California's Health Care Workforce Crisis

January 2024

BACKGROUND

California's Community Health Centers (CHCs) provide high-quality comprehensive care to 7.7 million people – that is 1 in 5 Californians and 1 in 3 Medi-Cal beneficiaries. For decades, CHCs have provided care to everyone, regardless of their ability to pay, or their individual circumstances. Our goal is a healthy community and that requires a diverse and robust workforce.

ONGOING CHALLENGES: RISING LABOR COSTS & STAFF SHORTAGES

The United States is facing a severe healthcare workforce crisis that touches every aspect of care in CHCs. The size of the labor market has not recovered to pre-pandemic levels, inflation remains high, and the cost of labor continues to rise.

Recruitment continues to be a top priority and a challenge for health centers across California. Research published by the Healthforce Center at the University of California San Francisco found that the by 2030, the supply of primary care physicians will decline yet the demand or primary care services will increase by 12 to 17 percent above the current demand. The pandemic disruptions on the labor market prompted many entry-level, and administrative professionals to leave the healthcare industry which has exacerbated recruitment processes for health centers.

The California Primary Care Association's (CPCA's) Compensation & Benefits survey found:

- In 2023, the average 12-month turnover reported by CHCs was 27.4% a slight decrease from 2022 (31.4%) yet dramatic increase from 9.5% in 2020.
- Clinics reported increases in the number of weeks to fill vacancies for key clinical roles such as physicians, dentists, nurse practitioners, medical assistants, and dental assistants.
- Clinics reported needing an average of
  - 27.4 weeks to fill a physician vacancy,
  - 23 weeks to fill a nurse practitioner vacancy,
  - 21.8 weeks to fill a dentist vacancy,
  - 16.8 weeks to fill dental assistant vacancy,
  - 13.2 weeks to fill a medical assistant vacancy.

The minimum wage for fast food workers in the state increases to $20 per hour beginning April 1, 2024. California also passed a law that will increase the minimum wage for healthcare workers to $25 per hour over the next several years. Health centers will be required to increase their minimum wage to $21 per hour on June 1, 2024, $22 per hour on June 1, 2026, and $25 per hour on June 1, 2027. Both market pressures and statewide laws continue to add pressure on the health center workforce.

The impact from a statewide minimum wage, without state and federal support and necessary statutory and regulatory changes, will lead to devastating impacts to our CHCs. Although CHCs welcome the increased wages for their staff, they have no financial mechanisms to do so, especially after the losses of 340B savings in the Medi-Cal program due to the state's pharmacy transition and the expiration of American Rescue Plan (ARP) funding for CHCs.

PROPOSED SOLUTIONS

To address the workforce shortage and help increase patient services at CHCs, we request your support in increasing flexibility and funding in the areas described below.

<u>CMS Support</u>

Due to the state impacts of a $25 minimum wage law, ***CPCA urges our federal partners to approve all necessary waivers to provide an alternative payment methodology to cover the costs associated with the state-mandated wage increase. There is no mechanism under current law or regulations to adjust a health centers' PPS rate strictly for wage increases.***

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Federal Workforce Funding

Because of crushing student loan debt and lack of familiarity with CHCs, it is difficult to recruit and retain ancillary and administrative staff in community clinics. Existing federal workforce programs provide vital incentives that strengthen clinical recruitment for CHCs but do not extend to nonclinical staff. ***It is essential that Congress provide financial assistance to fund recruitment and retention initiatives for administrative and ancillary staff that are ineligible for state and federal programs to ensure CHCs have a competent and diverse workforce ready to meet the high demand for patient care.***

Behavioral Health Workforce

Congress passed legislation allowing Licensed Marriage and Family Therapists (LMFTs) & Licensed Mental Health Consumers (LMHC) to be added as billable providers within Federal Qualified Health Center's prospective payment system (PPS). However, CHCs need additional support to attract a diverse workforce. ***We ask for your support in allocating funding that allows HRSA to reinstate annual grants to aid CHCs with integrating behavioral health into primary care.*** This funding stopped in 2020 as part of the COVID-19 impact. Health centers are a critical part of the response to the crises our country is facing and need support.

Teaching Health Centers (THC)

The THC Graduate Medical Education (THCGME) program provides grants to CHCs that supervise the training of new physicians; over one-third of THCGME participants choose to practice primary care to underserved populations when their residencies are complete. California has significantly expanded the number of CHC residency programs in the last seven years. The state is now home to thirteen HRSA THCGME grants that fund primary care and psychiatry training programs. In the last year, six additional programs received HRSA THCGME planning and development grants, and we expect these programs to begin training physicians soon. Federal THCGME funding is critical for the ongoing growth of existing programs and development of innovative programs. Funding for the THCGME has been temporarily extended, but still puts these programs in jeopardy of reducing their class sizes or closing altogether. ***We urge Congress to enact long-term, stable funding for this important program with increases for additional THCs.***

National Health Service Corps (NHCS) Funding

NHSC is a vital recruitment and retention tool for CA CHCs. Unfortunately, the lack of sufficient funding for NHSC prevents many urban and rural health centers from recruiting NHSC providers, which for some CHCs includes their own THC graduates. Today, the NHSC receives $310 million in mandatory funding (which will expire at the end of FY2023) and $121.6 million in annual discretionary appropriations. The ARP provided historic onetime investments of $800 million, with an additional $100 million directed toward NHSC in 2022. However, if the mandatory and annual discretionary funding remain level in the years to come, only a portion of Loan Repayment and Scholarship applicants will be granted awards, particularly once ARP funds run out. Collectively, more than 158 million individuals reside in Health Professional Shortage Areas (HPSAs), and yet thousands of NHSC applications could go unfunded due to lack of resources. In 2022, only 379 clinicians practicing in California were awarded funds although 586 were deemed eligible for awards had there been additional funding. The NHSC program will continue to serve as a gateway to health center service. ***We must sustain and increase NHSC funding to reflect the growing need for physicians in primary care settings.***

Supporting Workforce Through the 340B Program

By law, and by mission, health centers invest 340B savings into activities that advance their goal of ensuring affordable access to critical health services for medically underserved patients. CHCs have reinvested a portion of their 340B savings into creating a robust workforce that can support the diverse needs of their patients in a culturally and linguistically appropriate manner. ***We ask for your help in protecting the 340B Drug Discount Program by supporting legislation that helps grantees, like CHCs, continue to access these important savings.***