

California Legislative Staff Briefing: Hospital 101

Feb. 2, 2024



A question-and-answer period will be held after the presentations.

Online Questions/Comments: At any time, submit your questions or comments in the Chat Box at the bottom of your screen, then press enter.

Audio Questions/Comments: Select “Raise Hand” at the bottom of your screen and your line will be unmuted. If listening by phone only, press *9.

This program is recorded and will be available for viewing.



Kathryn Austin Scott

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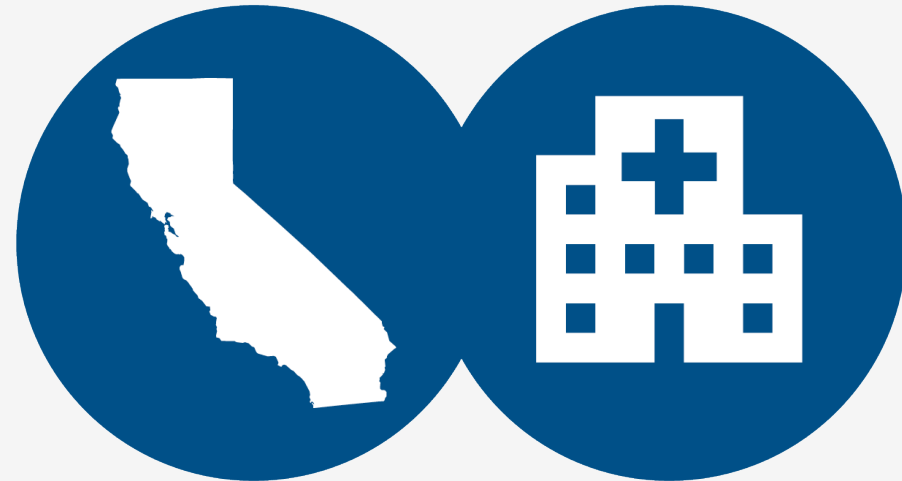
Mark Farouk
Vice President, State
Advocacy

Hospital Types and Who Regulates Them

Vanessa Gonzalez

Over 450 hospitals and health systems

- 3 Types of Licensing Categories for Hospitals:
 - General Acute Care Hospitals (GAC)
 - Acute Psychiatric Hospitals
 - Special Hospitals
- Other Types of Hospitals:
 - Inpatient Rehab Hospitals
 - Long Term Acute Care Hospitals
 - Children's Hospitals
 - Rural Hospitals
 - Federal Designations—Critical Access Hospitals

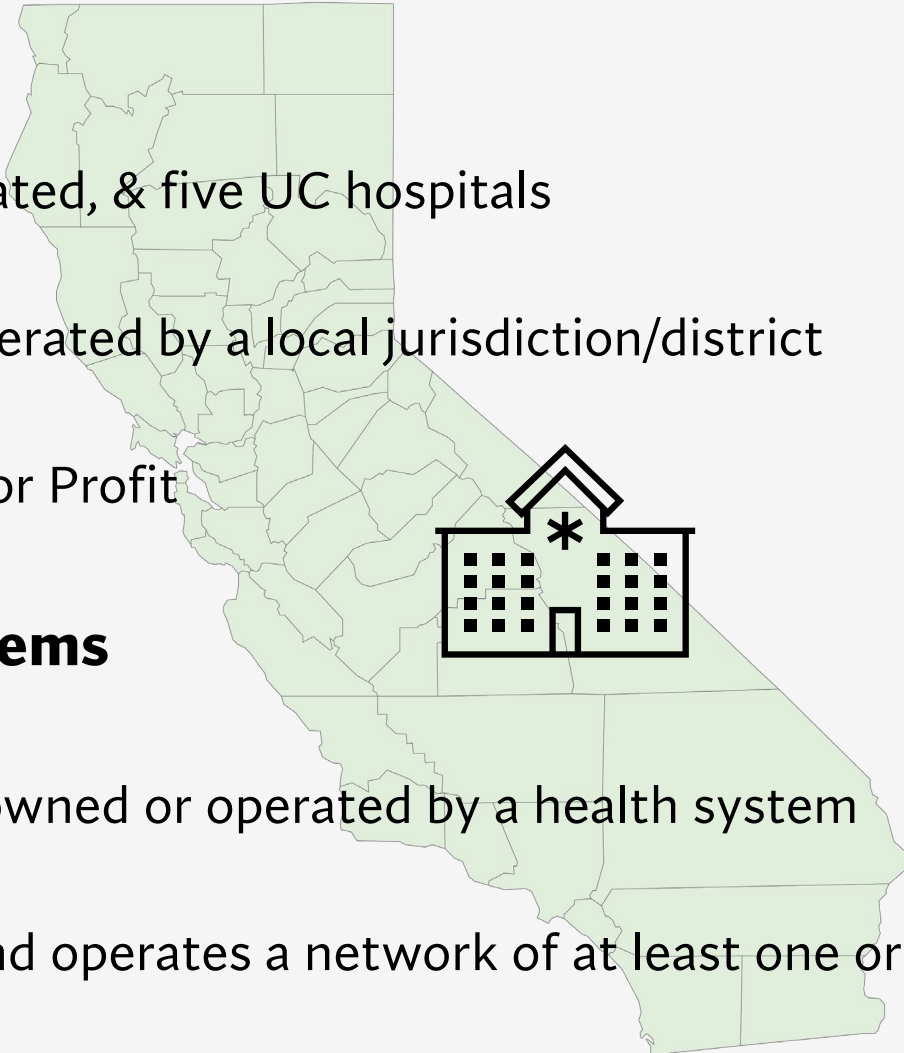


- **Public Hospitals and Private Hospitals**

- **Public Hospitals:** County-operated or affiliated, & five UC hospitals
- **District Hospitals:** Also, public hospitals operated by a local jurisdiction/district
- **Private Hospitals:** Investor owned or Not for Profit

- **Stand-Alone Hospitals and Health Systems**

- **Stand-Alone Hospitals:** Independent, not owned or operated by a health system
- **Health Systems:** Organization that owns and operates a network of at least one or more health care facilities, like a hospital



State
Congressional Districts
Senate Districts
Assembly Districts

Senate Districts

Select District:
5

Condition Prevalence in Hospitals
Tap/hover mouse over percentage to see race and ethnicity breakdown

Asthma	7%
Behavioral Health	30%
COPD	11%
Congestive Heart Failure	16%
Diabetes	27%

Hospitals

- Adventist Health Lodi Memorial
- Central Valley Specialty Hospital
- Dameron Hospital
- Doctors Hospital of Manteca
- Doctors Medical Center - Behavioral Health Department
- Doctors Medical Center of Modesto*
- Encompass Health Rehabilitation Hospital of Modesto
- Kaiser Permanente Manteca Medical Center
- Kaiser Permanente Modesto Medical Center
- Memorial Medical Center
- San Joaquin General Hospital*
- St. Joseph's Behavioral Health Center

1: Rural general acute care hospital, per Section 1250 of the California Health and Safety Code
2: Critical access hospital as designated by CMS
3: Hospital is owned and controlled by a health care district

Diversity Index

Range: 45 to 77

The Diversity index is used by the U.S. Census Bureau and indicates the probability that two people chosen at random will be from different race and ethnicity groups. The higher the index, the more diverse.

Payer Mix in Hospitals
Tap/hover mouse over percentage to see race and ethnicity breakdown

Race/Ethnicity: All Hospital Discharges

Hispanic	35%
White, Non-Hispanic	41%
Asian	7%
Black	7%
Multiracial	4%
Native American/Alaska Native	0%

Community Health Profiles
Snapshots of health indicators for California's legislative districts

Hospitals are regulated by multiple state agencies, departments and boards

Health & Human Services Agency (HHS)

- CA Department of Public Health (CDPH)
 - Licenses hospitals, inspect and survey, respond to complaints
- Health Care Access & Information (HCAi)
 - Regulates the construction, renovation and seismic safety of hospitals; collect, manage and analyze data; workforce development, community benefits
- Department of Health Care Services (DHCS)
 - Manages health care services for Medi-Cal beneficiaries

Business, Consumer Services & Housing Agency (BCSH)

- Department of Consumer Affairs (DCA)
 - Board of Registered Nursing (BRN)
 - Board of Pharmacy (BoP)
 - Medical Board of California (MBC)

Labor & Workforce Development Agency (LWDA)

- Department of Industrial Relations
 - Division of Occupational Safety and Health (Cal/OSHA)
 - Division of Workers' Compensation



Hospitals are also regulated by **federal** agencies, mainly:

- Centers for Medicare and Medicaid Services (CMS)
 - Every health care facility must be certified by CMS to care for Medicare and Medi-Cal patients
 - CDPH surveyors perform inspections on behalf of CMS

Labor is our Greatest Asset

Rony Berdugo

- There are about **500,000 hospital workers** in California.
- There are many different types of workers and professionals in California's hospitals.
- **1.17 million jobs** supported by the hospital sector.
- Health care **workforce shortages** persist in California and nationally.



- The **median wage** for all hospital workers in California is about **\$67,000**, well above the median wage for all workers.
- Nurses in California earn more than in any other state, even when adjusted for cost of living.
- California's health care workers have the **highest statewide minimum wage** in the nation.
- California's health care workers have some of the **best workplace safety standards** across sectors.

Wages for hospital workers have **grown 28%** in the past five years.



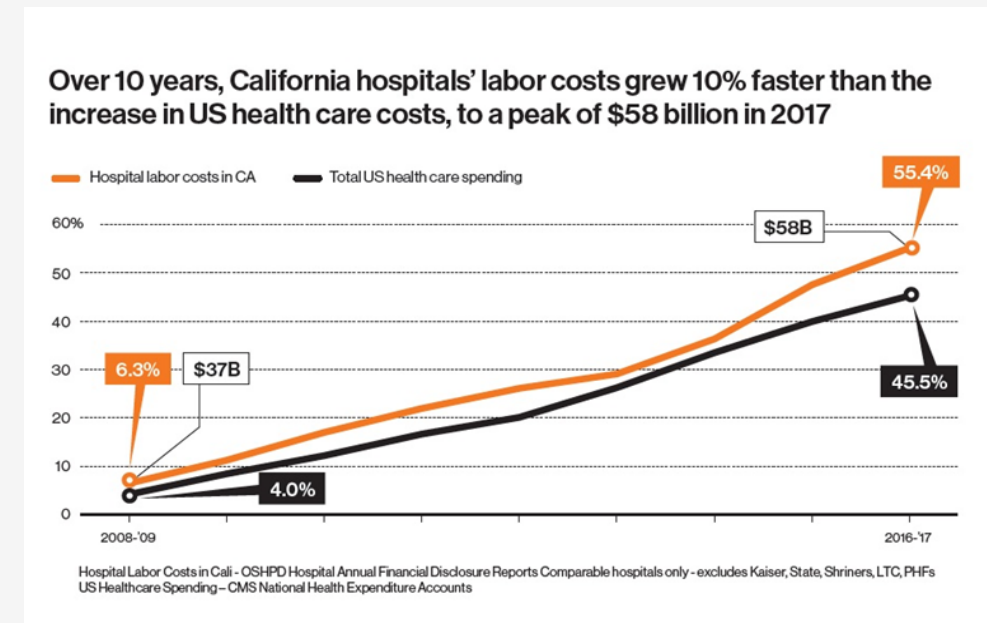
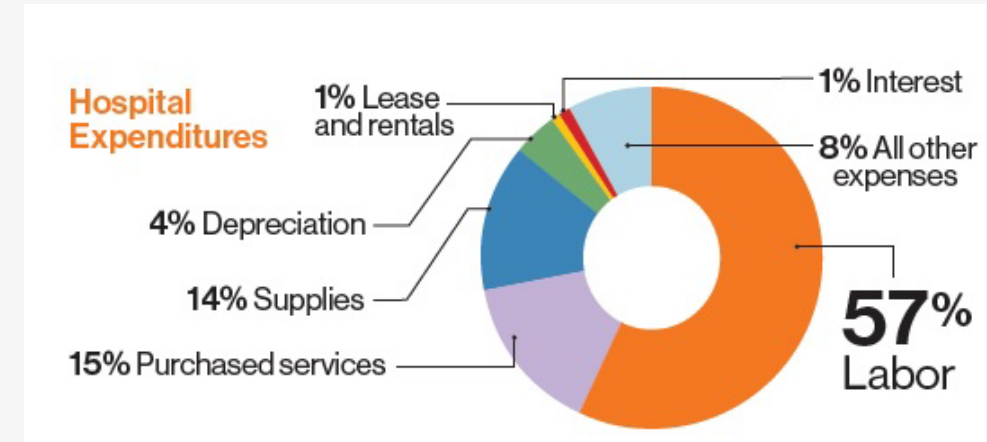
\$133,340

CA nurses are the **highest paid** in the nation



CA nurses are paid **\$64 an hour, 50% above** the national average

- Since 2007, hospital spending on the **workforce has grown by 67%**.
- Hospitals **invest more in their workforce** than any other category.
- Health care **workforce demand** and salaries continue to grow faster than total health care spending.



How Hospitals are Funded

Mark Farouk

Medi-Cal

State doesn't cover cost for hospital care

Medicare

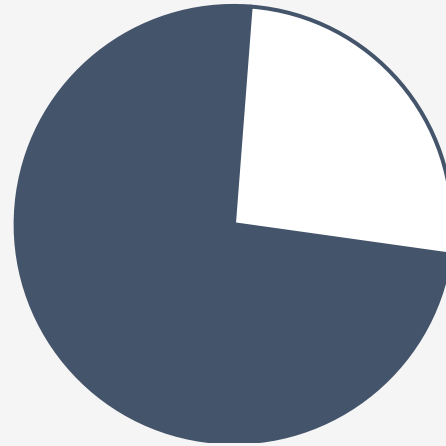
Federal government doesn't cover costs for hospital care in California

Commercial Insurance

The only major payer that pays above cost for hospital care

Other

Self-pay, TriCare, counties, amongst others

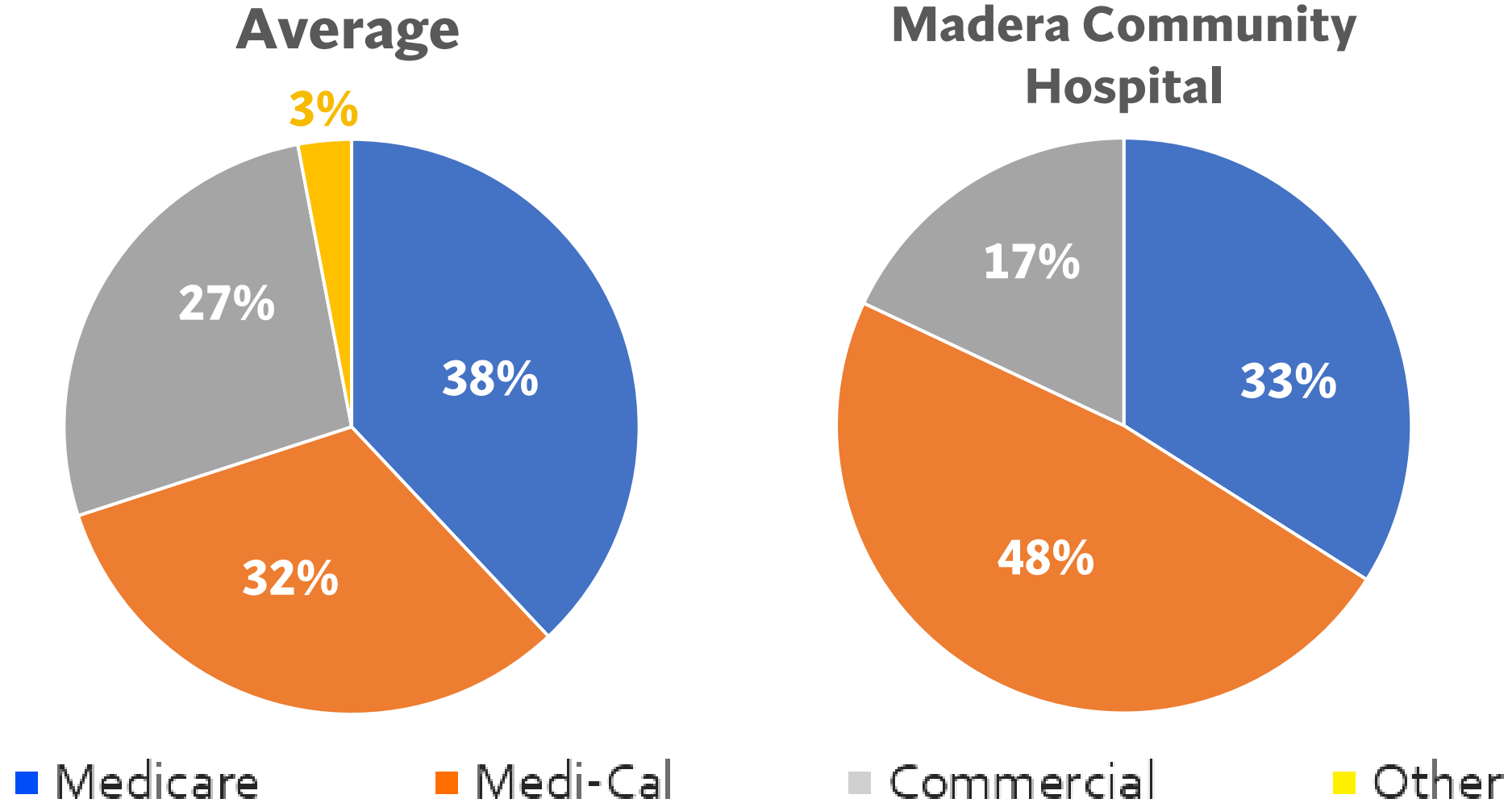


Since Medi-Cal rates were last increased in 2012, **the share of the CA population on Medi-Cal has gone up from 21% to 39%.**



The Result - 52% of hospitals in California lose money providing care for patients.

How Hospitals Are Paid



- Government underpayments & fixed revenue
- Disproportionate Share Hospitals (DSH) & Critical Access Hospitals (CAH)
- Charity Care & Community Benefits
- Challenges



What about the building?

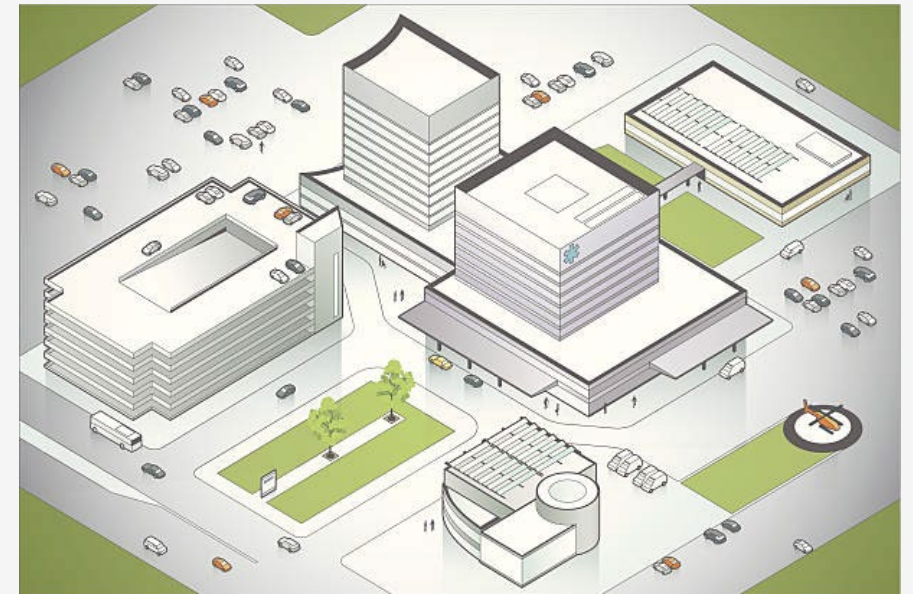
Kathryn Scott

Hospital Construction is regulated by **Office of Statewide Hospital Planning and Development (OSHPD)** at the department of Health Care Access and Information ([HCAI](#)), including:

- Hospital construction and repair
- Seismic Compliance

Hospitals are multi-building campuses, including:

- Acute care services,
- Outpatient services, and
- Medical office buildings

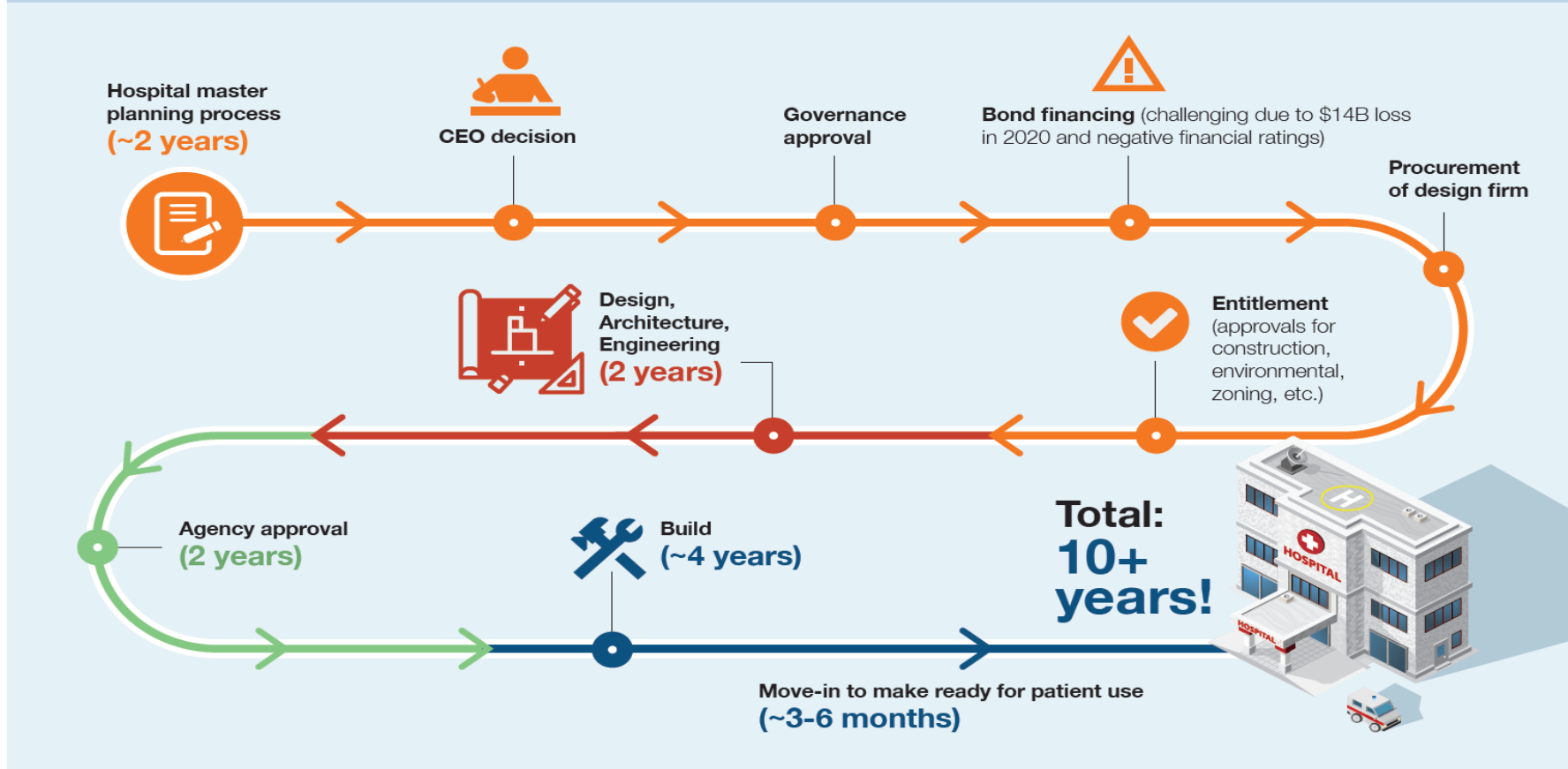


History of Hospital Seismic Compliance

- [SB 1953](#) (1994) amended the Alfred E. Alquist Seismic Safety Act to established the framework for the current hospital seismic compliance requirements.
 - First Requirement: Hospitals have completed a retrofit or have replaced their buildings to ensure they do not significantly jeopardize life during a major earthquake. This is also known as the [Structural Performance Category \(SPC\) 2 requirement](#).
 - Second Requirement: By January 1, 2030 all hospital buildings providing acute care services are required to be fully functional to provide care following an earthquake. *If this not completed by 2030, these hospital buildings will have to close.*

Why 2030 Matters Now

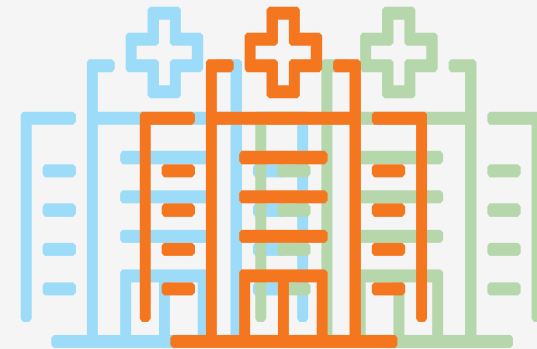
The Path of Hospital Construction



It's an Ecosystem

Kathryn Scott

- Lack of Available Primary Care & Behavioral Health Care
- Difficulties Discharging Patients
 - Impacts to Emergency Departments
- Prior Authorization Challenges
- Legislature's Impact on the Health Care Delivery System



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