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March 3, 2017

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Organizations listed for
identification purposes

The Honorable Richard Pan
Chair, Senate Budget Subcommittee 3 on Health and Human Services
State Capitol, Room 5019
Sacramento, CA 95814

The Honorable Joaquin Arambula
Chair, Assembly Budget Subcommittee 1 on Health and Human Services
State Capitol, Room 6026
Sacramento, CA 95814

RE: Governor's Proposed 2017-2018 Budget

Dear Senator Pan and Assemblymember Arambula:

Health Access California, the statewide health care consumer advocacy coalition working for quality, affordable health care for all Californians, offers the following comments on the Governor's proposed 2016-17 budget. California's robust implementation of the Affordable Care Act (ACA) has reduced the ranks of the uninsured by more than half, and our uninsured rate (7%) is at a record low. We are tremendously proud of the progress California has made and applaud the Governor for including the resources to support Medi-Cal, which provides coverage for 14.3 million Californians and SB 75 implementation, which provides full-scope Medi-Cal to 185,000 income-eligible children regardless of immigration status.

While we celebrate the gains we've won in expanding health coverage, we also recognize the considerable uncertainty over the future of the ACA and the Medicaid program. Federal proposals to repeal the ACA and substantially cut federal funding for Medicaid would jeopardize the immense progress California has made and millions of Californians would be at risk of losing access to affordable coverage. ACA repeal without a replacement that provides at least the same level of federal support means California would lose over \$17B for the Medicaid expansion, and another \$5B in federal subsidies that go to consumers who purchase health coverage through Covered California. As a result, over 5 million Californians would lose coverage gained through financial support from the ACA. Those who receive coverage through the private insurance market would face higher costs and fewer benefits and consumer protections, if they are able to retain any coverage at all. Given the tremendous uncertainty facing health care, we believe the state should continue its work on health reform implementation until the federal picture becomes clearer.

GOVERNOR'S NEW PROPOSALS

Newly Qualified Immigrant (NQI) Wrap Program - (TBL 604)

Health Access California requests that the Legislature reject the Administration's proposal to transition more than 83,000 "newly qualified immigration status" adults, who have been under this status for less than 5 years, from full-scope Medi-Cal into Covered California, with

the Department of Health Care Services paying for premiums, out-of-pocket payment assistance and wrap-around benefits. We also request that you maintain coverage for Newly Qualified Immigrants in full-scope Medi-Cal indefinitely, and that the Legislature undo the current law which would move a subset of these adults (adults without children under 18 at home) from full-scope Medi-Cal coverage, where they have been covered since 2014, to Covered California with wrap-around benefits.

In 2014, California included childless adults who were newly qualified immigrant adults in the state less than five years as part of the broader Medi-Cal expansion, using state only dollars. Newly qualified immigrant adults are low-income, earning less than 138% of the Federal Poverty Line (FPL) (\$16,394 for an individual) and many are also limited English proficient (LEP). The Administration's proposal transfers this vulnerable population from Medi-Cal to Covered California and is proposing to expand the transfer population to include "all newly qualified adults," Including parents as well as adults without children under 18 at home. The administration has not yet provided a full estimate of the number of immigrants impacted.

This proposal will jeopardize comprehensive coverage for immigrant adults, cause disruptions in care and coverage, will be confusing for beneficiaries, next to impossible to administer given the multiple renewal processes for consumers, and jeopardizes access to health care coverage for vulnerable immigrant populations. Now is not the time to move forward with a program that moves newly qualified immigrants into a new, bureaucratically complex program. In the midst of a hostile federal environment, where immigrants are experiencing fear and anti-immigrant actions, this proposal will only add to the anxiety and hardship these families are already facing. Furthermore, additional uncertainty over the future of the Affordable Care Act and the availability of federal funds should the Medicaid expansion also be repealed could expose this population to life-threatening risk.

Sunset of Child Health and Disability Prevention State Only Program - (TBL 613)

Health Access requests that the legislature oppose The Administration's proposal to sunset the Child Health and Disability Prevention (CHDP) program. The CHDP program provides complete health assessments for the early detection and prevention of disease and disabilities for low-income children and youth with family income up to 200% of the federal poverty level. Although SB 75 (2016) provides full-scope Medi-Cal coverage to all children with family incomes up to 266% FPL regardless of immigration status, some families whose incomes fall between 160-200% FPL will face barriers to access because they cannot afford the Medi-Cal premium. In addition, in the hostile anti-immigrant atmosphere of the new federal administration, some families may hesitate to enroll their children in Health4All children. For these families, the CHDP program continues to be a critical resource for access to preventative services.

In California, the CHDP program oversees the screening and follow-up components of the federally mandated Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program for Medi-Cal eligible children and youth. Eliminating funding for this program could also jeopardize the screening process under EPSDT, and runs contrary to federal and state goals to provide children with the "health care they need when they need it – the right care to the right child at the right time in the right setting. California has an affirmative obligation to make sure that Medicaid-eligible children and their families have access to preventative care, are aware of EPSDT and have access to required screenings and necessary treatment services. Without CHDP, some Medi-Cal eligible children and youth may not be full access to preventive care and mandated screenings. For these reasons, we urge the legislature to oppose this proposal.

Abolishing Major Risk Medical Insurance Fund - (TBL 614)

Health Access California is neutral on this proposal so long as it does not impact enrollment or level of benefits for enrollees in MRMIP. The Major Risk Medical Insurance Fund currently funds expenses related to the Major Risk Medical Insurance Program (MRMIP), which was originally established as a state high-risk pool. The Administration proposes to abolish the Major Risk Medical Insurance Fund and transfer the fund balance of approximately \$65 million to the newly established Health Care Services Plans Fines and Penalties Fund, which will support coverage for individuals remaining in the Program and expenses related to health care services for children, seniors, persons with disabilities, and dual eligibles in the Medi-Cal program.

Although the ACA has reduced the need for a state high-risk pool because consumers can no longer be denied coverage based on a pre-existing condition, it is important to maintain MRMIP for the 1300 individuals still enrolled in the program who may not be able to afford coverage elsewhere. In addition, while high-risk pools are not ideal for consumers, looming federal changes to the ACA may lead to more reliance on high-risk pools.

Proposition 56: Medi-Cal Funding

Health Access strongly supported Proposition 56, which increases the excise tax on cigarettes and tobacco products effective April 1, 2017 and requires 82% of the funds remaining after specified allocations be transferred to the Healthcare Treatment Fund to support Medi-Cal. The Governor's proposed budget estimates Proposition 56 will generate \$1.2B for 2017-18. These funds should be used to improve the program, whether through targeted investments to increase access where access is a known challenge, restore benefits that had previously been cut such as full adult dental, or maintain coverage for those currently enrolled. The uncertainty around federal funding for California's health programs should also be considered. It may be prudent to reserve these funds at least until the May Revision given the federal uncertainty.

BUDGET CHANGE PROPOSALS

Department of Public Health - Budget Change Proposal: AB 1726 (API Data Disaggregation)

Health Access supports the BCP for AB 1726 (2016), which will require the Department of Public Health (DPH) to disaggregate different ethnic origins for specified Asian and Pacific Islander groups when funding becomes available. We supported AB 1726 because the bill will provide researchers, policymakers, and community members the data needed to promote policies that effectively reduce health and other disparities. They include addressing health coverage related disparities that exist among Limited English Proficient, less educated, low income, or immigrant Asian Americans, Native Hawaiians, and Pacific Islanders, supporting language assistance and cultural competency in health care, and monitor access to care for these communities.

Asian and Pacific Islander (API) communities are extremely diverse and each population has different experiences and needs. Existing data does not fully illustrate health disparities within racial and ethnic groups, and disaggregation of data is a necessary step in fully understanding the needs of the API community.

Department of Managed Health Care - Budget Change Proposal: AB 72

Health Access supports the DMHC's BCP to implement AB 72 (Chapter 492, Statutes of 2016). Last year, Health Access co-sponsored AB 72, which protects consumers from surprise medical bills when they go to an in-network hospital, lab, imaging center or other facility. Consumers would only be responsible for their in-network cost sharing and would be prohibited from getting outrageous out-of-network bills

from doctors they did not choose. AB 72 provides the nation's strongest consumer protections against surprise medical bills and we support the DMHC's request for resources to implement this important new law.

ITEMS NOT IN GOVERNOR'S PROPOSED BUDGET

Department of Managed Health Care - Consumer Participation Program

Health Access requests that the Legislature delete the sunset on the Department of Managed Health Care's Consumer Participation Program (CPP), which is currently set to sunset on January 1, 2018. The CPP awards reasonable advocacy and witness fees to any person or organization that represents the interests of consumers and has made a substantial contribution on behalf of consumers to the adoption of any regulation or to a Director's order or Director's decision, which affects a substantial number of consumers. CPP helps to level the playing field for California's healthcare consumers by ensuring that consumers have an effective voice before the Department when health plans seek unreasonable rate increases or industry groups demand rules that impede or harm access to health care.

Health Access co-sponsored and strongly supported SB 1092 (Sher), Chapter 792, Statutes of 2002, the legislation that created the Consumer Participation Program and was involved with the development of the original regulations promulgated to implement this program. In addition, Health Access has been a participant in the Consumer Participation Program, offering our expertise on how the Department's implementation and enforcement of laws and regulations affect health care consumers. Last year, the DMHC revised the CPP regulations to streamline the procedure for consumer advocates to participate in the program. The CPP statute (Health and Safety Code Section 1348.9) allows the DMHC to award up to a total of \$350,000 for each fiscal year. It is our understanding that the Department has never reached the maximum award limit.

The CPP had an initial sunset date of January 1, 2007, and the sunset has since been extended twice, each time in trailer bill and most recently in 2011 (AB 110 (Committee on Budget), Chapter 31, Statutes of 2011). The CPP has been in existence for nearly 15 years and has made it possible for nonprofit groups with few resources to represent the consumer interest in the DMHC's proceedings. We respectfully urge the Legislature to delete the sunset on this program.

Medi-Cal Benefits Eliminated During the Great Recession

The state made a number of cuts to Medi-Cal benefits and provider rates during the Great Recession. We appreciate the partial restoration of adult dental benefits and acupuncture services in recent years, and urge the Legislature to consider making targeted investments by restoring other benefits should resources be available. They include: full adult dental, audiology, chiropractic, incontinence creams and washes, optician/optical labs, podiatry, vision, and speech therapy.

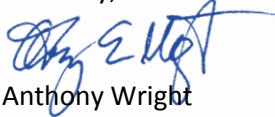
#Health4All

Health Access deeply appreciates the work the Administration has done to fully implement SB 75 and extend full-scope Medi-Cal to all children under age 19, regardless of immigration status. This program has helped California to further reduce its uninsured rate. More work, however, needs to be done to achieve the vision of healthcare for all by providing comprehensive coverage to undocumented and uninsured adults. We hope to have the opportunity to achieve #Health4All in the near future.

Health Access California looks forward to working with you this legislative session to craft a state budget that invests in the health and well-being of all Californians and protects the gains that California has made. We will submit additional comments on budget issues at the budget subcommittee hearings.

Please contact Tam Ma, Legal and Policy Director (tma@health-access.org or (916)497-0923 x.808), or Myriam Valdez, Legislative and Policy Advocate (mvaldez@health-access.org or (916) 794-0923 x.804), if you have any questions about our position on the state budget.

Sincerely,



Anthony Wright
Executive Director

Cc: Members, Senate Budget Committee
Members, Assembly Budget Committee
Diana Dooley, Secretary, California Health and Human Services Agency
Jennifer Kent, Director, Department of Health Care Services
Donna Campbell, Office of the Governor
Marjorie Swartz, Office of the Senate President Pro Tempore
Agnes Lee, Office of Speaker of the Assembly
Staff, Senate Health Committee
Staff, Assembly Health Committee
Scott Ogus, Senate Budget Subcommittee No. 3
Andrea Margolis, Assembly Budget Subcommittee No. 1