



April 21, 2020

Dr. Mark Ghaly
Secretary - California Health and Human Services Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Re: Health Center COVID-19 State Funding

Dear Secretary Ghaly:

I humbly request your help in securing state funding for California's 180 Community Health Center organizations, which serve 7.2 million Californians at 1,300 service delivery sites.

Like other businesses, not-for-profit Community Health Centers (CHCs) are experiencing huge financial losses because of COVID-19. On average, **CHCs are seeing a 50% drop in patient visit volume** driven largely by shelter-in-place orders and school and business closures. While the situation continues to evolve on the ground, data projections for California's CHCs suggests a **shortfall of at least \$1 billion in revenue over the next three months.**

Currently, the average California CHC has just 128 days of cash on-hand, pre-pandemic. This combined with the current rate of diminished activity and therefore diminished revenue means that within the next three months **77 health centers will default on payroll and be forced to close.** This means also **a loss of 18,000 jobs.**

Clearly, the ability to provide health care to 7.2 million Californians is at risk.

I know. I represent the safety net for the three southernmost counties in California: Riverside, Imperial and San Diego. That's a geography of 15,500 square miles, from Arizona to the Pacific, Mexico to Los Angeles. Our [16-membership organizations](#) -- Federally Qualified Health Centers, Indian Health Services organizations, both urban and sovereign, and Planned Parenthood of the Pacific Southwest -- collectively serve **858,00+ patients each year, for 3.6 million patient visits each year, at 140 practice sites, with the seventh largest provider group in the region, 20% of the population of San Diego County, alone.**

Federal Funding

We know the federal government must take up part of this financial burden and we are working to ensure California's CHCs receive available federal funds. Starting in March, along with our state



association, the California Primary Care Association, and our national association, the National Association of Community Health Centers, we have advocated for immediate federal financial relief.

- H.R. 6074, the first Coronavirus relief effort, provided CHCs with \$100 million in supplemental funds. This translated to approximately **\$13.8 million to California, which hardly made a dent in the need.**
- Coronavirus Aid, Relief, and Economic Security Act (CARES), the third coronavirus stimulus bill, provided California CHCs with \$192 million. This was greatly appreciated and had an immediate impact on the tremendous losses California CHCs are experiencing. However, this is just a fraction of what is needed to sustain the backbone of California's Medi-Cal program. **The first and second infusions of cash via CARES only provided California CHCs stabilization for 3 weeks of need.**
- Currently, CHCs are fighting for an allocation of the \$100 billion in the Public Health and Social Services Emergency Fund via the CARES Act. **Nationally, CHCs requested \$7.6 billion** with special consideration for those hit hardest by COVID-19, like CHCs in California.
- The SBA Payroll Protection Loan is a valuable resource many CHCs have applied for; however, with its **500-employee limit it is out of reach for 22 of the 180 CHCs in California.** These CHCs, which serve the largest number of patients, are at the greatest risk of closing. **Not only are they suffering the greatest revenue losses, ranging from \$5M-9M per entity, per month; they are missing out on the benefits the SBA loans provide.**

State Funding

While our federal advocacy efforts are not over, I anticipate a shortfall.

Therefore, **I respectfully request CHCs be included to receive direct state financial support in recognition of their financial hardship** and to reinforce the need for a robust primary care delivery system – the backbone of California's statewide Medi-Cal program – now and into the future.

CHCs were viewed as the frontline in the U.S. health care delivery system long before COVID-19. We will remain at the frontline long after it is over. At this critical juncture, it is imperative CHCs maintain their operations and staffing levels, both to keep patients healthy, and to assist by diverting our historically chronically ill, medically complex patients from already over-burdened hospitals.



As always, thank you for your continued support. We stand ready to assist you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Henry N. Tuttle".

Henry N. Tuttle
President and CEO
htuttle@hcpsocal.org

[Health Center Partners of Southern California](#), a family of companies, includes a 16-membership organization of federally qualified health centers, Indian Health Services Organizations, both urban and sovereign, and Planned Parenthood of the Pacific Southwest, collectively serving 850,000+ patients each year, for 3.6 million patient visits each year, at 140 practice sites across San Diego, Riverside, Imperial counties, with the seventh largest provider group in the region. [2018/2019 Impact Report](#).