

1 [Urging the California State Legislature to Pass Assembly Bill 900]

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3 **Resolution urging the California State Legislature to pass Assembly Bill 900 to**
4 **eliminate the reduction in Medi-Cal rates for distinct part nursing facilities included in**
5 **the State budget for FY2011-2012.**

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7 WHEREAS, Laguna Honda Hospital and Rehabilitation Center, a division of the San
8 Francisco Department of Public Health, and the Jewish Home of San Francisco, a 501(c)3
9 private not-for profit charitable organization, are five-star skilled nursing facilities, and are
10 ranked in the top one percent of skilled nursing facilities in State of California; and

11 WHEREAS, These organizations are integral to the successful delivery of health care
12 services for the direct benefit of residents in San Francisco, as well as those living in
13 surrounding counties because they provide critically necessary and outstanding post-acute
14 care and community reintegration services for patients and residents who have been
15 discharged from the city's acute care hospitals and who may have nowhere else to go; and

16 WHEREAS, As distinct part nursing facilities (DP/NFs), these organizations primarily
17 rely upon reimbursement from Medi-Cal to cover their operating expenses; and

18 WHEREAS, The fiscal year 2011-12 California state budget through Assembly Bill 97
19 (AB 97) reduced the Medi-Cal reimbursement rate for DP/NFs to 90 percent of 2008 levels
20 effective June 1, 2011, endangering skilled nursing services statewide; and

21 WHEREAS, In October 2011, the federal Centers for Medicare and Medicaid Services
22 (CMS) approved California's plan to reduce Medi-Cal rates pursuant to AB 97; and

23 WHEREAS, Although the United States District Court, Northern District of California
24 granted a preliminary injunction (California Medical Association v. Douglas) in January 2012
25 blocking the implementation of the AB 97 Medi-Cal rate reductions on the basis they would

1 cause irreparable harm to Medi-Cal providers and beneficiaries, on December 13, 2013, a
2 three-judge panel of the Ninth Circuit Court of Appeals lifted the injunction stating that the U.S.
3 Secretary of Health and Human Services has the authority to decide whether California and
4 other states can reduce Medicaid (Medi-Cal) rates while still adhering to program
5 requirements; and

6 WHEREAS, As a result of the Ninth Circuit Court of Appeals decision, Governor
7 Brown's administration has indicated its intent to move forward with the AB 97 Medi-Cal rate
8 reductions retroactive to June 1, 2011; and

9 WHEREAS, The AB 97 Medi-Cal rate reduction represents an approximate 25 percent
10 cut from current reimbursement levels, and the cost of the reduction to Laguna Honda
11 Hospital alone would result in a \$41 million loss in revenue this year plus \$25 million in each
12 subsequent year; and

13 WHEREAS, The cost of the rate reduction to the Jewish Home alone would result in an
14 approximate \$31 million cash impact this year plus an approximate \$12 million cash impact in
15 each subsequent year threatening the survival of the Jewish Home, causing the organization
16 to strongly consider bankruptcy, and producing a shortage of acute care beds as post-acute
17 patients linger in the system; and

18 WHEREAS, Smaller DP/NFs throughout the state would have to close if the rate
19 reductions take effect, in many cases depriving less populous counties of desperately needed
20 healthcare services; and

21 WHEREAS, On February 22, 2013, Assembly Member Luis Alejo introduced Assembly
22 Bill 900 (AB 900), which would rescind the AB 97 Medi-Cal rate reductions for DP/NFs
23 retroactive to June 1, 2011 and maintain rates at their current levels; and

24 WHEREAS, The California State Legislature is now considering passage of AB 900;
25 now, therefore be it

1 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
2 hereby urges the California State Legislature to pass AB 900 during the 2013 legislative year
3 in order to protect some of the most vital and successful healthcare services in the state.
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