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**Q&A – Medi-Cal Lawsuit**

**Why has this group of health care providers come together?**

Health care providers have come together on behalf of the 37 million Californians we serve to protect their access to health care. California is on the verge of a health care catastrophe. Even though we already spend less per Medi-Cal recipient than any other state, funding for Medi-Cal is scheduled to be cut by \$1.3 billion effective July 1, 2008. These cuts will cause a severe strain on all aspects of California’s health care system, making it harder and more expensive for Californians to get the health care they need and for doctors, hospitals, adult day health care providers, dentists, and pharmacists to provide it. This lawsuit seeks to stop these cuts before they take effect.

**Why should patients who are not on Medi-Cal care about the budget cuts?**

All Californians should be concerned about the looming cuts in the Medi-Cal program because when Medi-Cal patients can’t find doctors and other providers to care for them, they will turn to already overcrowded Emergency Departments (EDs). Hospital EDs across California are already nearing a melt-down. More than 70 hospitals and EDs have closed their doors in the past decade. And wait times in some EDs in Southern California are already stretching to 11 hours or more. If you or your loved one needs emergency care, it doesn’t matter how good your insurance is – you wait along with everyone else for the care you need. And if a hospital is forced to shut its doors, it doesn’t just close to the uninsured and Medi-Cal. The entire community suffers.

It’s also important to understand that the chronic underfunding of the Medi-Cal program has a financial impact on all of us – even those who are well-insured. Employers, individuals and families who purchase health insurance all pay more for health care in higher insurance premiums when the state pays less for Medi-Cal. Taking \$1.3 billion from the Medi-Cal program will result in further cost-shifting, raising health care costs at a time many Californians are increasingly concerned about their ability to afford health care.

**Why is a lawsuit necessary? Couldn't the Legislature and the Governor reverse the planned budget cuts?**

While it is possible that lawmakers would reverse their earlier decision to impose these cuts in the Medi-Cal program, it appears increasingly unlikely that they will do so given the continuing deterioration of the state's fiscal situation. We are now less than two months away from these cuts taking effect – there is no time to spare. Litigation is always a last resort, but at this point our groups feel we have no other choice. Access to vital health care services is at stake for all Californians.

**What is the legal basis for the lawsuit?**

The lawsuit alleges that the Medi-Cal cuts violate both state and federal laws that require the state to ensure that Medicaid patients have the same access to health care services as does the general insured public. The complaint also alleges that the state failed to take the regulatory steps that are legally required to make changes to the state's Medi-Cal Plan.

**What Are You Asking the Court To Do?**

The lawsuit seeks an immediate injunction to prevent the Medi-Cal cuts from taking effect on July 1, 2008.

**Last year, the major debate in Sacramento was about health care reform. Now, the pendulum has swung to the opposite side where the focus is on cutting the current health care system. How did this happen? Would health care reform have prevented these cuts?**

All of our organizations continue to support a comprehensive reform of the health care system. There is no question that our system is broken – and that major reforms are necessary over the long-term. But the set-back of health care reform should not lead to these devastating cuts. In fact, the cause of health care and health reform will be set back immeasurably if the Medi-Cal cuts take effect.

California's Medi-Cal program already is the lowest funded Medicaid program in the nation. During the health care reform debate, everyone seemed to agree that increasing Medi-Cal funding was an essential element to the long-term survival of the health care system. Now, not only are we not talking about increasing Medi-Cal reimbursement rates, the state is about to cut the already lowest per capita funded Medicaid program in the nation.

**Would health care reform have prevented these cuts?**

No. Health care reform would not have become effective until 2010, therefore it would have had no impact on the current financial problems facing the state.

It's important to understand, however, that there is broad agreement that our health care system is broken. We cannot allow the already lowest Medi-Cal funding in the nation to be reduced even further. We must at least maintain the status quo while we work toward a longer term solution.

**What about solutions to California's budget problems?**

Cutting Medi-Cal will cost California significantly more than it saves, making our budget problems worse, not better. The cuts cost the state by eliminating more than \$500 million in federal matching funds. Additional costs will be shifted to employers, individuals, counties, and taxpayers as Medi-Cal patients are driven into costly Emergency Departments for health care. Those communities where some providers or pharmacies are forced to close their doors will also be forced to bear these costs.