



California State Association  
of Counties



Urban Counties  
Caucus



County Health Executives  
Association of California

May 17, 2012

The Honorable Mark DeSaulnier, Chair  
Senate Budget & Fiscal Review Subcommittee #3 on  
Health and Human Services  
State Capitol, Room 5035  
Sacramento, CA 95814

RE: **Governor's May Revision FY 12/13 – Public Hospitals**

Dear Senator DeSaulnier:

The California State Association of Counties (CSAC), Urban Counties Caucus (UCC) and the County Health Executives Association of California (CHEAC) are writing to express our concerns regarding proposals in the Governor's May Revision that would have an adverse impact on county hospitals and health systems. While we appreciate the very serious budget challenges the state is facing, the proposed reductions to public hospitals would undermine the ability of our public hospital system to serve the vulnerable populations that rely on these services. Specifically, we have concerns about the following proposals:

**Hospital Payment Changes.** The Administration proposes to eliminate \$61.5 million in funding made available to public hospital systems through the hospital fee, which supports access to care for low-income Californians. These funds were intended to provide partial relief from insufficient Medi-Cal reimbursement, and their loss will further exacerbate declines in other funding for public hospitals.

**Redirection of Unexpended Federal Waiver Funds.** The May Revision also proposes to retain \$109 million over two years in Redirected Safety Net Care Pool Funds intended to cover care for the uninsured. (These are federal funds that would otherwise reimburse public hospitals for a portion of the county funds that have already been expended to provide services to low-income Californians. Since no state general funds have been used to provide these services, and public hospitals already only receive \$.50 for every dollar spent on these services, counties object to the state retaining these federal funds.

These proposals would further stress our county hospital and health systems, and we urge your reconsideration.

Sincerely,

Kelly Brooks-Lindsey  
CSAC Legislative Representative

Jolena Voorhis  
UCC Executive Director

Judith Reigel  
CHEAC Executive Director

cc: Senator Elaine K. Alquist, Member, Senate Budget & Fiscal Review Subcommittee #3  
Senator Bill Emmerson, Member, Senate Budget & Fiscal Review Subcommittee #3  
Michelle Baass, Consultant, Senate Budget & Fiscal Review Subcommittee #3  
Kirk Feeley, Republican Consultant, Senate Budget & Fiscal Review Subcommittee #3