

Key Messages

State, Federal Support Needed to Protect At-Risk Health Care Services

Patients and communities served by California hospitals are at risk of losing critical health care services.

- More than half of all hospitals statewide (53%) lose money every day caring for patients. This is driven by stagnant reimbursement in the face of ever-increasing expenses for labor, pharmaceuticals, regulatory mandates, and more (the cost to deliver care has risen more than 30% in the past five years alone).
- Government health insurers like Medi-Cal simply don't cover the cost of delivering vital health care services. That means Californians covered by government payers have a hard time finding primary care doctors or specialists, experience longer wait times for appointments, and face uncertainty that their hospital care will always be available.
- Medi-Cal pays just 80 cents for every dollar it costs to care for patients. Medicare even less at just 76 cents for every dollar. That's not a sustainable reimbursement structure to support a health care system responsible for 40 million people.

Protecting and enhancing hospital services is an essential part of supporting a health care system that delivers for all Californians.

- California hospitals make miracles a daily routine. They save the lives of extremely premature babies, extend the lives of cancer and other patients, improve the lives of those experiencing traumatic illness and bodily harm, and more.
- Californians need and deserve improvements to these vital services, along with other care such as treatment for mental health and substance use disorders, and greater access to primary care.
- Hospital services are in greater jeopardy in areas that already need *more* support, where Medi-Cal is the predominant form of health coverage. Hospitals **with the highest percentage of revenue from government payers — Medicare and Medi-Cal — have, on average, operating margins of *negative 8%*, meaning they lose money every day to deliver care to patients.**

State and federal officials must do their part to eliminate the state's two-tiered health care system.

- Failure to invest additional resources in Medi-Cal would entrench California's health disparities by leaving behind 14.5 million Californians with low incomes, including more than 13 million people of color, 5 million children, 2 million seniors and persons with disabilities, and 5 million non-English speakers. The status quo for reduced access to quality care is unacceptable.
- California must ensure that resources intended for Medi-Cal are used to care for Medi-Cal patients, nothing else.
- At the federal level, policymakers should prevent expansion of Medicare's site-neutral payment policy to hospital outpatient departments, extend a delay of or eliminate entirely planned Medicaid disproportionate share hospital payment reductions, and support legislation to prevent service reduction or closure among rural hospitals.