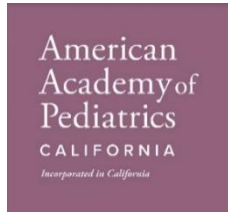




**Children
Now**



**CALIFORNIA
MEDICAL
ASSOCIATION**



**CALIFORNIA
CHILDREN'S
HOSPITAL
ASSOCIATION**

May 22, 2020

The Honorable Richard Pan, MD
Chair, Budget Subcommittee #3 on
Health & Human Services
California State Senate
State Capitol, Room 5114
Sacramento, CA 95814

The Honorable Joaquin Arambula, MD
Chair, Budget Subcommittee #1 on
Health & Human Services
California State Assembly
State Capitol, Room 5155
Sacramento, CA 95814

Re: Reject Repurposing of Proposition 56 Revenue to Protect Children's Access to Health Care

Dear Leaders of the California State Legislature,

On behalf of California's children, our organizations are writing to adamantly oppose the repurposing of Proposition 56 Tobacco Tax revenue, which was passed by voters in 2016 to expand access to health care for Medi-Cal patients. In the May Revise, Governor Newsom proposes to redirect \$1.2 billion of this funding to account for increased General Fund costs related to the Medi-Cal program.

This proposed action eliminates many successful programs funded by Proposition 56 revenue, which have proven to be critical to improving children's access to health care. The budget proposals include:

- Elimination of base rate increases to Medi-Cal providers, which have brought many widely used preventive, evaluation and management codes closer to Medicare rates.
- Closure of the Proposition 56 Loan Repayment Program offered to recently graduated physicians and dentists who agree to serve at least 30 percent Medi-Cal patients for five years.
- Elimination of supplemental reimbursement for developmental screenings, which evaluate whether a child's motor, language, cognitive, social, and emotional development are on track for their age.
- A reduction in the rate paid for trauma screenings, which identify cases of trauma in children and adults, which if subsequently treated, can lower long-term health costs and support individual and family wellness and healing.

Not only does using Prop. 56 revenue to supplant general fund obligations violate the actual language of the proposition, it also threatens to destabilize the critical health care workforce serving children in our state. Pediatric physician and dental practices are already in fiscal distress due to steep decreases in patient volume. It is estimated that the COVID-19 public health emergency has caused up to 80 percent of kids to forgo seeing their pediatrician. Kids are missing out on vital services, and the tenuous fiscal status of many provider settings due to COVID-19 means that some kids may not have a provider to go back to once the crisis is over.

In addition, efforts to strengthen the pediatric provider workforce across the state will be put on hold given the termination of the Prop. 56 Loan Repayment Program. Year one of the wildly successful program funded 45 pediatricians and 21 pediatric specialists deployed in communities around California. For year two, an effort was made to match loan repayment program applicants to counties with the most dire need for adult and pediatric specialists. **Medi-Cal provider networks and patients stand to lose up to 55 matched pediatric specialists and as many as 45 pediatricians if year two of the awards are not funded.** This represents a direct infusion of specialists in counties where they are needed most urgently. With a significant portion of dental and physician practices at financial risk of having to close, now is not the time to eliminate payments meant to bolster safety net settings and loan repayment.

We are very concerned that the programs on the chopping block are considered “trigger cuts,” meaning they will be statutorily eliminated, and only restored if California receives Federal funding. Moreover, the timing and broad implementation process of the proposed budget triggers are far too blunt and unnecessarily damaging. It is very unlikely that Congress will come to an agreement on relief funding to states before the proposed trigger cuts are set to go into effect. Additionally, the Administration has not publicly prioritized which of the proposed trigger restorations would come first, given the uncertainty surrounding if and how much federal funding will be realized. It is uncertain where Proposition 56 falls on the list of programs that will be restored, and at what level, if California does receive additional Federal funding.

While we understand the gravity of the multi-billion dollar budget deficit the state now faces as a result of the COVID-19 public health crisis, we must not make budget cuts that will further destabilize our health care system’s ability to serve children. **We urge the legislature to reject the Governor’s proposal to redirect Proposition 56 to support cost growth in the Medi-Cal budget, thereby eliminating vital support for providers, the opportunity for provider loan repayment, and reimbursement for developmental screenings, which have all been to the benefit of California’s most vulnerable children.**

Sincerely,

American Academy of Pediatrics, California
California Children’s Hospital Association
California Medical Association
Children Now
Children’s Specialty Care Coalition
March of Dimes
The Children’s Partnership

CC: The Honorable Toni Atkins, President Pro Tempore, California State Senate
The Honorable Anthony Rendon, Speaker, California State Assembly
Honorable Members of the Senate Committee on Budget and Fiscal Review
Honorable Members of the Assembly Committee on Budget
Keely Martin Bosler, Finance Director, California Department of Finance
Richard Figueroa, Deputy Cabinet Secretary, Office of Governor Newsom
Tam Ma, Deputy Legislative Secretary, Office of Governor Newsom
Bradley P. Gilbert, MD, MPP, Director, Department of Health Care Services
Marjorie Swartz, Principal Consultant, Office of Senate Pro Tempore Atkins
Scott Ogus, Consultant, Senate Budget and Fiscal Review Committee
Agnes Lee, Policy Consultant, Speaker’s Office of Policy
Andrea Margolis, Consultant, Assembly Committee on Budget
Anthony Archie, Budget Consultant, Senate Republican Caucus
Cyndi Hillery, Budget Director, Assembly Republican Caucus