

Budget Proposal 2017-18

Governor Jerry Brown

Revised April 17, 2017



OVERVIEW

Governor Brown's 2017-18 Budget Proposal cuts key health care programs and one-time spending commitments made last year to fund our health care system. All four of these programs are vital to delivering on the promise of a robust and comprehensive Medicaid Program, which California has built and must maintain.

340B DISCOUNT DRUG PROGRAM

Ask: *Vote no*

340B is a federal drug discount program that was designed to support the mission of safety-net providers like community health centers with prescription drug discounts that allow the provider to stretch scarce federal resources.

While trailer bill language has not been released, it appears that DHCS intends to change the program in a way that would hurt community health center's ability to leverage program savings to serve uninsured and underserved, greatly reducing access to care.

WORKFORCE

Ask: *Reinstate the \$100M commitment*

The Governor's proposed budget eliminates the \$100 million investment made in last year's budget to help combat the primary care workforce crisis in California. Specifically, the 2017-18 budget reverses this year's \$33 million investment, and eliminates the remaining \$67 million in future years.

Without this investment, California's primary care residency programs will be destabilized, and even face closure if federal funds are not renewed by Congress by September 2017. Backtracking on this investment hinders existing primary care residency programs, and eliminates the potential for expansion or the development of desperately needed new residency programs in underserved communities.

NEWLY QUALIFIED IMMIGRANTS

Ask: *Vote no*

Immigrant adults who have been in the country for less than five years are barred from receiving federal Medicaid benefits, but are eligible for state-funded Medi-Cal benefits if they meet income eligibility requirements. The Governor's proposed budget plans to transition these patients to a Qualified Health Plan in Covered California, with the state providing premium and out-of-pocket payment assistance and wraparound benefits.

The cost savings come at the expense of the patient's health and wellbeing. The Medi-Cal program is better suited to serve the needs of low-income immigrants due to Medi-Cal provider's focus on culturally competent care that puts a premium on understanding the patients' language, culture, and individual needs. If beneficiaries are transitioned, it is likely they will lose that support when they transition their care from a fully integrated FQHC to a private practice provider affiliated with a Covered California health plan.

BEHAVIORAL HEALTH ACCESS TO CARE

Ask: *Vote no*

The proposed budget delays the implementation of AB1863 (Wood) - Marriage and Family Therapists from January 2017 to July 1, 2018, at the earliest. As such, MFTs will not be able to bill for services within a community health center for 18 months, forcing high need patients to wait even longer for behavioral health services. Additionally, community health centers will be forced to terminate Marriage and Family Therapists who they hired based on the law's January 2017 start date. This is not a harmless processing delay, it will have real-world impacts on patients and providers alike.

FOR MORE INFORMATION

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TALKING POINTS

- The Medicaid Program is strong and robust in California, in large part because of the vital role that community health centers play in providing comprehensive primary care services. Community health centers have a mission to serve all, regardless of ability to pay. We are deeply committed to creating a culture of inclusion and overall wellbeing.
- The 2017-18 Budget Proposal cuts key health care programs and one-time spending commitments made last year to fund our health care system. Four of these programs in particular are vital to delivering on the promise of a robust and comprehensive Medicaid Program.
- **340B:** The Governor's budget proposes to "clarify" that the 340B federal drug discount program in Medi-Cal managed care be operated just as it is in FFS today- where providers receive only actual acquisition cost and a dispensing fee. If implemented, this will have immediate and dramatic impact across the state on health care programs operated by health centers. Millions of dollars will be lost which will mean patient services are pared back, hours of operation reduced, and less providers to deliver much needed services. Please vote NO.
- **Workforce:** The budget eliminates the \$33 million primary care workforce commitment that was targeted for this year, and ends the remainder of the \$100 million that was part of the complete workforce package. Backtracking on this investment threatens existing primary care residency programs, eliminates the potential for expansion or the development of desperately needed new residency programs in underserved communities. Please reinstate the funding.
- **NQI:** Immigrant adults who have been in the country for less than five years are barred from receiving federal Medicaid benefits, but are eligible for state-funded Medi-Cal benefits if they meet income eligibility requirements. The budget plans to transition these patients to Covered California, with the state providing financial assistance. The cost savings to the state however, would come at the expense of the patient's health and wellbeing because they could lose their current provider, who have a special commitment to providing culturally competent care that puts a premium on understanding the patients' language, culture, and individual needs. Please vote no.
- **MFT:** The budget delays the implementation date of AB1863 (Wood) from January 2017 to July 1, 2018 meaning Marriage and Family Therapist's (MFT's). Health centers were preparing to expand behavioral health services in January 2017 as these services are critically needed across California. Delaying implementation unnecessarily impacts the health of thousands of Californians who need access to care and services as soon as possible. Please vote no.
- **PROVIDE REALLIFE EXAMPLES FROM YOUR HEALTH CENTER TO DESCRIBE IMPACT OF THESE ISSUES.**