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11 ATTORNEYS FOR PLAINTIFF COUNTY OF SANTA CLARA

12  
 13 UNITED STATES DISTRICT COURT  
 14 NORTHERN DISTRICT OF CALIFORNIA  
 15 SAN FRANCISCO DIVISION

16 COUNTY OF SANTA CLARA,

17 Plaintiff,

18 v.

19 DONALD J. TRUMP, President of the  
 20 United States of America, ELAINE DUKE,  
 in her official capacity as Acting Secretary  
 21 of the United States Department of  
 Homeland Security, JEFFERSON B.  
 22 SESSIONS, in his official capacity as  
 Attorney General of the United States,  
 23 JOHN MICHAEL "MICK" MULVANEY,  
 24 in his official capacity as Director of the  
 Office of Management and Budget, and  
 25 DOES 1-50,

26 Defendants.

Case No. 17-cv-00574-WHO

**DECLARATION OF PAUL E. LORENZ IN  
 SUPPORT OF PLAINTIFF COUNTY OF  
 SANTA CLARA'S MOTION FOR  
 SUMMARY JUDGMENT**

Date: October 4, 2017  
 Time: 2:00 pm  
 Dept: Courtroom 2, 17th Floor  
 Judge: Hon. William Orrick

Date Filed: February 3, 2017

Trial Date: April 23, 2018

1 I, PAUL E. LORENZ, declare and state as follows:

2 1. I am the Chief Executive Officer of Santa Clara Valley Medical Center  
3 (“SCVMC”), which is owned and operated by the County of Santa Clara (“the County”). I have  
4 held this position since November 2012. Prior to my current role at SCVMC, I served as the  
5 Chief Deputy Director of the Ventura County Health Care Agency for the County of Ventura. I  
6 have served in public health care for over 25 years.

7 2. I submit this Declaration in support of the County’s Motion for Summary  
8 Judgment. I have personal knowledge of the facts stated herein and, if called as a witness, I could  
9 testify to them competently under oath.

10 3. SCVMC was founded in 1876 and is a fully integrated and comprehensive public  
11 health care delivery system. It provides critical health care to residents of the County regardless  
12 of their ability to pay. It is the only public safety net health care provider in the County, and the  
13 second largest such provider in the State of California. Generally, safety net providers like  
14 SCVMC have a primary mission to care for indigent individuals and individuals who are  
15 uninsured or underinsured, or on Medicaid, which funds health care services for low-income  
16 individuals. Because of this primary mission, safety net providers are by their nature extremely  
17 dependent on federal funding.

18 4. SCVMC operates a 574-bed tertiary care hospital, eleven ambulatory care clinics,  
19 and four medical and dental units, along with specialized centers that provide trauma, burn,  
20 rehabilitation, renal, and ambulatory care. It has over 6,000 employees, including 350 physicians  
21 who train 170 residents and fellows per year as a graduate medical education provider and  
22 teaching institution. SCVMC is a Level 1 Adult Trauma Center and Level 2 Pediatric Trauma  
23 Center. Its burn and rehabilitation centers have earned national recognition, and its ambulatory  
24 specialty center, renal care center, and acute inpatient psychiatric unit are state of the art.  
25 SCVMC provides a full range of health services, including emergency and urgent care,  
26 ambulatory care, behavioral health services, comprehensive adult and pediatric specialty services,  
27 neonatal intensive pediatric services at the highest level available, women’s health services,  
28

1 comprehensive hematology/oncology services, and other critical health care services for any  
2 resident of the County, regardless of ability to pay.

3 5. SCVMC provides the vast majority of the health care services available to poor  
4 and underserved patients in the County. In fiscal year 2016, there were nearly 800,000 outpatient  
5 visits to SCVMC's primary care clinics, express care clinics, specialty clinics, and emergency  
6 department, and nearly 125,000 days of inpatient stays in the hospital. Patients who are  
7 uninsured, or reliant on California's Medicaid program (Medi-Cal) or Medicare, the federal  
8 insurance program for elderly and disabled individuals, accounted for approximately 90% of  
9 outpatient visits to and approximately 86% of inpatient days at SCVMC in fiscal year 2016. And  
10 for both fiscal year 2016 and fiscal year 2017, approximately 84% of outpatient visits to SCVMC  
11 were reimbursed through Medi-Cal or Medicare. Lastly, for fiscal year 2016, approximately 84%  
12 of inpatient days at SCVMC were reimbursed through Medi-Cal or Medicare, and in fiscal year  
13 2017, approximately 82% of inpatient days at SCVMC were reimbursed through Medi-Cal or  
14 Medicare.

15 6. SCVMC is extremely dependent on federal funding. In fiscal year 2016, SCVMC  
16 received approximately \$1 billion dollars in direct federal funding or funding that is contingent  
17 upon federal revenue streams, primarily from Medicare and Medicaid programs.<sup>1</sup> This funding  
18 covered approximately 70% of SCVMC's expenses for fiscal year 2016. Specifically, SCVMC  
19 received and relies upon several types of federal payments, including: (1) Medicare payments; (2)  
20 Medi-Cal payments; (3) Medicaid waiver payments, which fund demonstration projects designed  
21 to improve and expand overall coverage and improve health outcomes for low-income  
22 individuals; (4) homeless health care grants, which fund access to quality primary health care  
23 services for homeless and other vulnerable individuals; and (5) disproportionate share payments  
24

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26 <sup>1</sup> A portion of the approximately \$1 billion received by SCVMC consists of federal and state  
27 funding pooled together for certain Medi-Cal programs, for which the breakdown is not readily  
28 available. However, the state funding contributed for these programs is dependent on the receipt  
of accompanying federal funds, and these programs would likely not exist without federal  
funding.

1 and supplemental reimbursements paid to qualifying hospitals that serve a large number of  
2 Medicaid and uninsured patients.

3 7. The Court's April 25, 2017 preliminary injunction order preserved SCVMC's  
4 federal funding, thus preventing a massive and untenable public health crisis in the County, for  
5 now. Without federal funding, SCVMC's ability to provide a broad range of quality services to  
6 thousands of patients – including infants and children, those with chronic diseases, and the elderly  
7 – would be greatly diminished, or at worst, potentially eliminated. Those patients would face  
8 increased health care costs, and would likely have little choice but to seek care in already-  
9 crowded emergency rooms of other hospitals when they need care. The County would face  
10 having a substantially less healthy community as well as possible layoffs of thousands of  
11 SCVMC employees. An order from the Court providing permanent relief would ensure that  
12 SCVMC can continue providing the County's most vulnerable residents with critical health care  
13 services.

13 I declare under penalty of perjury under the laws of the United States that the foregoing is  
14 true and correct and that this Declaration was executed on August 22, 2017 in San Jose,  
15 California.

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PAUL E. LORENZ