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Attorneys For Plaintiff COUNTY OF SANTA CLARA

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

14 COUNTY OF SANTA CLARA,  
15 Plaintiff,  
16 v.

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

Case No. 17-cv-00574-WHO

**DECLARATION OF PAUL E. LORENZ,  
CHIEF EXECUTIVE OFFICER OF  
SANTA CLARA VALLEY MEDICAL  
CENTER**

Date: April 5, 2017  
Time: 2:00 p.m.  
Dept.: Courtroom 2  
Judge: Hon. William H. Orrick

Date Filed: February 3, 2017

Trial Date: Not yet set

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

2 1. I am a resident of the State of California. I have personal knowledge of the facts  
3 set forth in this declaration. If called as a witness, I could and would testify competently to the  
4 matters set forth herein.

5 2. I am the Chief Executive Officer of Santa Clara Valley Medical Center  
6 (“SCVMC”), which is owned and operated by the County of Santa Clara (“the County”). I have  
7 held this position since November, 2012. Prior to my current role at SCVMC, I served as the  
8 Chief Deputy Director of the Ventura County Health Care Agency for the County of Ventura. I  
9 have served in public health care for over 25 years.  
10

11 3. SCVMC was founded in 1876 and is a fully integrated and comprehensive public  
12 health care delivery system. It provides critical healthcare to residents of the County regardless  
13 of their ability to pay. It is the only public safety net healthcare provider in Santa Clara County,  
14 and the second largest such provider in the State of California. Generally, safety net providers  
15 like SCVMC have a primary mission to care for the indigent population and individuals who are  
16 uninsured or underinsured, or on Medicaid, which is the federal healthcare insurance program for  
17 low income individuals. Because of this primary mission, safety net providers are by their nature  
18 extremely dependent on Medicaid and other federal funding.  
19

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

1 highest-level neonatal intensive pediatric care unit, women's health, comprehensive  
2 hematology/oncology services, and other critical health care services for all residents of Santa  
3 Clara County, regardless of their ability to pay.

4 5. SCVMC provides the vast majority of the healthcare services in the County that are  
5 available to poor and underserved patients. In fiscal year 2016, there were nearly 800,000  
6 outpatient visits to SCVMC's primary care, express care, specialty clinics, and emergency  
7 department, and nearly 125,000 days of inpatient stays in the hospital. Patients who are  
8 uninsured, reliant on California's Medicaid program (Medi-Cal), or on Medicare, which is the  
9 federal insurance program for elderly and disabled individuals were responsible for  
10 approximately 90% of outpatient visits and approximately 87% of inpatient days.

11 6. For fiscal year 2016, approximately 70% of patient visits to SCVMC were  
12 reimbursed through the Medicaid program, and approximately 14% were reimbursed through the  
13 Medicare program. In all, approximately 84% of SCVMC's patients during the most recent fiscal  
14 year were dependent on receiving federal funding in order to obtain their healthcare.

15 7. SCVMC receives approximately \$1 billion dollars in direct federal funding or  
16 funding that is contingent upon federal revenue streams, primarily from the Medicaid and  
17 Medicare programs.<sup>1</sup> This funding covers approximately 70% of SCVMC's expenses.  
18 Specifically, SCVMC receives federal funding for several programs, including: (1) Medicare; (2)  
19 Medicaid; (3) Medicaid waiver programs (demonstration projects designed to improve and  
20 expand overall coverage and improve health outcomes for low income individuals); (4) homeless  
21 healthcare grants (which fund access to quality primary health care services for the homeless and  
22 other vulnerable populations); and (5) disproportionate share payments and supplemental  
23 reimbursements to qualifying hospitals that serve a large number of Medicaid patients.

24 8. If SCVMC were to lose all its federal funding, it would create a massive and  
25 untenable public health crisis in the County. SCVMC would not be able to continue providing

26 <sup>1</sup> A portion of the approximately \$1 billion received by SCVMC consists of federal and state  
27 sources 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 the programs would likely not exist but for the federal  
funding.

1 the broad range of services it currently provides to the thousands of poor, elderly and vulnerable  
2 populations that rely on SCVMC as the safety net provider for their health care. It would be  
3 impossible for SCVMC to continue providing the same range, amount, or quality of services that  
4 it currently provides should it lose close to 70% of its revenue. If it were stripped of federal  
5 funding, it would no longer be able to serve as a Medicaid or Medicare provider, a result that  
6 would have catastrophic consequences for County residents. Given the dearth of Medicaid  
7 providers in the County, the thousands of patients receiving support from these programs—  
8 including infants and children, the elderly, and those with chronic disease—would be left without  
9 viable healthcare options, leaving them with little choice but to flood overcrowded emergency  
10 rooms of other nearby hospitals whenever they needed care. Moreover, the loss of federal  
11 funding for SCVMC would not only mean fewer and worse healthcare services for the County,  
12 but would also result in a substantially less healthy community, force layoffs of potentially  
13 thousands of SCVMC employees, and impose greater health care costs on all County residents  
14 and anyone else using SCVMC facilities. At worst, the unforeseeable consequences of the  
15 removal of all federal funding could potentially force the closure of the only public safety net  
16 hospital in the County.

17 I declare under penalty of perjury under the laws of the State of California that the  
18 foregoing is true and correct to the best of my knowledge and belief and that this declaration was  
19 executed on February 15, 2017 in San Jose, California.

20   
21 PAUL E. LORENZ

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