



Governor's May Revise: Cuts to Public Hospital Systems Will Cause Significant Harm to Low-Income Californians

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OAKLAND, CA, May 16, 2011 – The revised budget released today would reduce access to health care for California's most vulnerable patients by cutting \$130 million from public hospital systems. Public hospital systems use these dollars to care for Medi-Cal and uninsured patients. These cuts will impair public hospital systems' ability to provide essential services and to prepare for health care reform.

We are mindful of the severe budget challenges facing our state and appreciate the hard work of the Governor and Legislature to find a balanced compromise that includes cuts and revenue enhancements, which is critically important in preventing devastating cuts to the low-income families that depend upon the California safety net. But, the revised budget proposal still goes too far in the wrong direction.

Specifically, the state proposes two direct cuts to public hospitals systems. First, it cuts \$95.2 million in Medi-Cal Waiver funds for public hospital systems. These dollars would have been used to help care for the state's seven million uninsured, but under the Revise, are redirected to the State. Public hospitals will still provide services to these uninsured patients. But, the federal dollars that could have partially reimbursed public hospital systems for the cost of those services will instead be taken by the State.

In addition, the revised budget also pulls back \$34.2 million, a portion of funding that public hospital systems have received for the past few years to help provide a modest enhancement for some Medi-Cal services. These dollars have allowed public hospital systems to meet the demands of the economic recession: as more people have lost jobs and insurance, they have turned to public hospital systems to provide high quality ongoing care, and for emergency treatment.

The revised budget proposal undercuts our efforts to accomplish the goals of the Waiver – to expand access, improve quality and contain costs – by redirecting funds public hospital systems need to provide essential services to their communities. Moreover, the reform efforts being undertaken through the Waiver are the very cost effective programs that will keep the Medi-Cal program going over the long term. Yet through its proposed cuts to public hospital systems, the State is limiting this progress.

We urge the Legislature to reject these cuts and hope the Governor recognizes that it is not in the state's interest to limit public hospital systems' ability to help the state prepare for health reform and to continue to provide care for the state's most vulnerable.