care coordination, and other efforts to improve patient care.
- Under federal law, FQHCs are subject to special cost-related payment structure known as Prospective Payment System (PPS). Under PPS, FQHCs are paid a predetermined rate that encompasses reimbursement for all services provided during a single visit. The state has flexibility in the scope of services considered in the PPS rate development calculation and must have a process to adjust PPS rates to reflect changes to the scope of services provided by the FQHCs.¹
- The proposed language attempts to address shortcomings in the existing reimbursement frameworks so CHCs receive true cost-based reimbursement for the services they provide.
- Specifically, the bill would do the following:
 - Eliminate the 20% haircut
 - Provided more specificity and clarity related to events that qualify for change in scope of service request (CSOSR), which is a health center's only means of updating their reimbursement rate to cost.
 - Make clear that statute is not an exclusive list, but provides a list of common examples of qualifying events. The state may issue regulatory guidance to further clarify the list of qualifying events.
 - Ensure changes in *intensity*, *duration*, or *amount* of services are given the same weight as change in the *type* of services modified
 - Establish CHCs are eligible for more than one rate adjustment for changes in technology

¹ To learn more about the PPS system, read this fact sheet from the California Health Care Foundation: [Medi-Cal Explained: How Health Centers are Paid](#) (May 2022).

- Recognizing value-based care by adding care coordination and similar strategies
- Capturing compliance efforts with state law or regulation, or Medi-Cal managed care contracting changes that lead to increase or decrease in CHC costs
- Making clear that PPS rates should be set at the “reasonable” cost of providing Medicaid covered services to beneficiaries to ensure state law is consistent with federal law
- Update antiquated federal cost principles to use an up-to-date set of cost principles from the Office of Management and Budget the Uniform Guidance, to create more consistency for DHCS. The Uniform Guidance is routinely updated to provide more up-to-date guidance, whereas much of the Medicare policy manuals were originally promulgated in 1986 and are rarely updated to comport with practice change.
- Clarification that any incentive payment is not to be offset in the wrap-around process
- Ultimately, AB 1549 modernizes PPS to align with state-led care transformation initiatives and ensures health centers can successfully meet rising operational costs, support a thriving workforce, and continue providing innovative, quality, patient-centered, equitable care to the 7.7 million members they serve.

Medi-Cal Redeterminations Budget Request: Talking Points

- CaliforniaHealth+Advocates, along with various coalition partners, are asking the Legislature and the Administration to include a one-time budget augmentation of \$60 million (\$30M general fund; \$30M federal match) to enhance the Medi-Cal Health Enrollment Navigators Project.
- Between now and May 31, 2024, 15.2M current Medi-Cal beneficiaries will undergo program recertification, and 700,000+ individuals will become newly eligible for full-scope Medi-Cal benefits through the Health4All adult expansion.
- Nearly 16 million people seeking redeterminations or applying for the first time will require additional health enrollment and navigation services to ensure continuity of coverage, and successful expansion implementation.
- In 2022, SB 154 appropriated \$59,720,000 for counties and community-based organizations (CBOs) to serve hard-to-reach potentially eligible Medi-Cal populations. During the 2022 application period, **more than \$140M** was requested for navigation funding, and many grantees received only a portion of their funding request.
- Of the money allocated for this effort, very limited amounts of navigation funding have reached Community Health Centers (CHCs), where one-third of Medi-Cal patients are served.
- For health center patients, Medi-Cal enrollment and renewals are initiated in the clinic setting with trusted enrollment counselors.
- CHCs and other CBOs are critical, trusted messengers to support their patients in maintaining coverage through health navigation services. These include supporting patients in completing complex applications, providing in-language services, connecting patients with accurate information regarding immigration-related questions, and acting as an authorized representative in order to interact directly with county staff on behalf of a patient to ensure the application process is completed.
- The role of CHCs and CBOs in the *patient navigation* aspect of these efforts, particularly to support communities of color, cannot be overlooked as a vital component of this process.
- **We respectfully request your support of this budget request and sign on to the provided budget letter expanding the Medi-Cal Health Enrollment Navigators Project.**

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.**

SB 779 Talking Points

- SB 779 is authored by Senator Henry Stern. The bill seeks to expand the data reporting requirements for Community Health Centers (CHCs)
- CaliforniaHealth+Advocates is **opposed unless amended** to the bill as currently drafted.
- The bill is unnecessary as the current reporting requirements are robust. The proponents of the bill have not provided any information showing that current reporting requirements are insufficient.
- The bill focuses on 5 main buckets: financial/revenue, mergers and acquisitions, detailed labor report, workforce development, and quality. Existing reporting requirements satisfy many of these buckets.
- CHCs already report data to many entities including HRSA, HCAI, and other payors.
- CHCs report over 500 data points for the sake of transparency, accountability, and to improve patient outcomes.
- Additional data reporting requirements that may compromise the safety and privacy of its patients and staff must be balanced with the utility of increased data reporting.
- CHC workforce issues are already challenging; taking CHC staff away from providing quality care to meet the expanded data reporting requirements may further exacerbate the workforce issue and harm patient care.
- **Unless the bill is amended to address duplicative reporting and reduce administrative burdens, CaliforniaHealth+Advocates must oppose the bill. We ask you to vote NO when the bill comes before you for a vote.**