



CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

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Governor's May Revision:

Drastic Cuts Would Endanger the Health of Millions, Undermine California's Health Care Reform Efforts

Statement by Melissa Stafford Jones, President and CEO, CAPH

OAKLAND, CA, May 14, 2010 – Governor Schwarzenegger's revised budget would put millions of Californians in harm's way. It would leave the most vulnerable among us without access to essential health care services. Moreover, in an attempt to find a short-term fix to the State's budget problems, the proposal would leave millions of federal dollars on the table – money that would help treat a growing patient population in need of health care.

Given the Governor's declared support for federal health care reform, the proposal seems particularly shortsighted: it would sabotage efforts to move health care reform forward in California.

The Governor's revised budget contains a host of proposals that would restrict access to health care for those most in need. We continue to be alarmed by budget cuts first introduced in January, including poorly considered efforts to contain Medi-Cal costs. These efforts now include implementing limits and co-pays for essential medicine and outpatient clinic visits and co-pays for hospital stays. Our public hospital systems are only too aware of the importance of providing patients with needed prescriptions and regular medical care: such access is what helps keep people healthy and reduces the need for more costly emergency room and hospital services. Furthermore, while these cuts would save \$750 million in State General Fund expenses, they actually would cost the State more than \$2.4 billion in federal matching funds lost because of these reductions.

Among the new proposals in the Governor's May revision, the dramatic cuts to mental health services cause us particular concern. And the Governor's proposal continues to include an array of other cuts such as a severe reduction in in-home health care benefits for the elderly and disabled. Reducing these benefits won't keep people from getting sick or needing help, but it will reduce their timely access to vital care.

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We remain quite concerned about the Governor's proposal in his January budget to redirect millions in Safety Net Care Pool funds away from public hospitals in order to save State General Fund expenditures. The pool represents one of only two sources of support for public hospitals to care for the uninsured – a population that has increased during this historic economic crisis. We also note that the pool is a *federal* source of money, yet the Governor would use it to backfill the *State's* General Fund.

We also note that the State presumes a new Section 1115 Medicaid waiver that will expand health care coverage in California. Our public hospitals look to the next Medicaid waiver to strengthen their core support and help us begin to implement health care reform and build a bridge to its full fruition.

We are extremely mindful of the unprecedented budget crisis facing our state. But millions of Californians are also in crisis because of the economic downturn, and it is incumbent upon the State to address the needs of its most vulnerable residents. Patients are arriving at our public hospital clinics and ERs in record numbers, seeking essential medications, cancer therapy and dialysis. Access to such life-saving medical care is not a luxury – it's a basic human right. It shouldn't be reserved only for those who can afford it. We urge the Governor to explore means of closing the deficit that don't fall on the backs of those least able to withstand the impact.

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