

Good afternoon Chair and Members of the Joint Committee.

I am Shelly Schlenker with Dignity Health representing our 32 California based hospitals.

By mission, and by law, we treat all individuals who present needing medically necessary care regardless of ability to pay. Last year alone, Dignity Health as a system provided \$176 million in traditional charity care. And a total of \$1.97 billion dollars in community benefit including the short falls of Medicare and Medicaid.

Dignity Health is the largest private provider of Medi-Cal in the state providing nearly 10 % of all Medi-Cal services -- about 550,000 inpatient days and more than 1 million outpatient visits a year. Last year, even after the funds from the provider fee, we lost \$712 million dollars from cost, not charges, serving Medi-Cal patients.

The successful implementation of the ACA has been a priority for Dignity Health as well as all hospitals in the State. California should all be proud of reducing the number of uninsured in our state by nearly 40 percent. Medi-Cal is an important part in the new coverage with , nearly 1 in 3 Californians participating in the program. But we know that coverage doesn't always mean to access.

Statewide, hospitals are experiencing a surge in the demand for services by Medi-Cal patients, in particular nearly 1 million more emergency room visits. Many of these ER visits are for primary care services that could be provided in a physician office or clinic.

Dignity Health pulled data from our Sacramento region comparing emergency room visits for fiscal years 2013 and 2014. There has been a 58% increase in Medi-Cal patients seeking primary care through the emergency room in just that one year. This is compared to a 6.3% increase in the same type of visits by all other patients including commercially insured and Medicare.

About 60% of our Medi-Cal emergency room visits are for primary care services. This led us to create a Navigator program which you will hear more about in a minute. The bottom line from our perspective is that a lack of access to primary care services is driving this increase in the usage of emergency rooms for primary care. Without adequate reimbursement for primary care which would improve overall access, patients will continue to seek care in the most expensive setting – emergency rooms.

As most of you know, Medi-Cal provider payments are among the lowest Medicaid rates in the nation, only paying hospitals about 68 percent of the actual cost of providing care. That is what led to our \$712 million dollar loss last year. These levels are not sustainable.

Across all hospitals in California, the losses on Medi-Cal total approximately \$5 billion. The underfunding to Medi-Cal results in cost shifting to other payors which drives up costs for all Californians.

We strongly urge support for AB 366 and SB 243 which are a significant step toward addressing the underfunding of the Medi-Cal program which would lead to improved access to care all beneficiaries.