



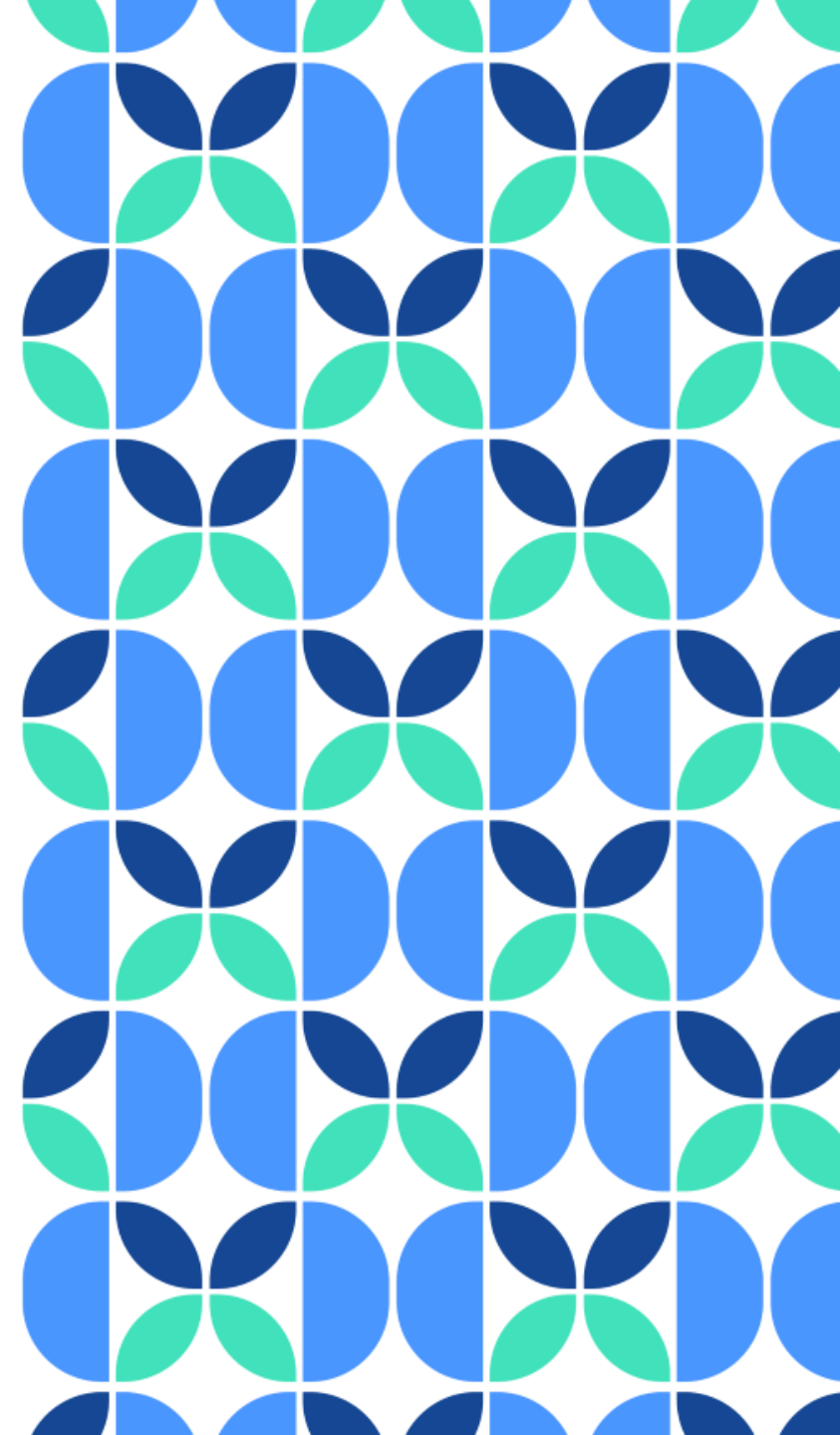
# Public Health Care System Financing: A Looming Crisis

**Erica Murray, President & CEO**

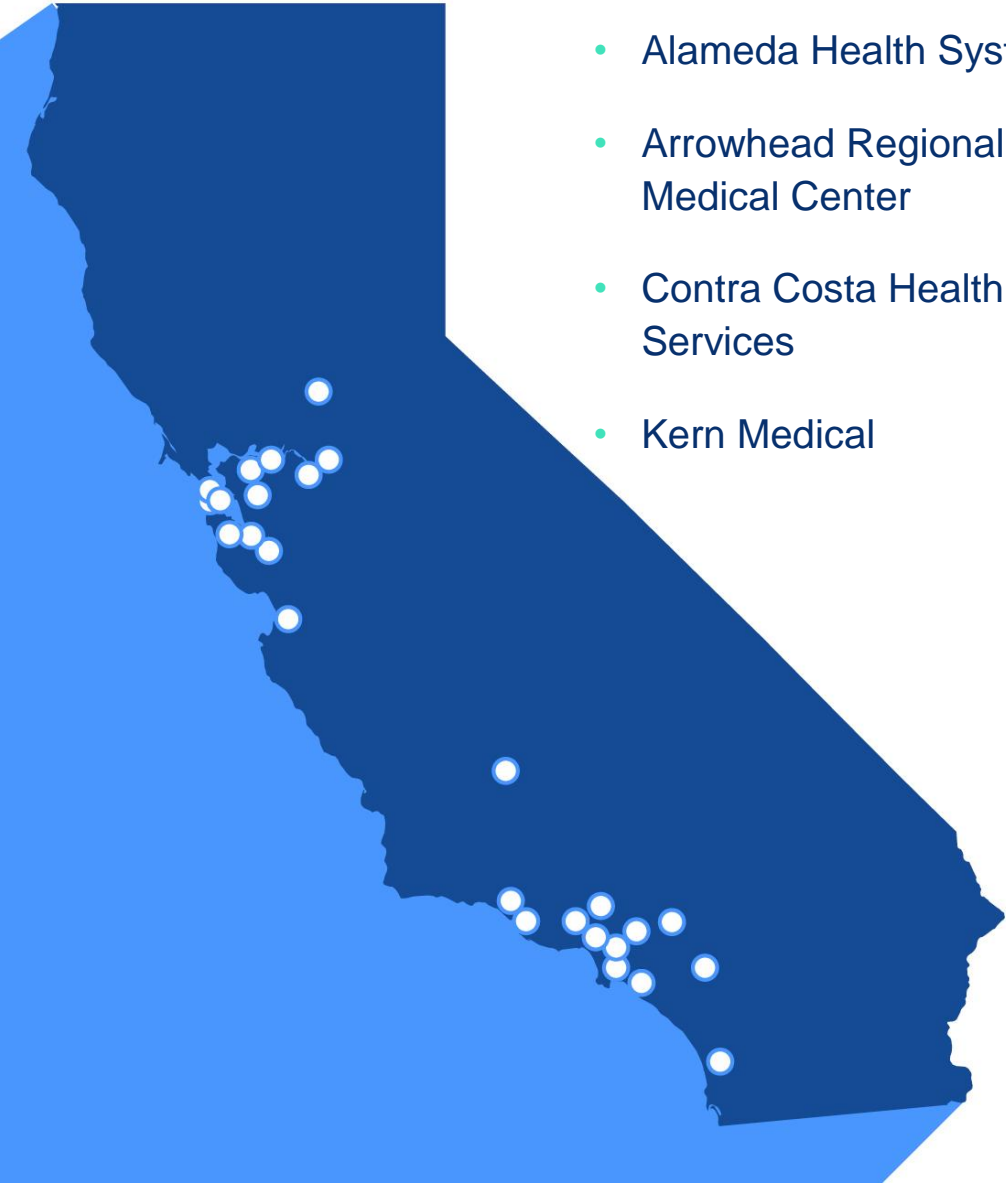
---

Testimony to Assembly Budget Subcommittee 1

March 11, 2024



# California's 21 Public Health Care Systems



- Alameda Health System
- Arrowhead Regional Medical Center
- Contra Costa Health Services
- Kern Medical
- LA County Department of Public Health Services
  - Harbor/UCLA Medical Center
  - Los Angeles General Medical Center
  - Olive View/UCLA Medical Center
  - Ranchos Los Amigos National Rehabilitation Center
- Natividad Medical Center
- Riverside University Health System
- San Francisco Department of Public Health
  - Zuckerberg San Francisco General
  - Laguna Honda Hospital and Rehabilitation Center
- San Joaquin General Hospital
- San Mateo Medical Center
- County of Santa Clara Health System
- Ventura County Health Care Agency
- UC Health
  - UC Davis Health
  - UCI Health
  - UC San Diego Health
  - UCSF Health
  - UCLA Health

# The Value of Public Health Care Systems

## For Communities:

- **Major Providers of Medi-Cal:**
  - Section 17000 mission/mandate to provide indigent care
  - **6%** of all hospitals providing a **third** of all hospital Medi-Cal services
- **Experts** in meeting needs of low-income patients in historically marginalized communities
  - Offer the continuum: primary/specialty care, behavioral health, and coordinate to address social drivers of health
- **Half** of all trauma centers statewide



# The Value of Public Health Care Systems

## For the Health Care Workforce:

- Train half of all physicians in hospitals statewide
- Prioritize workforce diversity to reflect our patient population
- Frequently hire new graduates



# The Value of Public Health Care Systems

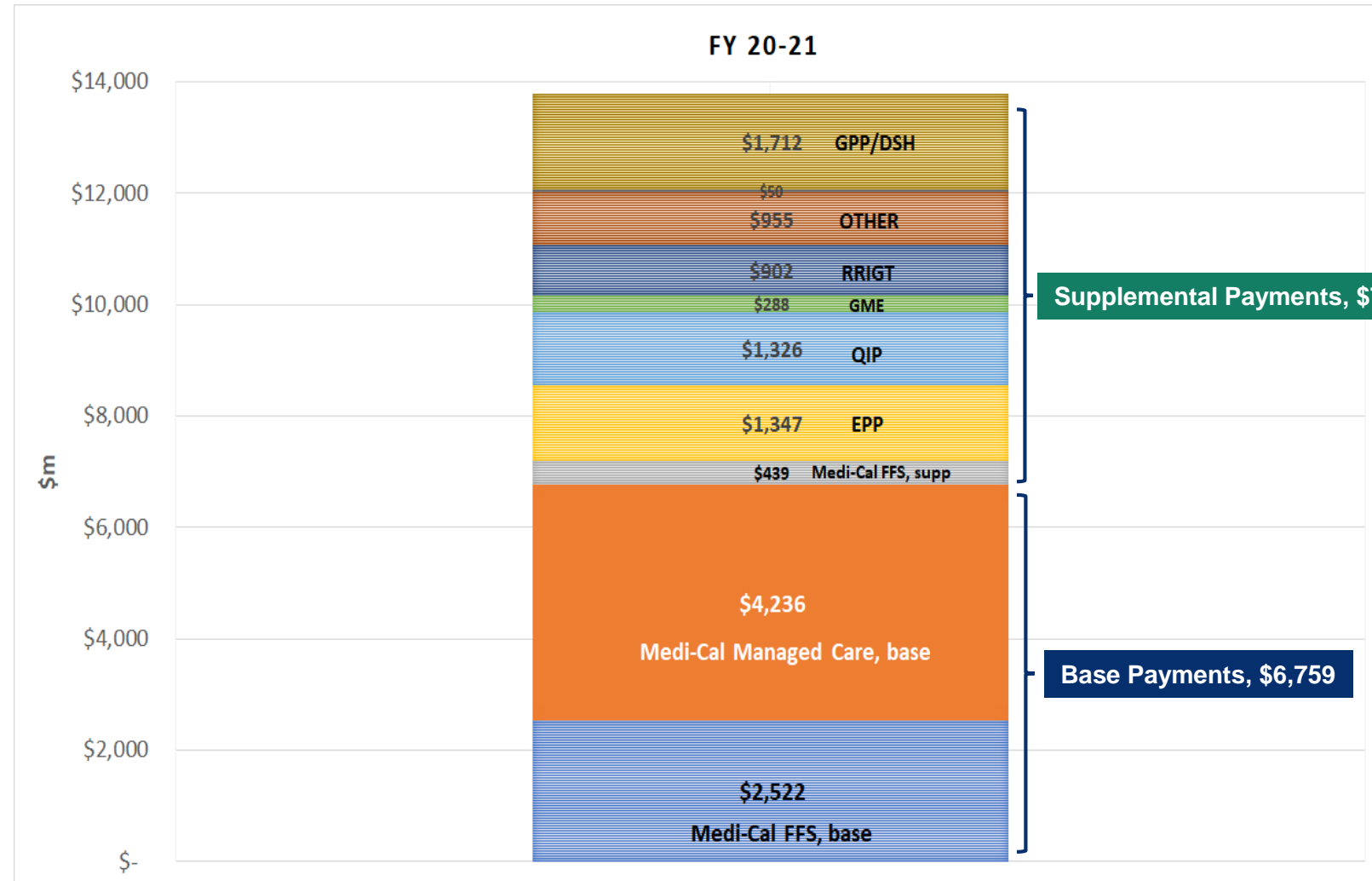


## For the State:

- **Key Drivers & Implementers of Legislative and Administrative Initiatives & Priorities**
  - Pandemic Response
  - CalAIM
  - Street Medicine/Homeless Services
- **Step In to Provide Access When Needed**
  - e.g., St. Louise, Gilroy, Madera, Tri City, El Centro
- **Major Source of Financing for Medi-Cal**

# PHS Struggle to Cover Costs & Provide the State Share

Low Medi-Cal rates mean PHS must create – and finance – “supplemental” payments to cover costs



# Convergence of Factors Creating a \$3-4 Billion Shortfall for PHS

1. Medi-Cal base payments remain low
2. Most PHS cannot recoup losses with commercial payors
3. Supplementals represent a majority of our payments and have not kept up with Medi-Cal expansion
4. Costs (labor, supplies) continue to increase

# PHS Shortfall and Potential Solutions to Address It

