

CALIFORNIA STATE SENATE  
COMMITTEE ON HEALTH  
THE AFFORDABLE CARE ACT IN CALIFORNIA: WHAT'S AT STAKE?  
REMARKS OF KERN COUNTY FIFTH DISTRICT  
SUPERVISOR LETICIA PEREZ  
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Mr. Chairman, thank you for giving people in Kern County the opportunity to tell your committee about the impact the Affordable Care Act has had on their lives.

Nearly half the 880,000 people living in Kern County have incomes that qualify them for Medi-Cal benefits. Thousands more who do not qualify for Medi-Cal also could not afford health insurance before the ACA was implemented in California.

Most of these people came to Kern Medical Center, the County-operated hospital that is now Kern Medical, for health care. For years, Kern Medical Center struggled with budget deficits and unstable finances. But today, with new leadership and an independent governing body, Kern Medical is operating in the black while meeting its core mission of serving those who cannot find health care elsewhere.

I can personally testify to the quality of care at Kern Medical because last year, our son was born there, and everyone who took care of us was top-notch.

Mr. Chairman, Kern Medical's new independence and its ability to compete in the health care marketplace could not have happened without your support for legislation to create the hospital authority, so I thank you and the members of the Senate Health Committee.

But we can't ignore the critical role ACA has played a in Kern Medical's dramatic financial turnaround. Under ACA, California expanded Medi-Cal eligibility and created a health insurance exchange, which sharply reduced the number of uninsured people in Kern County and created a stable funding source for the hospital.

According to our Human Services Department, there are 314,000 Medi-Cal enrollees in Kern County, 95,000 of whom became eligible under California's decision to expand benefits under ACA. Another 17,000 people in Kern County have bought insurance under Covered California, the state's health insurance exchange.

If federal payments to states for expanded Medicaid and Covered California do not continue, these programs will be endangered, new enrollees and those with health insurance for the first time may become uninsured, and most of these people will turn to Kern Medical for uncompensated care.

This would have a devastating impact on Kern Medical's bottom line. Before ACA was enacted, patients who could not pay for their care accounted for about 23% of Kern Medical's total charges. The hospital's cost to serve these patients reached nearly \$47 million in the 2009-10 fiscal year alone.

Since ACA was implemented, Kern Medical's indigent population has dropped from 23% to 8%, and the County's annual cost for unreimbursed care at Kern Medical is down to \$3.4 million.

If Kern Medical loses the stable funding source provided by the ACA, it will still have to serve those in need, with or without payment. The County contracts with the hospital to fulfill our state mandate to serve the indigent, so these costs would climb quickly to pre-ACA levels.

This \$45+ million dollar cost would be met chiefly by the County's General Fund, which is still ultimately responsible for the hospital's financial welfare.

Another positive impact of ACA is coverage for mental health services. Now our Mental Health Services staff can work closely with medical staff to identify people with behavioral health conditions and provide counseling and treatment. This early attention can keep smaller problems from becoming more serious, and it diverts many unhealthy people from the criminal justice system.

But again, if the mental health benefit is removed, the County will lose \$15 million per year that we're using to reach and treat many more vulnerable people who desperately need our help.

The County has a 150-year record of providing a safety net to those who cannot afford to pay for health care that could be in danger if we do not make the right decisions. As Congress considers how to replace the Affordable Care Act, I urge Governor Brown and the Legislature to work with Congress and the incoming Administration to preserve federal support for Kern County's most vulnerable populations.