Amended Measure Reflects Changes Made to Hospital Fee Legislation (SB 239)

SACRAMENTO, Calif., Oct. 9, 2013 /PRNewswire-USNewswire/ -- The California Hospital Association (CHA) today re-filed ballot initiative language for a 2014 measure that will protect hospital funds intended to support care provided to low-income Californians and health care for children from being diverted for non-patient care purposes.

The re-filing of the initiative was made necessary because of amendments included in SB 239 (*Hernandez, D-West Covina / Steinberg D-Sacramento*). The bill, which creates a new hospital fee program starting January 1, 2014, will bring in the maximum amount of federal Medicaid funds to California hospitals and provide $2.4 billion in additional revenue to the State General Fund during the next three years. SB 239 was signed into law yesterday by Governor Jerry Brown.

In the final days of the just-completed Legislative session, SB 239 was amended to align the financial interests between hospitals and the State by ensuring the maximum amount of federal funds are received for California. The legislation also ensures that the funds raised by the fee are used as intended, namely to make supplemental Medi-Cal payments to hospitals and to pay for health care coverage for children.

The language in the re-filed ballot measure reflects this change. The initiative, if approved by voters, will make the new legislation permanent - thereby ensuring that California will continue to receive its fair share of available federal health care monies at no cost to

California
taxpayers. The initiative also prohibits the Legislature from amending or changing the hospital fee program except in limited circumstances.

Since 2009, California hospitals have agreed to pay the state nearly $3 billion annually, with the monies then used by the state to draw down matching federal funds for the Medi-Cal program. As part of the agreement, hospitals have supported the state taking a portion of the fee money to pay for health care for children. Since the inception of the program, however, the state has diverted some of the hospital fee money to the state's General Fund for other purposes.

According to CHA President/CEO C. Duane Dauner, the only way to ensure that the fees contributed by hospitals are used for their intended purpose is through a voter-approved ballot initiative.

"These monies are intended to help cover the costs of hospital care for the state's Medi-Cal patients and it's appropriate that safeguards are put in place to assure that the funds are used for that specific purpose," Dauner said.

California's Medi-Cal program ranks last in the nation when it comes to funding health care for Medicaid patients. In 2012, Medi-Cal underpaid California hospitals by more than $ 5 billion
. Medi-Cal payment shortfalls result in significant financial losses for hospitals, and force hospitals to shift these unpaid costs to private payers. The supplemental payments resulting from the hospital fee program help cover a portion of those losses.

Once the Attorney General's office issues the measure's "Title & Summary," CHA will begin collecting signatures in order to qualify the initiative for the November 2014 ballot. An earlier version of the ballot measure filed by CHA in July will not be pursued.

SOURCE California Hospital Association

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