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San Diego County Supervisors, Hospitals Urge Support for Legislation Protecting Patients from Medi-Cal Cuts to Skilled-Nursing Facilities

Cuts Would Cost San Diego County $17 million

SANTEE, Calif., May 3, 2013 – Citing the real impact cutting the safety net would have on the most vulnerable residents, San Diego County Supervisors Greg Cox and Dianne Jacob joined with local hospital leaders today to call on the California Legislature and Governor Brown to spare hospital-based skilled-nursing facilities and other health care providers from devastating Medi-Cal cuts. Both Assembly Bill 900 by Assemblymember Luis Alejo (D-Salinas) and Senate Bill 640 by Senator Ricardo Lara (D-Long Beach) would reverse the Medi-Cal cuts that were enacted in 2011.

“As I’ve said before, what happens in Sacramento doesn’t stay in Sacramento,” said Cox, Chairman of the Board of Supervisors. “Unless the Legislature and Governor Brown take action, the health and safety of California’s most medically complex patients, frail seniors and disabled people will be at risk. Here in San Diego County, these cuts would come to $6.6 million moving forward and $10.4 million in retroactive repayments. We have a moral obligation to care for the most vulnerable. It’s time for Sacramento to assist local governments by restoring this critical funding.”

“If the state fails to stop its pending cuts to Medi-Cal, the most vulnerable members of our community will pay the biggest price,” said Supervisor Jacob. “These are courageous people who face challenges every day and need the intense level of care that comes at a place like the Edgemoor Skilled-Nursing Facility in my district. The cuts would be a travesty and we must not allow a special place like Edgemoor to become a victim of the state’s budget problems.”

Cox and Jacob spoke at a press conference at Edgemoor Hospital/DPSNF in Santee, where they were joined by Steve Escoboza, CEO of the Hospital Association of San Diego and Imperial Counties; Walter Hekimian, CEO of Edgemoor Hospital; Tony Guerra, CFO of Sharp Coronado; Pablo Velez, CEO of Sharp Chula Vista Medical Center and Marilyn Bailey, nursing director at Palomar’s Villa Pomerado. Together, they are dedicated to raising awareness of the issue as attention shifts to the Governor’s May Budget Revision and subsequent deliberations to enact the 2013-14 State Budget. They encouraged the public to learn more about the issue by going to www.CaringisourCalling.org, a website sponsored by the California Hospital Association. Visitors can watch a series of videos featuring patients and their families across California who rely on skilled-nursing facilities for their health care needs, and directly connect with their legislator to urge them to protect patients.

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“The Medi-Cal cuts are not just bad for health care providers and patients, they also pose a risk to the state’s overall economy,” said Escobosa. “Although the state projects the cuts to hospital-based skilled-nursing units will result in a $58 million per year savings in the General Fund, that is only an educated guess. What we do know is that these cuts could translate into a loss of up to 36,000 jobs (16,000 direct caregiver jobs, plus the ripple effect in the broader economy) and a decline of up to $2 billion in statewide economic activity. These cuts are a classic example of the state being penny-wise and pound-foolish.”

Medi-Cal beneficiaries make up nearly 80 percent of the patients receiving hospital-based skilled-nursing care. These patients require specialized and medically complex care that freestanding nursing facilities and other health care providers will not or cannot provide. In the last five years, approximately 40 hospital-based skilled-nursing facilities in California (about one-third) have closed due to financial issues that further jeopardize California’s health care safety net.

Unless the Legislature approves AB 900 or SB 640 and Governor Brown signs it into law, hospital-based skilled-nursing facilities, already decimated by low Medi-Cal rates that don’t cover the cost of current care, will lose another 25-40 percent of their funding. That means millions of dollars in losses to acute care hospitals that provide essential care to the elderly and poor patients. The consequence would be cutbacks and closures that would tear a hole in California’s safety net, rip families apart, and punish the most vulnerable and sick among us. Families would be forced to relocate their loved ones to another facility, perhaps hundreds of miles away.

Other health care providers, including physicians, clinics, and emergency medical transport firms, also warn that the cuts jeopardize access to quality care.

Both AB 900 and SB 640 require a two-thirds vote in both the State Assembly and Senate before going to Governor Brown for action. AB 900 passed unanimously out of the Assembly Health Committee and now awaits consideration in the Assembly Appropriations Committee. SB 640 passed unanimously out of the Senate Health Committee and is pending in the Senate Appropriations Committee. It is likely that the two bills will be combined into one final bill during budget negotiations in June and considered an “urgency” bill, meaning that it will take effect immediately if the Governor signs it into law by July 1st.

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