



February 11, 2011

Governor Jerry Brown
State Capitol, Suite 1173
Sacramento, CA 95814

Dear Governor Brown:

RE: Balancing California's needs: short-term financial versus long-term health

On behalf of the Health Improvement Partnership Council, I am writing to share our members' support for a balanced approach to California's budget crisis, one that addresses both our near-term financial needs and the long-term health of Californians.

The Health Improvement Partnership is a nonprofit collaboration of 24 public and private health care leaders who are dedicated to increasing access to health care and building a stronger local delivery system. HIP's members are committed to working together to develop effective solutions at the local level with a special focus on the uninsured. Our programs include our local Children's Health Initiative, Healthy Kids, supporting the Santa Cruz Safety Net Clinic Coalition and coordinating care for the uninsured via a Health Navigator program.

Our members understand that California's budget crisis cannot be addressed painlessly. However, we believe prudent state budgeting must align with our nation's larger reform agenda to strengthen primary care and prevention and reduce health care costs. Toward that end, we offer the following perspectives.

Maximizing Revenue

- Recognizing that maximizing revenue is critical to addressing the budget crisis, we support the extension of the temporary vehicle, sales, and income tax increases which are set to expire next year, through a voter-approved ballot initiative process in June.
- We also support continuation of the current hospital Medi-Cal fee and making permanent the tax on managed care organizations as further important sources of revenue.

Cabrillo College Student Health Center • Central Coast Alliance for Health • Community Foundation of Santa Cruz County • Diabetes Health Center
Dientes Community Dental Care • Dominican Hospital • Dominican Medical Foundation • Dominican Pediatric Clinic • Pajaro Valley Community Health Trust
Palo Alto Medical Foundation • Physicians Medical Group of Santa Cruz County • Planned Parenthood Mar Monte • Salud Para La Gente
Santa Cruz County Health Care Outreach Coalition • Santa Cruz County Health Services Agency • Santa Cruz County Medical Society • Santa Cruz County Public Health
Santa Cruz Women's Health Center • Sutter Maternity and Surgery Center • Watsonville Community Hospital

Controlling Costs

- We support new and higher co-pays for inappropriate emergency department visits in Medi-Cal and Healthy Families programs respectively. This strategy controls costs and improves quality by incentivizing individuals to access primary care for their health needs as opposed to costly emergency room visits. Locally, we remain committed to expanding primary care services in order to ensure access, including developing the patient-centered medical home model within our safety net clinics to improve coordination, efficiency, safety, and quality of care.
- For this same reason, we also support Medi-Cal pharmacy co-pays, and further recommend that co-pays for brand name drugs be higher than for generics, thereby encouraging the use of cheaper, equally effective generic alternatives.
- We encourage the state to expand the County Organized Health System (COHS) model of Medi-Cal managed care, which has demonstrated cost savings through high quality, comprehensive care. In particular, the COHS model effectively serves high-cost, high need patients (for example, seniors, persons with disability, and individuals in long-term care). Expanding the COHS model is an investment in long-term cost control and quality improvement for Medi-Cal, creating a cumulative positive impact on the State's budget.

Strengthening primary care and prevention

- We propose elimination of cost-sharing in Medi-Cal and Healthy Families for health maintenance exams and screenings as a strategy to encourage the use of primary care and control the spiraling costs of illnesses and chronic conditions that are left untreated or unmanaged.
- We oppose eliminating vision benefits (including eyeglasses) in the Healthy Families program, a service which is closely tied to school performance and is too expensive for parents to pay out-of-pocket.
- Programs for California's most vulnerable seniors must remain strong. We oppose eliminating Medi-Cal coverage for *Adult Day Health Services* and we oppose reductions to the *Multipurpose Senior Services Program* and *In-Home Supportive Services* because each provides low-income seniors and people with disabilities the opportunity to live safely and independently in their own homes, preventing or delaying the need for costly institutional care.
- We oppose redirecting local First 5 funding, particularly those funds that have already been committed to local programs and agencies. First 5 of Santa Cruz County has made major investments in effective, evidence based programs (including our local Healthy Kids program) that ensure the healthy development of children from birth to age 5.

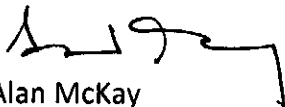
Ensuring access to primary care

- We oppose the proposed 10% cut to Medi-Cal provider payments as these reductions will reduce the number of providers who will accept Medi-Cal patients, thereby reducing access to care for these beneficiaries. This increases costs over time as illnesses and chronic conditions are left untreated.
- We oppose the caps on Medi-Cal physician visits and prescriptions as these will limit care for low-income individuals, particularly those with chronic conditions. Barring care to those who need it most increases costs in the long run.

We recognize the enormous financial challenges that California currently faces and are therefore prepared to support additional cost containment measures as long as they do not undermine the health of Californians. Our state cannot afford to sacrifice long-term health for short-term budget fixes.

We would welcome the opportunity to discuss our perspectives further, and to partner with you to help solve California's budget needs. Please contact HIP staff if you have any questions about our positions and/or would like further input by our members on specific proposals.

Sincerely,



Alan McKay
President

Copies to:

Assembly Member Luis Alejo
Assembly Member Bill Monning, Health Committee Chair
Assembly Member David Logue, Health Committee Vice-Chair
Assembly Member Bob Blumenfield, Budget Committee Chair
Assembly member Jim Nielsen, Budget Committee Vice-Chair
Assembly member Holly Mitchell, Budget Subcommittee on HHS Chair
Senator Sam Blakeslee
Senator Joe Simitian
Senator Mark Leno, Senate Budget Committee Chair
Senator Robert Huff, Senate Budget Committee Vice-Chair
Senator Mark DeSaulnier, Senate Budget Subcommittee on HHS Chair
Senator Ed Hernandez, Health Committee Chair
Senator Tony Strickland, Health Committee Vice-Chair
Diana Dooley, California Health & Human Services Secretary