

CHA Media Statement

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California Hospitals Express Disappointment in May State Budget Revision

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The revised 2018-19 state budget released today by Governor Brown contains much good news for most Californians. Our state's economy is on the rise, and as a result, there is a healthier than expected surplus of taxpayer dollars.

Given this context, it is disappointing that the Administration's May budget revise continues to propose the elimination of the long-standing 340B drug discount program within Medi-Cal. The 340B program allows safety-net hospitals and clinics to purchase outpatient drugs at a discount from drug manufacturers. The medications are then given to low-income patients at little to no cost. The discounts also are used to fund a variety of outpatient health care services in local communities across the state.

CHA urges legislators to reject this budget proposal.

Another item of concern in the May revise relates to the lack of funds from Proposition 55 being allocated to the Medi-Cal program. Passed by the voters in 2016, Proposition 55 was intended to provide additional funds for public schools and ensure adequate funding for essential health care services for children and families enrolled in Medi-Cal. With a nearly \$9 billion budget surplus for the coming year, the state has the resources to ensure that the voter's wishes are fulfilled. An estimated \$1 billion in Proposition 55 funds should be available for Medi-Cal in the coming fiscal year, but the Administration's formula for calculating the Proposition 55 monies means that the voters' wishes are not being realized.

CHA urges legislators to reject the Administration's approach to allocating Proposition 55 funds.

Finally, CHA remains concerned about the budget proposal to cut \$40 million from the University of California's base budget, an amount identical to what was intended to fund graduate medical education from Proposition 56 tobacco tax revenues. Although Proposition 56 stipulates that UC administer the program, the funding is intended to help train primary care and emergency medicine physicians throughout the state. The proposed cut undermines the intent behind voters' approval of Proposition 56.

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