

COUNTY OF SANTA CLARA

2009 FEDERAL

LEGISLATIVE PRIORITIES

Medicaid

The County's top Federal legislative priority is to improve the *Medicaid* system, including:

- Medicaid reimbursement that adequately reimburses providers
- Increased funding for safety net providers of health care
- Imposition of a moratorium on and solutions to regulatory changes to Medicaid, which would have enormous fiscal implications for public and teaching hospitals.

Public hospitals are a cornerstone of our national health care system and Santa Clara Valley Medical Center (SCVMC) has a long history of providing quality healthcare services to all residents. In the past four years, 1 in 4 residents of Santa Clara County received care at SCVMC. Santa Clara Valley Medical Center is also a regional healthcare resource – for example, the hospital has the region's only burn center, and one of only two burn trauma centers north of Los Angeles. SCVMC and its community clinic partners also provide over 1 million outpatient clinic visits at locations throughout the county.

Obtaining meaningful *Medicaid reimbursement* is critical to the financial livelihood of Santa Clara Valley Medical Center. Lack of adequate reimbursement places pressure on SCVMC in two ways: the hospital loses money on a large percentage of our patient population, and Medi-Cal patients are financially unattractive to other hospitals – SCVMC is the only remaining disproportionate share hospital (DSH) in Santa Clara County.

In addition, *safety net providers* need financial assistance to stay afloat. In California, public hospitals represent only 6% of hospitals, and yet provide 50% of the care to the uninsured. In Santa Clara County, SCVMC provides 93% of the care to the uninsured and 43% to Medicaid patients in the county. Our patient population is growing dramatically, with more than a 45% increase since 2000. We cannot sustain this type of growth without additional Federal support, especially given the downturn in the economy and likely increase in the rate of uninsured. While this highlights the impact of insufficient Medicaid reimbursement for our hospital, similar issues face the County's Mental Health Department and Department of Alcohol and Drug Services.

Finally, over the years, the *regulatory process* has been used to chip away at the Medicaid program, and Congressional action is needed to halt and reverse the imposition of these

untenable regulations. There were seven rules scheduled to go into effect in 2008, with implementation of six of them postponed until March 2009. But one remains and needs immediate action. Together, the rule changes would reduce Medicaid funding to SCVMC by approximately \$50 million each year. The County continues to urge Congress to repeal them altogether.

Health Care Reform

Congress is expected to begin work on *health care reform* at the national level. The County supports efforts to improve the health care system, provide access to quality care – especially for the uninsured, and expand insurance coverage. Health care reform must also take into account the services provided by public hospitals and preserve the existing safety net. In California, public hospitals provide nearly half of all hospital care to the uninsured in the state. Safety net health systems need immediate fiscal relief for the costs of caring for the uninsured in order to meet current and future demand for services.

Medicare Modernization Act

The Medicare Modernization Act authorizes reimbursement to hospitals for costs incurred in providing emergency medical care to undocumented immigrants. Last year, the County received \$2 million under the program. Unfortunately, the Act expired at the end of 2008 and unless extended, the County will lose reimbursement revenue that helps offset the costs of providing emergency care to undocumented persons.

Unfunded Mandates

In FY 10, the County of Santa Clara faces a \$220 million budget shortfall and will face yet another year of difficult service reductions. The County cannot afford additional responsibilities imposed by the Federal government, and remains adamantly opposed to *unfunded mandates*.

State Criminal Alien Assistance Program (SCAAP)

The County of Santa Clara supports continued funding as well as additional increases of the *State Criminal Alien Assistance Program (SCAAP)*. Undocumented immigrants are the responsibility of the Federal government, yet state and local governments are forced to shoulder a significant portion of the costs associated with incarcerating undocumented criminal aliens, including the costs of healthcare. Although SCAAP reimburses state and local governments for the costs of jailing these offenders, the program has been historically underfunded and only pays states and counties for a portion of their incarceration costs. The County of Santa Clara urges full Federal funding for the cost of incarcerating undocumented criminal aliens.

Tuberculosis Funding

Since 2006, the County of Santa Clara has experienced a 14% increase in the number of *tuberculosis* (TB), ranking third in California in the number and rate of TB cases. Although the County receives Federal funds to conduct the needed contact tracing and treatment for persons diagnosed with TB, the amount is insufficient to cover the County's costs. Furthermore, the Center for Disease Control and Prevention (CDC) provides direct funding to 10 local jurisdictions so they have more funds and flexibility to combat TB rates that are especially high and/or under circumstances that present special challenges. Although the County's TB rate is higher than nearly half of those directly funded jurisdictions, we do not receive direct funding. The County of Santa Clara supports re-formulating the allocation of Federal dollars for distribution to local jurisdictions where TB cases are the highest.

Pandemic Flu

A *pandemic flu* outbreak would create a public health emergency unlike anything seen in recent times. As many as one in four people could get sick during a pandemic, with many of these people getting seriously ill. The County of Santa Clara is working with other local, state, and federal agencies to prepare for a pandemic influenza outbreak. The County requires a higher level of fiscal support and operational cooperation from the Federal government in order to be adequately prepared.

Emergency Preparedness

With respect to *emergency preparedness*, a number of County agencies are responsible for planning for, and responding to, natural and man-made disasters. It is vital that the County receive increased Federal funding and flexibility in the use of such funds to plan, prepare, and respond to these disasters. Additionally, consistency and coordination among the Federal, State, and local emergency preparedness plans will reduce redundancies and improve our response.

Energy Efficiency Block Grant Program

The Energy Independence Security Act of 2007 authorized the *Energy Efficiency Block Grant (EEBG) program*. Although authorized, program funds need to be appropriated by Congress each year as part of the Federal budget process. The program would provide cities and counties with Federal funding for innovative practices to improve energy efficiency, lower energy usage, and reduce greenhouse gas emissions. EEBG funds would help the County of Santa Clara achieve the greenhouse gas emissions goal of a 10% reduction every five years. The County will advocate for full Federal funding of the EEBG program.

COUNTY OF SANTA CLARA

2009 STATE

LEGISLATIVE PRIORITIES

State Budget

The State continues to face serious fiscal challenges and significant budget deficits. Past *State budget actions have reduced the funding of County programs*, and the various proposals for the current year have included even further cuts to County programs, especially some health and human services that form the safety net for the highest need people. The County's top State legislative priority is to protect the safety net during the State budget process to prevent further loss of local revenues, cost shifts to local governments, and reductions to County programs without a corresponding change in service responsibility. The County also opposes proposals to take funds established through voter-approved initiatives that provide specific services, such as, the First 5 Commission and the Mental Health Services Act.

Health Care Reform

During the 2007-08 Legislative Session, the Legislature contemplated significant *health care reform* but failed to take action. Without adequate funding and other protections for counties and public hospitals – the providers of the health care safety net – successful health care reform cannot be achieved.

Human Services Funding Deficit

The State must fully fund social service programs to eliminate the *Human Services Funding Deficit*. Counties provide services to low-income families, seniors, dependent adults, and abused children on behalf of the State, yet are not fully compensated for the costs of the programs. These programs provide crisis response and interventions, as well as assistance in meeting basic daily needs for food, health care, and shelter. Over the last seven years, the State has made cuts in funding and has failed to fund increased program operating costs. The prolonged funding shortfall has resulted in service reductions that have negatively impacted clients: for example, delayed foster home licensing and adoption home studies, increased wait time for appointments, and reduced community outreach activities that are designed to enroll needy families in food stamps and health coverage programs.

Funding to Ensure Hospital Seismic Safety

The County is diverting scarce resources and has successfully gone to the ballot to fund more than half of the estimated \$1.4 billion cost to seismically retrofit our hospital and ancillary facilities, but these resources are insufficient to accomplish the mission by the 2030 State deadlines. Public hospitals statewide face the same predicament. Without additional state assistance, the *seismic safety requirements* for hospitals may not be achievable.

Unfunded Mandates

In FY 10, the County of Santa Clara faces a \$220 million budget shortfall and will face yet another year of difficult service reductions. The County cannot afford additional responsibilities imposed by the State government, and remains adamantly opposed to *unfunded mandates*, as well as efforts to limit our ability to claim mandate reimbursement.

Public Employee Pensions

Public employees serve the taxpayers with a high degree of initiative and integrity. As long as there is equitable sharing of costs and risks between employers and employee groups, local agencies should retain the ability to provide *defined benefit pensions* to public employees.

Redevelopment

The County of Santa Clara has *redevelopment* agencies in 9 of our 15 cities, including the State's largest agency. Over the past ten years, these agencies have diverted over \$2 billion in property tax revenue from the county, schools, cities and special districts. The health services, human assistance and public safety protection that could otherwise be provided with that sum is considerable. Given the County's ongoing fiscal crisis, the prospect of extending the loss of property tax revenue, without adequate and guaranteed compensation, is problematic. The County opposes efforts to extend redevelopment or other mechanisms of tax increment financing, as well as any expansion of the definition of "blight."

Climate Change

The passage of Assembly Bill (AB) 32, the Global Warming Solutions Act of 2006, resulted in legislative and administrative efforts to *reduce carbon emissions* and to *mitigate the impacts of climate change*. The County of Santa Clara supports implementation of AB 32 requirements with the recognition that actions to address the effects of climate change and to implement greenhouse gas emissions reduction strategies will have fiscal implications on the County. It is vital that the State provide funding, incentives, and/or revenue-raising authority to assist local government for all climate change actions and impacts, including those that affect public health. Furthermore, the County supports voluntary reporting of greenhouse gas emissions as well as a simplified approach to the Local Government Protocols to avoid State-imposed mandates and contain costs.