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MEDIA STATEMENT

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California Hospital Association Expresses Disappointment in May State Budget Revision

by

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The revised 2012-2013 state budget released today is sobering and points out the reality of the state's economic crisis. Budget cuts are painful, and especially problematic in health, social services and education.

It is disappointing that the revised budget includes a rake-off of \$150 million from private hospitals and more than \$40 million from public hospitals. This proposal goes against a 2011 agreement between hospitals and state government that generates more than \$900 million in new money to the state General Fund between July 1, 2011 and December 31, 2013 through the Medi-Cal hospital fee program. Other changes impact district-owned hospitals that allow the state to relinquish its commitment to provide \$75 million in funding for patient care. Beyond the actions proposed today, the revised budget also contains cuts of \$86 million to private safety net hospitals that were included in the January budget.

The challenges facing all Californians are unprecedented. Balanced solutions must be made in order to preserve hospital services. Understanding the dire situation the state faces, CHA offered viable alternatives that would minimize the negative impact to patients and hospitals, however they were not included in the May Revise.

CHA supports the Governor's tax increase initiative that will appear on the November 6 general election ballot. Revenues, combined with budget cuts, are a reasonable compromise. The same principle should apply to hospitals. If more Medi-Cal cuts are imposed on hospitals, the state should make needed regulatory changes that reduce hospital costs. Otherwise, Medi-Cal losses in hospitals will get worse and private patients will get stuck with higher bills.

Fairness should govern state decisions, especially when the government has options to lessen the burden that is imposed on hospitals when payment cuts and rake-offs are used to bolster the General Fund.

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