



**BOARD OF DIRECTORS**

April 29, 2022

The Honorable Dr. Richard Pan,  
Chair  
Senate Health Committee  
1021 O Street, Room 3310  
Sacramento, CA 95814

The Honorable Susan Eggman, Chair  
Senate Budget and Fiscal Review Subcommittee  
3 on Health and Human Services  
1020 N Street, Room 502  
Sacramento, CA 95814

**Re: Department of Health Care Services Direct Contract with Kaiser Permanente**

Dear Senators Pan and Eggman,

Health Access California, the statewide health care consumer advocacy coalition committed to quality, affordable health care for all Californians will support the direct contract with Kaiser Permanente (Kaiser) proposal if further amendments are taken to the trailer budget language.

Health Access supports the broad intent of the proposal, but we request amendments in order to address our concerns. The amendments ensure that the intended goals and commitments are codified so that they best benefit Medi-Cal beneficiaries and that accountability is ensured within the direct contract with Kaiser Permanente as a Medi-Cal managed care plan.

The Department of Health Care Services (DHCS) intends to enter into a direct contract with Kaiser as a Medi-Cal managed care plan in many more geographic areas of the state. Health Access California is supportive of this proposal's goals to provide patients around the state continuity of care when a consumer becomes eligible for Medi-Cal and has prior coverage with Kaiser. This will mean more California patients in more counties will be able to keep their Kaiser providers, and not have their care interrupted. So long as a consumer's source of care and coverage may change when a consumer loses her job, gets divorced or faces other life transitions, public policy must consider the implications for continuity of care when consumers face transitions of care and coverage. We also support expanding Kaiser coverage for the vulnerable populations of foster children as well as dual-eligible seniors and people with disabilities.

It is imperative to hold Medi-Cal managed care plans accountable to the standards included within DHCS' procurement process as these standards will be needed in order to achieve the goals set out within CalAIM and the goals of the Administration for the Medi-Cal program.

We recognize that this proposal has the potential to improve the capacity, quality, and accountability in the Medi-Cal program. Kaiser does well on some quality metrics, but there is considerable room for improvement on their record for quality and equity,

- Azizah Ahmad  
Asian and Pacific Islander American Health Forum
- Mayra Alvarez  
The Children's Partnership
- Cynthia Buiza  
California Immigrant Policy Center
- Ramon Castellblanch  
California Alliance for Retired Americans
- Crystal Crawford  
Western Center on Law and Poverty
- Lori Easterling  
California Teachers Association
- Jenn Engstrom  
California Public Interest Research Group
- Stewart Ferry  
National Multiple Sclerosis Society
- Aaron Fox  
Los Angeles LGBT Center
- Jeff Frietas  
California Federation of Teachers
- Alia Griffing  
AFSCME
- Roma Guy  
California Women's Agenda
- Kelly Hardy  
Children Now
- Joseph Tomás Mckellar  
PICO California
- Andrea San Miguel  
Planned Parenthood Affiliates of California
- Maribel Nunez  
Inland Empire Partnership
- Tia Orr  
Service Employees International Union State Council
- Art Pulaski  
California Labor Federation
- Juan Rubalcava  
Alliance of Californians for Community Empowerment
- Kiran Savage-Sangwan  
California Pan-Ethnic Health Network
- Joan Pirkle Smith  
Americans for Democratic Action
- Rhonda Smith  
California Black Health Network
- Sonya Young  
California Black Women's Health Project

Anthony Wright  
Executive Director

Organizations listed for  
identification purposes only

especially within the area of behavioral health. This is particularly important since they will be taking on more individuals from vulnerable populations. This direct contract between DHCS and Kaiser would be a step in the right direction for the state to have greater and more direct oversight of Kaiser as they step up to provide more care for Medi-Cal enrollees.

Our amendments to earn our full support and address our concerns are as follows:

1. Clarify the language involving foster care and including other technical amendments to also include former foster care youth.
2. Prohibit Kaiser from denying enrollment to those who are eligible because of continuity of care or family linkage.
3. Require that the individuals offered continuity of care be otherwise eligible for Medi-Cal.
4. With procurement underway for managed care plans, this direct contract should require Kaiser to follow the same standards that the other Medi-Cal managed care plans must follow, except with respect to enrollment.
5. Ensure that Kaiser enters into a memorandum of understanding with the counties they are located in to best coordinate the necessary care for Medi-Cal beneficiaries. For example, some of the whole-person goals of CalAIM are best fulfilled by county social services and other county services. We want to ensure that in order to meet these and other population health goals, Kaiser establishes a relationship with the county and its affiliated agencies and related organizations, and be a productive partner in addressing social determinants of health, and better coordinating public health and services for the Medi-Cal population in the region as a whole. While we support the greater accountability that comes with the statewide contract, we think it is also important to maintain a local input and relationships. We expect these MOUs to need to go beyond the CalAIM requirements in the Medi-Cal managed care contract, especially given that Kaiser comes to this from a different starting place than the public health plans created by the counties.
6. Codify the requirement that Kaiser partner with local Federally Qualified Health Centers (FQHC) on population health management and clinical transformation.
7. Codify the requirement that Kaiser provide specialty services for the highest need specialties and geographic areas by using Kaiser physicians a limited number of outpatient specialty care visits and related needs such as diagnostic testing and outpatient procedures for non-Kaiser members and do so in a manner that is in addition to existing specialty care resources.
8. Ensure that disenrollment of beneficiaries shall be consistent within existing regulations, and prohibit disenrollment for any other reasons.
9. Increase the age of dependent children eligible; increasing to age 26 in order to achieve parity with language of the Affordable Care Act and undocumented young adult expansions.
10. Improve the definition of family linkage, slightly revising the current immediate family linkage used by Kaiser.

We appreciate that Kaiser will take on more of its share of the state's Medi-Cal population, while also growing its business, no longer as a subcontractor under other plans taking an administrative fee. In this context, we urge Kaiser to commit to specific ways it will increase its statewide and local community investments in improving Medi-Cal the health care safety-net, and the health of low-income communities, and to include those commitments in statute as much as possible.

We look forward to continuing to work the committees here and DHCS so that we may be in full support of the direct contacting proposal upon the inclusion of our suggested amendments. For questions about our position on this bill, please contact Jose Torres at [jtorres@health-access.org](mailto:jtorres@health-access.org) or (909)380-2783.

Sincerely,



Jose Torres Casillas, MPA  
Policy and Legislative Advocate  
Health Access California