



July 20, 2011

California Health Benefit Exchange Board
c/o Patricia Powers
1600 9th Street, Room 460
Sacramento, CA 95814

Subject: SB 703 (Hernandez)

Dear Ms. Powers:

On behalf of California's 19 public hospital systems and the patients they serve, I am writing to highlight our strong support for the State to pursue a Basic Health Plan (BHP) option for low-income Californians. As safety net providers who care deeply about the need to expand coverage in California, CAPH believes that the Basic Health Plan option, as described in SB 703 (Hernandez), provides an alternative for states to cover low-income residents under health care reform.

California's 19 public hospitals are the core of the state's health care safety net, delivering care to all who need it, regardless of ability to pay or insurance status. Though just six percent of all California hospitals statewide, public hospitals serve 2.5 million Californians each year and provide nearly half of all hospital care to the state's 6.7 million uninsured residents. They deliver 10 million outpatient visits per year and operate more than half of the state's top-level trauma centers and almost half of the state's burn centers. They provide almost 30 percent of the care provided to California's Medi-Cal population within the hospital setting, and 35 percent of Medi-Cal visits in hospital outpatient settings. To a large extent, their patient population has complex and multiple medical needs. Forty-three percent of new doctors in the state are trained in public hospitals.

As safety net providers who care deeply about the need to expand coverage in California, CAPH believes that a Basic Health Plan option would help address affordability issues for low income individuals and families. We are particularly concerned about those who will be transitioning between Medi-Cal and the Health Benefit Exchange, which will likely carry higher premiums and cost sharing requirements.

We understand that on July 22, 2011, the Exchange Board will be considering numerous pieces of legislation that are currently pending in the State Legislature that could impact the Health Benefit Exchange, including SB 703. We appreciate that the Board has a significant amount of work ahead in getting the Exchange up and running. Given the workload and the outstanding issues associated with the Exchange, the Board might consider delaying the implementation of a Basic Health Plan until after the Exchange has gotten firmly established. We respectfully disagree with this approach. Waiting until an Exchange is up and running to create a BHP could cause the following adverse outcomes:

- Rates already negotiated between the Exchange and managed care plans based on a projected enrollment size would have to be re-opened;
- A delay would create significant disruptions for the hundreds of thousands of individuals in the Exchange but eligible for the BHP; and
- It would delay the opportunity for these people to receive affordable insurance that is structured in a seamless way with Medi-Cal and other programs.

We therefore believe it is critical that the State pursue a BHP through SB 703 (Hernandez) this legislative session.

We appreciate your commitment to expanding coverage in California, especially for low-income and vulnerable residents, and would be happy to discuss our position with you and your staff. If you have any questions regarding our concerns, please contact Terri Thomas, our Sacramento representative, at 916-325-1010. Thank you for your consideration.

Sincerely,



Erica Murray
Senior Vice President, CAPH

cc: California Health Benefit Exchange Board Members:

- Kimberly Belshé
- Diana S. Dooley, ex-officio
- Paul Fearer
- Susan Kennedy
- Robert Ross, M.D.

The Honorable Ed Hernandez, O.D.
CAPH Board of Directors
Terri Thomas, Thomas Advocacy