



March 1, 2019

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Ms. Keely Bosler, Director
California Department of Finance
State Capitol Office Room 1145
Sacramento, CA 95814

RE: Proposed Additional Redirection of County Health Funding Under AB 85 – CONCERNS

Dear Ms. Bosler,

The California State Association of Counties (CSAC), comprised of the elected Boards of Supervisors in all 58 California counties, is writing today to express significant concerns with the Governor's January Budget proposal to decrease the amount of 1991 Realignment health funding available to 39 counties. The proposal, which is related to the Governor's plan to offer full-scope Medi-Cal services to undocumented young adults between the ages of 19-25, would alter the deal reached between the state and counties under AB 85 (Chapter 24, Statutes of 2013) during the state's Affordable Care Act Medicaid expansion process.

This proposal would significantly reduce health realignment funding for these counties, including County Medical Services Program (CMSP) counties and the so-called Article 13 counties: Placer, Sacramento, Santa Barbara, and Stanislaus.

It would sweep an additional 15 percent of health realignment funding from the above counties by changing the AB 85 sharing ratio. Currently the state retains 60 percent of health realignment funding and counties operate local health and public health services with the remaining 40 percent. The Governor is seeking to change the ratio to 75 percent state, leaving only 25 percent of available health realignment funding for the counties.

This would affect CMSP and Article 13 counties in different ways. Please note that Yolo County was originally an Article 13 county, but joined CMSP in 2013. Accordingly, we support Yolo County's position that it should be considered a part of the 35 county CMSP group, not an Article 13 county, for the purposes of this proposal.

For CMSP counties, the proposal would significantly reduce the amount of funding for CMSP counties and would impact services to uninsured residents in our rural areas. In fact, CMSP recently rolled out the new Path to Health (*Camino a la Salud*) program, which serves undocumented adults, ages 21-64, with primary, preventive and prescription drug services as well as uninsured legal residents and undocumented adults up to 300% of the Federal Poverty Level, including those no longer participating in a Covered California plan. Recently, Covered California officials reported that 24% fewer Californians enrolled in a Covered California plan due to repeal of the federal mandate to obtain insurance. Up to 10% of these residents reside in CMSP counties and would be eligible for CMSP, which serves as the county indigent care safety net for the 35 participating counties.

For Article 13 counties, this proposal will directly reduce the amount of public health funding for their communities, impacting their ability to provide public health services such as communicable disease control and environmental health inspections. It would also severely restrict the amount of funding available for indigent health care in their communities, including, in some cases, health care for undocumented people. These are not outcomes that serve the health of everyone in our communities.

Further, we also want to raise our concerns about not only this current proposal, but to also think deeply about future expansions of Medi-Cal to California residents. Should the state succeed in diverting 15 of health realignment funding for a small population such as the undocumented young adults, then it follows logically that the state would seek to sweep ALL health realignment funding as part of additional expansions in the future. How would counties continue to meet their obligation to provide local public health and preventative services?

CSAC supports health care coverage for all and has included this position in CSAC's 2019-20 platform. We believe health care for all leads to better health, behavioral health, and economic outcomes for all Californians. But the Governor's proposal to redirect Health Realignment revenues away from selected counties on the basis of unfounded "savings" resulting from a proposed Medi-Cal coverage expansion does not make sense. There is no nexus between the proposed expansion of Medi-Cal to a new coverage group and the projected costs and savings at the state or county levels. Further, it would cause significant damage to local public health systems and reduce access to health care services for uninsured Californians.

Thank you for reviewing our concerns regarding the proposal to change the AB 85 diversion for 39 counties. CSAC and counties remain committed to working with Governor Newsom and the Legislature to sort out these complex issues while ensuring access to medical care and public health services for all Californians. Should you have any questions about our concerns, please contact me at fmcting@counties.org or (916) 650-8110. Thank you.

Sincerely,

Farrah McDaid Ting
Legislative Representative

cc: The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
Honorable Members, Senate Budget Subcommittee #3
Honorable Members, Assembly Budget Subcommittee #1
Gail Gronert, Office of the Assembly Speaker
Jason Sisney, Office of the Assembly Speaker
Marjorie Swartz, Office of the Senate President pro Tempore
Scott Ogus, policy consultant, Senate Budget and Fiscal Review Committee
Andrea Margolis, policy consultant, Assembly Budget Committee
Jennifer Kent, Director, Department of Health Care Services
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Kirk Feely, Senate Republican Caucus
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Cyndi Hillery, Assembly Republican Caucus