

California Hospital Care Remains At Risk

Millions of Californians each year rely on hospitals for life-changing, lifesaving care. But hospitals' ability to provide this care is in jeopardy due to immense challenges, including:

The majority (60%) of California hospitals have unsustainable operating margins



Negative Operating Margins

Low Operating Margins

48%

12%
(0-3%)



LABOR COSTS

Over the past five years, wages and salary expenses have increased by more than **34%**, with contract labor expenses increasing **111%**



POOR REIMBURSEMENT

California pays just **three-quarters** of the cost to care for Medi-Cal patients in hospitals



NEW STATE MANDATES

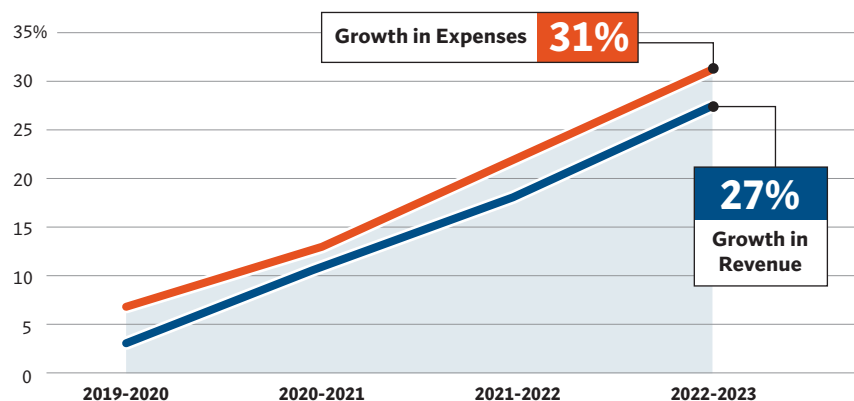
New growth limits established by the Office of Health Care Affordability will restrict reimbursement for hospital care, while new minimum wage standards will increase costs



HIGHER ACUITY AND PLACEMENT CHALLENGES

Patients are arriving at hospitals sicker. This, coupled with insufficient post-acute resources, has led to increased costs and stays that are **11%** longer than five years ago

The cost of care has outpaced revenues



Note: Growth in expenses and revenue is operating and cumulative.

THE BOTTOM LINE >

While some California hospitals are finding their way toward more stable financial ground, hundreds are being forced to cut critical services that communities rely on just to keep their doors open.