

California Legislative Staff Briefing: Hospital 101

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UC Center
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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
 - Specialty Hospitals
- Other Types of Hospitals:
 - Inpatient Rehabilitation Hospitals
 - Long Term Acute Care Hospitals
 - Children's Hospitals
 - Rural Hospitals
 - Federal Designations—Critical Access Hospitals

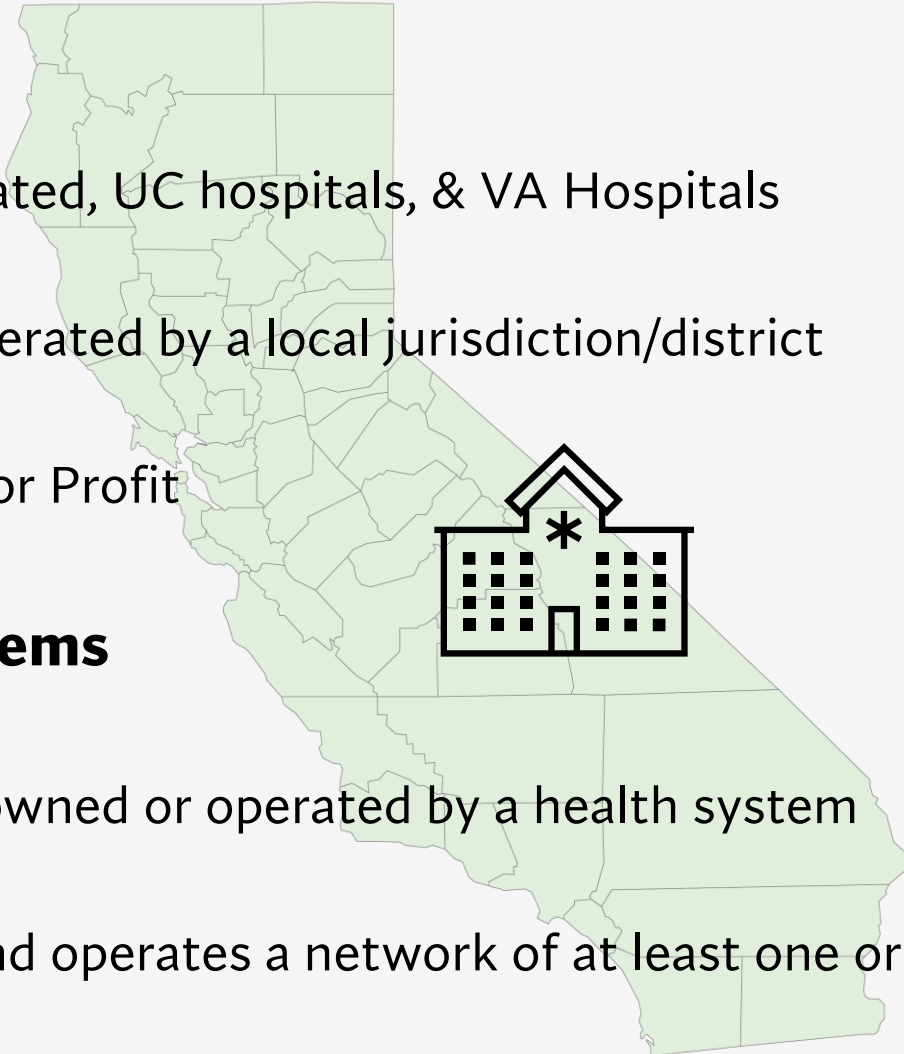


- **Public Hospitals and Private Hospitals**

- **Public Hospitals:** County-operated or affiliated, UC hospitals, & VA 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



Snapshots of health indicators for California's legislative and congressional districts

State
Congressional Districts
Senate Districts
Assembly Districts
County

Senate Districts

Select District:

3

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

Asthma	8%
Behavioral Health	33%
COPD	11%
Congestive Heart Failure	15%
Diabetes	24%

Hospitals

- Adventist Health St. Helena¹
- Adventist Health Vallejo
- Contra Costa Regional Medical Center¹
- David Grant USAF Medical Center
- Kaiser Permanente Vacaville Medical Center
- Kaiser Permanente Vallejo Medical Center
- NorthBay Health - Vaca Valley Hospital
- NorthBay Health Medical Center¹
- Petaluma Valley Hospital
- Providence Queen of the Valley Medical Center
- Sonoma Valley Hospital³
- Sutter Davis Hospital
- Sutter Solano Medical Center
- Woodland Healthcare

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

Payer	Percentage
Medicare	42%
Commercial Insurance	27%
Medi-Cal	29%
Other	2%

Race/Ethnicity: All Hospital Discharges

Race/Ethnicity	Percentage
White, Non-Hispanic	~45%
Hispanic	~15%
Asian	~5%
Black	~5%
Multiracial	~1%
Native American/Native Alaskan	~1%
Hawaiian Native/Pacific Islander	~1%
Other	~1%

Data < 1% will show as 0%.

Hospitals are regulated by multiple state agencies, departments and boards



Health & Human Services Agency (HHS)

- CA Department of Public Health (CDPH)
- Health Care Access & Information (HCAi)
- Department of Health Care Services (DHCS)
- **Department of Managed Health Care (DMHC)



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)

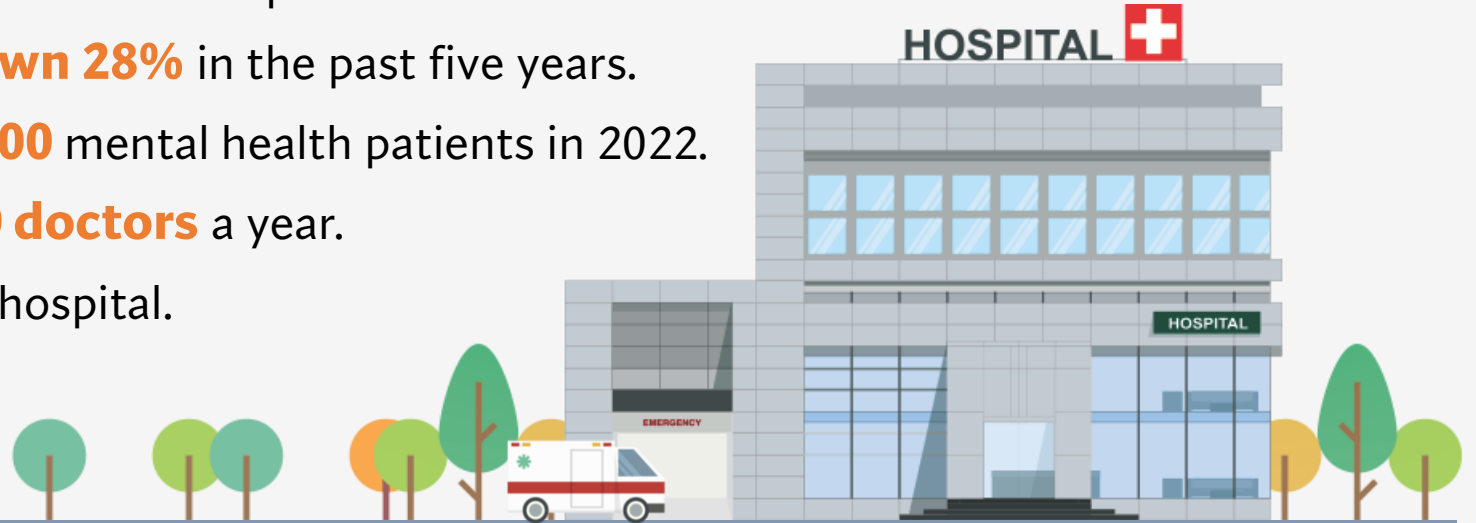
- Department of Industrial Relations
- Division of Occupational Safety and Health (Cal/OSHA)
- Division of Workers' Compensation

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**

Top 10 Things to Know About California Hospitals

1. California is **4th** in the nation for life expectancy.
2. California has the **lowest maternal mortality rate** in the country.
3. California hospitals treated nearly **3.7 million** Medi-Cal patients in 2022.
4. People visited hospital emergency departments **14 million** times.
5. Hospitals employ close to **520,000 workers** and generate over **\$345 billion** in economic activity.
6. There were over **400,000 births** in California hospitals in 2022.
7. Wages for hospital workers have **grown 28%** in the past five years.
8. Hospitals assisted with almost **200,000** mental health patients in 2022.
9. California hospitals train over **11,000 doctors** a year.
10. **1 in 4** Californians receives care at a hospital.



Hospital Funding and Finance

Mark Farouk

Medi-Cal

Does not cover cost

Medicare

Does not cover cost

Commercial Insurance

The only major payer that covers cost of care.

Other

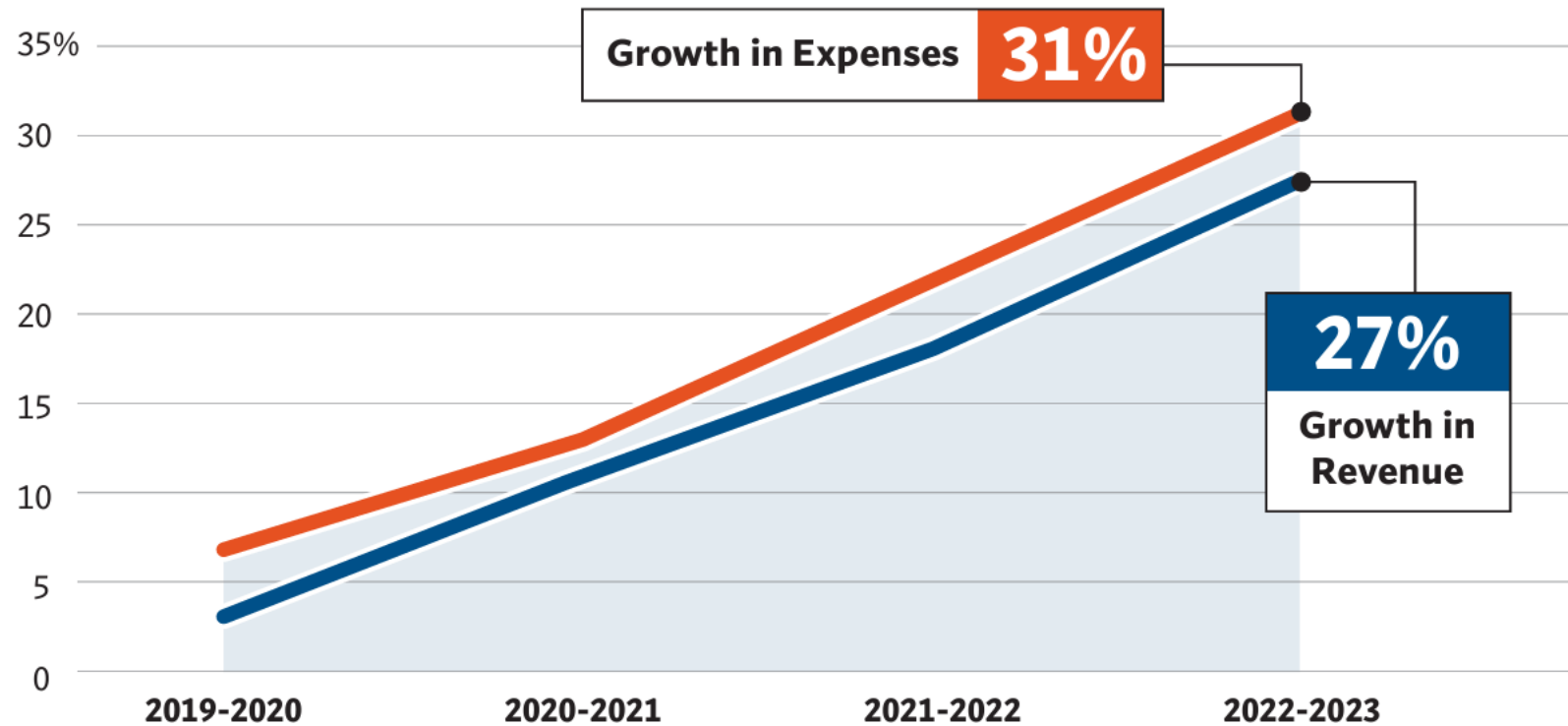
Self-pay, TriCare, counties



Medi-Cal pays just 80 cents on the dollar it costs to care for patients. An unsustainable reimbursement structure to support a health care system responsible for 40 million people.

Every day over half (53%) of California's hospitals lose money.

The cost of care has outpaced revenues

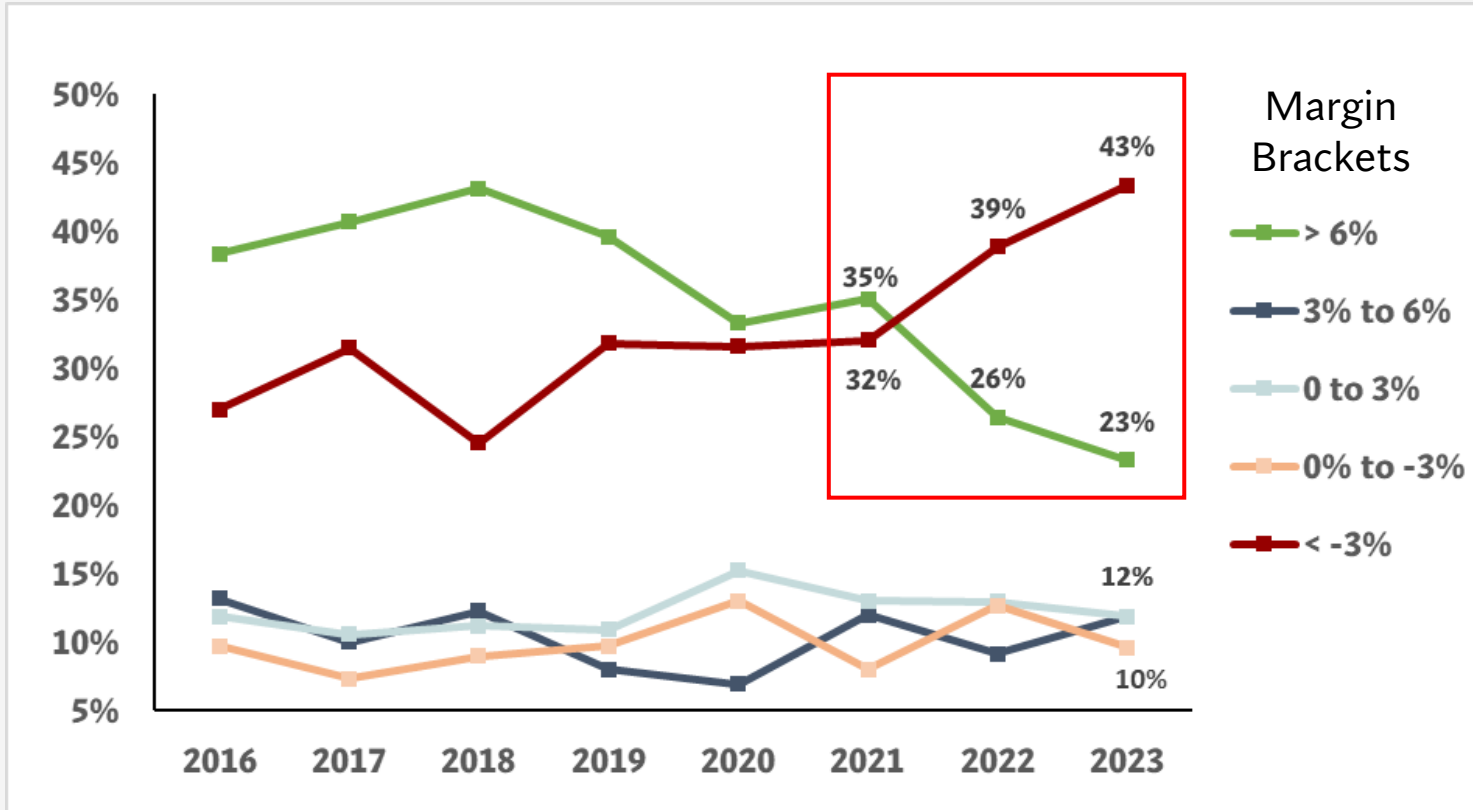


Note: Growth in expenses and revenue is operating and cumulative.

Majority of California hospitals have unsustainable operating margins

An Increasing Number of California Hospitals are in Financial Peril

Proportion of California Hospitals by Operating Margin Bracket



The average operating margin for the hospital field in 2023 was negative, -0.3%*

Hospitals with the highest percentage of revenue from government payers — Medicare and Medi-Cal — have, on average, operating margins of -8%.



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 less than 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



December 19, 2024

By the numbers: The nation's health expenditures reached \$4.9 trillion overall in 2023, a 7.5% increase [from 2022](#).

The spike in hospital spending stems mostly from Americans' increased use of hospital services and higher-intensity care, said Anne Martin, an economist with the Office of the Actuary at CMS.

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



Labor is our Greatest Asset

Kalyn Dean

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



- The **average wage** for all hospital workers in California is about **\$103,000***, 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 and most comprehensive workplace safety standards** across sectors.

Wages for hospital workers **grew 35%*** in the past five years.



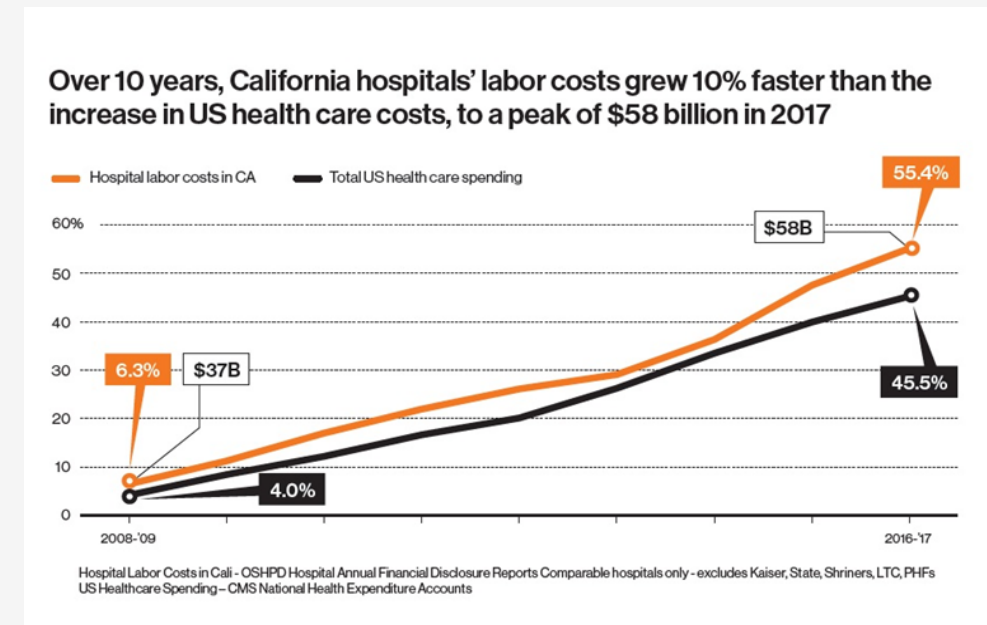
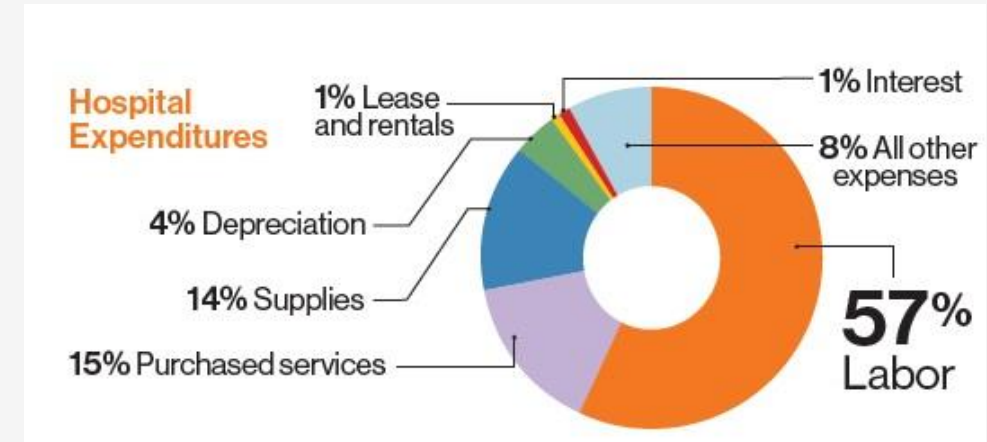
\$133,340

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



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

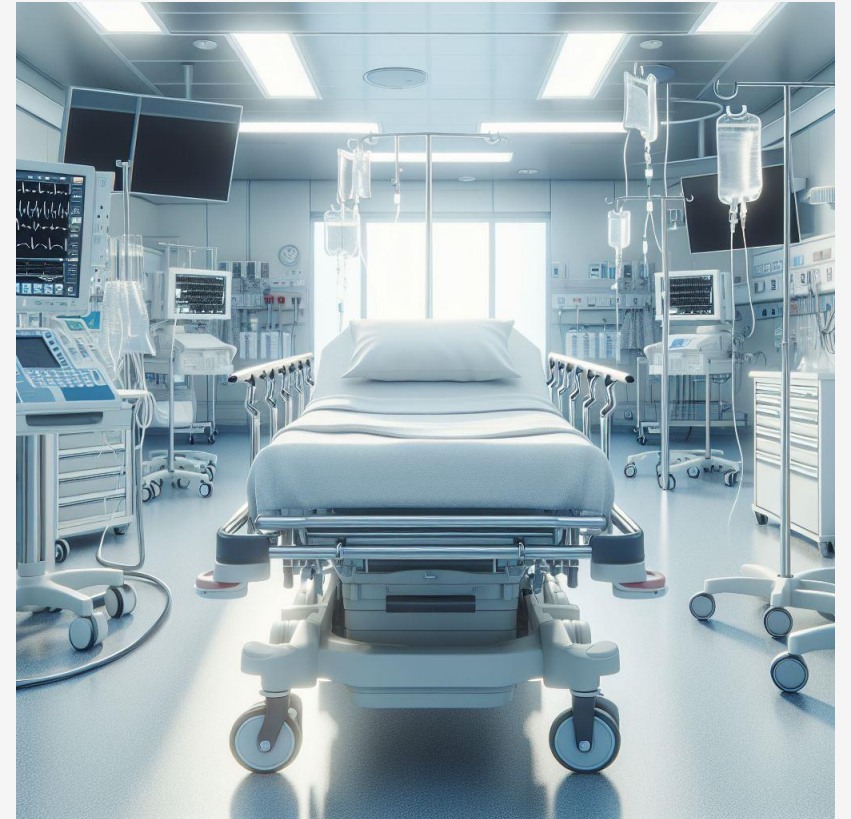
- Since 2007, hospital spending on the **workforce has grown over 65%**.
- Hospitals **invest more in their workforce** than any other category.
- Health care **workforce demand** and salaries continue to grow faster than total health care spending.



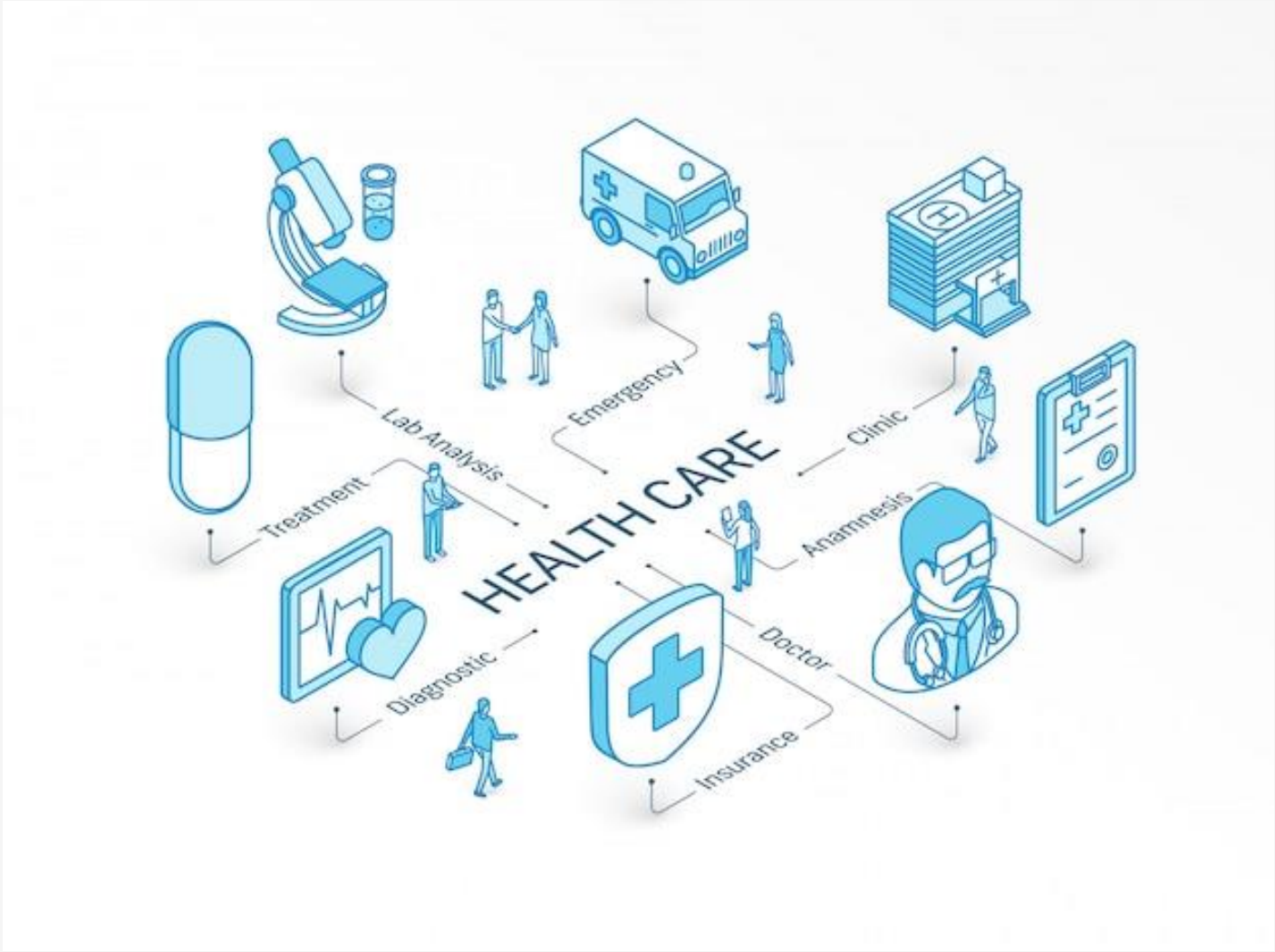
Hospitals are part of the Health Care Ecosystem

Kathryn Scott

- **14.9 million** visits to the emergency room annually
- **48% of ED** patients sought care for conditions of low or moderate complexity
- **538,000** patients are seen in the ER annually with behavioral health conditions
- Opportunities with Proposition 1 Implementation
- Prop 35 Implementation supports the system of care



The Interdependency of Patient Care Services



Questions?

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Thank you for joining us today.