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# **MEDIA STATEMENT**

**September 11, 2013**

## **Historic Agreement Protects Hospital Services, Results in New Federal Funds to Improve Access to Care**

*SB 239 Creates Hospital Fee Program; Eliminates Cuts to Distinct-Part Nursing Units*

*by*

*C. Duane Dauner*

*President/CEO*

*California Hospital Association*

A comprehensive agreement that will eliminate future Medi-Cal payment cuts to hospital-based skilled-nursing facilities, while also bringing in more than \$10 billion in new federal Medicaid funds to California hospitals and provide \$2.4 billion in additional revenue to the State General Fund has been reached between Legislative leaders, the Administration and the California Hospital Association (CHA).

SB 239 (*Hernandez, D-West Covina/ Steinberg D-Sacramento*) creates a new Medi-Cal hospital fee program that will strengthen the ability of California hospitals to respond to increased demands resulting from the implementation of the federal Affordable Care Act (ACA). The new federal funds will be paid to hospitals in the form of supplemental Medi-Cal payments. SB 239 also aligns financial incentives to ensure that the State's financial share is guaranteed.

As part of the agreement, SB 239 will eliminate future Medi-Cal payment cuts to non-rural hospital-based skilled-nursing facilities and lift a rate freeze that resulted in significant underpayments for hospital-based skilled-nursing care. (*Rural facilities were exempted from the payment cuts and rate freeze by the Administration in August.*) As a result of this agreement, SB 239 will help sustain 36,000 health care jobs and an estimated \$2 billion in annual contributions to the state's economy, thereby generating even more money for the State General Fund.

CHA is the sponsor of SB 239, which was introduced earlier this year. The bill was approved today by the Assembly Health Committee and is expected to pass both the Assembly and Senate by the end of this week.

On behalf of California's patients and hospitals, CHA expresses its appreciation to the Governor and the Legislature for reaching this critically important agreement. SB 239 is a mutually beneficial win for the State, patients and hospitals.

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**CONTACT:** Jan Emerson-Shea  
(916) 552-7516