



CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

7 September 2005

PUBLIC HOSPITALS SUPPORT BILL TO IMPLEMENT MEDICAID DEAL BUT CAUTION THAT NEW SYSTEM POSES RISKS TO SAFETY NET

Contact: Rachael Kagan, Director of Communications
rkagan@caph.org or (510) 874-7113, (510) 501-3671 cell

(Oakland, CA) -- The California Association of Public Hospitals supports SB 1100 (Perata/Ducheny), which has been designed to implement the new five-year Medicaid (Medi-Cal) hospital financing waiver negotiated between the Schwarzenegger Administration and the federal government.

“We are pleased that the measure incorporates basic principles that the affected hospitals developed to implement the new system,” said Denise K. Martin, President and CEO of the California Association of Public Hospitals and Health Systems (CAPH). These provide the fundamental underpinning for the continued existence of the state’s hospital safety net. They include establishing a level of baseline funding for safety net hospitals over the five-year life of the waiver, and setting out plans for the distribution of growth in funding. This effort represents the best approach within the construct of the waiver to achieve stability and predictability in safety net hospital funding, and to maintain patients’ access to care.

“Though we are moving forward this week to implement the new system, our policy analysis has not changed,” said Martin, noting that CAPH opposed the waiver agreement when it was announced in June. “The overall shift represented in the waiver to how California and the federal government will fund care for Medi-Cal and uninsured patients will increase stress on counties and poses great risks to the longevity of the safety net and the patients who rely on our services.”

Public hospitals make up just 6 percent of California hospitals, yet provide more than half the hospital care for the state’s 6.5 million uninsured. They also operate more than 60 percent of the top-level trauma centers and train half the state’s doctors.

“We are not confident about the future viability of the state’s health care system and will continue to monitor and evaluate the impact of the new arrangement on public hospitals and the communities they serve,” Martin said. “We are particularly concerned about the performance of the deal after the first two years, and if it will indeed provide needed funding for safety net hospitals.”

However, given the tight timeframe – the legislative session ends this week -- the best course is to support the bill and establish a vehicle for paying hospitals this year. There are still outstanding issues in the design of the new system, and CAPH pledges to continue to pursue those going forward. They include ensuring that certified public expenditures (CPEs) are appropriately defined, and that the appeals process is resolved favorably.

As for the proposed expansion of Medi-Cal managed care, we are supportive of the decision to postpone that action. CAPH has maintained that managed care is an important public policy issue that should be debated, but that it is not a mechanism for hospital financing and therefore does not belong in the Medicaid deal. The removal of managed care from consideration of the initial implementation of the waiver is appropriate.

CAPH, a non-profit trade association, has represented the state's public hospitals through policy and advocacy work, member service and public education since 1983.