

PRESIDENT'S ADDRESS

San Diego Healthcare Association
Annual Rap Session

April 27, 2017

Jim Gomez
CEO/President, CAHF

Governor's Budget - General

- **\$122 billion General Fund Budget**
- **Same as last year**
- **Revenue mixed**
- **Less income taxes and sales taxes**
- **Unemployment flat**
- **Tuition for UC + 5%**

Figure SUM-02
General Fund Expenditures by Agency
(Dollars in Millions)

	2016-17	2017-18	Change from Dollar Change	2016-17 Percent Change
Legislative, Judicial, Executive	\$3,500	\$3,322	-\$178	-5.1%
Business, Consumer Services & Housing	493	388	-105	-21.3%
Transportation	225	243	18	8.0%
Natural Resources	3,110	2,811	-299	-9.6%
Environmental Protection	90	89	-1	-1.1%
Health and Human Services	35,263	33,994	-1,269	-3.6%
Corrections and Rehabilitation	10,889	11,088	199	1.8%
K-12 Education	50,589	52,169	1,580	3.1%
Higher Education	14,527	14,627	100	0.7%
Labor and Workforce Development	177	122	-55	-31.1%
Government Operations	1,772	741	-1,031	-58.2%
General Government:				
Non-Agency Departments	787	691	-96	-12.2%
Tax Relief/Local Government	459	435	-24	-5.2%
Statewide Expenditures	880	1,800	920	104.5%
Total	\$122,761	\$122,520	-\$241	-0.2%

Note: Numbers may not add due to rounding.

Governor's Budget – Health Care

- **\$83.5 billion Federal, \$19.1 billion General Fund**
- **14.3 million individuals on Medi-Cal**
- **4.1 million ACA**
- **\$18.9 billion**
- **\$0.9 billion General Fund**
- **Dual Program continuing 115,000**
- **CCI eliminated**

17/18 SNF Rate Increase

- **3.62% increase to base**
- **Rebase all facilities**
- **\$90 million QASP payment 4/30/17**
- **\$90 million QASP in 17/18 budget**
- **ONLY PROVIDER WITH RATE INCREASE**
- **\$0.62 cent add on = \$14 million additional**
- **Working to increase the add-ons**
- **Interim rate change for 17/18**

ACA – Repeal and Replace

Data Hit

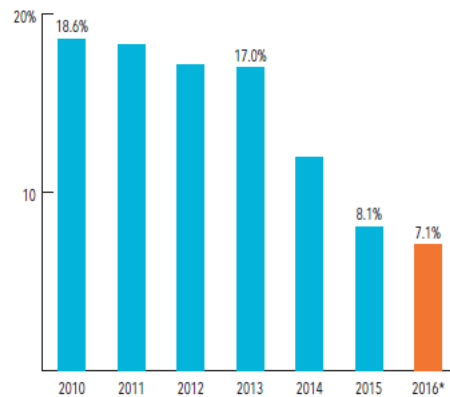


California Budget
& Policy Center

FEBRUARY 2017 | BY SCOTT GRAVES

The Share of Californians Without Health Care Coverage Continued to Decline Into 2016

California Fully Implemented Federal Health Care Reform in January 2014



* January to September.

Note: Estimates are based on survey respondents' health care coverage status at the time of the interview.
Source: National Center for Health Statistics, National Health Interview Survey

- The percentage of Californians who lack health care coverage has continued to decline. The share of uninsured residents dropped from nearly 19% in 2010 to about 7% in the first nine months of 2016.

- This substantial gain in coverage reflects California's full implementation of the federal Affordable Care Act (ACA). California opted to expand eligibility for Medi-Cal – our state's Medicaid program – to more adults with low incomes. State policymakers also streamlined Medi-Cal's enrollment rules to make it easier for eligible residents to sign up and launched subsidized coverage through Covered California, the state's health insurance marketplace.

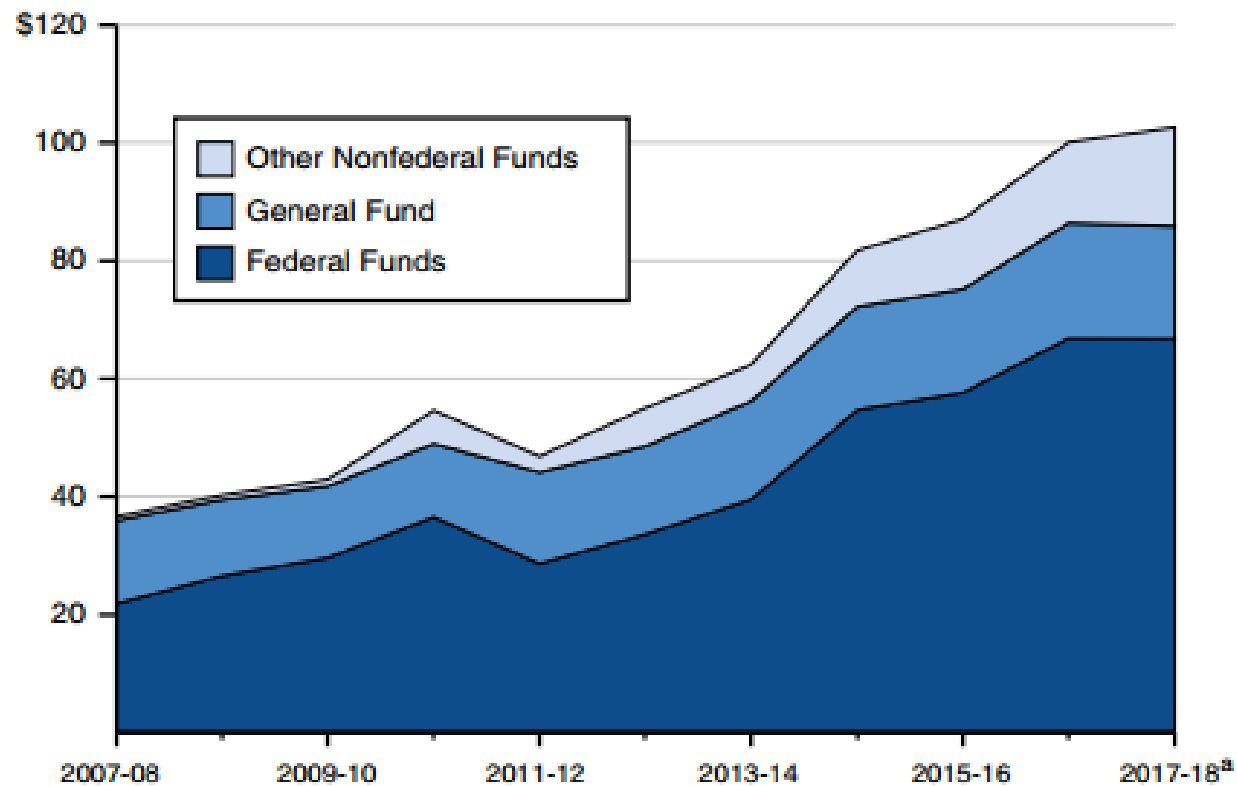
- Republican proposals to repeal the ACA and substantially cut federal funding for Medicaid would jeopardize California's recent coverage gains. Millions of low- and middle-income Californians would be at risk of losing access to affordable coverage. Those who managed to retain coverage would face higher costs and fewer benefits.

CALIFORNIA BUDGET & POLICY CENTER

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Medi-Cal Spending 2007-08 Through 2017-18

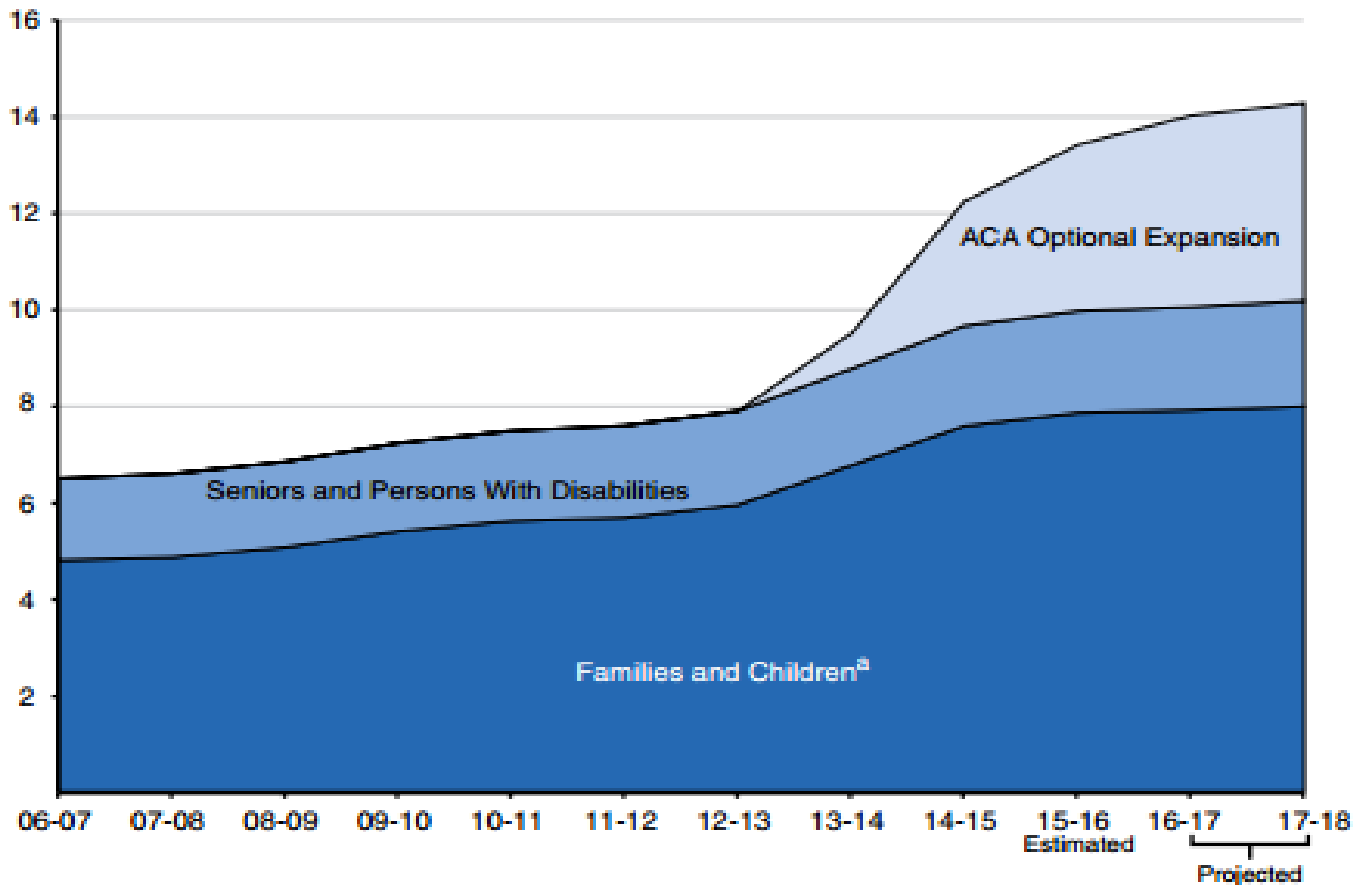
(In Billions)



^a Proposed.

Budget Forecasts Medi-Cal Caseload to Exceed 14 Million

Average Monthly Enrollees (In Millions)



^a Includes certain refugees, undocumented immigrants, and hospital presumptive eligibility enrollees. These estimates represent LAO aggregation of various enrollee categories, and may not parallel DHCS' categorization.

ACA = Patient Protection and Affordable Care Act and DHCS = Department of Health Care Services.

Federal Funding for Expansion Population

- **4.1 million new eligibles 21-64**
- **Federal share 95%**
- **Federal share in 2020 → 90%**
- **\$18.1 billion federal – \$886 million General Fund**
- **ANY CHANGE COULD BE DEVASTATING**

Block Grants/ Per Capita Grants in Medicaid

- **Both are bad for California**
- **Block Grants are worse**
- **What's included??**
- **Per Capita is by five groups**
- **Children – Seniors 65 – Families – Adults – Disabled**

Key Elements of Per Capita Grants

- What federal percentage do they use?
- How much is the cut?
- What is the inflation factor?
- What is the base year?
- How is base year calculated?
- Are provider taxes included or excluded?
- Are expenditures or averages the concept?
- Over time you will lose

Medicare Expectations

- **Continued bundling – maybe not mandatory**
- **Continued ACOs**
- **New payment system in 18/19??**
- **Payment reform potential**
- **Rate increase in October? 1%**
- **MedPac still hates us**
- **MedPac says reduce margin – 12.9%**

Quality Matters

- **ACOs**
- **Managed Care**
- **Length of Stay shortening**
- **Transition home**
- **Reduced Re-hospitalization**
- **Quality Measures**
- **QASP payments**

Minimum Wage Issue

- Increase each year is covered
- Ripple impact is not
- Survey recently completed – Thanks
- Estimate of ripple will be more accurate
- Objective is 18/19 to get ripple
- \$\$\$

Workforce Issues

- **RNs → best outcomes**
- **LVNs**
- **CNAs – SEIU**
- **Med Techs – CNA upgrade**
- **Hospitals are paying more**
- **Training grants for more CNAs**

Optimism and Fear

- **Baby Boomers and Demographics**
- **AB 1629 is working**
- **Quality is improving**
- **Reform is in the future**
- **Fear of future continues**
- **Have a great conference**