

June 30, 2008

Missed Budget Deadline Could Further Delay Medi-Cal Payments



Health care providers and patients are concerned that Medi-Cal payment delays arising from a hold up on the state budget could force some facilities to close or scale back services, the *Sacramento Bee* reports. Medi-Cal is California's Medicaid program.

California's 2008-2009 fiscal year begins on Tuesday, but the Legislature has not voted on a budget.

The state planned to delay Medi-Cal payments for June for two weeks to help address the budget deficit. However, last week, California officials announced that the payments would be delayed by only one week.

Assembly Speaker Karen Bass (D-Los Angeles) said she hoped to pass the budget next month before health care providers experience more financial hardships.

Loans for Providers

In the past, Medi-Cal providers have relied on bank loans to fund operations during state budget deadlocks after a joint state and federal emergency fund was exhausted. According to the *Bee*, bank loans might not be an option for providers this year because of tighter credit rules.

The California Health Facilities Financing Authority, which provides bonds to help build health care facilities, will meet on July 10 to consider providing loans to as many as 12 rural hospitals until the state resumes reimbursements for Medi-Cal (Lin, *Sacramento Bee*, 6/29).

Health Net of California will provide \$5 million in no-interest loans for a coalition of 13 health clinics in the Central Valley Health Network that will not receive Medi-Cal funds until the budget is passed.

David Quackenbush, CEO of the health network, said the loans should allow the clinics to remain operating if the state budget passes in mid-August (St. John, *Fresno Bee*, 6/27).

Delays on Top of Cuts

In addition to the delayed payments, Medi-Cal payments to health care providers are slated to drop by 10% beginning on July 1. The reduction is projected to save the state \$602 million over the next fiscal year, but a coalition of physicians and hospitals is seeking a court injunction to stop the cuts.

Some health care providers have said that they will not accept additional Medi-Cal beneficiaries for treatment if the payment cuts take effect, saying that Medi-Cal reimbursements would not cover the cost of services (*Sacramento Bee*, 6/29).

Broadcast Coverage

On Monday, Capital Public Radio's "*KXJZ News*" reported on delayed Medi-Cal payments for health care providers (O'Mara, "*KXJZ News*," Capital Public Radio, 6/30).

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