



May 19, 2021

The Honorable Philip Y. Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, California 95814

The Honorable Nancy Skinner
Chair, Senate Budget and Fiscal Review Committee
State Capitol, Room 5094
Sacramento, CA 95814

The Honorable Dr. Joaquin Arambula
Chair, Assembly Budget Sub on Health & Human Services
State Capitol, Room 5155
Sacramento, CA 95814

The Honorable Susan Talamantes Eggman
Chair, Senate Budget Sub on Health & Human Services
State Capitol, Room 4052
Sacramento, CA 95814

The Honorable Vince Fong
Vice Chair, Assembly Budget Committee
State Capitol, Room 2002
Sacramento, CA 95814

The Honorable Jim Nielsen
Vice Chair, Senate Budget and Fiscal Review Committee
State Capitol, Room 5064
Sacramento, CA 95814

RE: BUDGET FUNDING TO IMPROVE PHYSICAL, BEHAVIORAL AND DENTAL HEALTH OUTCOMES FOR CALIFORNIA'S CHILDREN AND YOUTH

Dear Budget Leaders:

On behalf of the undersigned organizations, we are writing to express our appreciation for the unprecedented investments in children's health and well-being already announced as part of the Governor's May Budget Revision, and the commitment on the part of legislative leaders to use funds from the state's historic budget surplus to help Californians build back boldly from the hardships created by the COVID-19 pandemic.

There is much to applaud in the revised budget. Specifically, we are pleased to see:

- Creation of the Children and Youth Behavioral Health Initiative. We are excited to better understand how this massive investment will be operationalized, particularly for children ages 0-5, and look forward to working with the administration on implementation;
- Elimination of suspensions on Proposition 56 programs, which are key to promoting developmental screenings, addressing the impacts of childhood trauma, and stabilizing the network of Medi-Cal providers treating our state's most vulnerable children;
- Extension of Medi-Cal eligibility for postpartum individuals from 60 days to 12 months following the last day of their pregnancy;
- The addition of doula services as a preventive benefit in Medi-Cal;
- The addition of community health workers to the class of health workers who are able to provide benefits and services to Medi-Cal beneficiaries;
- The addition of a dyadic care benefit in Medi-Cal, providing integrated physical and behavioral health screening and services to the whole family.

We commend these substantial investments in children and their families.

We would also like to express our strong support for funding of additional initiatives that will have a measurable impact on children. These policy and funding requests will fill gaps in children's access to physical, behavioral and dental health care services not addressed by the May Revision, and are outlined below.

Budget Investments to Address Child and Youth Mental Health Crisis

California's children and youth struggled with lack of access to mental health services prior to COVID-19. Increased rates of homelessness, abuse, neglect, household violence, and isolation from their peers during the pandemic has further exacerbated the youth mental health crisis.

The following three budget proposals will have a significant impact on addressing the mental health needs of our state's children and youth:

- ***\$100 million to provide grants to children's hospitals to address acute children's mental health crisis:***

We are supportive of the California Children's Hospital Association's request for \$100 million (General Fund) as one-time funding to provide grants to the state's eight not-for-profit children's hospitals for the purpose of addressing California's acute children's mental health crisis, which has been exacerbated by COVID-19. The state was already struggling to meet the mental health needs of its youth prior to the COVID-19 pandemic, when it was estimated that as many as 1.8 million California children were living with a mental health diagnosis, but only 20 percent of them were accessing treatment. Demand for these services among children and adolescents has increased dramatically over the last year due to the pandemic. We must act now, and act boldly, if we want to prevent lasting impacts to our children, and especially low-income and underserved children enrolled in Medi-Cal.

These funds will help support and expand access to the broad continuum of children's mental health services these hospitals provide, enabling them to train and recruit mental health professionals, train primary care providers and schools to identify and address mental health issues among their patients and students, provide prevention and early intervention services that support healthy child development and treat early behavioral health problems, increase mental health supports for children with complex medical conditions, and build out

telehealth infrastructure to increase access to mental health services for underserved populations, among other things.

The state's not-for-profit children's hospitals serve a disproportionate share of Medi-Cal children and adolescents. In fact, approximately 65 percent of their visits are paid for by Medi-Cal. They also already provide a wide range of mental health services in their communities. Directing a significant investment to these high-volume Medi-Cal providers, who are well-positioned to leverage their existing relationships with counties, community-based organizations, primary care providers, and schools, is an efficient way to quickly enhance access to mental health services across the care continuum for millions of children throughout the state.

- ***\$80.5 million to expand the Mental Health Student Services Act for Student Mental Health***

Since 2017, the Mental Health Services Act Oversight and Accountability Commission (MHSOAC) has allocated funds to establish youth mental health supports through school-county partnerships between county behavioral health departments and school districts, charter schools, and county offices of education.

The school-county partnerships provide significant mental health benefits to students, including preventing student mental health concerns from becoming severe and disabling; increasing timely access to services; providing outreach to identify early signs; and reducing stigma and discrimination. These partnerships provide an opportunity to invest in school mental health as students return to school this year.

Under Senate Bill 82 (2013), the MHSOAC dedicated 50% of funds to children and youth aged 21 and under for mental health supports. Of those funds, the MHSOAC set aside approximately \$20 million for four school-county partnerships. In 2019-20, Senate Bill 75 established the Mental Health Student Services Act, which provided \$40 million one-time and \$10 million in ongoing MHSA state administrative funds to support school-county partnerships. In total, the MHSOAC allocated \$80 million in funding from four fiscal years, setting aside \$5 million for implementation and evaluation, with program funding available in two categories:

- 1) Funding for counties to build upon existing partnerships (\$45 million)
- 2) Funding for counties to develop new or emerging partnerships (\$30 million).

20 counties applied for Category 1 funding, 10 of which were awarded grants in April 2020. 18 counties applied for Category 2 funding and 8 additional grants were awarded in August 2020.

20 interested counties remain unfunded. Understanding that the ongoing COVID-19 pandemic has only exacerbated the need for mental health supports for children and youth, this investment is needed to fund the remaining 20 counties that applied but did not receive funding for school-county partnerships. We feel strongly that *all* interested counties should be able to take part in these valuable school-county partnerships.

- ***\$112 million to expand access to early childhood mental health services***

Over the course of the next several months, as vaccinations are rolled out and parents and children increasingly return to work and school, experts predict that children and families may begin to realize the full extent of the trauma and toxic stress they have experienced related to the pandemic. Child development experts anticipate increased acting out behaviors, separation anxiety, and inconsolable sadness as children once again have their routines upended, and experience shifts in their relationships and time spent with adults. These reactions are normal responses to change for young children, but will be difficult for adults to respond at the level needed to

prevent a wave of toxic stress experienced by young children. In other words, while we may be in a crisis of family mental health conditions now, one should expect that crisis to continue to build over the next year, not recede. The time to prepare is now.

To reduce the impacts of adverse childhood experiences and build resilience, we recommend a multi-layered approach to improving access to services to address the mental and behavioral health concerns of young children ages 0 to 5, their parents and child care providers, and to provide the broader early childhood workforce the professional development they require and deserve. A \$112 million investment should expand direct access to early childhood mental health programs, such as Early Childhood Mental Health Consultations, home visiting, and other programs designed to improve the social-emotional health of young children in non-clinical settings. These investments should also build the capacity of the workforce that serves young children and their families to be more trauma-informed, such as expanding the Trauma-Informed Care training and coaching provided through the Emergency Child Care Bridge Program to serve all young children receiving subsidized care. Such strategies are in alignment with the goals expressed in the Youth Behavioral Health Initiative, and would help ensure this critical initiative reaches the youngest and often the most vulnerable children.

Health Equity: Addressing Racial Disparities in Children’s Chronic Conditions

California has the opportunity to use its budget surplus to address the indisputable inequities that exist in children’s health outcomes.

- ***\$11 million of one-time funding to support implementation of SB 682, the initiative to “End Racial Inequities in Children’s Health in California” (EnRICH CA)***

Chronic health conditions, which up to one-third of children suffer from, create stress and burdens upon children and their families, and can lead to even more serious health complications later in life. Chronic conditions that begin in childhood, such as asthma, diabetes, tobacco use, dental caries, and depression disproportionately affect children of color. As noted in Senator Rubio’s SB 682, asthma is three times more deadly for Black children as for White children; Latino children in California are significantly more likely to have a history of tooth decay and untreated tooth decay than White children; and Native American children reported higher than average rates of depression-related feelings on school surveys.

This funding request will operationalize the policies set forth in SB 682, which requires the California Health and Human Services Agency to lead efforts in collaboration with other State Agencies and stakeholders to develop and implement a plan that establishes targets to reduce racial disparities in health outcomes by 50 percent by December 31, 2030. The State has prioritized health equity in principle, but this funding is needed to truly deliver on closing racial disparities in children’s chronic health conditions.

Continuous Medi-Cal Coverage for Young Children:

Under the current national public health emergency (PHE), all Medi-Cal enrollees have temporary continuous enrollment. Currently, the federal PHE has been extended through at least December 2021. In budget year 2021-2022, California will be required to develop a plan to unwind the federal PHE Medicaid flexibilities and coverage protections when the PHE ends.

We commend the Governor’s decision to extend continuous coverage for postpartum individuals for 12 months following their pregnancy, and **urge the legislature to also adopt as part of their final 2021-2022 budget the continuous coverage for children, both already enrolled in Medi-Cal and newly applying, until their fifth birthday.** As part of the State’s PHE unwinding plan, the Department of Health Care Services would utilize any federal flexibilities offered as part of this federal unwinding guidelines and/or other opportunities to maximize federal Medicaid flexibility and matching funds.

Cycling on and off health insurance coverage—or churning—is disruptive to continuity of health care, and is especially problematic in early childhood when frequent contact with the health care system is necessary.¹ In addition, churn disrupts a family’s relationship with a pediatric health care home, which is often the sole source of consistent support for families, particularly before children enter school.

Continuous coverage for young children will also help California effectively respond to Medi-Cal’s historically very low preventive care rates for children. This action is more important now than ever given evidence that the pandemic has drastically reduced pediatric health care utilization even further.^{2,3,4}

Invest in Oral Health Equity and Infrastructure

California now has an unprecedented opportunity to use one-time dollars to strengthen infrastructure and workforce to expand access to dental care for communities hit hardest by the COVID-19 pandemic, as well as the special needs population, for whom significant barriers exist to maintaining good oral health. We are supportive of the California Dental Association’s request for one-time funding to make a bold, direct, and lasting impact on access to dental care.

- ***\$120 million to expand access to dental care for targeted populations***

This total encompasses numerous proposals, detailed below, each with a specific goal that will improve dental care for targeted populations:

- \$50 million would go towards increasing access to dental care for patients with special health care needs, who often have challenges with daily health care routines and may require specialized services like sedation, even for routine dental procedures. These funds are meant to expand current settings, or invest in infrastructure to create much needed new capacity to treat these individuals.
- \$25 million for fluoridation projects in the Central Valley, which is among the 40% of communities in California still without water fluoridation, a foremost evidence-based prevention for dental disease. Dental caries (cavities) is the most common preventable childhood disease, for which community water fluoridation is one of the simplest, most affordable, and most equitable solutions.
- \$40 million to stabilize the Medi-Cal Dental network by reimbursing the costs of new PPE. The continued costs of operating safely, coupled with decreased patient volume and lingering hesitation to seek care, means dental offices need assistance keeping up with the increased overhead costs resulting from the pandemic. This funding reduces the risk of providers being unable to continue participating in the Medi-Cal Dental program due to unfunded costs.

¹ <https://www.communitycatalyst.org/resources/publications/churn-toolkit>

² California State Auditor, 2018-111 “Millions of Children in Medi-Cal are Not Receiving Preventive Health Services.”; Medi-Cal Preventive Care Utilization Report, 2020, DHCS.

³ <https://www.commonwealthfund.org/publications/2020/oct/impact-covid-19-pandemic-outpatient-care-visits-return-prepandemic-levels>, and <https://www.cdph.ca.gov/Programs/OPA/Pages/NR20-090.aspx#YourActionsSavesLives>

⁴ <https://medium.com/rapid-ec-project/health-still-interrupted-pandemic-continues-to-disrupt-young-childrens-healthcare-visits-e252126b76b8>

- \$4.5 million to the California Department of Public Health Office of Oral Health to implement community-level disease prevention programs and improve access to care for vulnerable populations.

Workforce Investments to Support the Network for Physicians and Dentists Serving Medi-Cal Patients

Student loan repayment programs, like CalHealthCares, which is operated by the Department of Health Care Services and Physicians for a Healthy California, increase access to care for Medi-Cal beneficiaries in underserved areas.

- ***Additional one-time funding of \$100 million (\$70 million for physicians and \$30 million for dentists) for CalHealthCares loan repayment program to allow for more awardees in FY 2021-2022***

We request an additional \$100 million during the next fiscal year in student loan repayment incentives for new physicians and dentists. This investment would increase the number of providers who take on a higher percentage of Medi-Cal beneficiaries in their patient mix, start practices in underserved areas, or choose to pursue specialties that are in need—all of which would help to decrease the healthcare inequities highlighted by the COVID-19 pandemic.

Amongst other requirements, recipients must commit to a five-year service obligation and maintain a patient caseload of 30 percent or more Medi-Cal beneficiaries. Dentists may also apply for a practice support grant up to \$300,000 in exchange for a ten-year service obligation. The program successfully incentivizes physicians and dentists to practice here in California, where Medi-Cal reimbursement is close to the lowest in the nation, and the cost of living is high, while serving a high proportion of low-income patients. The program also serves as an important tool to recruit and retain providers, such as rare pediatric subspecialists.

This additional investment in the program will more than double the number of physicians and dentists receiving loan forgiveness next year, and in turn the number of providers available to serve Medi-Cal patients.

Thank you for your consideration of these additional investments, which will improve access for California’s most vulnerable children, and the network of providers needed to adequately address their needs.

Sincerely,

American Academy of Pediatrics – California
California Children’s Hospital Association
California Dental Association
California Medical Association
Child Care Resource Center
Children Now
Children’s Defense Fund
Children’s Specialty Care Coalition
First 5 Association of California
First 5 California
The Children’s Partnership
United Ways of California

CC: The Honorable Members of the Senate Budget Committee
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