

Thaouyen Emily Pham

Rutherford and Scharfen

Oxford Scholar

27 October 2016

Proposition 52: Medi-Cal Hospital Fee Program

Medi-Cal is the California extension of Medicaid, the health insurance program for low-income Americans that is jointly funded by the state and the federal government. Medi-Cal insurance currently runs a hospital fee program in which the state imposes a Hospital Quality Assurance Fee on hospitals to obtain federal matching funds. The total funds are distributed to public and private hospitals to cover the costs of low-income Californians' Medi-Cal insurance with a fraction added to the general state fund. This hospital fee program is currently set to end by January 1, 2018 if Legislation does not vote to extend it.

Proposition 52 extends and strengthens the hospital fee program. It makes the program permanent. It requires that the funds generated from the hospital fee federal matching be spent solely on Medi-Cal, stopping the diversion of funds to the state general fund for other purposes. Moreover, Prop 52 makes it more difficult for the state to end or change the hospital fee. Proposition 52 is supported by California health care associations, health insurance companies, the majority of California organizations and businesses, and both the Democratic and Republican parties. This is an unbelievable consensus. The slogans for Yes on Prop 52 are "Keep a good idea working" and "Tested. Tried. True.". The supporters of Yes on Prop 52 make a good point, because, since it was established in 2009, the hospital fee program has been very successful in increasing revenue and funds for Medi-Cal. The program generated over \$3 billion in federal matching funds last year to provide Medi-Cal to more than 13 million Californians (Official

Voter Information Guide). Proposition 52 allows Californians to continue having this inflow of funds from Medicaid and ensures that these funds are used for the health care of those who need it.

There is barely any organized opposition to Proposition 52; it is funded by one organization which is nothing compared to the huge consensus for Yes on Prop 52. Supporters of No on Prop 52 argue that the distributed Medi-Cal funds that are generated by the hospital fee program are being distributed with “no oversight, no accountability, and no guarantee it will be spent on health care at all”. A fraction of the hospitals that receive Medi-Cal funds are private for-profit hospitals, so supporters of No on Prop 52 fear that the Medi-Cal funds are going straight to the wallets of hospital CEOs because there is a lack of regulation on these funds. Although Prop 52 ensures that the funds generated from the hospital fee program are used to fund Medi-Cal and not diverted to other state government uses, there is no assurance that the hospitals are using these funds solely for Medi-Cal insurance.

Health insurance for low income citizens should be a priority for the state. Yes on Prop 52 ensures that the program that is already running well is reformed and improved so that Medi-Cal is more of a priority for the state in terms of funds. If Prop 52 does not pass and the Legislature does not extend the hospital fee program past January 2018, then there would be no hospital fee revenue to distribute (or mis-distribute) for the Medi-Cal insurance holders. Although the opposition makes valid points about the holes and flaws in the Medi-Cal system, Proposition 52 does not change the system. It is good that the state is increasing the funds for Medi-Cal through the hospital fee program. The intention is to be able to provide health care coverage to more low income Californians. Nevertheless, Californians must be aware of the flaws in the Medi-Cal system. We must be aware that Medi-Cal and private coverage are not

viewed as equal, causing more disadvantage to low-income Californians. There have been many cases in which doctors and hospitals refuse to treat patients with Medi-Cal because of fear of not getting compensated properly. Also, Medi-Cal fraud crimes are also common; these include California citizens falsely declaring eligibility for Medi-Cal coverage - taking funds from citizens who may actually need the coverage - or health care professionals making fraudulent claims to collect Medi-Cal payment for treatments or practices that did not happen.

Proposition 52 will most likely pass, due to the overwhelming support and valid argument. However, Californians must look towards the future to reform the Medi-Cal system so that it efficiently uses the funds from the hospital fee program to support low-income Californians and assure that there is oversight on how the funds are used in hospitals.