



April 12, 2021

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Newsom:

The Association of California Healthcare Districts (ACHD) sincerely appreciates the work your Administration and Legislature have done to address the COVID-19 pandemic and the many public health and economic challenges that have come with it. As the COVID-19 pandemic continues, and as you consider allocation of recently approved the Federal American Rescue Plan Act's Coronavirus State Fiscal Recovery funding, we respectfully request that you consider prioritizing an allocation to healthcare districts that have been working tirelessly to respond to the unique public health needs of their communities.

ACHD represents 77 public healthcare districts, including 33 district hospitals, throughout California, in both urban and rural settings. These districts offer a variety of services aimed at improving community health including acute hospital care, public health services, ambulance services, primary care clinics, dental clinics, and long-term care/skilled nursing care. In many instances, healthcare districts are the sole source of health care in the community – serving as an integral part of the safety net for California's uninsured and underinsured.

During the public health emergency, healthcare districts, alongside the entire health care delivery system, have risen to the challenge in an increasingly uncertain time, and have faced significant financial challenges as a result. Providers were asked to suspend non-urgent surgeries and procedures, while at the same time remain open and build surge capacity, creating extreme and devastating revenue losses. Additionally, districts utilized significant resources to obtain necessary personal protective equipment, including building a stockpile for future emergencies, provide testing and vaccines to their residents, patients, workforce, and the most vulnerable populations in their communities.

In many instances, district clinics, skilled nursing facilities, and hospitals are located in rural regions of California, operating on very small margins under normal circumstances; without additional resources, these facilities will face difficult decisions that directly impact the care provided to some of California's most vulnerable populations.

To ensure healthcare districts can continue to support their communities, ACHD asks that you consider allocating \$32,000,000 of the state's Coronavirus State Fiscal Recovery funding specifically for healthcare districts directly providing services aimed at pandemic response and recovery.

While some healthcare districts did receive federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding earlier in 2020, much of that allocation was based on Medicare payments received in 2019, an admittedly imperfect formula that did not consider actual losses and expenses associated with the pandemic. Additionally, the funding did not consider the COVID surges many providers in California faced later in 2020.

Healthcare districts are diverse and serve in a variety of capacities to offer a range of critical health care services in their communities. As special districts, healthcare districts have been continuously excluded, or exceptionally limited, from beneficial relief measures that were available to other government entities and health care providers. For example, special districts were not eligible for CARES Act Coronavirus Relief Funds or able to utilize the COVID-19 payroll tax credit. For vaccine distribution, community based districts that are not typically direct providers, worked to administer vaccines by providing site locations, volunteers and conducting outreach, often to educators and essential workers, and those most vulnerable and hard to reach populations in their communities. To date these districts have received no assistance with these expenditures. For hospital districts, the costly administration of the vaccine was not immediately reimbursed by insurance and in many cases, districts have found it extremely difficult to seek reimbursement at all, and simply have provided vaccines as a public benefit.

As the state begins to reopen, health care providers, including healthcare districts, will continue to face economic challenges and Californians' public health needs will continue. Healthcare districts have been, and will continue to be, essential to their communities reopening, disseminating critical public health information, and caring for the state's most vulnerable populations. Funding that supports past and future expenditures made by healthcare districts is a direct investment in California's rural, underserved, and under-resourced areas and will help to maintain these safety net providers and the programs they support.

A modest allocation of federal relief funds would have a significant impact on the healthcare districts in the state that have worked hard over the last year to support the state's public health goals. Your support is critical for California's healthcare districts to continue their work to address the COVID-19 pandemic. If you have any questions, please contact me at 916-266-5207 or [amber.king@achd.org](mailto:amber.king@achd.org).

Sincerely,



Amber King

Vice President, Advocacy & Membership

cc: Keely Bosler, Director, California Department of Finance