HOSPITAL ASSOCIATION
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PRESS RELEASE

Inland Empire Health Plan, L.A. Care Health Plan Take Steps to Provide Financial Support to Contracted Health Care Providers Amid the COVID-19 Pandemic

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LOS ANGELES, May 14, 2020 – Inland Empire Health Plan (IEHP) and L.A. Care Health Plan, two of California's largest publicly-operated Medi-Cal managed health plans, recently announced efforts to provide financial support to hospitals and health systems during the COVID-19 pandemic.

In preparation for a potential surge of COVID-19 hospitalizations, California hospitals preserved their bed capacity and were called upon to increase existing capacity by 40-50 percent through the cancelation and/or postponement of non-emergent procedures. This action created significant financial pressure on provider organizations, drastically reducing revenues at a time when expenses for personal protective equipment and supplies increased – and are in short supply.

To strengthen their contracted hospitals' abilities to respond to the COVID-19 pandemic, IEHP is amending its contracts to include a capitation feature that will pay a facility the hospital's expected net patient revenue for IEHP Medi-Cal members or their monthly claims' average for calendar year 2019, whichever is greater. IEHP is expecting to provide more than $90 million in support to providers during their pandemic response efforts.

"Our health care provider partners have demonstrated their unwavering commitment to ensuring we are all healthy and safe," said Jarrod McNaughton, IEHP CEO. "As a member of the health care community, I believe we all have an obligation to support each other, especially our frontline caregivers, during these challenging times."

L.A. Care's efforts have focused on accelerating claim payments to hospitals, with $85 million in payments made on top of its typical claims processing amounts of $200 million. This improved flow is due to a new standard of payment for electronic claims within five days, and for paper claims within 10 days during the COVID-19 pandemic

"Our hospitals and other provider partners are heroically serving our members, and we are here to support them," said John Baackes, L.A. Care CEO. "Over the past few weeks, we have provided $85 million in accelerated claims payments to hospitals, and more than $21 million in advanced incentive payments to individual primary care physicians and FQHC clinics."

This reduction in accounts receivables for many safety net hospitals is critical to support their operations and maintain staffing levels at a critical point as the number of COVID-19 cases is anticipated to plateau.

"We are tremendously grateful for the admirable actions of our health plan partners," said George W. Greene, Esq., President/CEO of the Hospital Association of Southern California (HASC). "The efforts of IEHP and L.A. Care are helping to lead our hospitals and communities down a more prosperous path, and it's HASC's hope that this model will be emulated by other health plans in support of their provider partners."

At a time when communities are relying on hospitals more than ever to provide care for all and ensure a safe recovery as we work to reopen the economy, hospital leaders are facing tough decisions about layoffs, furloughs, and service reductions. Through collaborative efforts such as these, and the future support of other health plans, our hospitals can focus on what they do best: ensuring the safety and health of the communities they serve.

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About L.A. Care Health Plan

L.A. Care Health Plan serves more than 2.1 million members in Los Angeles County, making it the largest publicly-operated health plan in the country. L.A. Care offers four health coverage plans including Medi-Cal, L.A. Care Covered™, L.A. Care Cal MediConnect Plan and the PASC-SEIU Homecare Workers Health Care Plan, all dedicated to being accountable and responsive to members. As a public entity, L.A. Care's mission is to provide access to quality health care for L.A. County's vulnerable and low-income communities, and to support the safety net required to achieve that purpose. L.A. Care prioritizes quality, access and inclusion, elevating health care for all of L.A. County. For more information, follow us on Twitter, Facebook, LinkedIn, and Instagram.

About IEHP

IEHP, Inland Empire Health Plan, is one of the top 10 largest Medicaid health plans and the largest not-for-profit Medicare-Medicaid plan in the country. With a network of more than 6,400 Providers and more than 2,000 employees, IEHP serves more than 1.2 million residents in Riverside and San Bernardino counties who are enrolled in Medicaid or Cal MediConnect Plan (Medicare-Medicaid Plan). Through a dynamic partnership with Providers and Community, award-winning service and innovative products, IEHP is fully committed to advocating for our Members and providing them with quality, accessible and wellness-based health care services. For more information, visit www.iehp.org.

About the Hospital Association of Southern California

The Hospital Association of Southern California (HASC), founded in 1923, is a not-for-profit 501(c)(6) regional trade association. HASC is dedicated to effectively advancing the interests of hospitals in Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara and Ventura counties. HASC serves over 180 member hospitals and 40 health systems, plus numerous related professional associations and associate members, all with a common goal: to improve the operating environment for hospitals and the health status of the communities they serve. For more information, visit www.hasc.org.