



Governor Brown's 2017-2018 Proposed State Budget Impact on Community Health Centers (Updated 02.09.17)

Overview

Governor Brown's 2017-18 Budget Proposal remains committed to protecting four priorities: growth for education, creation of the state's first earned income tax credit, a minimum wage increase, and expansion of health care coverage. With increasing uncertainty of federal commitment to health care coverage, we applaud the Governor's commitment to coverage expansion. Protecting these four priorities however cannot come at the cost of key health care programs and one-time spending commitments made last year to support our health care system. Of particular concern, the budget includes significant changes to safety-net healthcare programs that will negatively impact low-income, uninsured, and underserved communities.

CaliforniaHealth+ Advocates, who are committed to advancing the mission of California's 1,200 not-for-profit community clinics and health centers that provide comprehensive, quality health care services to one in seven Californians each year, and employ more than 58,000 Californians, is concerned with potential changes to the 340B program, elimination of the primary care workforce investment made last year, changes to Newly Qualified Immigrant healthcare program, and delays to a law that will improve access to behavioral health services.

Health Center Budget Concerns

340B: 340B is a federal drug discount program that was designed to support the mission of safety-net providers like Federally Qualified Health Centers (FQHCs) with prescription drugs discounts that allow the provider to stretch scarce federal resources. The program has achieved its objectives since its inception in 1992 and supported safety-net providers' ability to care for their patients. While trailer bill language has not been released, it appears that DHCS intends to change the program in a way that would hurt FQHCs ability to use program savings to serve uninsured and underserved, greatly reducing access to care.

Workforce: The Governor's proposed budget eliminates the \$100 million investment made in last year's budget to help combat the primary care workforce crisis in California. Specifically, the 2017-18 budget reverses this year's \$33 million investment, and eliminates the remaining \$67 million in future years. Without these investment, California's primary care residency programs will be destabilized and face closure if federal funds are not renewed by Congress. The one hundred residency slots at California's Teaching Health Centers, the most innovative primary care residency programs in California, are at greatest risk. Backtracking on this investment hinders existing primary care residency programs, eliminates the potential for expansion or the development of desperately

needed new residency programs in underserved communities. If California doesn't keep its commitment to primary care workforce investments, the health of all Californians will suffer.

Newly Qualified Immigrant Benefits and Affordability Program: Immigrant adults who have been in the country for less than five years are barred from receiving federal Medicaid benefits, but are eligible for state-funded Medi-Cal benefits if they meet income eligibility requirements. The Governor's proposed budget plans to transition these patients to a Qualified Health Plan in Covered California, with the state providing premium and out-of-pocket payment assistance and wraparound benefits. Patient groups have opposed this proposal in the past because the cost savings would come at the expense of the patient's health and wellbeing. Those concerns remain. The Medi-Cal program is better suited to serve the needs of low-income immigrants due to Medi-Cal provider's focus on culturally competent care that puts a premium on understanding the patients' language, culture, and individual needs. If beneficiaries are transitioned, it is likely they will lose that support when they transition their care from a fully integrated FQHC to a private practice provider affiliated with a Covered California health plan.

Behavioral Health Access to Care: The 2017-18 proposed budget delays the implementation of AB1863 (Wood) - Marriage and Family Therapists from January 2017 to July 1, 2018. As such, MFTs will not be able to bill for services within an FQHC for 18 months, forcing high need patients to wait even longer for behavioral health services. Additionally, FQHCs will be forced to terminate Marriage and Family Therapists who they hired based on the law's January 2017 Start Date. This is not a harmless processing delay, it will have real-world impacts on patients and providers alike.

If you would like to discuss the impact of Governor Brown's 2017-18 Budget Proposal on community health centers and the communities they serve, please feel free to contact Christy Bouma at (916) 227-2666 or Beth Malinowski at (916) 503-9112.