



COMMUNITY
MEDICAL CENTERS

January 19, 2017

The Honorable Ed Hernandez, O.D.
Chair, Senate Health Committee
State Capitol, Room 2191
Sacramento, CA 95814

SUBJECT: January 19, 2017 Informational Hearing—The Affordable Care Act in California:
What's at Stake

Dear Senator Hernandez:

Please accept these brief comments as part of the record of your Senate Health Committee proceedings. We look forward to further conversations with you and other Health Committee members as the State plans for prospective changes in health care coverage in California.

Community Medical Centers

Community Medical Centers (CMC) is the Central Valley's largest healthcare provider and the cornerstone of this region's safety-net system of care. CMC operates two general acute-care hospitals (Community Regional Medical Center and Clovis Community Medical Center) totaling more than 1,100 inpatient beds, along with several provider-based remote locations, subacute facilities and over 20 on-and off-campus clinics. We maintain a large residency and fellowship program with University of California San Francisco (UCSF) School of Medicine, which in turn makes it possible for us to operate the region's only burn and Level 1 trauma center. With over 110,000 visits last year, Community Regional Medical Center has the second busiest emergency department in California and discharges more MediCal inpatients than any other hospital in the state.

As the region's private, safety-net hospital, we provide high-value care to the Central Valley's most vulnerable patients. In 2015, CMC had 75% of total hospital discharges in Fresno County for MediCal, managed MediCal and indigent patients. Our annual community benefits has climbed to more than \$180 million-- more than all other Fresno-area hospitals combined.

We would summarize our initial comments to the Senate Health Committee around the following issues of great concern:

Consider the context of this region

As you are well aware, this region is among the poorest in the country. Our residents—and our patients—are disproportionately challenged with behavioral and physical health, environmental, and social burdens ranging from poverty to complex chronic health conditions to poor air quality. As the area's largest safety-net provider, CMC remains committed to improving the health of our region and the ability of our patients and their families to access to high-value health care is a fundamental requirement.

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Clovis Community Medical Center • Community Regional Medical Center • Fresno Heart & Surgical Hospital • California Cancer Center
Community Behavioral Health Center • Community Health Center-Sierra • Community Subacute & Transitional Care Center
Community Medical Center-Oakhurst • Deran Koligian Care Center • Community Medical Foundation

Access to care is central to improving health

CMC's priority is to ensure that the 229,197 residents in Fresno, Madera, Tulare and Kings Counties who gained coverage under the Affordable Care Act (ACA) through the Medicaid expansion, and that the thousands more who purchased insurance because of the premium subsidy, are able to retain and access affordable health care coverage.

Repealing without a replacement strategy poses serious threats to California's health infrastructure

CMC strongly believes that Congress must find a way to keep existing coverage for our Valley residents until a viable replacement is signed into law. Key delivery system reforms, adequate payment rates and quality improvement efforts must be maintained. If policymakers choose to repeal the ACA without offering a replacement bill, it is essential that they either put the savings from repeal into a reserve fund to be used for future replacement efforts, or eliminate the payment reductions for hospital services that were part of the ACA.

A new study from Dobson|DaVanzo, commissioned by the American Hospital Association, found that if the ACA is repealed without an accompanying bill providing simultaneous coverage, the net impact to hospitals nationwide from 2018 to 2026 would be \$165.8 billion from the loss of coverage. The impact to California hospitals is estimated to reach \$50 billion dollars over the same time period. We are currently calculating the specific impact to CMC.

Restore original cuts that were eliminated based on prospect of increased coverage

Most of the 'repeal and replace' proposals to date would not return to California hospitals the Medicare Disproportionate Share Hospital (DSH), Medi-Cal DSH, and other Medicare payments that were reduced under the ACA to help pay for Exchange subsidies and Medicaid expansion. Failing to fully restore both Medicare and Medicaid DSH payments would add another \$102.9 billion in cuts to hospitals nationwide.

Hospitals also sustained reductions—as did other stakeholders—under the ACA that were redeployed to help fund coverage for millions of Americans. The Dobson|DaVanzo study found that, if the ACA is repealed and Medicare inflation update reductions for inpatient and outpatient hospital services are not restored, funding would be reduced by \$289.5 billion between 2018 and 2026 nationwide (as noted above, resulting in more than \$50 billion in cuts to California hospitals).

Uncompensated care rates would rise again

2015 data shows that overall state's uninsured rate has fallen from 17.2 percent in 2013 to 8.6 percent in 2015 and hospitals have generally experienced a decline in uncompensated care levels. As the region's largest health care safety-net provider, a return to 2013 charity care levels without the corresponding return of this Medicare and Medicaid funding would result in significant reductions in CMC's services and staffing. As a major employer with more than 8,000 employees, this would compound the extensive negative impact to our already vulnerable community.

Reductions are unsustainable and access to care for California's most vulnerable would decline

The anticipated \$50 billion in California's combined losses from the Medicare and Medicaid cuts would be devastating. Many hospitals' viability would be threatened, and millions of Californians would lose access to care. For many hospitals and health systems, especially for safety-net providers like ours, these cuts are not sustainable.

CMC is firmly committed to working with you and other California leaders to find solutions that continue our collective efforts toward improved health for all Californians. We apologize that we are unable to attend Thursday's Senate Health Committee hearing in Kern County and look forward future discussions.

Regards,



Tim Joslin
Chief Executive Officer

CC: The Honorable Janet Nguyen
 The Honorable Toni G. Atkins
 The Honorable Connie M. Leyva
 The Honorable Holly J. Mitchell
 The Honorable Bill Monning
 The Honorable Josh Newman
 The Honorable Jim Nielsen
 The Honorable Richard D. Roth