



April 25, 2016

Commissioner Dave Jones
C/O Kayte Fisher, Attorney
California Department of Insurance
300 Capitol Mall, Suite 1600
Sacramento, CA 95814

Submitted to mergercomments@insurance.ca.gov

Re: Aetna/Humana Merger

Dear Commissioner Jones:

Thank you for the opportunity to comment on the proposed changes to the California Health Insurance market, and specifically the upcoming acquisition of Humana by Aetna. The California Primary Care Association (CPCA) represents more than 1,100 nonprofit community clinics and health centers (CCHC) in California that provide comprehensive quality health care services to low-income, uninsured, and underserved Californians. CPCA members include Federally Qualified Health Centers (FQHCs) and other licensed community and free clinics throughout the state. One in seven Californians are served by CCHCs, translating into an annual patient base of approximately 5.6 million. In fact, an independent report released December 2015 shows that California health centers are at the center of ensuring access for California's newly insured, absorbing fully 54% of new managed care members entering both public and commercial plans since the expansions of the ACA.¹ Both public and commercial programs' reliance on CCHCs has grown significantly, and these critical access points are in desperate need of help to expand the provider workforce to meet the needs of this growing patient population. CCHCs currently provide a medical home to one out of every seven Californians, and we request the support of the Department to utilize the opportunity provided by this merger to expand provider capacity and provide timely access to care.

Both payors and patients are impacted by the chronic and severe shortage of primary care providers in California. In fact, we believe that developing a strong health care workforce is the greatest need and highest priority for any investment that might come of this merger. The attached report, "Horizon 2030: Meeting California's Primary Care Workforce Needs," was commissioned by CPCA and authored by respected health workforce researchers Jeff Oxendine, who is an Associate Dean for Public Health at the UC Berkley School of Public Health, and Kevin

¹ California HealthCare Foundation, "Medi-Cal Managed Care Plans and Safety-Net Clinics Under the ACA." December 2015.

<http://www.chcf.org/~media/MEDIA%20LIBRARY%20Files/PDF/PDF%20M/PDF%20MediCalMgdCarePlansSafetyNet.pdf>. Accessed December 14, 2015.

Barnett, a Senior Investigator at the Public Health Institute. The report's name comes from a striking statistic included within the report: "At current utilization, California will need an estimated 8,243 additional primary care physicians by 2030, or 32% of its current workforce (Pettersone, Cai, Moore, & Bazemonre, 2013)." The report also notes that California's ratio of primary care physicians participating in Medi-Cal is approximately half of the federal recommendation.

Without an adequate number of providers California is unable to uphold the promise of the Affordable Care Act to provide necessary health care to our population. ***As a first step to growing California's delivery system to meet demand and improving timely access to care, we strongly recommend that the Department require the surviving corporation to make a substantial investment in California's health care workforce.*** CPCA would especially prioritize the following workforce investment opportunities:

- **State Loan Repayment Grants**: California currently offers, through the Office of Statewide Health Planning and Development (OSHPD), the California State Loan Repayment Program (SLRP), which provides educational loan repayment assistance to primary health care professionals who provide health care services in federally designated Health Professional Shortage Areas (HPSAs). Eligible health professionals include physicians specializing in primary care fields, nurse practitioners, certified nurse-midwives, general practice dentists, registered dental hygienists, clinical or counseling psychologists, clinical social workers, licensed counselors, pharmacists, physician assistants, psychiatric nurse specialists, and marriage and family therapists. The SLRP requires that eligible health professionals must be employed by or have accepted employment at a SLRP certified eligible site (which includes rural health clinics, community health clinics, county facilities, and federally qualified health centers) and must commit to providing full-time or half-time primary care services in a HPSA for a minimum of two years. Health professionals may receive up to \$50,000 in exchange for a two year full-time or four year half-time service obligation; individuals can apply for service extension, which can increase the total loan forgiveness amount to \$110,000 over six years at full-time and \$80,000 for half-time service. The SLRP is funded through a grant from the HRSA, Bureau of Clinician Recruitment and Service, National Health Service Corps (NHSC) and is administered by OSHPD. SLRP award amounts are matched by the site(s) in which the health professional is practicing, on a dollar-for-dollar basis, in addition to salary. This match, in addition to the renewal process, has limited health center participation in SLRP.

CPCA recently introduced legislation to strengthen the State Loan Repayment Program. AB 2048 (Gray) streamlines participation in the State Loan Repayment Program (SLRP) by automatically enrolling FQHCs on the list of Certified Eligible Sites (CES), eliminating the three year renewal application to stay on the list of CES, and, most importantly, providing a dollar-for-dollar state match to federal funds to lift the financial burden off the shoulders of CES. While other states provide the federally required state match directly, California has shifted the cost onto health centers. This bill, coupled with

Department requiring the surviving corporation to establish a trust fund for provider loan repayment, can have a significant impact on the ability to recruit and retain critically needed primary care providers.

The Association of American Medical Colleges' most recent data identifies that the cost of attending a 4-year medical school at a public university at approximately \$220,000, and \$290,000 at a private university. As the discussion to increase funding to the SLRP continues, some have argued that the award amounts currently offered are not a significant enough incentive for health professionals with substantial debt to serve in HSPAs. ***To address some of that concern, we recommend the Department consider partnering with CPCA and other key organizations to create a public/private loan repayment program that will complement the SLRP program, expand funding resources to primary care providers, support health center recruitment and retention, increase access to primary care in underserved populations, and play a critical role in resolving the existing workforce crisis.*** CPCA has engaged in discussions around a public/private loan repayment program with other potential partners and hopes to engage the Department and the surviving corporation in this collaborative effort.

To engage fully in this partnership, the Department might consider utilizing the merger to create an undertaking which allocates funding to establish a trust fund for provider loan repayment, structured to last into perpetuity. An example could be allocating \$50 million to a trust fund, assuming a 1.5% rate of return on a 5-year treasury bond could net, based on simple interest, approximately \$1.5 million every three years into perpetuity. While initially this model will serve fewer providers, it creates a program that converts a one-time allocation into an ongoing program with a funding source. ***To ensure that the undertakings required of this merger continue to serve low income communities into the future, we recommend that the Department require the surviving corporation to establish a trust fund for provider loan repayment.***

- **Teaching Health Center Residency:** Health centers continue to explore ways to develop community-based residency training programs that encourage providers to train and work in underserved communities. One successful program launched through the ACA was the Teaching Health Center program. Teaching health centers are accredited community-based primary care training programs committed to preparing health professionals to serve the health needs of the community. Because residents are most likely to stay in the area where they conduct their residency, teaching health centers are extremely powerful in securing primary care providers for underserved communities. Forty percent of THC graduates go on to provide primary care in nonprofit, community health centers in underserved communities, as opposed to just four percent of traditional medical residents. THCs are a proven model for addressing the primary care provider shortage facing California.

A significant challenge to expanding the number of THC programs is the lack of dedicated funding, both for the creation of new residency programs and the expansion and support of existing programs.

Today, there is no state investment in teaching health centers. Funding for teaching health centers comes from the federal government and is set to expire in 2017 – it will not last the length of a full residency period for the current class of residents who began in 2015. Federal funding for the existing teaching health center sites was reduced by approximately 40% this year, from \$150,000 per resident to \$95,000 per resident. The gap in funding must be made up by the health centers individually. This funding instability has the potential to reduce the number of primary care residents that might otherwise be trained to serve California’s low-income communities.

Once again, CPCA is working to address this issue, but it is not merely enough to stabilize and expand the Teaching Health Center Program. AB 2216 (Bonta), soon to be before the Assembly Health Committee, addresses California’s primary care provider shortage by establishing the Teaching Health Center Primary Care Graduate Medical Education Fund, provide planning and development grants to teaching health centers for the purpose of establishing new accredited or expanded primary care residency programs, and make available sustaining grants to ensure the continued operation of an accredited teaching health center. While this legislation is an important first step in addressing THC instability, ***we request that the Department work with the surviving corporation to create an undertaking that would invest funding in a grant program that will cover the currently-unfunded costs of training residents through a teaching health center. Grant allocations would be awarded on a per-resident-basis, ensuring that the funding for teaching health center residencies makes them whole for the full cost of training.***

In addition, the Department might consider an undertaking that creates a grant program to support new teaching health center sites that are specifically geared toward producing providers dedicated to serving California’s rural and urban underserved communities. For example, a grant program could be established that would help a health center in a low income, underserved area cover the cost of establishing or expanding a primary care residency program, including costs associated with curriculum development, recruitment, training, and retention of residents and faculty, accreditation by the Accreditation Council for Graduate Medical Education (ACGME) or the American Osteopathic Association (AOA), faculty salaries during the development phase, and technical assistance. ***One of the most meaningful investments that the Department could require of this merger would be to allocate funding for a statewide teaching health center grant program, both to support the cost of residents and to support the creation of new teaching health center residency programs.***

We are hopeful that these areas of recruitment and retention will be a model for the industry and could lead to new industry-level cooperation. The loan repayment programs undertaken as

a part of this merger could serve the state as a launching point for new public and private investments in loan repayment and scholarship programs.

Thank you for the opportunity to provide our suggestions. If you have questions or comments please contact Meaghan McCamman at mmccamman@cpca.org.

Sincerely,

Carmela Castellano-Garcia
President and CEO
California Primary Care Association

