



# Relief is Essential to Save California's Community Safety-Net Hospitals

*Essential to Access, Essential to Health*

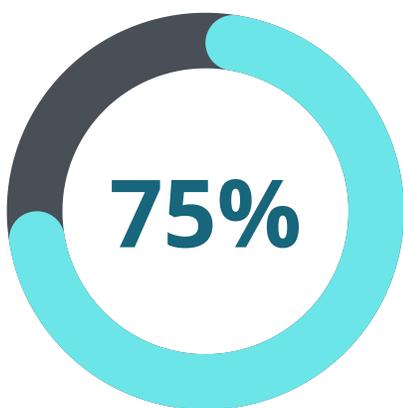


**Community safety-net hospitals across California providing care to the state's most vulnerable populations are calling for essential financial relief following more than two-and-a-half years of COVID-19 response.** These hospitals serve by **mission, not by mandate**, and they choose to serve the most vulnerable communities in California.

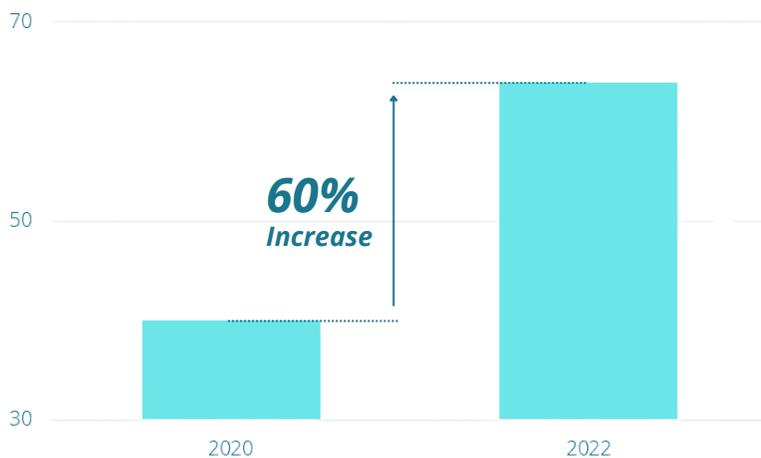
- +** A staggering **75% of community safety-net hospitals are operating in the red** and have maxed out borrowing capacity and depleted reserves. This figure has increased almost 60% since before the start of the pandemic.
- +** Without relief, California's most vulnerable communities are at **risk of losing access to essential health care.**
- +** Community safety-net hospitals met the moment, and now, as we look toward the future, the safety-net is **in dire need of funding and need the state and federal governments' support.**

## Financial Pressures Hitting Community Safety-Net Hospitals Hardest

**Percentage of Community Safety-Net Hospitals Operating at a Loss**



**Number of Community Safety-Net Hospitals Operating at a Loss Since the Start of COVID-19 Pandemic**



### Factors Driving Financial Pressure and Threatening Community Safety-Net Hospitals

 **Rising Labor Costs:** Expenses before the pandemic have increased by \$764 million or 15% just for the first quarter of 2022. This is primarily due to an increase of 85% in wages for contracted labor.

 **Insufficient Reimbursement:** Community safety-net hospitals rely on **70-80% of their funding from government sources**, which means reimbursement rates fail to keep pace with the growing cost of providing care, and California's Medi-Cal spending is ranked 43rd in the nation.



### Lack of Federal and State Relief:

The Provider Relief Fund (PRF) payment to California hospitals is **significantly below the national per-hospital distribution**. Community safety-net hospitals are the hardest hit in California with distributions well below the statewide per hospital amount, despite serving among the highest number of COVID-19 patients and incurring the same inflated levels of supply and staff costs. This is the primary driver behind the 60% growth in the number of community safety-net hospitals operating in the red.

There has been **no state general fund relief and no approved budget actions** to help hospitals on the brink, and no distributions to community safety-net hospitals of the federal funding received through the American Rescue Plan Act (ARPA).

## Relief that is Essential to Saving Community Safety-Net Hospitals

### Federal Relief Actions

- Unless Congress acts to provide special direct financial assistance to California's community safety-net hospitals, millions of Californians in vulnerable communities could lose access to hospital services. The loss of community safety-net hospital services will exacerbate health disparities and will diminish momentum toward achieving health equity.
- We urge Congress to act immediately to prevent an additional 4% cut to Medicare payments that are set to begin in January 2023. Because of the precarious financial condition of most California community safety-net hospitals, additional loss of revenue would be devastating to the communities that rely on these hospitals.

### State Relief Actions

- We are asking the Governor and California legislature to prioritize access to care and health equity by investing significant resources in community safety-net hospitals to stabilize operations following more than two and a half years of COVID-19 pandemic response, thereby protecting access to care for California's most vulnerable.
- Additionally, Medi-Cal fee for service reimbursement needs to account for the social complexities of disenfranchised populations and target an increase in payment rates to support the patients cared for by community safety-net hospitals.



### Learn More

To learn about California's Community Safety-Net Hospitals and why we need financial relief to support our safety-net hospitals, visit [PEACHHospitals.org](https://PEACHHospitals.org) or scan the QR code.