CALIFORNIA HOSPITAL ASSOCIATION

Health Care Reform

Implementing Health Care Reform in California

Hospitals are committed to implementing comprehensive health care reform and providing equitable access to affordable, safe, medically necessary, high-quality care. The Patient Protection and Affordable Care Act (PPACA) will cover millions of Californians, and is a strong foundation on which to build lasting reform.

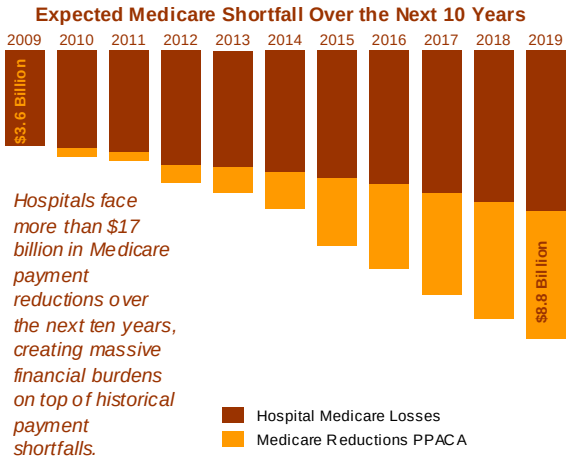
However, California hospitals continue to face challenges due to:

- Government payment shortfalls
- Limited labor supply
- Unfunded state mandates
- High cost of health information technology

With the cost of providing care exceeding Medicare and Medicaid payments, hospitals are concerned about their ability to continue to support communities and implement reforms.

Community Health Indicators

(Per 1,000 Population)	CA	US Rank
Inpatient		
Beds	1.9	48th
Admissions	94.2	42nd
Inpatient Days	490.9	45th
Inpatient Surgeries	24.6	48th
Births	14.3	14th
Outpatient		
Emergency Visits	273.9	51st
Other Outpatient Visits	1,055.8	45th
Outpatient Surgeries	35.6	51st



In light of the history of payment shortfalls as well as increasing demands on California hospitals due to state laws such as the $110 billion seismic-compliance law, health care reform must be implemented with great caution. In 2009, California hospitals lost $12.2 billion in providing care to patients. This includes more than $3.6 billion in Medicare payment shortfalls and $4.6 billion in losses from the Medi-Cal program.

Over the next 10 years, California hospitals will face more than $17 billion in additional payment reductions in the Medicare program. This will worsen hospital losses and result in cost shifting to the commercial market.

California hospitals must have the resources necessary to meet the needs of their patients and provide high-quality care to all who need it as they embrace the goals of health care reform.

Several provisions in PPACA must be addressed to ensure hospitals are well positioned to fully participate in reforming health care:

- Payment reductions
- Geographic variation
- Barriers to clinical integration

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Timeline of Major PPACA Components

Watershed Decision Years are 2015 and 2020-2021

* Watershed events
\# Non-congruent or inconsistent events