



January 8, 2017

The Honorable Xavier Becerra
 Attorney General for the State of California
 California Department of Justice
 1300 I Street
 Sacramento, CA 95814

Wendi A. Horwitz
 Deputy Attorney General
 California Department of Justice
 300 South Spring Street, Suite 1702
 Los Angeles, CA 90013

Nancy Hollingsworth
 Chief Executive Officer
 St. Agnes Medical Center
 1303 E. Herndon Avenue
 Fresno, CA 93720

RE: Saint Agnes Medical Center’s Request for Modification of Condition VII – OPPOSE

Dear Attorney General Becerra, Deputy Attorney General Horwitz, and Ms. Hollingsworth:

On behalf of the undersigned organizations, we express our opposition to Saint Agnes Medical Center’s (SAMC) request for modification of Condition VII to reduce the hospital’s charity care spending obligation.¹ On August 26, 2016, the California Department of Justice (CDOJ) denied a request from SAMC to reduce their charity care requirement.² In light of the numerous attempts to repeal and replace the Affordable Care Act (ACA) – and given the likelihood of continued efforts to substantially weaken health care reform – CDOJ’s original decision to deny SAMC’s request for a modification is more resonant. It would be erroneous to grant this request now while persistent attacks on the ACA will leave more Californians uninsured or underinsured, and in need of charity care.

The proposed reduction would significantly decrease hospital spending specifically designated for indigent and underserved patients. While charity care spending decreased by \$2.4 billion among not-for-profit hospitals across the state between 2012-2015 (not-for-profit hospital bad debt also decreased by \$1.9 billion during this span),³ we are concerned with the lack of investments in upstream⁴ health interventions – such as housing, environmental conditions, education, employment opportunities, etc. – that target the root causes of racial and ethnic health disparities. SAMC proclaims to “serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities,” providing care to 1,094,260 people⁵, a vast majority of which are people of color.⁶ However, numerous studies have found that communities of color living in rural areas face substantial lifestyle, access to care, and health disparities.⁷ We believe SAMC has significant room to grow in prioritizing the social determinants of health; amending this proposal is an opportunity to address this gap.

Our organizations have closely monitored the overall community engagement and spending practices of not-for-profit hospitals across the San Joaquin Valley. We have convened several community forums to urge not-for-profit hospitals to leverage their resources to reduce racial and ethnic health disparities, and promote equitable community development. As currently structured, this proposal represents a step in the wrong direction in addressing health disparities, particularly for disadvantaged regions across the San Joaquin Valley. Moreover, given the uncertain future of

¹ St. Agnes Medical Center. (October 2017). “St. Agnes Medical Center Request for Modification of Condition VII.” *St. Agnes Medical Center*.

² Retrieved from <https://oag.ca.gov/sites/all/files/agweb/pdfs/charities/nonprofithosp/ag-decision-st-agnes.pdf?>

³ Office of Statewide Health Planning and Development. “2010-2015 Summary Trends – Hospital Quarterly Financial and Utilization Data.”

⁴ The World Health Organization has defined upstream factors as “*the conditions in which people are born, grow, live, work, and age. These circumstances are shaped by the distribution of money, power, and resources.*”

⁵ Retrieved from <http://www.samc.com/highlights-stats>

⁶ Retrieved from

https://www.samc.com/documents/Community%20Benefits/Community_Health_Needs_AssessmentFY16.pdf

⁷ Retrieved from https://www.cdc.gov/mmwr/volumes/66/ss/ss6623a1.htm?s_cid=ss6623a1_e

the ACA, any reduction of existing requirements will jeopardize patients' access to vital health resources.

Our concerns and recommendations are outlined in detail below:

I. HONOR THE SPIRIT OF THE ORIGINAL AGREEMENT BY MAINTAINING THE AMOUNT OF FUNDING ALLOCATED TO SERVICES AND PROGRAMS THAT SERVE INDIGENT AND UNDERSERVED COMMUNITIES

Federal and state statute defines “financial assistance” (e.g., charity care) as a type of community benefit – “hospital’s activities that are intended to address community needs and priorities primarily through disease prevention and improvement of health status.”⁸ Therefore, although this proposal requests a modification of Condition VII, we must not ignore the impact that charity care spending has on Condition VIII. In 2015, SAMC directed \$13,695,126 in Community Benefit Services (\$4,186,689 in charity care; \$9,508,437 in all other community benefits).⁹ In fiscal year 2016, SAMCs directed \$10.4 million in Community Benefit Services, which equates to only 2.1 percent of total operating budget.¹⁰

Although community benefit is commonly associated with community health fairs, outreach programs, and other nominal services, the ACA expanded this scope to encompass vital services that improve social determinants of health. These “Community Building Activities,” specified in the Schedule H, Part II of the IRS Form 990 include the following:

- Physical improvements to infrastructure and housing
- Economic development
- Community support
- Environmental improvements
- Leadership development and training for community members
- Coalition building
- Community health improvement advocacy
- Workforce development
- Other

However, according to its 2014-2015 IRS Form 990, SAMC did not invest any resources towards Community Building Activities. As a vital anchor institution, it is unacceptable that SAMC did not seize the opportunity to work collaboratively with community advocates to address more deeply rooted health barriers. Because not-for-profit hospitals and other tax-exempt entities that provide community benefit services in SAMC’s service area (41 zip codes) also decreased charity care spending, SAMC had a prime opportunity to redirect these dollars towards upstream,

⁸ California Code, Health and Safety Code - HSC § 127345(c)

⁹ Retrieved from

https://www.oshpd.ca.gov/HID/CommunityBenefit/Letters_2015/St_Agnes_Medical_Center_Community_Benefit_Report_2015.pdf

¹⁰ Retrieved from <http://www.samc.com/highlights-stats>

preventive health measures. The \$4.1 million of charity care savings would undoubtedly have a positive impact on the community if redirected towards the types of Community Building Activities listed above.

Should this request be granted, we believe CDOJ should obligate SAMC to direct its charity care savings towards community benefits – such as those outlined in Condition VIII of the original agreement – and/or other vital services that promote community health and prevention. Therefore, we strongly urge SAMC honor the spirit of the original agreement by maintaining the 2016 threshold of combined charity care and community benefit spending for indigent and underserved communities.

II. ADOPT COMMUNITY HEALTH AND ENGAGEMENT RECOMMENDATIONS FROM THE CENTRAL VALLEY HEALTH POLICY INSTITUTE

We urge SAMC to adopt recommendations proposed by the Central Valley Health Policy Institute and Fresno Building Healthy Communities in their report, *Community Benefits Needs Assessment in South Fresno*.¹¹ In their assessment of 100 residents, these partners identified a need to address the social determinants of health in order to improve health outcomes for the community's most vulnerable residents. These recommendations align with the mission of SAMC, and if enacted, would illustrate SAMC's commitment to maximizing its impact as an anchor institution.

The recommendations from this report include:

- 1) Invest in local and neighborhood health education centers that will increase access to care;
- 2) Improve affordable transportation services that will increase access to health appointments;
- 3) Improve safety in communities to improve access to clean and safe exercise spaces;
- 4) Identify systemic solutions that will increase access to healthy food and healthy living;
- 5) Improve neighborhood infrastructure that reduces air pollution;
- 6) Invest in home energy efficient programs to reduce indoor and outdoor pollution, and; and,
- 7) Revitalize public parks.

III. IMPOSE A MORATORIUM ON SAMC'S REQUESTS TO MODIFY CONDITIONS UNTIL JUNE 30, 2019

Due to persistent attempts to weaken or repeal the ACA, modifications to existing standards would be devastating for vulnerable and underserved communities. Cuts to Covered California and Medi-Cal expansion would result in loss of health coverage for millions of Californians, especially low-income communities and communities of color.¹² By reconvening these discussions at a later date, CDOJ and SAMC can have greater clarity in knowing that modifications will not adversely affect patients. We strongly urge CDOJ to delay consideration of all requests to modify conditions of

¹¹ Retrieved from

<https://www.fresnostate.edu/chhs/cvhipi/documents/Community%20Benefits%20Report%20CVHPI%208-3.pdf>

¹² Retrieved from <http://health-access.org/images/pdfs/Medi-Cal%20At%20Risk%202.9.17.pdf>

purchase or consolidation until June 30, 2019 in order to determine the future of the ACA in California.

We recognize the importance of SAMC as a vital anchor institution in providing health care, jobs, and community services; however, we oppose SAMC's request for modification of Condition VII unless the aforementioned conditions are met. We call on the CDOJ to adopt the recommendations outlined above.

If you have any questions or need additional clarification, please contact us at any time.

Sincerely,

Binational Center for the Development of Oaxcan Indigenous Communities
Building Healthy Communities Fresno
California Rural Legal Assistance Foundation
Central California Asthma Collaborative
Central California Legal Services
Central Valley Immigrant Integration Collaborative
Centro La Familia Advocacy Services
Fresno Barrios Unidos
Fresno Center for New Americans
Fresno Interdenominational Refugee Ministries
Little Manilla
Radio Bilingüe
Service Employee International Union (SEIU)
The Greenlining Institute
The SOURCE LGBT+ Center
The Utility Reform Network (TURN)
Western Center on Law and Poverty

Cc: Robert P. David, Director, Office of Statewide Health Planning and Development
The Honorable Jim Wood
The Honorable Ed Hernandez, O.D.
Members of the Assembly Health Committee
Members of the Senate Health Committee
Diana Dooley, Secretary of California Health and Human Services
Anne McLeod, Senior Vice President, California Hospital Association
The Honorable Andy Vidak
The Honorable Tom Berryhill
The Honorable Jean Fuller
The Honorable Devon Mathis
The Honorable Jim Patterson
The Honorable Joaquin Arambula, M.D.
The Honorable Rudy Salas