



August 23, 2018

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

THE GREENLINING INSTITUTE

Public Comment on the Proposed Ministry Alignment Agreement Between Dignity Health and Catholic Health Initiatives

Deputy Attorney General Horwitz:

Thank you for convening this meeting to allow public comment for the proposed ministry alignment agreement between Dignity Health and Catholic Health Initiatives. My name is Anthony Galace, and I am the Director of Health Equity at The Greenlining Institute, a statewide, multi-ethnic policy organization committed to racial and economic justice.

We have reviewed the written notice of this proposed transaction and have also met with Dignity Health to learn how they plan to improve access to health care for communities of color, and expand community health resources. At this time, we are concerned that this proposal does not adequately meet the needs of communities of color, given the limited details about how the alignment will increase access to health care, jobs, or community health investments. Our concerns are outlined as follows:

I. CHARITY CARE AND FINANCIAL ASSISTANCE

We strongly disagree with the proposal to base the minimum charity care amount on a three-year rolling average. Earlier this year, the Attorney General rejected similar proposals for several hospitals that petitioned for a decrease in their minimum amount. The three-year rolling average incentives hospitals to avoid charity care patients and pass the burden of care to safety net hospitals and/or clinics. Moreover, charity care and financial assistance is critical for low- to middle-income patients given the increasingly high standard of living across the state – especially here in San Francisco – coupled with rising medical costs.

Alternatively, we propose that the minimum charity care amount for all Dignity Health hospitals remain equal to or greater than the most recent amount for at least five years and remain unchanged throughout the duration of these requirements. If the amount of charity care provided by any Dignity Health hospital for any fiscal year is less than the minimum amount, that hospital should pay in the form of community benefit grants, an amount equal to the deficiency to one or more tax-exempt entity that provides direct health services.

We strongly believe this will maintain access to necessary charity care and financial assistance for low-income and vulnerable patients.

II. COMMUNITY BENEFITS

We also object to the three-year rolling average to determine the minimum community benefit amount because it does not adequately incentive increasing grant funding, community partnerships, or outreach to Medi-Cal patients. We urge the Attorney General's office to seize this opportunity to ensure that the minimum community benefit amount reflects the increasing importance of upstream health spending. Dignity Health boasts an extensive community benefit portfolio across the state and has partnered with numerous community organizations – including Greenlining.

Thus, we recommend that Dignity Health increase its statewide community benefit spending by two percent annually for at least five years. This reflects similar trends seen among foundations and other philanthropic entities when undergoing expansions. We urge the Attorney General's office to ensure that a portion of the efficiencies from this merger be directed towards increasing community benefit spending across California.

III. IMPACT OF THE MINISTRY ALIGNMENT AGREEMENT ON COMMUNITIES OF COLOR

Dignity Health's plan to advance social justice through this transaction remains unclear. Given the constant threats to communities of color, it is vital that the combined health system reflect the rapidly diversifying state and nation. We urge Dignity Health to develop concrete plans to ensure a diverse and inclusive board of directors and executive management. Furthermore, Dignity Health must expand job and health career opportunities, particularly to underrepresented populations. Finally, we urge Dignity Health to disclose the diversity of its supplier network and expand its partnership with minority-owned businesses. Should this merger be approved, the combined entity will create the largest nonprofit health system in the nation – we urge Dignity Health to diversify its supplier network similar to Kaiser Permanente and CVS, which already boast a large and diverse supplier network.

Given the scope of this merger, we strongly urge the Attorney General's office to set strong precedents for future health system mergers. By ensuring that all minimum requirements prioritize the needs of vulnerable patients and communities, California can maintain a fair and equitable health care system.

We will be submitting formal written comments outlining all of our recommendations in the coming weeks, and we thank you again for convening this meeting.