June 12, 2014

The Honorable Jerry Brown  
Governor of California  
State Capitol  
Sacramento, CA 95814

The Honorable Darrell Steinberg  
President Pro Tempore  
California State Senate  
State Capitol, Room 205  
Sacramento, CA 95814

The Honorable Toni Atkins  
Speaker  
California State Assembly  
State Capitol, Room 219  
Sacramento, CA 95814

Dear Governor Brown, Senator Steinberg and Speaker Atkins:

We write to express our deep disappointment with today’s action by the Budget Conference Committee to reject the proposed Medi-Cal provider-rate increase. To help preserve access to health care for all Californians, we strongly encourage you to reverse course and instead vote to increase these rates before the final passage of the budget on Sunday.

As you know, Medi-Cal providers have been subjected to a 10 percent provider rate cut that was adopted as part of the 2011 state budget.

Increasing the Medi-Cal provider rate is essential to our efforts to preserve access to health care for all Californians. This has become especially important as the number of Medi-Cal enrollees has skyrocketed since the implementation of the Affordable Care Act. According to the Administration’s own estimates, there are 1 million more Medi-Cal patients on the rolls than expected since January 1.

California is already facing a shortage of doctors to meet the current demand, let alone the increased demand brought about by the Affordable Care Act. Many doctors may choose not to accept Medi-Cal patients rather than accept a lower rate, threatening the availability of care.
This could have a significant impact on rural and poor communities that typically have fewer health care options, and nursing homes that continually to struggle financially.

Republicans believe it should be a budget priority to protect health care access for all Californians, especially at a time when we have the resources to do so. It is ironic that the Conference Committee found sufficient revenue to create expensive new, ongoing programs, yet did not deem it a sufficient budget priority to restore the Medi-Cal provider rate.

Unfortunately, the so-called compromise language enacted by the Budget Conference Committee includes no funding to restore the rate reduction, and instead directs state officials to “monitor access” to health care providers.

This short-sighted action is despite the fact that both the Senate and the Assembly had proposed some form of restoration of the Medi-Cal provider rate earlier in the budget process. The Senate proposed to restore the Medi-Cal provider-rate reduction prospectively for most providers starting July 1, 2014. The Assembly proposed to forgive retroactive payment reductions starting July 1, 2014, and eliminate the rate reduction for all providers starting April 1, 2015.

The Budget Conference Committee’s action is especially troubling in light of the wide bipartisan support in the Legislature for restoring the Medi-Cal provider rate. There have been several legislative efforts on this issue, including this year’s Assembly Bill 1805, which is authored by the Assembly Budget Committee chair and co-authored by nine members of the Assembly Republican Caucus. Additionally, Assembly Bill 900 (Alejo) was unanimously passed by the Assembly, and Senate Bill 640 (Lara) was co-authored by 19 members of the Assembly Republican Caucus.

At the end of the day, we believe it is irresponsible to jeopardize the viability of California’s entire health care system by rejecting the provider rate restoration. We urge you to reverse this penny wise and pound foolish decision, and instead work with us across party lines to restore the Medi-Cal provider rate.

Sincerely,

CONNIE CONWAY  
Assembly Republican Leader

JEFF GORELL  
Assembly Budget Committee Vice Chair