



**CALIFORNIA  
HOSPITAL  
ASSOCIATION**

*Providing Leadership in  
Health Policy and Advocacy*

February 2, 2015

Jennifer Kent  
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P.O. Box 997413  
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Via email to [Jennifer.Kent@dhcs.ca.gov](mailto:Jennifer.Kent@dhcs.ca.gov)

**Subject: California's Proposed 1115 Waiver Renewal – Workforce Recommendations**

Dear Director Kent:

On behalf of our more than 400 member hospitals and health systems, the California Hospital Association (CHA) extends our appreciation for the opportunity to provide you with our comments on the health workforce component of the state's 1115 waiver renewal proposal. CHA applauds the state for including workforce as one of the waiver's six focus areas. As you know, ensuring that California has an adequate supply of primary care health professionals is critical to ensuring access to health care services for the state's Medi-Cal members and is key to achieving the goals of the Affordable Care Act.

The 1115 Waiver Workforce Workgroup examined many options during its work in recent months. A great deal of information and research was shared with the group as it considered recommendations. In this letter, CHA provides comments in support of specific recommendations discussed by the workgroup. We believe these options will have great impact by enhancing efficiencies in workforce and health care delivery, while also expanding access to primary care.

**Residency Training Slots**

CHA supports the use of Medi-Cal 1115 waiver funds to sustain and expand residency training slots in California. These funds should be used to increase the support for cutting-edge and innovative programs that have a track record of producing graduates who are racially/ethnically diverse and who are committed to practicing in underserved communities and populations. This funding would be additional to any existing funding that teaching hospitals receive from the Centers for Medicare & Medicaid Services.

The rationale for this recommendation is drawn from data that indicate the number of Californians over the age of 65 is projected to grow substantially between now and 2020. The aging of California's patient population will put a strain on the health care delivery system with an increased need for services, especially services to the aging and chronically ill. While these demographic shifts are taking place in the general population, the physician workforce is also aging, with 33 percent of California's physician population now over the age of 60.

The positive news, however, is that California ranks first in the nation in the percentage of trained residents who remain in the state to practice (69.5 percent). Therefore, residency training is a good investment with a high likelihood of increasing the overall number of physicians in California.

### **Expansion of Effective Programs**

CHA strongly supports the use of waiver funding to sustain innovative and effective programs in undergraduate medical education. California currently has several unique and valuable programs that provide training for future physicians to practice in underserved areas of the state. Unfortunately, these programs suffer from limited enrollment due to funding limitations.

For example, the University of California's (UC) Programs in Medical Education (PRIME) is an innovative training program focused on meeting the needs of California's populations in rural communities and in underserved urban areas. PRIME builds on research showing that students who enter medical school with an interest in caring for underserved communities as part of their future career are more likely than other students to practice in such communities. CHA recommends that waiver funding support capacity expansions for programs like UC-PRIME, and others, that have shown to be effective in training physicians committed to providing care to the underserved.

CHA recommends that the Department of Health Care Services (DHCS) closely examine how waiver funding and health workforce training has been successful in other states and consider inclusion of similar models in the state's application. For example, the state of Oregon has requested up to \$178 million for health workforce training programs that are operated by public colleges and universities. These types of models should be evaluated and replicated in California.

CHA would like to emphasize that the waiver should provide funding to programs (current programs or those in development) that prepare physicians and other health professionals to practice in new delivery models, utilizing new technologies, practicing inter-professional team-based care and effectively employing new care management skills that result in higher quality, safety and cost-effective care delivery.

### **Incentive Funding**

An effective way to encourage the expansion of our future physician workforce is through loan repayment incentives. For many aspiring physicians, the cost of medical education significantly influences their choice of practice. With a loan repayment incentive, these future physicians would receive the loan repayment benefit if they chose to practice primary care and serve Medi-Cal patients. This type of motivation can be very effective, particularly for those who are already drawn to care for the populations served by the waiver.

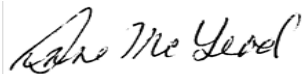
Most members of the workgroup agreed, and some reports indicate, that loan repayment is more effective than scholarship as an incentive. While scholarships are an important tool, studies suggest that physicians who participate in loan repayment programs are more likely to complete obligated services than physicians who receive scholarships.

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Similar models have been successful in other states. In Illinois, for example, the state's waiver application included \$10 million per year for loan repayment to health professionals who commit to serving Medicaid enrollees in underserved areas. The application called for the establishment of a "bonus payment pool" to provide funds to critical access hospitals (CAH) and other safety-net hospitals to create loan repayment programs. CAHs are significantly challenged in terms of securing an adequate workforce of physicians and other primary care professionals. Utilizing funding from the waiver to create loan repayment incentives for physicians to practice in CAHs would be tremendously impactful by ensuring access to health care services for California's most remote patient populations.

CHA recommends that the state direct \$100 million of waiver funding toward implementation of this comprehensive set of recommendations. CHA would like to thank you for the opportunity to provide comments on the state's proposed 1115 waiver. Please feel free to reach out to CHA if you have any questions or would like clarification on any of the recommendations contained in this letter.

Sincerely,



Anne McLeod  
Senior Vice President, Health Policy & Innovation

cc: Diana Dooley, Secretary, California Health and Human Services Agency  
Mari Cantwell, Chief Deputy Director, Health Care Programs, Department of Health  
Care Services