East Bay Health Care Providers Urge Lawmakers to Halt Devastating Medi-Cal Payment Cuts

New Statewide Survey Shows Overwhelming Public Support to Reverse Medi-Cal Cuts

SAN LEANDRO (May 31, 2013) – Citing devastating impacts on California’s most vulnerable patients, local hospital leaders joined with physicians and health care workers in Alameda County today to urge state officials to halt pending Medi-Cal payment cuts.

The cuts stem from legislation originally enacted by the passage of AB 97 in 2011. Although the payment reductions amount to a 10 percent cut for doctors and most other providers, the cuts are much deeper – averaging 25 percent or greater – for hospital-based skilled-nursing facilities. Although the cuts have not yet been implemented because of ongoing litigation, the U.S. 9th Circuit Court of Appeals last week ruled that state officials can move forward with the rate reductions, retroactive to July 2011.

“Our skilled-nursing facility currently has an average daily census of 108 patients recovering from multiple-trauma, brain injury, stroke and other injuries and illnesses,” said James Jackson, administrator of Alameda Health System’s Fairmont Hospital in San Leandro. “We operate at nearly 100 percent capacity with at least 10 patient referrals waiting for admission at any given time. Our ability as a safety net hospital to meet both current needs and growing demand, hinges on rates remaining unchanged.”

Jackson spoke at a press conference held today at Fairmont Hospital. He was joined by Deborah Stebbins, CEO of Alameda Hospital in Alameda and Nadeia Joseph, a certified nursing assistant who represented SEIU-UHW. All three health care professionals spoke about the impact that the Medi-Cal cuts will have on the East Bay’s health care system, particularly on hospital-based skilled-nursing units. These facilities provide specialized treatment to medically (MORE)
fragile and disabled seniors, adults and some children with special needs on a 24-hour basis. These facilities are often the only option for patients with complex medical needs and behavioral challenges, or for individuals living in rural areas.

Because of last week’s Appeals Court ruling, unless the Legislature and the Administration agree before June 30th to include funding for Medi-Cal in the upcoming state budget, hospital-based skilled-nursing facilities 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 to low-income patients and have already been decimated by the lowest Medi-Cal reimbursement rates in the nation. The consequence would be service cuts and closures that would tear a hole in California’s safety net, rip families apart, and punish the most vulnerable.

“Alameda Hospital has served our community since 1894, but unless these cuts are reversed, we will have to re-evaluate whether we will be able to continue providing these important care services,” Stebbins said. “This is a heart wrenching decision that will impact current and future patients and their families with potentially devastating impacts on our community.”

A new statewide survey released yesterday shows that an overwhelming majority (62 percent) of 2014 likely voters in California oppose the Medi-Cal payment cuts. A link to the survey summary memo is here.

According to a newly released economic issue brief prepared by the California Hospital Association (CHA), California’s fragile economic recovery could be dealt a severe setback if the Medi-Cal cuts to hospitals are implemented with the potential loss of 36,000 jobs statewide. These are direct-care, well-paid positions, plus related jobs in the goods and services industries. In addition, the CHA analysis found, the overall ripple effect stemming from these cuts could result in a $2 billion economic erosion to the state’s economy.

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

To read the full economic report or learn more about how the proposed Medi-Cal cuts will impact the public, visit 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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