MEDIA STATEMENT
February 29, 2016

California’s Hospitals Applaud Bipartisan Legislative Action in Support of MCO Tax Package

Health Plan Financing Package Provides Needed Funding for Hospital-Based Skilled Nursing Units

by
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The California Hospital Association (CHA) applauds today’s bipartisan passage in both the Assembly and Senate of the revamped Managed Care Organization (MCO) financing package. The reformed funding program will stabilize the state’s General Fund costs for Medi-Cal and provide much needed funding for hospital-based skilled nursing facilities as well as programs that support the developmentally disabled.

For the past five years, CHA has been working to reverse retroactive Medi-Cal payment cuts to hospital-based skilled nursing facilities. These cuts were first enacted by the Legislature in 2011 as part of the state’s efforts to closing the budget deficit. Today’s passage of the MCO tax package will prevent clawing back of previously made payments to hospital-based skilled nursing facilities and will help prevent the closure of these vital hospitals without imposing any new burden on state taxpayers.

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 is available only in hospital-based skilled nursing facilities. In the last several years, approximately one-third of these facilities in California have closed due to financial pressures.

California’s hospitals congratulate both Democratic and Republican lawmakers for forging this important bipartisan agreement. Their support for the MCO financing package will benefit all Californians.

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