



April 5, 2017

The Honorable Ed Hernandez
Chair, Senate Health Committee
State Capitol, Room 2080
Sacramento, California 95814

Re: **SB 456 (Pan) – SUPPORT**

Dear Senator Hernandez,

On behalf of Peach Tree Health, I would like to urge your support for Senate Bill 456 by Senator Richard Pan which will be heard by the Senate Health Committee on April 19, 2017.

Community health centers provide healthcare services to 6.2 million people each year, most of who come from California's most vulnerable communities. 76 percent of community health center patients live at or below 200% of the Federal Poverty Level and nearly 40 percent primarily speak a language other than English. 57 percent of community health center patients are enrolled in Medi-Cal while 24 percent remain uninsured.

Federally Qualified Health Centers (FQHC), who are a federally designated community health centers that meet certain federal requirements, are reimbursed for the care they provide using an all-inclusive bundled payment rate called the Prospective Payment System. This rate is designed to reflect all of the services that an FQHC provides, but does not reimburse FQHCs for non-face-to-face activities that are required to provide comprehensive, coordinated care management for high-needs beneficiaries with complex conditions. Senate Bill 456 address this challenge and improve the health of California's most vulnerable people by allowing health plans, counties, and others to partner with FQHCs to provide non-face-to-face services that promote continuity of care and wellness in ways not covered by PPS.

Without this bill, FQHCs and Rural Health Centers (RHC) will be dis-incentivized and potentially prohibited from participating in innovative pilot and demonstration projects that are designed to improve health by addressing social determinants of health, continuity of care, and wellness. Creating a pathway to participation in one such project, titled Section 2703 Health Homes, was the inspiration for this bill. Other relevant projects include the Medi-Cal 2020 1115 Waiver Whole Person Care pilots, the Medicare Chronic Care Management program, or county and Managed Care Organization (MCO)-based case management programs.

AB 456 will authorize a FQHC or RHC to enter into an agreement for “services that follow the patient to provide care outside of services reimbursed under the PPS.” The bill would define “services that follow the patient” as services that promote continuity of care and contribute to overall patient wellness. This bill would specify that compensation paid to a FQHC or RHC pursuant to the agreement would be supplemental to, and separate from, the FQHC’s or RHC’s prospective payment rate, and not subject to reconciliation or reduction, as specified.

For these reasons, Peach Tree Health is pleased to support SB 456 and urges your aye vote.

If you have any questions, please feel free to contact Christy Bouma at (916) 227-2666 or Beth Malinowski at (916) 503-9112.

Sincerely,

Greg Stone

Greg Stone
Chief Executive Officer

cc: Members of the Senate Health Committee
Senator Richard Pan