The Honorable Ed Hernandez  
California Senate  
State Capitol, Room 2080  
Sacramento, CA 95814

RE: SB 239 (Hernández) Medi-Cal: hospital quality assurance fee-SUPPORT

Dear Senator Hernández:

On behalf of First 5 LA, I am writing to express our support for SB 239, which imposes, subject to federal approval, a hospital quality assurance fee (QAF) on certain general acute care hospitals from January 1, 2014, through December 30, 2015.

First 5 LA is a child advocacy and grantmaking organization created by California voters to invest Proposition 10 tobacco tax revenues in health care, early education and child development programs for Los Angeles County children from the prenatal stage to age 5 and their families. One of our policy goals is to promote comprehensive, affordable health insurance for all young children.

In 2011, SB 335 imposed a QAF on hospitals for 30 months, expiring on December 31, 2013. The resulting revenue has been used to draw down federal funds to provide funding on a quarterly basis for children’s health coverage, as well as to provide supplemental payments to private hospitals in both fee-for-service Medi-Cal and Medi-Cal managed care.

According to fiscal estimates, the quality assurance fee, coupled with federal funds, provides an estimated $475 million per year for two years for children’s health care coverage. By using quality assurance fee revenues, the bill would allow the state to reduce General Fund expenditures by a similar amount. According to a report by the California Health Care Foundation, children account for more than half of all Medi-Cal beneficiaries.

First 5 LA continues to complement the state’s health care activities at the local level through our support of the Healthy Kids Initiative. This county-based program provides access to low- or no-cost health insurance for children ages 0-5 in L.A. County who are not eligible for state health care assistance such as Medi-Cal. The program also funds a network of community-based organizations to locate and assist eligible families in applying for any
programs for which they may be eligible. In 2011, approximately 1,446 children were covered through Healthy Kids.

Extending the quality assurance fee beyond 2013 will help ensure the stability of California’s health care system. We are grateful for your leadership on this issue, and hope you will consider First 5 LA a resource in your efforts to move the legislation forward.

If we can be of further assistance, please contact Tessa Charnofsky, Government Affairs Manager, at TCharnofsky@First5LA.org.

Sincerely,

Kim Belshé
Executive Director

KB:rn

cc: Assembly Committee on Appropriations
    Assembly Committee on Health