

Critical Hospital Services Face Uncertain Future

California has growing needs:



Aging population

By 2052, people 65 and older will be one-fourth of the state's population.



Greater demand for behavioral health programs

Drug overdose deaths in California climbed 51% from January 2020 to March 2021.



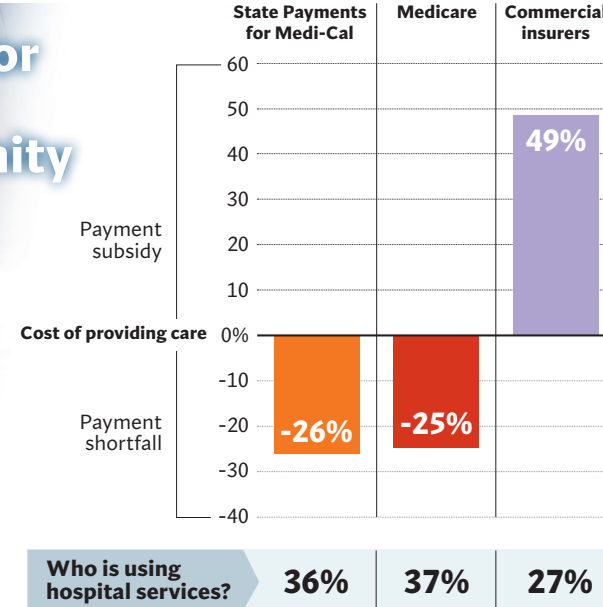
Disparity of health outcomes

Black Californians have the highest death rates from breast, cervical, colorectal, lung, and prostate cancer.



Care for vulnerable populations

Medi-Cal enrollees increased by 71% from 2013 to 2020.



Government payers — **Medi-Cal and Medicare**, which cover 73% of hospital patient volume — don't cover costs. California only pays 74% of what it costs hospitals to care for Medi-Cal patients and Medicare covers only 75%.

Government shortfalls mean that every day, over half of California's hospitals lose money caring for patients.

LONG-TERM CONCERNS

- **Medi-Cal expenses exceeded reimbursement from the state** from 2010 to 2020 by some \$65 billion — an unsustainable formula.
- **Inadequate Medi-Cal reimbursement** threatens care for California's most vulnerable patients. Without hospitals to care for the most at-risk Californians, communities will suffer.
- **Inadequate reimbursement means hospitals in underserved communities have fewer resources** and struggle to recruit staff. This creates barriers to access and exacerbates health inequities.
- The cost of care is now primarily borne by commercial insurance, which has rapidly **increased premiums and copays for working families.**