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Re: California State Budget Decisions to Improve Our Health System and Protect California Consumers During The COVID-19 Pandemic

Health Access California, the statewide health care consumer advocacy coalition working for quality health care for all Californians, respectfully offers the following comments and recommendations on the Governor's proposed 2021-22 state budget, with a focus on providing relief to Californians in response to the continued devastation of COVID-19.

Health Access commends the Newsom Administration and the Legislature for actions taken to date to prevent the spread of this coronavirus, while working to support California's recovery. We continue to urge the Governor and the Legislature to prioritize life-saving investments to ensure Californians have access to the health care and coverage they desperately need to thrive--especially vulnerable populations. We will continue to be an active partner with you on the fight for federal relief to maintain a strong safety that benefits all Californians.



In this letter, we support:

- Continued focus on **coverage**, including keeping Californians covered and connected to care, and **extending insurance** to those still excluded.
- Continued focus on **public health** investments to ensure **testing, treatment, and therapeutics** are easily accessible for all Californians.
- Ongoing **oversight over the health care system** to ensure its **capacity, sustainability, and affordability**.
- Continued efforts to **improve our health system**, including protecting consumers, advancing **health equity, and reducing racial disparities**.

The continued public health emergency will require health investments and oversight, which will ultimately help California get out of this crisis and through the economic and budget emergency we are in.

COVERAGE

The COVID-19 pandemic and the resulting public health crisis highlight how important it is for California to ensure that all state residents have access to health care and coverage. Our collective health and health system benefits when everyone has access to care for not just COVID-19 but a range of co-morbid conditions that if not treated are more likely to result in hospitalizations. At the same time, many Californians have lost their coverage alongside their work or income, and experienced sticker shock in buying coverage in Covered California. Others, including our most vulnerable, are excluded from Medi-Cal or other assistance. Even for those eligible for coverage, California can take additional outreach and system changes to make it easier to sign up and stay on coverage. These efforts include:

Expand Medi-Cal Regardless of Immigration Status, Especially for Seniors

As co-chair of the #Health4All campaign, Health Access California supports expanding Medi-Cal to include all income-eligible Californians, regardless of immigration status.

In particular, the proposal to expand Medi-Cal coverage to undocumented seniors is more urgent than ever. According to the Centers for Disease Control and Prevention, individuals who are above age 65 are susceptible to a higher risk of serious illness from COVID-19, including serious complications or even death. Undocumented immigrant seniors are the most at-risk population that is currently excluded from coverage, and so they are less likely to have a doctor or usual source of care to ask about symptoms or preventive care, and would be exposed to the significant costs of follow-up care after emergency coronavirus treatment.

In light of the COVID-19 global pandemic, we urge that the Administration continue with and in fact expedite the implementation of seniors to cover individuals as soon as possible. Health Access has worked with other advocacy organizations as a stakeholder to implement both Health4AllKids and Health4AllYoungAdults. We are confident that the work done previously on expansions to undocumented communities can be used as a blueprint and should be used to accelerate implementation to get this high-risk population access to full-scope Medi-Cal as soon as possible, in 2021.

We greatly appreciate that the Department of Health Care Services expanded services for emergency Medi-Cal in relation to testing and treatment for COVID-19. However, we continue to urge people who have symptoms to first contact their doctor or usual source of care, which those on emergency Medi-Cal may not have beyond emergency rooms or home remedies. For undocumented seniors, if they have pneumonia, bronchitis, the flu, an intense cold, or lung cancer instead of COVID-19, treatment may not be covered. Many may stay away from care for fear of a medical bill they cannot afford. Even if they are covered for coronavirus, there are likely to be exacerbated comorbidities and significant follow-up care into the future that is not covered by emergency Medi-Cal. Leaving this at-risk population uninsured not only threatens their life or creates irreparable complications for this higher risk, elderly population, it makes it harder to track and treat this pandemic overall, and to address the aftereffects into the future. Covering undocumented seniors—many of who have contributed to California’s economic, society, and tax based over a lifetime--can age with dignity and thrive. Providing such comprehensive coverage including primary and preventive care, is a cost-effective and efficient way to strengthen the health system on which we all rely.

Continue California’s Commitment to Covered California Affordability Assistance

In 2020, hundreds of thousands of Californians received new state subsidies to help them buy health coverage, but the program is set to be suspended after three years, at the end of 2022. The program has been successful, helping result in a significant increase in new enrollment in 2020, and helping low- and middle-income Californians reduce their premiums, in many cases by thousands of dollars.

With the existing state subsidy program in place, significant gaps in affordability remain a barrier for Californians in terms of both premiums and cost sharing, including copays and deductibles, and additional subsidies are needed to help Californians and further reduce the uninsured rate. Affordability remains a significant barrier to enrollment in our state’s Covered California marketplace. Despite the economic crisis and record numbers of Californians facing unemployment, Covered California has seen only modest increases in enrollment. More help is needed for those who buy coverage as individuals, who are among

the worst impacted by this economic crisis: self-employed and small business owners, young adults just starting their careers, and those in restaurant, retail, arts and entertainment industries.

We are excited that the Biden Administration has proposed to also increase affordability assistance in ACA exchanges like Covered California, and to potentially do it at a scale beyond California's program, capping the cost of coverage for a Silver plan at 8.5% of income.

- Until that federal investment happens and is implemented, we urge that California extend the existing program to provide security and continuity for Covered California enrollees for the next three years, through 2025. Health insurers will not be able to plan for 2023 without a clear sense of the subsidies available in early 2022.
- Even with federal action, we urge California to continue our commitment to devote a similar level of funding, including but not limited to the revenue from the state-based individual mandate, to address affordability needs in our individual insurance market. The program is an acknowledgement that Californians live in a high cost-of-living state that will need specific help beyond the federal standard of what is affordable.

Additional help is needed in a range of areas, both above and below the current ACA subsidy income cutoff of 400% of the federal poverty level. For example, since 2014, the deductible for the standard silver product has doubled from \$2,000 to \$4,000, an utterly unaffordable amount for someone living on \$24,000-\$48,000 a year. If the federal government invests in improved premium subsidies, California should invest in reducing cost sharing for middle class families.

Health Access will actively advocate for federal opportunities for increased affordability assistance, both through Congressional allocations, administrative actions, and state-specific waiver opportunities. This advocacy would be assisted by California continuing its commitment and signaling the value of this program. This includes both using unspent state funding for this fiscal year to make additional improvements to affordability, as well as any new revenue from the California individual mandate which went into effect for the 2020 tax year will result in state tax revenue of an undetermined amount. More information on the individual mandate revenue should be available after the April 15 tax filing deadline, in time for the May revise. During a pandemic, a top priority should be to find every means possible to help Californians keep coverage, and to provide financial assistance.

Close Coverage Gaps by Offering True Zero Premium Plans in Covered California

To bring us closer to our goal of universal coverage, Health Access proposes to subsidize and eliminate the state-specific premiums in Covered California of \$1 per enrollee per month, a premium paid by every enrollee in Covered California. A

modest allocation of about \$15 million in existing, unused, or new affordability assistance funds could make a big impact in reducing the financial and administrative burdens that prevent some Californians from getting coverage—and ultimately getting tens of thousands more Californians covered.

Recent research has shown that any premiums, regardless of amount, play a role in deterring enrollment, particularly for those in lower income ranges. While obviously most Californians face monthly premiums of hundreds of dollars, a subset of younger and lower-income Californians and those who buy cheaper Bronze plans have plans that are less expensive than their federal ACA subsidy. However, under current law, California is not able to offer true zero premium plans. Instead health plans charge a minimum of \$1 per member per month for every enrollee in Covered California. Researchers have estimated that 2019 enrollment in Covered CA would have increased by about 60,000 enrollments if true zero premium plans had been offered.

By changing our statute to provide for state subsidy coverage of the \$1 per month premiums that cannot be covered by federal subsidies, we could offer true zero premium plans in the Covered California marketplace. This would potentially increase enrollment for consumers who are deterred by the presence of any premium, regardless of how low. This change would provide a lot of bang for literally one buck.

It would also remove an ongoing point of friction between the requirements of the California Constitution and existing federal law on premium subsidies.

The estimated cost is about \$15 million annually, depending on Covered California enrollment. This could be funded out of dollars dedicated to existing state subsidies for Covered California enrollees or new individual mandate revenue.

Outreach and Other Efforts

We support the additional expansions and efforts in Medi-Cal for COVID-19 relief, including for the uninsured, such as the creation of a Medi-Nurse line to ask questions about COVID-19, and a presumptive eligibility aid code for COVID-19 treatment for the uninsured and underinsured. We recognize these and other new efforts are federally supported through emergency waivers and we hope that California looks to potentially continue some of them past the public health emergency.

Health Access has worked with other advocacy groups to develop and advance a Care4All California package to get our state closer to universal coverage. The above components, including fully removing immigration status exclusions in Medi-Cal, and significantly increasing subsidies in Covered California, can cut the

uninsured rate in half. This #Care4AllCA agenda also includes other proposals, led by allied advocacy organizations but that we strongly support, such as:

- the continuation of outreach and enrollment assistance for Medi-Cal, to better connect Californians with care and coverage;
- the elimination of the asset test in Medi-Cal;
- the use of the WIC (Women, Infants, and Children) program to provide “express lane enrollment” for Medi-Cal; and
- have Covered California outreach to those filing for unemployment insurance at the Employment Development Department.

Even if we adopted all these efforts, we do have questions about the Medi-Cal caseload estimates that the program will grow from 13.2 million Californians as reported by the Department of Health Care Services in October, 2020 to 14 million Californians in 2020-21 to 16.1 million Californians January 2022. California has not seen the expected jump in enrollment during economic shutdowns in 2020. Health Access and other advocates have engaged the Department of Health Care Services about undertaking other efforts to ease enrollment burdens, including post-enrollment verification. We encourage the Legislature to follow up on these and other efforts as well. But even with such enrollment simplification efforts, and taking into consideration the continuous coverage requirement by the federal government (tied to a FMAP increase), we don’t expect an increase in Medi-Cal caseload of the magnitude contemplated in the January budget. A more realistic estimate, coupled with opportunities for state savings from anticipated federal actions, will provide budget room for further health coverage expansions that are desperately needed.

OVERSIGHT AND ACCOUNTABILITY

Creating the Office of Health Care Affordability

A top priority for Health Access California, and the Care4All California campaign, is the establishment of an Office of Health Care Affordability. This is an essential and critical step toward addressing health care costs for all Californians, as patients, premium payers, workers, taxpayers, and for purchasers and payers, public and private. Such an Office would set cost growth targets--taking into account differences in regions and sectors, while providing industry players with tools to meet these goals, and financial accountability if they don’t.

Building on the Health Payments Database created in the 2020-21 state budget, the Office of Health Care Affordability would have a view of the health system as a whole, including its capacity and sustainability—something that would have been beneficial in the current crisis, and hopefully can be in place for the next pandemic or public health emergency. The many market failures in the health

market that have led to high prices in some regions have also led to the mismatch of capacity we had to scramble to fix.

Health Access strongly supports the proposed new Office as an essential tool to provide oversight of inflated health prices and set enforceable cost targets. In a highly consolidated health system, this will provide incentives beyond just getting bigger, including addressing costs, improving quality and equity, and prioritizing public health. We have been involved on the details and decision points of creating an Office for the past two years, and look forward to further engagement with the Legislature and Administration on this proposal, but we support the broad structure of an Office that will collect and analyze data, increase transparency in the health system, and set enforceable cost targets for the industry by sector. Particularly of import is that the Office will develop system-wide strategies and offer specific tools to attain those goals, and that it has the authority to impose real financial consequences if the targets are not met.

This bold proposal will help fix not just specific health care market failures and abuses, but provides a comprehensive approach to contain health care costs. The ultimate goal is to yield savings that are tangible to consumers, employers and other purchasers of private health insurance, as well as to public programs and purchasers, thus benefitting the state budget and the effort to expand coverage and get to a universal health system in California.

Health Quality and Equity

Beyond the Office of Health Care Affordability, Health Access has long supported a variety of efforts to hold the health system accountable, especially for improved quality and equity, especially with regard to the reduction of racial and ethnic disparities. We appreciate that the Governor's Budget seeks to prioritize these efforts as a portfolio of work to address health equity head on. We will continue to pursue this work and look forward to engaging on new details released by the Newsom Administration.

In particular, we actively have sought to use the state's purchasing power to improve the standards and set clear health quality and equity goals for Medi-Cal managed plans through the upcoming re-procurement and re-contracting processes. Similarly, we will continue to work closely with other advocates to provide input to Covered California on Attachment 7 of their Model Contract that details their expectation for their plans. We look forward to seeing what the Department of Managed Health Care can do as a regulator to advance health equity benchmarks, and support the investment for increased data at the California Health and Human Services Agency to support this work.

PUBLIC HEALTH INFRASTRUCTURE AND COVID19 RESPONSE

Health Access strongly supports investments in public health, at the state and county level, both to address the current crisis and going forward.

For the COVID-19 crisis, we support the investments in personal protective equipment, in laboratory testing, in contact tracing, in providing surge capacity to our hospital and health system, and ongoing community engagement.

In particular, we support the \$300 million in assistance to help distribute the COVID-19 vaccine. While we understand there are federal funds allocated as well, any investment in an efficient, equitable, and effective rollout will have an excellent return on investment if it shortens the public health emergencies even by a few weeks. That return on investment will be in lives saved but also in allowing our economy and society to fully reopen. California was attempting to do this distribution through the diffuse system used for flu shots. But the pandemic vaccination effort is more complex, more urgent and on a scale of another magnitude. In particular, resources are likely needed to get better data in more real-time, to do better coordination and communication among providers and the public, and to augment our state and county efforts to fill in the gaps of our fragmented health system, especially to engage the most underserved communities. Funding will be needed not just to remove barriers—transportation, technological literacy, language, income, immigration and insurance status, and more—but to stand up pro-active efforts at scale to go to key worksites, congregate care settings, and neighborhoods that are most vulnerable.

MEDI-CAL IMPROVEMENTS

Health Access supports the various efforts in the budget to improve the quality, equity, and experience of Californians with Medi-Cal coverage, and suggests we go further in key instances.

Cal-AIM

Health Access supports the significant Cal-AIM investment of \$531.9 million general fund in 2021-22 (and up to \$755M in out years) to improve, augment, streamline, and better coordinate and integrate our Medi-Cal program.

In general Health Access has been actively involved and supports the overall goals and direction, even as we have questions and seek to provide input on specific details. We will provide separate comments on the 230-page Cal-AIM proposal itself.

- We have engaged both at the Medi-Cal Stakeholder Advisory Committee, and in last year's workgroups, on integrated health plans (where we are intrigued but question if the plans themselves have these expanded capabilities or will just subcontract out, creating another layer of bureaucracy for patients) and on NCQA accreditation (where we support requiring plans to get certified but not "deeming" given the mismatch between national and California-specific standards).
- We were also active in both commenting on and supporting the state's one-year renewal of our 1115 Medicaid waiver, and continue to be actively supporting delivery system reform and financial supports of our public hospital, and specifically interested in continuing the Global Payment Program, which provides flexibility in our Disproportionate Share Hospital payments to allow for upstream primary and preventive care to the uninsured, including for county systems to provide "medical homes."
- More broadly, we are supportive of Medi-Cal adopting an expanded set of 14 in lieu of services (ILOS), of greater connections of medical care coordination with behavioral health and a wider set of human services, especially for vulnerable populations including unhoused and justice-involved Californians, and of moving Medi-Cal plans to adopt population health strategies overall. We look forward to engaging in the specifics of these proposals as they develop throughout the year, both in budget trailer language and in federal waiver proposals.

Taking Medi-Cal Cuts Off the Table

Health Access appreciates that the Governor proposal would delay the scheduled suspension of key payments, programs and benefits. This includes:

- \$759.9 million general fund in supplemental Medi-Cal provider payments that had been funded with Proposition 56 tobacco tax dollars, which would now be cut in July 2022;
- \$27.1 million general fund for Medi-Cal post-pregnancy eligibility extension, now pushed back to be suspended in December 2022;
- \$15.6 million general fund for certain benefits for adults on Medi-Cal coverage, including audiology, speech therapy, optician and optical services, podiatry, and incontinence creams and washes, also set to expire now in December 2022.

While we appreciate the delay, we urge the Legislature to permanently reinstate these benefits and payments, rather than to have these schedule cuts loom. We also appreciate the inclusion of coverage for adults for acetaminophen and cough/cold products (\$7.8M), and for continuous glucose monitors (\$4.2M).

Telehealth

On telehealth, we support the \$34 million general fund investment to expand virtual care and extend the reimbursements for telehealth services. We recognize the potential of virtual care to increase access for those affected by geographic provider shortages, and challenges related to transportation, accessibility, and childcare, for example, that make in-person visits more difficult. We appreciate the administration's swift action at the start of the pandemic to extend flexibilities related to telehealth access and billing, and we support extensions of these flexibilities when implemented with strong consumer protections and robust evaluation requirements. We are working with both safety-net providers and consumer and community organizations to ensure telehealth as a modality, in both public and private health systems, includes these key patient protections and evaluation efforts.

Thank you for your consideration of Health Access California's top budget priorities for 2021-22. Please contact us with any questions or for more information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Anthony Wright".

Anthony Wright
Executive Director