



August 11, 2020

The Honorable Lorena Gonzalez  
Chair, Assembly Appropriations Committee  
State Capitol, Room 2114  
Sacramento, CA 95814

**Re: SB 275 – Health Care and Essential Workers Protection Act - Oppose Unless Amended**

Dear Assemblymember Gonzalez:

On behalf of [Health Center Partners of Southern California](#) and its 16 members, which serve more than 850,000 patients each year for 3.6 million patient visits each year, at 160 practice sites across San Diego, Riverside, and Imperial counties, **I encourage you to oppose SB 275 in its current form unless it is amended.**

California's Community Health Centers (CHCs) respectfully request the committee vote "No" on SB 275 when it comes before you in committee unless CHCs are exempted from all health care employer mandates in the measure.

**Appreciating the CHC Care Setting, Supply Requirements and Challenges**

CHCs are proud to be the center of preventive, primary, behavioral, and oral health care in their communities. **While CHCs aim to provide the full spectrum of care, they are not acute care providers.**

As a result, the day-to-day need and utilization of PPE at CHCs is very different than at other institutions. CHCs, under normal operating conditions, maintain a sufficient, limited supply of PPE for daily use, which is audited and inspected by CMS and various state agencies. During the COVID-19 pandemic when demand began to outpace supply, the major PPE distributors in the U.S. placed customers on allocation based on historical usage for a wide range of PPE products. By comparison to larger health care delivery systems, CHCs historically used smaller amounts of PPE, naturally, prior to the arrival of COVID-19. However, since then, and because of the historical, lower, purchasing history of CHCs compared against larger health delivery systems, CHCs were left with large supply chain gaps for critically needed products.

On average, the supply chain, including critical vendors, engage with CHCs differently than they do with larger hospitals and health systems. This difference has been heightened by the COVID-19 pandemic. With smaller contracts, for a more limited quantity of PPE, vendors, especially during these high demand and low supply times, **have been less inclined to make CHC PPE requests a priority.** Today, across the state, CHCs are reporting vendors not honoring their PPE materials requests.



Lastly, due to the low rate of PPE usage during regular times, without a pandemic before them, CHCs' PPE churn rate is far lower than in other settings, as explained above. The PPE potentially purchased for emergency needs may be different than the PPE used for daily use in primary care settings. **As a result, this PPE purchased may expire, and go unused.** Inadvertently, this will lead to greater cost burdens on CHCs and heighten supply issues across the health care delivery system.

### **Financial Strain and Challenges**

Throughout the COVID-19 pandemic, California's CHCs have seen a reduction in services and postponed preventive and non-urgent care, which has significantly harmed financial viability. CHCs operate on much slimmer margins than hospitals and other health care providers. They cannot weather the significant losses caused by this pandemic without it impacting access to care for California's most vulnerable individuals. While CHC operations are rebounding, cleaning of patient spaces requires additional resources, and spacing out of patient visits to allow for physical distancing means CHCs will not be up to full capacity for some time and will need additional financial support. For CHCs to be successful in continuing to meet the care needs of communities across the state, they must remain fiscally strong. CHCs are having to tap into reserves, or seek additional funding streams, to maintain operating expenses.

**Health Center Partners of Southern California includes five CHCs that employ more than 500**, providing affordable, compassionate, and comprehensive quality health care services in a linguistically competent and culturally sensitive manner to improve the health and well-being of the communities they serve. While they are committed to keeping every employee working, as losses mount, these CHCs are being forced to make difficult decisions. **The Chief Financial Officers at these five CHCs estimate a loss in revenue from April thru June of more than \$88 million and staff reductions of 1,395. They also report less than 30 days of cash reserves on-hand and all report they would sustain an operating deficit and the closure of 46 practice sites.**

While CHCs continue to meet the challenges in providing safe, high quality health care, **SB 275, adopted in its current form, would create a significant additional financial burden.** No one wants **SB 275 to further impact CHCs' fiscal sustainability. This would be a disastrous unintended consequence.**

I applaud the Governor's leadership in securing PPE for CHCs and the broader health care delivery system. However, this role cannot be shifted to CHCs and other health providers. CHCs' funds, intended for patient care, would instead be used for PPE procurement beyond that which is needed for day-to-day operations and, potentially, in paying hefty fines. While this is not good for CHCs, or their patients, it will also lead to a state general fund impact. These higher PPE costs will have to be built into the CHC Prospective Payment System (PPS) rate for all CHC Medi-Cal visits. **Over time, this will lead to an additional cost burden on the state.**



**For these reasons, Health Center Partners respectfully requests the committee vote “No” on SB 275 when it comes before you unless CHCs are exempted from all health care employer mandates in the Health Care and Essential Workers Protection Act.**

Sincerely,

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

Henry N. Tuttle  
President and CEO  
[htuttle@hcpsocal.org](mailto:htuttle@hcpsocal.org)

cc: Senator Richard Pan, MD  
Senator Connie Leyva  
Members, Assembly Appropriations Committee

[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 160 practice sites across San Diego, Riverside, Imperial counties, with the seventh largest provider group in the region. Read our [2018/2019 Impact Report](#).