



## CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

Contact: Amy Weitz  
510-874-7113

### **Governor's Plan to Fix Budget Crisis Could Worsen Health Care Crisis, Says California's Public Hospital Association**

*Health care cuts would impact residents already hard-hit by economic downturn,  
cost taxpayers more money in the long run*

Oakland, CA, January 15, 2009 – California's public hospital association agrees with Governor Schwarzenegger's State of the State remarks that the State's current financial crisis needs to be resolved, but said his current budget proposal is the wrong solution.

According to the California Association of Public Hospitals and Health Systems (CAPH), the Governor's proposed budget for the next fiscal year would hinder residents' ability to access timely health care service and cause a deepening health crisis in the State. Delayed treatment will result in more serious health outcomes as well as more cost to California taxpayers down the line, the association said.

"We greatly appreciate the Governor's urgent request to fix the State's tremendous financial woes, but cutting support to more and more individuals who are in need of health care is a step in the wrong direction," said Melissa Stafford Jones, president and CEO of CAPH.

The Governor's budget proposal, which he revealed on New Year's Eve and further detailed on January 7<sup>th</sup>, would cut funds known as the Safety Net Care Pool that are currently used by public hospitals to care for the uninsured. The Governor's proposed budget also would reduce or eliminate Medi-Cal benefits to millions of Californians.

All of these changes would take place as more and more Californians are losing their jobs along with the health insurance coverage that they received through their employment, and are now turning to their public hospital for needed health care.

"What we have here is a double whammy," said Stafford Jones. "At the same time that our public hospitals will lose funds used to treat the uninsured, we have more people becoming uninsured – either as a result of the Governor's health care cuts and/or because they've lost their private health insurance. So now we have more residents seeking care at their public hospital or its clinic while the hospitals receive fewer funds with which to treat this increased population. Our health care safety net is catching more and more people while the Governor's budget would cut the strings."

(more)

**Proposal would redirect funds dedicated for public hospitals, makes other Medi-Cal cuts**

Governor Schwarzenegger's proposal would redirect more than \$54 million in federal funds that are part of the Safety Net Care Pool, a source of funding that was created to help California's public hospitals provide care to the uninsured, including outpatient care that helps prevent more serious health problems. The Governor proposes to use these *federal* funds to backfill the *State* General Fund. He presented the same proposal in his budget last year but the Legislature rejected it as being unwise in light of Californians' significant health care needs.

The Governor's proposal also would deny Medi-Cal coverage to thousands of new, low-income applicants by lowering the eligibility level. The proposal also would eliminate altogether coverage for essential services such as dental and vision to adult Medi-Cal beneficiaries.

Exacerbating matters is the fact that counties are losing funds that they use to support their public hospital systems. "Our members are supported primarily by county and federal dollars," said Stafford Jones. "Two-thirds of our members are already reporting significant budget deficits. We're grateful for the Legislature's understanding of the impact these cuts have had on our public hospitals' ability to provide quality care."

**First-time Patients Being Seen Because of Economic Crisis**

Stafford Jones noted that her association's members already report treating new patients who are seeking care due to the economic downturn, including many who come to public hospital clinics or the ER after they've lost their health insurance because they are sick or need to have a prescription filled but no longer have a health provider to fill it. For instance, in October and November 2008, Santa Clara Valley Medical Center saw a one-third increase in the number of new patients in its ER over that same time period the previous year; Los Angeles County reported that in September 2008 it saw a 12 percent increase for its four hospitals' ERs compared to the same time the year before.

California's public hospitals are responding to the often critical health problems faced by these new patients. Among the thousands of new patients being treated in just the past few months:

- A breast cancer patient in her early 60s whose husband lost his job and his Kaiser coverage. She sought care at Highland Hospital in Oakland where she received a mastectomy and chemotherapy treatment; her doctors say her prognosis is good.
- A man in his 50s with hypertension who lost his job and his health insurance in November. He came to Santa Clara Valley Medical Center's Urgent Care Center to obtain a refill of his medications, and learned that his blood pressure was dangerously high. It turned out he had not taken his medications since his last prescription ran out – several weeks earlier – because he no longer had a health provider to authorize his refills.
- A man in his late 30s who had successful surgery for colon cancer but then lost his job and his insurance. He came to Olive View-UCLA's clinic where he is being seen for necessary follow-up screening tests to assure that his cancer does not return.

"Our members understand all too well the impact of the worsening economy," said Stafford Jones. "They see it every day. But trying to balance the budget by cutting funds to our public hospitals is extremely short sighted. If we don't provide timely access to health care to our residents, we will see more dire – and more costly – health consequences later on. Our communities cannot afford to have this current economic crisis become even bleaker – and turn into a more critical health crisis as well," she added.