



Equity and Practice Transformation (EPT) Program Understanding the Impact of the Proposed Reduction in California’s 2024-2025 Budget Revision Process

What’s happening?

On May 10, Governor Newsom released a Revised Budget Proposal for California’s fiscal year 2024-2025 that proposed cuts to multiple health and human services programs, including the Equity and Practice Transformation (EPT) directed payment program. The EPT program provides much needed support for primary care transformation to improve outcomes, reduce COVID-19-driven disparities, and advance health equity for Californians, enabling those who care for California’s most vulnerable communities to invest in infrastructure and care delivery through direct practice payments.

The revised budget proposal reduces the EPT program from \$700 million over 5 years (\$350M from CA General Fund and a \$350 match from CMS), to \$140 million (\$70M from CA General Fund, \$70M CMS match). This would be an 80% reduction in funding. While the Population Health Learning Center is actively monitoring the situation, we do know that this proposed reduction would drastically cut funding for Medi-Cal providers to better serve the state’s diverse Medi-Cal members.

Who's impacted?

The EPT program supports some of the most underserved practices in the state where access to care is already impacted. Over 200 California primary care practices, including independent practices, federally qualified health centers, public and district hospitals, and tribal health centers, are participating in the initial EPT cohort alongside 18 managed care plan sponsors. Together, these practices care for 2.3 million Medi-Cal enrollees and operate 280 locations across 52 counties.

Table 1. Breakdown of allocated max potential payment sums by practice type within Cohort 1 of the EPT Payment Program, as of May 16, 2024

Practice Type	Practice Count	Max Potential Payment
Health Center	75	\$192 Million
Private Practice	117	\$144 Million
Public/County Hospital	4	\$18 Million
Tribal Health	12	\$16 Million
Cohort 1 Total	208	\$370 Million

As Table 1 shows, \$370 million has already been allocated to the practices in the initial EPT cohort as directed payments through agreements with DHCS and these dollars will be drastically reduced in the proposed budget revision. Practices have already begun to implement changes to increase access and improve population health outcomes for their most vulnerable patients in the Medi-Cal program. The proposed funding cut disrupts this work and takes away the opportunity for additional practices serving California's most vulnerable communities to join a future program cohort.

In Los Angeles County alone, 85 practices, including 28 health centers and 57 private practices, were selected to participate in EPT. These practices have \$137 million in payments they are at risk of losing with the proposed cuts to the program.

Next steps

Several groups across California are working to raise awareness on this critical issue, including the California Medical Association (CMA) and the California Primary Care Association (CPCA). If you're interested and able to provide information on the impacts of proposed budget cuts to the EPT funding ahead of the June 15 budget negotiation deadline, the following information may be helpful.

1. If you're a health center, please contact CPCA and your local consortia.
2. If you're a CMA member, please contact 800-786-4262 or email PhysicianServices@cmadocs.org.

Contact your local legislators by visiting <https://findyourrep.legislature.ca.gov/> or you can contact legislators and staff members who are directly involved in the budget process, including:

Assembly Health Chair: Asm. Mia Bonta (also Budget Sub 1) (D)

- Chief of Staff: tomasaduenas@asm.ca.gov
- Legislative Director: haydeedominguez@asm.ca.gov

Senate Health Chair: Senator Richard Roth (Also Budget Sub 2) (D)

- Chief of Staff: gilbertmartinez@sen.ca.gov
- Legislative Director: mikaila.kruse@sen.ca.gov

Assembly Budget Chair: Assemblymember Jesse Gabriel (D)

- Chief of Staff: abram.diaz@asm.ca.gov
- Legislative Director: elle.hoxworth@asm.ca.gov

Senate Budget Chair: Senator Scott Wiener (D)

- Chief of Staff: krista.pfefferkorn@sen.ca.gov
- Legislative Director: severiano.christian@sen.ca.gov

If you'd like to reach the Population Health Learning Center, which serves as the program office for the EPT, please contact:

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