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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



City and County of San Francisco **Tails**

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

Resolution

File Number:

130344

Date Passed: April 23, 2013

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

April 23, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 130344

I hereby certify that the foregoing Resolution was ADOPTED on 4/23/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo Clerk of the Board

Unsigned

Mayor

May 1, 2013

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

> Angela Calvillo Clerk of the Board