



CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

California's Public Hospitals Welcome House Measure as a Meaningful Step Towards Health Care Reform

Statement by Melissa Stafford Jones, President and CEO, CAPH
July 17, 2009

The California Association of Public Hospitals and Health Systems (CAPH) expresses appreciation to the leaders of the Tri-House Committee responsible for the health care reform legislation released earlier this week. The measure represents a significant move towards true national health care reform, which we believe must include not only expanding coverage to the uninsured, but access to care as well. We thank the House leadership for its comprehensive legislation.

Although we have not yet had the opportunity to fully analyze the bill, we see many provisions in it that we believe are critical to improving our health care system, including a significant expansion of coverage for low-income patients through the Medicaid program and a focus on primary and preventive care. These provisions are essential to creating a healthier nation and to ensuring access to services that benefit all Californians.

The House measure also includes a \$20 billion cut to Disproportionate Share Hospital (DSH) funding for Medicaid and Medicare; the Medicaid DSH cut would be phased in over three years beginning in 2017. Medicaid DSH funds provide core support for the safety net. These funds not only help public hospital systems to care for the uninsured, but also address shortfalls in Medicaid rates (Medi-Cal in California). California's Medicaid rates are among the lowest in nation. In addition, Medicaid DSH funds help public hospitals provide essential services such as trauma and burn care, and train new doctors. California's public hospitals play an essential role as safety net providers, operating more than half of all the level-one trauma centers in the state and almost half of all burn centers, and training nearly half of all new physicians.

Public hospitals experience every day the toll of the health care crisis on low income, uninsured and vulnerable patients. We strongly support the need to achieve national health reform in 2009, an effort that will require compromise by all parties. We appreciate the House Tri-Committee's recognition of the critical role of public hospitals by limiting the DSH cut to \$20 billion. We accept the approach of the House bill that phases in reductions of Medicaid DSH funds once the positive effects of true reform have been demonstrated. We also appreciate the inclusion in the House bill of a study by the Secretary of Health and Human Services that will examine, among other things, the degree to which DSH funds are targeted to hospitals that serve a high number of Medicaid patients and have large uncompensated costs. We ask our leaders in the House to withstand pressure to make additional cuts to the health care safety net, even as the need grows

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to find ways to pay for health care reform. After health care reform is achieved -- and presumably millions more uninsured receive coverage -- support will still be needed for a wide array of critical services currently supported by Medicaid DSH funds.

California's public hospitals represent the very coordinated systems of care that health care reform seeks to promote -- comprehensive systems that focus on prevention and wellness, and on providing the right care at the right time. Such care results in healthier outcomes and better control of chronic diseases, as well as in a reduction in avoidable emergency room visits and hospitalizations. We ask Congressional leadership to recognize these integrated safety net delivery systems in order to help them continue to provide efficient care delivery for patients.

CAPH looks forward to working with Congress and the White House in the coming weeks and months to make the dream of true national health care reform a reality.

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