



## CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

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### **Governor's 'May Revise' Continues Threat to Public Hospitals and Their Patients**

**Statement of Melissa Stafford Jones  
President and CEO,  
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Oakland, CA, May 14, 2008 -- The California Association of Public Hospitals and Health Systems (CAPH) is strongly opposed to Governor Schwarzenegger's revised budget proposal, which maintains previously proposed Medi-Cal cuts and reduces Medi-Cal eligibility for low-income working parents and other low-income individuals in need of medical services.

The revised proposal still contains the redirection of \$54 million in funds away from the Safety Net Care Pool (SNCP), which are funds specifically designed to support California's public hospitals' care of the uninsured. The Governor wants to redirect the funds, which are *federal* dollars, to State programs in order to save General Fund monies given to those programs.

Public hospitals already receive virtually no monies directly from the State for reimbursement for services provided to their low-income patients. To take funds from the SNCP fund – a non-State source – is a step in the wrong direction. These dollars are desperately needed to care for this vulnerable population.

Trying to balance the budget by hurting public hospitals' ability to provide essential services is not only unfair but unwise. California's public hospitals comprise only six percent of all hospitals in the state, but provide nearly one-half of all hospital care to the uninsured. They also provide top-level emergency, trauma and burn care to any Californian in need of such services, and train half of all new doctors in the state. They simply cannot sustain the Governor's proposed cuts and continue to provide the same level of timely, quality care to their patients and their communities.

More than two-thirds of our public hospitals are already operating at budget deficits due to inadequate reimbursement, increased patient volume and the growing cost of care. And because the majority of their patients are either Medi-Cal recipients or uninsured, there is no private insurer or other source of funding to cover the cost of their care.

In addition, the new proposed reductions in Medi-Cal eligibility will exacerbate an already precarious situation for our members and the patients they serve. As more low-income Medi-Cal recipients become ineligible for the program, they will become uninsured. These individuals are likely to seek care at their public hospital, which by mission and by mandate is committed to providing such care. Increased patient demand will mean even longer waits for medical care – possibly for a serious health condition. And many might choose to delay care or not seek it at all, resulting in poorer health outcomes.

The irony of this situation is that at the same time that the State would be cutting funds to care for the uninsured, this proposal would actually be creating *more* uninsured people. Reducing access to care while at the same time increasing the number of people who will need it seems to fly in the face of reason.

I also note that this is the worst possible time to be cutting funds to safety net providers. As our economy declines, more people are in danger of losing their private insurance and will find themselves in need of health care at their public hospital.

### **Cuts are on top of other reductions**

The proposed redirection of SNCP funds and reduced Medi-Cal eligibility come on the heels of a 10 percent cut in Medi-Cal reimbursement rates, which was proposed by the Governor and passed by the Legislature earlier this year. The cuts are due to go into effect on July 1<sup>st</sup>, and CAPH has joined several other health care provider organizations in a lawsuit to stop the cuts from taking place. As fewer providers accept Medi-Cal patients because of the reduced reimbursement rate, public hospitals will see increased demand on all of their services.

All of the cuts mentioned above, both proposed and approved, stand to damage the very structure of our public hospitals -- institutions that are essential to every one of us in California. I hope that our Governor and our state legislators will take a serious look at the true cost of these cuts, which will hurt not only our most vulnerable populations but any one of us who might find ourselves in need of a public hospital's vital services. A car accident, earthquake or house fire could result in the need for urgent care that will be provided by a public hospital's expert trauma team, which is experienced in handling these life-threatening emergencies.

We urge the Governor to reconsider these harmful reductions; the stakes are too high for every Californian.

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*The California Association of Public Hospitals and Health Systems (CAPH) represents 19 public hospitals throughout the state of California.*