



**CALIFORNIA STATE RURAL HEALTH ASSOCIATION  
SOUTHERN CALIFORNIA RURAL CONVENING  
APRIL 21, 2011**

***Working Together to Advance Rural Health***

# Welcome

## Overview of today's agenda

- Welcome, Introductions and Agenda Review: *Gail Nickerson, Interim Executive Director & Board Member CSRHA and Director, Clinic Services, Adventist Health*
- Updates and highlights on State Budget, Telehealth, Healthcare Workforce, CA's Healthcare Reform Actions: *Steve Barrow, Policy Director, CSRHA*
- New Accountable Care Organization (ACO) Regulations: *Lynn Barr, Executive Director, CAREHIN*
- Medi-Cal Electronic Health Records (EHR) Incentive Payments: *Michael Marchant, HIE Director, CA ACS Medi-Cal Business Partnerships*
- Convening Sponsor: *Dawn Sampson, Owner/CEO, TeleConnect Therapies*
- Regional Priorities: *Steve Barrow, Policy Director, CSRHA*
- Legislative Town Hall Meeting: *Assembly Member Fletcher, Legislative Health Policy Staff representing Senator Vargas & Assembly Member M. Perez*

# California State Rural Health Association (CSRHA) (Gail)



## **Mission:**

The California State Rural Health Association was created in 1996. The mission of CSRHA is to link rural individuals and organizations together to facilitate information exchange, collaboration, and advocacy to promote healthy rural communities.

# CSRHA: Who We Are, What We Do & How We Do It (Gail)

## □ **Who We Are:**

CSRHA is a nonprofit 501(c)(3) organization governed by a board of directors elected by membership. CSRHA strives to have board composition represent the geographic, constituent, ethnic, racial and gender diversity of rural California.

## □ **What We Do:**

The interests of rural people must not be lost or dismissed because of distance, geographic isolation and lack of concentrated resources. CSRHA works to improve the health of rural Californians and the quality and accessibility of the health care they receive.

## □ **How We Do It:**

Annual Rural Health Conference, Regional Convenings, Legislative Hearings, Webinars, Advocacy, Publications, Information Distribution, Education & Training

# CSRHA: Why We Do This Work (Gail)

- The rural areas of our state make up 85% of California's landmass and spread over 44 of our 58 counties
- More than 5 million people live in rural California
- 1 in 60 Americans lives in rural California
- Millions of Californians who do not live in the rural areas of our state work or recreate in rural California
- CSRHA provides rural communities and the healthcare safety net with a common voice on rural health issues
- Only 30% of our 120 state Legislators represent rural areas of our state (28 Assembly and 12 state Senators)

# Unprecedented Times (Gail or Steve)

The Healthcare Community and Safety Net are expected to handle:

- ▣ **eHealth adoption** and Meaningful Use (EMR & HIE)
- ▣ **Healthcare reform** increased insurance coverage of more than 8 million people statewide, including around 3 million in rural areas
- ▣ **Broadband build out** – CA Telehealth Network
- ▣ **Telehealth** model statute and systems update
- ▣ **Healthcare workforce revamp**
- ▣ **Absorb billions in state budget cuts**

All in the same 4 year time span - 2011-15

# Overview of State Issues Presentation

This presentation will touch on five issue areas CSRHA and its members are working on, which impact California's Rural Healthcare Safety Net

- State Budget
- Telehealth
- Workforce
- Federal Health Care Reform
- Legislative Rural Caucus

# State Budget Overview Highlights

## Governor Brown and Democrat game plan

- ▣ Expenditure Reductions: \$12.5 billion
- ▣ Revenues: \$12.0 billion – Ballot initiative on current tax extensions  
- Did not happen
- ▣ Other Solutions: \$ 3.0 billion
- ▣ Total Solutions: \$27.5 billion
- ▣ Because tax extensions may not happen – There may be another \$12 billion in new state budget cuts
- ▣ New cuts may be phased in over time, but the Health section of the state budget will experience another \$2-\$3 billion in cuts

# State Budget

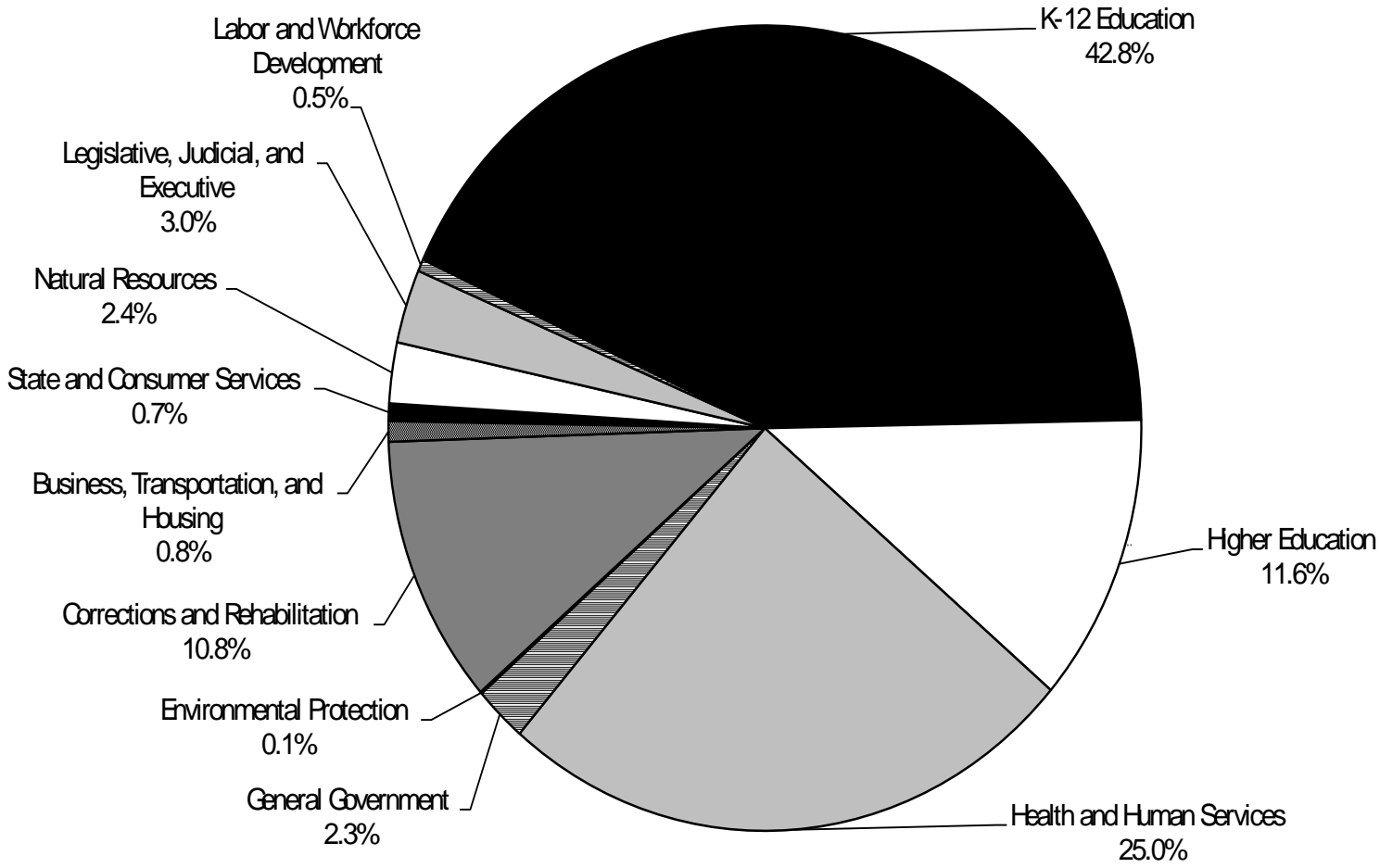
- What we know
- Overview of already passed state budget cuts
  - ▣ \$12 billion in cuts
  - ▣ Healthcare issues
    - Medi-Cal reimbursement rate cuts – 10%
    - Medi-Cal “soft” cap of 7 visits – unless pregnant, chronic illness, would exacerbate health condition resulting in hospitalization
    - Medi-Cal co-pays - \$5 visit, \$50 ER, \$100 inpatient hospital care
    - Healthy Families – increased co-pays

# CBP The Information Gap

10

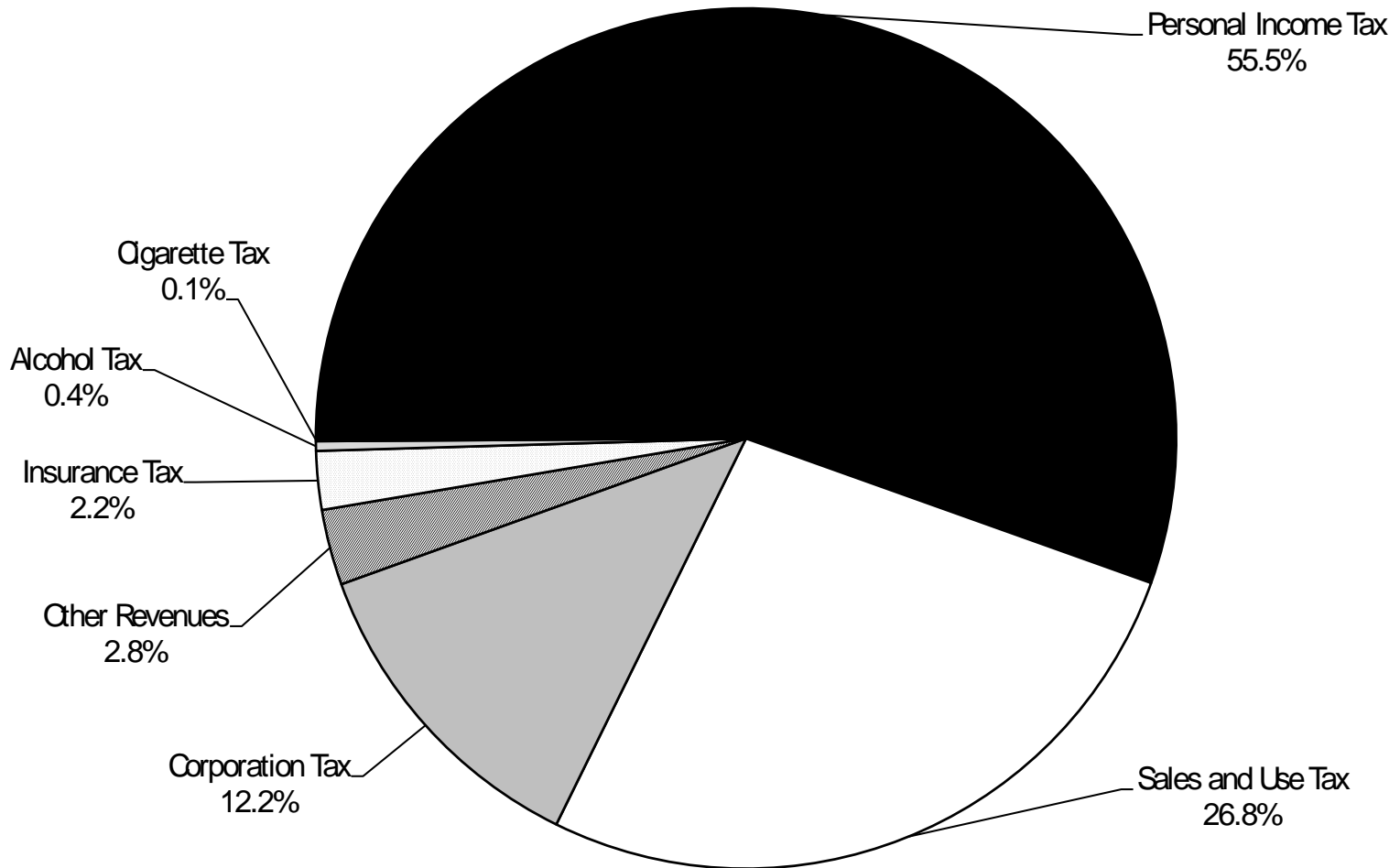
- A January 2011 poll by the Public Policy Institute of California found that:
  - Only 16 percent of adults and 22 percent of likely voters correctly identified K-12 education as accounting for the largest share of the state budget. Nearly half (45 percent) of adults and 41 percent of likely voters believe corrections represents the largest share of the budget.
  - Only 29 percent of adults and 33 percent of likely voters correctly identified the personal income tax as the largest state revenue source.
  - Just over one out of 20 adults (6 percent) and only 9 percent of likely voters answered both questions correctly.

**Education Accounts for the Largest Share of Proposal  
2011-12 Spending  
General Fund Spending by Agency**



2011-12 Proposed General Fund Expenditures = \$84.6 Billion

**The Personal Income Tax is Projected to Provide More than Half of 2011-12 General Fund Revenues**



Projected 2011-12 General Fund Revenues = \$89.7 Billion

# Major Budget Issues - Challenge to State Budget Deal

There are several issues being contested outside of the Legislature, which will impact state budget deal. Two examples are:

- Medi-Cal reimbursement rate cut of 10% is being challenged at CMS - \$547 million impact (See Handout of CA Hospital Association, CA Medical Association and CSRHA draft letters to CMS)
- Four county First 5 Commissions - LA, Orange, Fresno, Madera, and Merced - have filed lawsuits in three different Superior Court settings to block \$1 billion of Prop 10 revenue to shift into the state budget general fund

# Major Budget Issues: Medi-Cal “Soft” Cap Problems

- The state budget deal placed a “soft” cap on the number of Medi-Cal visits per year, but may not be administratively possible
- Medi-Cal “soft” cap is set at 7 visits
  - Medi-Cal does not track the number of visits each patient makes until after the fact – Admin nightmare?? Refund nightmare??
  - Providers must clearly document the medical necessity of each visit

# Telehealth Model Statutes

- Center for Connected Health Policy (CCHP) Telehealth Workgroup
  - CSRHA’s President, Dr. Earl Ferguson, & Policy Director, Steve Barrow, are members of workgroup – CSRHA’s role was to help with report content, focus of the report, and help guide legislation and advocacy implementing recommendations
- CA’s telehealth statutes had not been updated since 1996
- Thirteen recommendations (See telehealth handout)
- Legislation
  - AB 415 (Logue/Vice Chair Assembly Health Committee) – carry first 4 recommendations – telemedicine term renamed to “telehealth” and provide updated use of telehealth to match current state of the art of health care, and remove redundant patient permission and Medi-Cal notification requirements
  - Hearing May 3 in Assembly Health Committee (Assembly Health Committee Roster Handout)
  - Senate Health Committee bill – Senator Hernandez/Chair Senate Health Committee will cover non-cost items in the recommendations

# Healthcare Workforce

- CA's rural areas suffer from chronic healthcare workforce shortages
  - ▣ Primary care physicians and nurses
  - ▣ Auxiliary health positions such as Lab Scientists, Community Health Workers
- Education programs are not in place to handle the need
- Some loan and scholarship programs are underutilized due to required state match or not enough funding
- Recruitment and pipeline program shortages – especially in area of primary care
- Lacking adequate career pathway strategic plan to address recruitment and pipeline issues, and deal with career advancement

# Healthcare Workforce Statewide Efforts CA HWDC

- Cal Workforce Investment Board & Office of Statewide Healthcare Planning and Development (OSHPD) used federal funds to create Healthcare Workforce Development Council (HWDC)
- The website for HWDC is [http://www.cwib.ca.gov/special\\_committees/healthcare\\_reform/](http://www.cwib.ca.gov/special_committees/healthcare_reform/)
- The California Workforce Investment Board website shows upcoming events on the right side of the page at <http://www.cwib.ca.gov/>
  - ▣ CSRHA's Policy Director is one of the appointed Council members
  - ▣ Purpose is to help state draft and submit healthcare workforce strategic plan proposal to federal Government seeking a \$5 million Affordable Care Act (ACA) grant
  - ▣ Create implementation plan for follow-up requests to federal government and other funders for more workforce development efforts

# Healthcare Workforce Statewide Efforts CHWA

- Public/Private CA Healthcare Workforce Alliance (<http://calhealthworkforce.org/> )
  - Provides a collaborative setting to explore healthcare workforce strategies to recruit, retain and expand healthcare workforce for California's public and private healthcare system, especially for those areas of the state which are underserved
  - Special focus on developing a pathway model to deal with California's primary care workforce shortage

# Healthcare Reform – New Insurance Exchange Program

- ACA calls for state exchange programs to provide individuals and small business with health insurance option
- [SB 900](#) (Alquist) and [AB 1602](#) (J. Pérez) establish the California Health Benefit Exchange within state government
- Exchange provides means for people to abide by 2014 insurance requirement of ACA
- CA Health Benefit Exchange  
<http://www.californiahealthbenefitexchange.com/>
- CA's new exchange has four of five members named to new Commission: Kim Belshe, Susan Kennedy, Paul Fearer and Diana Dooley

# Legislative Rural Caucus

- State Legislature's Rural Caucus has just elected a new Chair – Assembly Member Linda Halderman M.D. (R-from Fresno area of the state)
- Rural Caucus deals primarily with healthcare safety net, public safety, economic issues facing rural communities
- Rural Caucus is made up 40 state Legislators - **28 Assembly Members and 12 Senators** (See Legislative Rural Caucus Roster Handout)

# Legislative Rural Caucus Purpose

- The bipartisan, bicameral Rural Caucus was formed in January, 2003
- Addresses policy issues and concerns of rural areas and communities in the State of California
- Needs of rural areas can, and have in the past, been either ignored or not prioritized by the State Legislature
- Rural legislators lack political clout and the numbers needed to compete with the more powerful legislators that represent urban areas – 40 of 120 Legislators are from rural areas of the state
- Representation by the Rural Caucus will serve to ensure a voice for rural communities

# CSRHA's Health Staff to Legislative Rural Caucus

22

- ❑ CSRHA acts as support staff to Legislative Rural Caucus' work on rural health issues
- ❑ Informational hearings for Legislators
- ❑ Specific rural health issues briefings for Legislative staff and agencies
- ❑ 2011 potential informational hearing and/or briefing topics
  - ❑ Status of CTN, Telehealth and eHealth adoption
  - ❑ Healthcare workforce strategic planning and new opportunities
  - ❑ General primer on rural healthcare system for new Legislators and staff
- ❑ Other hearing suggestions

# CA State Rural Health Association

## Contact Information

555 Capitol Mall, Suite 750

Sacramento, CA 95814

(916) 453-0780

[www.csrha.org](http://www.csrha.org)

President: Earl Ferguson , PhD, MD, [ewferguson@sunbmt.com](mailto:ewferguson@sunbmt.com)

Interim Executive Director: Gail Nickerson, [nickergw@ah.org](mailto:nickergw@ah.org)

Policy Director: Steve Barrow, [sbarrow@csrha.org](mailto:sbarrow@csrha.org)

Program & Communications Manager: Shannon Means, [smeans@csrha.org](mailto:smeans@csrha.org)

Administrative Assistant: Sana Ouji, [souji@csrha.org](mailto:souji@csrha.org)