



(916) 440-8050

CPCAadvocates.org

1231 I Street, Suite 400, Sacramento, CA 95814

March 3, 2025

Assemblymember Jesse Gabriel, Budget Chair
California State Assembly
1021 O Street, Suite 8230
Sacramento, CA 95814

Senator Scott Wiener, Budget Chair
California State Senate
1020 N Street, Room 502
Sacramento, CA 95814

RE: California Primary Care Association Advocates Budget Priorities

Dear Budget Chairs Gabriel and Wiener,

California Primary Care Association (CPCA) Advocates respectfully requests your consideration and support for its budget priorities in the 2025–26 budget.

As the advocacy affiliate of CPCA, CPCA Advocates represents nearly 1,300 community health centers (CHCs) and clinics statewide, serving 7.8 million Californians annually. These CHCs provide high-quality, comprehensive care, including primary care, dental, and behavioral health services, and nearly one-third of Medi-Cal patients in California rely on CHCs for their care. In many rural areas, CHCs are often the sole providers of medical and wellness services, offering a trusted healthcare safety net for underserved populations. In 2023, over 40% of our patients identified as having limited English proficiency, reflecting California's diversity. CHCs build trust by employing culturally and linguistically competent providers, ensuring equitable access to care.

Our 2025–26 budget priorities are as follows:

1. Sustained Investment in Medi-Cal Health Enrollment Navigators
2. Equitable Allocation of Prop 35 Funding to Support CHCs
3. Protecting Medicaid and Preparing for Potential Federal Cuts
4. Continued General Fund Support for Non-Hospital 340B Supplemental Payment Pool/Community Clinic Directed Payment

Health Enrollment Navigator Program for Clinics

Expanding access to coverage and care has been a hallmark of the Newsom Administration and California Legislature. CPCA Advocates appreciates the Governor's commitment to safeguarding California values, as demonstrated by past investments in the Medi-Cal Health Enrollment Navigator Project. Since its inception in 2019, the Legislature has invested \$40 million (\$80 million with federal match) in Health Enrollment Navigator services. This includes an essential one-time \$10 million General Fund investment (\$20 million including the federal match) in the 2023–24 budget for community health centers to expand these services.

Through the Medi-Cal Health Enrollment Navigator Project for Clinics, health outreach and enrollment services are provided at 107 CHCs across 38 counties, supported by ten regional clinic consortia. These Federally Qualified Health Centers (FQHCs), tribal health programs, and other clinics are uniquely equipped to address barriers to coverage and care for Californians in underserved communities.



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In 2024, Clinic Navigator Program outcomes included:

- Over 90,000 Californians successfully enrolled or retained Medi-Cal coverage.
- Over 220,000 appointments supported healthcare access and utilization.
- Nearly 5 million outreach touches educated patients about enrollment options.

Navigators are front-line staff at CHCs and community-based organizations who support people with Medi-Cal applications, renewals, and access to medical care. Navigators help people navigate complex application systems, understand paperwork and documentation requirements, support with language and literacy challenges, troubleshoot enrollment and access issues, and provide technology support to help mitigate the digital divide. Health centers' experience in providing outreach and enrollment services predates the Affordable Care Act, but the workforce grew significantly with the launch of Covered California and the Medi-Cal expansion in 2014. With 1 in 3 Medi-Cal recipients being served by CHCs, application and renewal assistance is crucial to ensuring patients can access the comprehensive health and mental health services they are eligible for. Enrollment support and renewal assistance are not directly billable or reimbursable for health centers, requiring them to depend on cobbling together grants and other funding, like this project, to make these services available to their patients and communities.

Particularly relevant at this time, health enrollment navigators help patients and community members navigate the intersection of immigration status and eligibility for coverage. The chilling effect of real and proposed immigration policy changes has already resulted in missed appointments among immigrant patients, and we know that it may lead to delayed care and fear of enrolling in health care coverage programs. Navigators are highly trained and trusted messengers in their communities who play a critical role in alleviating the chilling effect and helping to ensure all residents can enroll in the coverage they are eligible for to access the care they need. Funding Health Enrollment Navigators would complement the \$25 million (GF) in state funding allocated through the 2025 Special Session to support immigration legal services providers. Navigator staff at health centers and community-based organizations are the primary access point for families wishing to learn about or be referred to immigration legal services.

The Department of Health Care Services recognizes the importance of these services and this workforce. In the wake of the recent devastating fires in Los Angeles and Ventura counties, DHCS encouraged victims to seek out Clinic Navigators to assist with coverage retention issues and directed county eligibility workers to prioritize communications from clinic Navigators. Program funding is currently set to expire on June 30, 2025.

We urge the inclusion of a one-time allocation of \$20 million General Fund one-time, over two years, to support community health centers in continuing this vital work. We also support the inclusion of \$7 million General Fund) one-time, over two years, to reinstate funding for our community-based organizational partners through the Los Angeles County Health Enrollment Navigators Project, which was discontinued in the final FY 2024/25 state budget.

Prop 35 Implementation

With the passage of Prop 35, CPCA Advocates is committed to ensuring successful implementation of the \$50 million allocated for Services and Support for Primary Care. It is imperative that these funds are distributed equitably to CHCs and align with the Prop 35 statute to support FQHCs and RHCs.



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To advance access, quality, and equity for Medi-Cal patients, allocations must account for the FQHC/RHC PPS payment model, enabling CHCs to benefit fully from these investments. We urge the Legislature to ensure that Prop 35 is implemented as intended and in alignment with voters' intent. In particular, we urge DHCS, when deciding how to distribute funding in the primary and specialty care buckets, to ensure that FQHCs/RHCs receive increased payments from MCO tax sources and that these funds cannot be considered or recouped in the context of any annual reconciliation processes beginning on January 1, 2025, as mandated by Prop 35.

This budget request supports CHCs in providing timely, high-quality care while avoiding reductions in services or staffing. Adequately funding the health center workforce benefits all Californians by sustaining affordable, equitable, and accessible healthcare for the long term.

Protecting Medicaid and Preparing to Backfill Potential Federal Cuts

Adequate Medicaid payments are essential for CHCs to sustain their operations and services in low-income communities. Over 15 million Californians rely on Medicaid, with one in three receiving their care at a CHC. Health centers rely on Medicaid reimbursement to provide comprehensive primary and preventive care – including behavioral health (mental health and substance use disorder treatment), dental, vision, and enabling services to keep patients healthy. Medicaid payments represent 43% of CHCs total revenue, making it their largest funding source. Yet, Medicaid payments in 2023 covered only 85% of the cost associated with caring for that population, leading to a collective uncompensated care cost of \$3.8 billion. Cuts to the Medicaid program are an existential crisis for CHCs and many other providers in the health care community.

The potential impacts of some of the budget cuts and policies currently being proposed by Congress would be catastrophic. For example, mandating work requirements could cost CHCs alone over \$2.5 billion per year should adult enrolled patients lose coverage due to work requirements. If the enhanced Federal Match Assistance Program (FMAP) is removed for the Affordable Care Act expansion population, 5.4 million patients' coverage would be at risk in California, and could cost the state up to \$15.5 billion per year to maintain coverage. If the FMAP floor is removed entirely, it could cost the state up to \$13.4 billion; and if the FMAP floor is lowered from 50% to 40%, it could cost the state \$10.3 billion per year.

Furthermore, Executive Orders seek to restrict federal funding for organizations who provide care to specific populations such as undocumented immigrants, or services such as gender affirming care for youth. If enacted, these policies would put CHCs in the contradictory position of needing to decide between fulfilling their mission (and federally mandated requirement to serve everyone who walks through their doors), and financial survival.

Although these numbers are difficult to fathom, and even more difficult to find potential paths to backfill using state funding, CPCA Advocates stands ready to engage with the Legislature and the Administration to find potential solutions to ensure that all Californians who rely on Medi-Cal are supported and maintain access to affordable, comprehensive, and quality healthcare.



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Non-Hospital 340B Supplemental Payment/Directed Payment Funding

CPCA Advocates appreciates the continued funding for the non-hospital 340B Supplemental Payment Program (SPP) in the Governor's budget. This \$50 million General Fund allocation ensures CHCs can sustain patient programs and improve access to care following Medi-Cal Rx implementation. Over the past two years, CPCA has collaborated with DHCS to transition this funding into a managed care directed payment tied to quality improvements. This new Community Clinic Directed Payment program launched in February 2025. These funds remain a critical support for CHCs' ability to serve vulnerable populations.

Thank you for your thoughtful consideration of these priorities. For any questions or further information, please contact Laura Sheckler at laura@cpcaadvocates.org.

Sincerely,

Dennis Cuevas-Romero
Vice President of Government Affairs
California Primary Care Association Advocates