



CHILDNET PHYSICIANS' AND PRACTICE MANAGERS' MEETING
6-7-17

Valley Children's Advocacy Update
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FEDERAL HEALTH CARE REFORM

On May 4th, The US House of Representatives passed the American Health Care Act, and the US Senate is hoping to develop and pass health care reform legislation of its own before the July 4th holiday. Differences in the House and Senate bills would need to be reconciled before a final bill is sent to the President. See the back side of this handout for an analysis of the AHCA and its potential impact on children's health care.

CALIFORNIA STATE BUDGET

The Governor and the legislative leadership continue to work on a budget agreement for the new state fiscal year beginning July 1, 2017. In May, the Governor released his final draft proposal, the highlights of which are listed below.

- Includes no new funding for children's health care but no cuts either.
- Retains the January draft budget proposal to eliminate \$100 million (\$33.4 mil per year for 3 years) which was approved in the 2016-2017 budget to support health care workforce initiatives.
- Retains the January draft budget proposal to apply a majority of the Proposition 56 tobacco tax revenues to offset Medicaid expansion costs, as opposed to increasing Medicaid provider rates.

The Legislature must complete its work on the budget by June 15 (constitutional deadline), and the Governor must sign the budget by July 1, the beginning of the 2017-18 fiscal year.

CALIFORNIA STATE LEGISLATION

- Assembly Bill 148 (Mathis): Would lower the eligibility threshold for rural providers participating in the Steven M. Thompson Loan Repayment Program from 50% to 30% medically underserved populations. (Senate Health)
- Assembly Bill 207 (Arambula): Calls for the creation of a medical school at California State University Fresno. (Held in Committee)
- AB 244 (Cervantes): Would create a telepsychiatry pilot program to address the shortage of treatment options for women suffering from maternal mental health disorders. (Held in Committee)
- Assembly Bill 654 (Maienschein): Would require California to establish an incentive-based, supplemental payment program for home health agencies that treats Medi-Cal children. (Held in Committee)
- Assembly Bill 1279 (Salas): Would require the Department of Public Health to establish a workgroup that includes health officers from the 5 counties with the highest incidences of Valley Fever and to implement an enhanced monitoring system that tracks cases of Valley Fever in the state, and to develop an annual outreach program to educate the public about Valley Fever. (Senate)
- Senate Bill 554 (Stone): Would authorize nurse practitioners to perform certain functions without physician supervision. (Assembly Business and Professions Committee)
- Senate Bill 562 (Lara): Would implement a universal single-payor health care system in California. (Assembly)

THE AMERICAN HEALTH CARE ACT

The American Health Care Act (AHCA) creates great risk for California's children, particularly children with disabilities and children who are low-income. Specifically, the Act could be harmful to children in two ways.

1. **The AHCA caps federal funding for Medi-Cal, California's Medicaid Program, and imposes a lower cap for children than for other populations.** California has the highest child poverty rate in the country, with 1 in 5 children living in poverty (Source: www.endpovertyca.org). In the Central Valley, the rate is much higher, with at least 1 in 3 children living in poverty (Source: www.kidsdata.org).

Because of the high poverty rates, over half of California's children -- nearly six million of them -- receive health care through Medi-Cal. An estimated 9 percent of these children are disabled or suffer from chronic health conditions.

It is estimated that the AHCA cap will result in California receiving \$4.7 billion less, at minimum, in federal Medicaid funding for children's health care by 2026 (Source: *The Impact of Medicaid Capped Funding on Children*, Avalere Health, May 17, 2017).

2. **The AHCA would enable states to waive consumer protections for people with pre-existing conditions that are included in the federal Affordable Care Act.** The AHCA allows states to waive the 10 Essential Health Benefits included in the Affordable Care Act including prescription drug benefits, maternity and newborn care, and home health services. In this sense, it is just not true that the AHCA protects people with pre-existing conditions. An insurance product without prescription drug coverage is not useful or meaningful for a child with cystic fibrosis.

In addition, the AHCA provides significantly less help to low-income families than the Affordable Care Act. This is because the AHCA offers flat tax credits to individuals based on income, while allowing insurers more latitude to charge people more based on age and health status.

Overall, the waivers included in the AHCA have the potential to limit access to needed health care for children with pre-existing conditions, including but not limited to the hundreds of thousands of California children with medical complexity.

Valley Children's urges the US Senate to protect children's health care by exempting children from any funding cuts. If an appropriate amendment cannot be made to protect funding for kids healthcare, we urge the Senate to reject the AHCA as passed by the House.

MEDICAID IS A LIFE LINE FOR CHILDREN

Nationally

- In 2016, of the 68,885,189 individuals enrolled in Medicaid, just over 30 million (43%) were children (Source: www.Medicaid.gov), however they accounted for only 19% of total federal Medicaid spending (Source: Medicaid and CHIP Payment Access Commission).

Living in California

- Medi-Cal (Medicaid in California) provides health insurance coverage for 5.6 million children ages 0 – 20 in California, representing 42% of all Medi-Cal enrollees (Source: CA Department of Health Care Services Medi-Cal Monthly Enrollment Fast Facts September 2016).

Treated by Valley Children's Healthcare

- In 2016, 76% of Valley Children's inpatient cases were covered by Medi-Cal and 77% of Valley Children's outpatient visits were covered by Medi-Cal, representing over 276,000 total cases and visits combined.