



April 5, 2021

The Honorable Susan Talamantes Eggman
Chair, Senate Budget Subcommittee #3 on Health and Human Services
State Capitol Building, Room 5019
Sacramento, CA 95814

The Honorable Dr. Joaquin Arambula
Chair, Assembly Budget Subcommittee #1 on Health and Human Services
State Capitol Building, Room 5155
Sacramento, CA 95814

Re: SUPPORT - Budget Request: Non-Hospital Clinic Supplemental Payment Pool Augmentation

Dear Senator Eggman and Dr. Arambula:

On behalf of [Health Center Partners of Southern California](#) and its 17-member primary care organizations, which together serve more than 917,000 patients each year, for 3.9 million patient visits each year, at 160 practice sites across San Diego, Riverside, and Imperial counties, **I respectfully write in full support of a budget augmentation of \$50 million (general fund) to strengthen the non-hospital clinic supplemental payment pool established in the FY20-21 budget in preparation for the Medi-Cal Rx transition.** This request was submitted by Assemblymember Gipson to the Assembly Budget Committee. California Health+ Advocates submitted this request to the Senate Budget Subcommittee on Health and Human Services for consideration.

In 1992, Congress created the 340B Drug Discount Program (340B Program) to aid Community Health Centers (CHCs) and other safety net providers in the performance of their vital missions by helping them "stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

Under this federal program, drug manufacturers are required to provide discounts to 340B covered entities. The resulting savings are then applied by the covered entities (like CHCs) to extend hours of operation, hire additional staff, and expand the scope of services they provide to their constituents. The 340B program is a lifeline for many CHCs, particularly those which serve the most underserved populations.

Eliminating 340B savings would jeopardize patient access to critical supports like dental, optometric, behavioral health and transportation services, health education, and cause in-house pharmacies to close. Taken collectively, such eliminations would raise costs.



From the inception of Governor Newsom’s Medi-Cal Rx program in 2019, Health Center Partners joined with CHCs across California to voice considerable concern with the proposed transition. While CHCs supported the overall goal of reducing drug costs, **it was clear the Medi-Cal Rx transition would have unintended consequences by ending these discounts and therefore the funding for these various critical patient services.**

I thank the legislature for the creation of the supplemental payment pool. However, this fund was established with data that is now three years old. The financial burden is far greater than initially and quickly proposed.

At a time when access is needed most and when CHCs are stretched from a year of new financial burdens and operational challenges, CHCs need a guarantee the Medi-Cal Rx Transition will not undermine their financial stability.

Health Center Partners of Southern California strongly supports the request for an **additional \$50 million (general fund) to strengthen the non-hospital clinic supplemental payment pool**, and respectfully urges your support for this vital funding.

Thank you for your time and attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Henry N. Tuttle".

Henry N. Tuttle
President and CEO

cc: Senate Budget and Fiscal Review Committee
Senate Budget Subcommittee #3 on Health and Human Services
Assembly Budget Subcommittee #1 on Health and Human
Assembly Member Mike Gipson

[Health Center Partners of Southern California](#), a family of companies, includes a 17-membership organization of federally qualified health centers, Indian Health Services Organizations, both urban and sovereign, and Planned Parenthood of the Pacific Southwest, collectively serving 917,000 patients each year, for 3.9 million patient visits each year, at 160 practice sites across San Diego, Riverside seventh largest provider group in the region. [Read our latest Impact Report.](#)