



**FOR IMMEDIATE RELEASE**

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**Budget Impasse Takes Hold of California Clinics and Patients**

***Lost Medi-Cal Revenue Threatens Clinic Layoffs, Service Cuts, and Even Closures For Clinics That Serve Low-Income and Uninsured Patient Populations***

**WEST SACRAMENTO, CA (July 24, 2008)** -- Due to the state budget impasse, Medi-Cal funds are set to run out today resulting in a loss of \$93,000 every hour (\$10 million a week) to California's community clinics and health centers. This, on top of already adopted Medi-Cal check-write delays to clinics and health centers, threatens to hamper the clinic safety net's ability to provide medical services to California's most vulnerable patient populations.

Though clinics consider cutting services as a last resort option, more than 50 percent of the state's clinic health centers will be forced to either restrict services or shut down entirely, according to the California Primary Care Association (CPCA), which represents over 800 clinic sites in California. An overwhelming majority of the state's clinics report that the initial impact of the Medi-Cal stoppage will be on staffing. Over 80 percent of clinics will be forced to lay off employees, stop hiring, or ask staff to skip paychecks or take salary cuts – all impact that are sure to trickle down to California's patient population.

"These payment delays will have a devastating impact on community clinics and their ability to continue to provide the level of timely care that so many in our underserved communities need, said Carmela Castellano-Garcia, president and CEO of CPCA. "These delays will ultimately cost the state in long run as patients unable to access care at clinics will seek more expensive medical services at hospital emergency rooms."

"Yet again, our state's safety net finds itself in the same perilous predicament that arose just one year ago during last summer's budget impasse – how to find a way to continue to serve California's low-income, uninsured and underserved populations without 40 to 50 percent of their operating revenue," she said.

Many clinics are only able to cover operating expenses without Medi-Cal reimbursements for 30 days or less. Some are able to rely on cash reserves, and many utilize lines of credit, although the interest rates on these lines of credit range as high as 14.5 percent – a cost which the state does not reimburse clinics for.

"These payment delays will affect not only our ability to hire and retain staff, but also our ability to collaborate with other organizations, maintain relationships with vendors and stay afloat financially in general," said Dr. David Katz, Medical Director for CommuniCare Health Centers. "These payment delays, combined with last

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## **Medi-Cal Payment Delays – 22222**

year's impasse, mean that we will spend future dollars allocated for direct medical services on loan repayments and lines of credit.”

California's community clinics and health centers provide health care services to nearly 4 million patients annually. These patients are primarily low-income, uninsured and underserved Californians.

By imposing irreparable harm on community clinics through payment delays, the result will be poorer health outcomes for these patients, who will most likely be unable to access services through other providers, which will cost the state more. Many will be treated in costly emergency rooms or go untreated and develop into more serious illnesses that will require treatment at an exorbitant and unnecessary cost to California taxpayers.

While the state's budget deficit is incredibly large, clinics receive less than .2 percent of overall Medi-Cal dollars. The impact of withholding payment to community clinics and health centers will be much more costly to the state, and the overall health and well being of California.

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### ***About CPCA***

*California Primary Care Association (CPCA) is the statewide leader and recognized voice representing the interests of California community clinics and health centers and their patients. CPCA represents more than 600 not-for-profit community clinics and health centers (CCHCs) who provide comprehensive, quality health care services, particularly for low-income, uninsured and underserved Californians, who might otherwise not have access to health care. To learn more about CPCA go to [www.cPCA.org](http://www.cPCA.org).*

### ***About RCHC***

*The Redwood Community Health Coalition (RCHC) is a coalition of community health centers across Sonoma, Marin, Napa and Yolo counties. RCHC supports its members' mission to provide high-quality cost-efficient care to all, regardless of ability to pay. Serving 150,000 people, RCHC dedicated to strengthening a community-wide system of primary care health services available to a diverse and multi-cultural population. For more information on the Redwood Community Health Coalition, please go to: [www.rchc.net](http://www.rchc.net).*

### ***About CommuniCare Health Centers***

*CommuniCare is a private, non-profit health care organization offering comprehensive medical and dental services, vision care, substance abuse treatment, health education and outreach services. CommuniCare provides services at seven community clinics located at sites in Davis, Woodland, Esparto, West Sacramento and Knights Landing, and provides health education and outreach throughout Yolo County. For thirty-six years, CommuniCare Health Centers has been promoting healthy communities by providing high quality, culturally appropriate health care for those in need. [www.communicarehc.org](http://www.communicarehc.org)*