

INSURE THE UNINSURED PROJECT

2006-2009 Overview of California's Uninsured November 2010

This report was prepared by
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ITUP

INSURE THE UNINSURED
PROJECT

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- LA Care Health Plan

INSURE THE UNINSURED PROJECT

Insure the Uninsured Project's (ITUP) fundamental goal is to increase health coverage of California's 8 million uninsured. ITUP regional workgroups seek to develop consensus on local efforts to cover the uninsured. Our goal is to support local decision makers in their efforts to simplify and expand coverage for the uninsured. In the past, ITUP released annual reports on 48 counties, six California regions, and a statewide overview reflecting comparative data and trend analysis. Because of the recent recession and the historic passage of health care reform, this report instead focuses on the trends in utilization, coverage and funding from 2006 to 2009 to provide as much information as possible in reform implementation efforts. California now has an expansive \$10 billion (over five years) federal waiver to support local efforts to increase coverage of the uninsured as stepping stones to 2014 when the Affordable Care Act will offer new coverage opportunities to eighty percent of California's uninsured.

ITUP was founded in 1996 and is supported through a series of grants from the California Wellness Foundation, Blue Shield of California, The California Endowment, LA Care Health Plan, and the California HealthCare Foundation.

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INTRODUCTION

This overview reflects California's changing demographics, utilization and funding of community clinics and hospitals, and health plan costs and options from 2006 to the most current data available. Our objective is to enable interested parties, particularly in light of the state's new §1115 waiver and severe recession in identifying demographic movements in a county's population, patient utilization and funding trends in its safety net services, and cost changes in its employer-based and private insurance markets.

This modified state overview includes six California regions, which is comprised of 51 counties:

- *Bay Area*: Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara counties
- *Central Coast*: Monterey, San Luis Obispo, San Benito, Santa Barbara, Santa Cruz and Ventura counties
- *Central Valley*: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare counties
- *North Central*: El Dorado, Napa, Placer, Sacramento, Solano, Sonoma and Yolo counties
- *North Rural*: Butte, Del Norte, Humboldt, Lassen, Mendocino, Modoc, Nevada, Plumas, Shasta, Siskiyou, Sutter, Tehama et al. (includes Colusa, Glenn and Lake), Trinity and Yuba counties
- *Southern California*: Imperial, Los Angeles, Orange, Riverside, San Bernardino and San Diego counties

Please note that while regional data does *not* include the following counties, they are incorporated in state numbers. For this reason, the regional totals may not equal state figures.

- Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Sierra and Tuolumne counties

For past regional and statewide perspectives, please see additional reports available on ITUP's website at www.itup.org.

SECTION I: GENERAL PERSPECTIVE

PATIENT DEMOGRAPHICS

As of 2009, California is home to 36.8 million residents, which constitutes an increase of approximately one million (2.8%) since 2006. Hispanic and Asian/Pacific Islander populations increased the most in this time period, with 6.8% and 5.9% growth respectively.

In a 2007 survey by the UCLA Center for Health Policy Research, 15.7% of Californians were living below the federal poverty line (FPL). While Bay Area and North Central regions fared better than state percentages, more Central Valley (21.4%) and Southern California (17.2%) residents had incomes below 100% FPL. The Bay Area had the largest percentage of residents with incomes over 400% FPL (56.5%); Central Valley (29.7%), North Rural (30.5%) and Southern California (39.8%) were not as fortunate and had the lowest percentages, which fell below state averages.

Table 1: Population by Race/Ethnicity

	2006	2007	2008	2009	% Change ('06-'09)
White	15,454,641	15,353,921	15,300,473	15,259,971	-1.3%
Black	2,207,396	2,201,609	2,203,082	2,208,632	0.1%
Hispanic	12,793,227	13,047,824	13,345,891	13,657,817	6.8%
Native American	184,869	185,779	187,340	189,165	2.3%
Asian/Pacific Islander	4,429,616	4,513,366	4,604,201	4,689,078	5.9%
Other	715,769	729,928	746,473	764,992	6.9%
Total	35,785,518	36,032,427	36,387,460	36,769,655	2.8%

Source: US Census Bureau – Population Division, “County Resident Population by Age, Sex, Race and Hispanic Origin: April 1, 2000 through July 1, 2009.”

Table 2: California Poverty Levels by Region

	<100% FPL	100-133% FPL	134-400% FPL	>400% FPL
Bay Area	11.06%	3.77%	28.68%	56.49%
Central Coast	13.45%	5.99%	36.78%	43.78%
Central Valley	21.36%	8.59%	40.34%	29.71%
North Central	10.64%	5.53%	36.76%	47.07%
North Rural	14.04%	8.80%	46.62%	30.54%
Southern California	17.21%	7.21%	35.78%	39.80%
State	15.72%	6.62%	35.60%	42.06%

Source: UCLA Center for Health Policy Research, “2007 California Health Interview Survey.”

ECONOMY

Unemployment at the state level increased from 4.9% in 2006 to 11.4% in 2009, more than doubling from 1.6 million to 3.7 million. Central Valley (15.2%) and North Rural (13.5%) in particular had high unemployment rates compared to the rest of the state. Every region saw unemployment almost double, if not more, with a marked increase between 2008 and 2009. As of August 20, 2010, the revised unemployment rate stands at a staggering 12.4%, which is significantly higher than the US unemployment rate of 9.6%¹.

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	4.27%	4.45%	5.74%	10.08%	142.93%
Central Coast	4.92%	5.28%	6.61%	10.16%	107.58%
Central Valley	7.96%	8.51%	10.48%	15.21%	90.13%
North Central	4.71%	5.07%	6.70%	10.80%	132.28%
North Rural	6.68%	7.21%	9.16%	13.53%	101.73%
Southern California	4.51%	5.01%	7.12%	11.31%	151.72%
State Unemployed	1,565,505	1,702,429	2,330,450	3,722,994	137.81%
State Percent	4.9%	5.3%	7.2%	11.4%	137.81%

Sources: State of California Employment Development Department, Labor Market Information Division "Industry Employment and Labor Force – by Annual Average (1990-2009); March 2009 Benchmark (Not Seasonally Adjusted)."

INSURANCE COVERAGE

Approximately 24.3% of Californians did not have insurance in 2009, up from 20.2% in 2006. Like unemployment rate trends, Bay Area residents had higher insurance coverage (17.5% uninsured), whereas North Rural and Southern California had lower coverage (26.9% and 26.7% uninsured respectively).

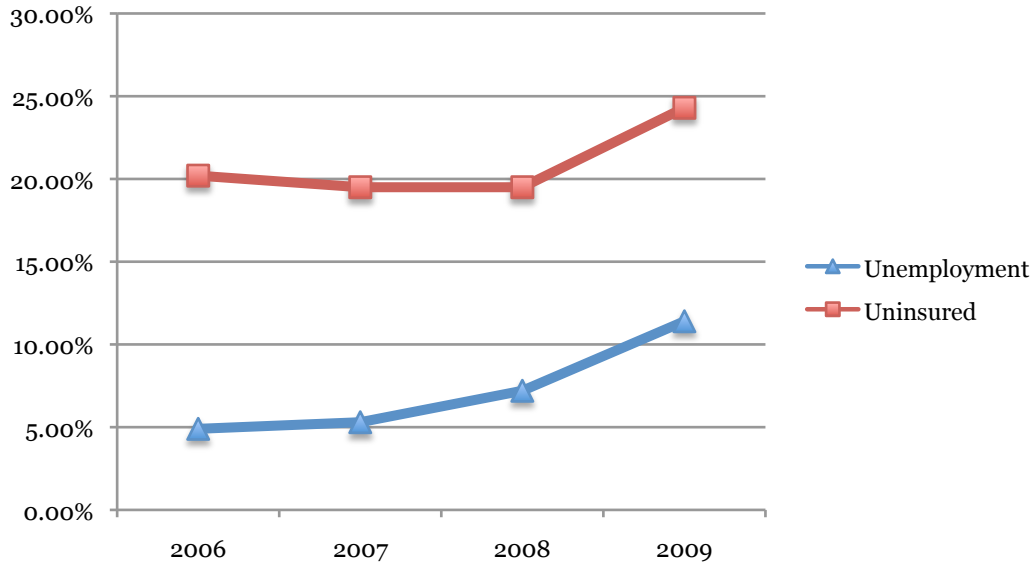


Figure 1. Unemployment and uninsured percentages, California.

Sources: State of California Employment Development Department, Labor Market Information Division "Industry Employment and Labor Force – by Annual Average (1990-2009); March 2009 Benchmark (Not Seasonally Adjusted)." UCLA Center for Health Policy Research, "2007 California Health Interview Survey" & "2005 California Health Interview Survey."

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	14.5%	12.9%	12.9%	17.5%	24.1%
Central Coast	20.1%	19.7%	19.7%	22.8%	14.1%
Central Valley	22.6%	22.7%	22.7%	27.7%	21.7%
North Central	14.2%	13.5%	13.5%	18.1%	28.8%
North Rural	19.7%	21.8%	21.8%	26.9%	36.1%
Southern California	22.3%	21.5%	21.5%	26.7%	20.1%
Total 0-64 Population	31,949,075	32,121,310	32,367,357	32,657,841	2.22%
% Pop Uninsured	20.2%	19.5%	19.5%	24.3%	23.0%
Total Uninsured Population	6,453,713	6,263,655	6,311,635	7,935,855	23.0%

Source: State of California Employment Development Department, Labor Market Information Division "Industry Employment and Labor Force – by Annual Average (1990-2009); March 2009 Benchmark (Not Seasonally Adjusted)." UCLA Center for Health Policy Research, "2007 California Health Interview Survey" & "2005 California Health Interview Survey."

Unsurprisingly, Medi-Cal enrollment increased from 6.5 million in 2006 to 7.1 million in 2009, with enrollees comprising almost a fifth of the total population. Race/ethnicity information of enrollees was only available for 2009, which showed that Hispanics composed the largest proportion of Medi-Cal enrollees (54.4%). For our trend analysis purposes, we have included Medi-Cal enrollment by language spoken as a proxy for race/ethnicity.

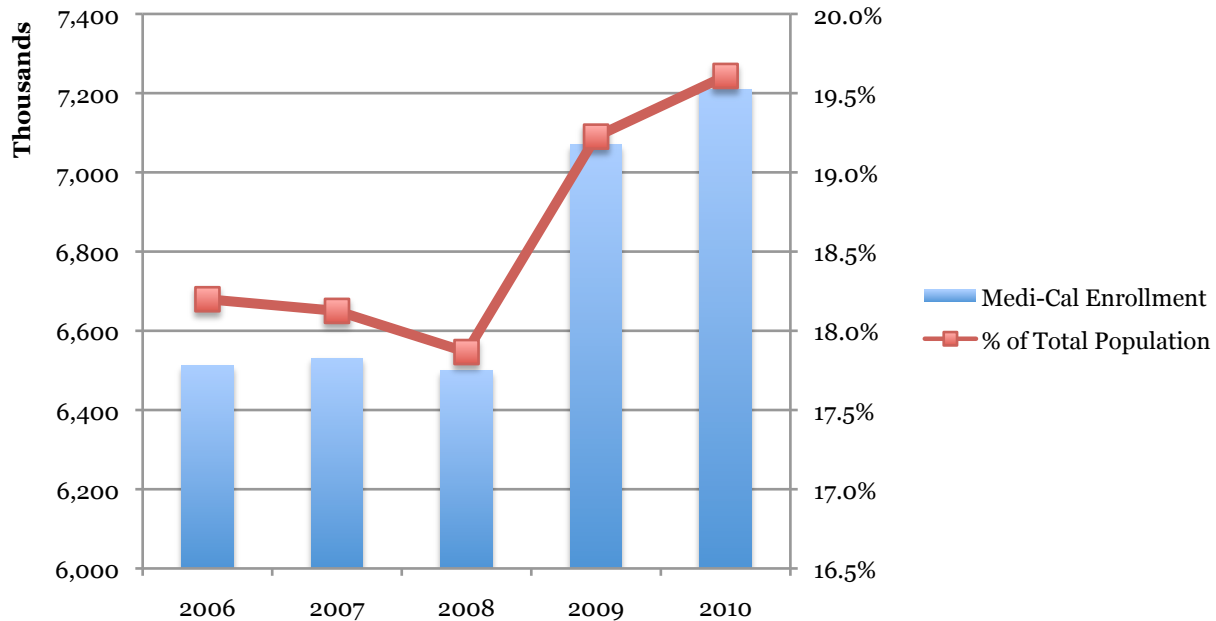


Figure 2. Medi-Cal enrollment trends, California.

Sources: State of California Department of Health Services, Research and Analytic Studies Section, "Medi-Cal Beneficiary Profiles by County, by Language," July 2006; July 2007; July 2008, July 2009 & October 2010.

	2006	2007	2008	2009	% Change ('06-'09)
English	3,201,205	3,242,153	3,380,997	3,646,375	13.9%
Spanish	2,398,178	2,413,014	2,465,508	2,595,624	8.2%
Asian	346,023	345,287	347,919	350,183	1.2%
Other	589,577	552,804	526,579	502,695	-14.7%
Total	6,534,983	6,553,258	6,721,003	7,094,877	8.6%
% of Total Population	18.26%	18.19%	18.47%	19.30%	5.7%

Sources: State of California Department of Health Services, Research and Analytic Studies Section, "Medi-Cal Beneficiary Profiles by County, by Language," July 2006; July 2007; July 2008 & July 2009.

Medi-Cal managed care is in operation in all six regions through two-plan models, County Organized Health Systems (COHS), Geographic Managed Care (GMC), and others. Between 2006 and 2009, managed care enrollment increased at a faster rate than fee-for-service Medi-Cal enrollment.

Table 6: Medi-Cal Managed Care Enrollment

	2006	2007	2008	2009	% Change ('06-'09)
Fee-for-Service	3,259,841	3,276,990	3,303,101	3,431,291	5.3%
Managed Care Plan	3,275,142	3,276,268	3,417,902	3,663,586	11.9%
Total	6,534,983	6,553,258	6,721,003	7,094,877	8.6%

Sources: State of California Department of Health Services, Research and Analytic Section, "Medi-Cal Beneficiary Profiles by County, by Managed Care Status," July 2006; July 2007; July 2008 & July 2009.

Healthy Families, a public program that provides low-cost coverage to children and teens ineligible for Medi-Cal due to income requirements, also saw increasing enrollment from 2006 to 2010. The decline in enrollment from 2008 to 2010, however, may not be indicative of decreasing need for low-cost children's coverage for several reasons. First, the recession may have been responsible for declining incomes that made previously eligible families now Medi-Cal eligible due to a drop in income. Second, the increase in co-pays and premiums that went into effect on November 2009 may have been too burdensome for some families. Third, the enrollment freeze from July to December of 2009 slowed the growth of new subscribers.

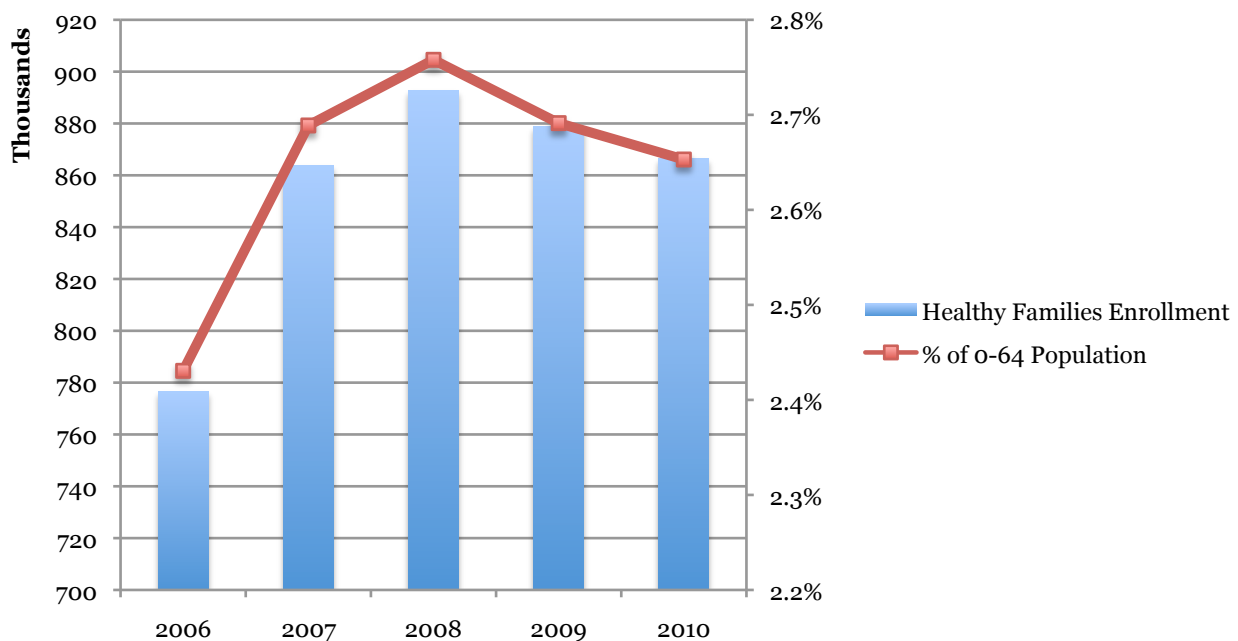


Figure 3. Healthy Families Enrollment, California.

Source: Managed Risk Medical Insurance Board, "Healthy Families Program Subscribers Currently Enrolled by County," December 2006; December 2007; December 2008, December 2009 & October 2010.

Table 7: Healthy Families by Race/Ethnicity					
	2006	2007	2008	2009	% Change ('06-'09)
White	90,243	92,959	90,342	85,041	-5.8%
Hispanic	449,536	489,510	487,551	455,420	1.3%
Black	17,892	19,500	18,363	16,953	-5.2%
Asian/Pacific Islander	90,818	94,019	92,341	88,851	-2.2%
Native Amer/Alaska Native	2,411	2,517	2,567	2,515	4.3%
Other/Unknown	127,723	167,526	204,276	233,651	82.9%
Total	778,623	866,031	895,440	882,431	13.3%
% of 0-64 Population	2.44%	2.70%	2.77%	2.70%	10.9%

Sources: Managed Risk Medical Insurance Board, "Healthy Families Program Subscribers Currently Enrolled by Ethnicity; by County," December 2006; December 2007; December 2008 & December 2009.

SECTION II: FOCUS ON COMMUNITY CLINICS

PATIENT DEMOGRAPHICS

Throughout the state, there were almost 1,000 free and community clinics operating in 2009. Both patients and visits increased by almost 20% to 4.8 million and 14.7 million respectively. While Hispanics composed 37.1% of the California population, they constitute over half (53.8%) of community clinic patients in 2009.

	2006	2007	2008	2009	% Change ('06-'09)
Total Clinics	909	923	949	993	9.2%
Total Patients	3,971,930	4,108,677	4,339,234	4,766,351	20.0%
Total Visits	12,463,488	12,982,929	13,491,074	14,719,080	18.1%
Total FQHC	419	450	483	499	19.1%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

Race	Total	% of Total	Ethnicity	Total	% of Total
White	3,248,078	70.0%	Hispanic	2,563,192	53.8%
Black	303,321	6.5%	Non-Hispanic	1,915,741	40.2%
Asian/Pacific Islander	338,657	7.3%	Unknown	287,418	6.0%
Native American	80,453	1.7%			
Other	671,387	14.5%			
Total	4,641,896	100%	Total	4,766,351	100%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

UTILIZATION

Among the almost 15 million clinic visits, insured patient visits not only constituted the majority of visits, but the number of insured visits (20.8%) increased at a faster rate than uninsured visits (14.8%); uninsured clinic visits showed a slower rate of growth than the uninsured population in California (23.0%). Among insured visits, Medi-Cal visits (69.0%) were the majority, with significant numbers of visits from Medicare patients and those with private coverage. Healthy Families (39.0%) and Medi-Cal visits (26.7%) increased the most between 2006 and 2009. Among the uninsured, Family PACT (1.9 million) patients and self-payors (1.7 million) were the most common types of clinic visits. The largest increases were among county (33.0%) and self-payors (26.4%), while EAPC clinic visits dropped significantly by 23.8%. With the exception of Central Coast and Southern California, the remaining four regions saw decreases in the number of clinic visits per uninsured county resident.

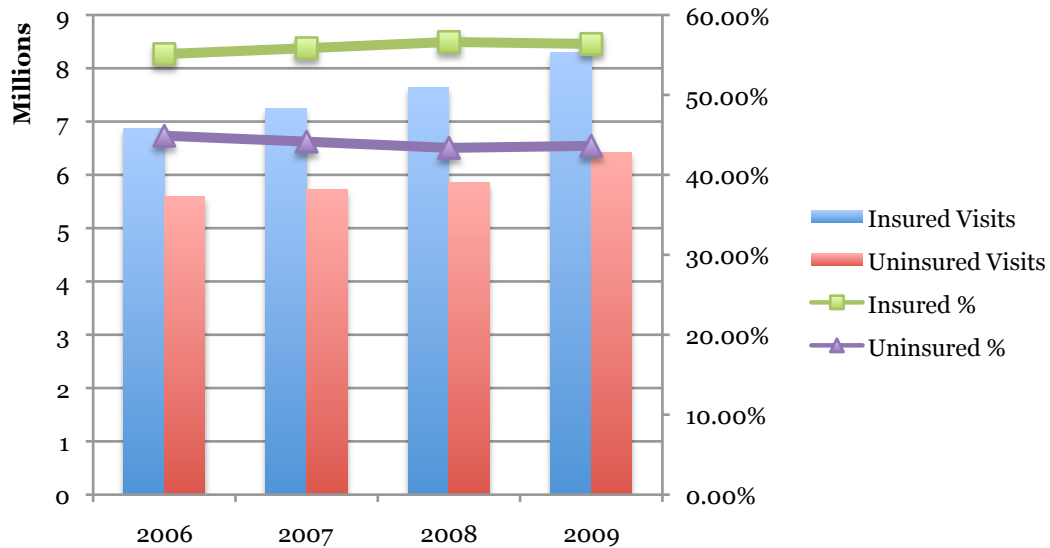


Figure 4. Community clinic visits by insured/uninsured, California 2009.

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

Table 10: Patient Visits to Community Clinics by Insurance Sources					
<i>Insured</i>	2006	2007	2008	2009	% Change ('06-'09)
Medicare	929,830	944,184	1,001,203	990,628	6.5%
Medi-Cal	4,522,208	4,872,165	5,144,701	5,729,146	26.7%
Healthy Families	259,123	306,378	337,933	360,167	39.0%
Private Coverage	811,918	813,821	835,202	901,568	11.0%
Other	344,922	313,731	320,167	317,553	-7.9%
Total	6,868,001	7,250,279	7,639,206	8,299,062	20.8%
<i>Uninsured</i>	2006	2007	2008	2009	% Change ('06-'09)
County	1,035,585	1,138,996	1,116,917	1,377,161	33.0%
Self-Pay	1,366,964	1,417,559	1,514,120	1,727,433	26.4%
Non-Pay	461,693	515,691	458,452	477,450	3.4%
Breast Cancer	155,444	146,848	159,011	185,457	19.3%
CHDP	231,166	218,001	240,102	224,467	-2.9%
EAPC	742,309	672,195	674,082	566,010	-23.8%
Family PACT	1,602,326	1,623,360	1,689,184	1,864,007	16.3%
Total	5,595,487	5,732,650	5,851,868	6,421,985	14.8%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	1.15	1.42	1.31	1.03	-10.4%
Central Coast	0.99	1.02	1.05	1.02	3.0%
Central Valley	0.96	0.97	0.94	0.83	-13.5%
North Central	1.01	1.11	1.10	0.86	-14.9%
North Rural	2.03	1.85	1.96	1.61	-20.7%
Southern California	0.67	0.73	0.77	0.67	0.0%
California State	0.87	0.92	0.93	0.81	-6.9%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics." UCLA Center for Health Policy Research, "2007 California Health Interview Survey" & "2005 California Health Interview Survey."

FINANCING

Total patient revenue was over \$1.5 billion in 2009, increasing by a third since 2006. While insured patient visits were 56% of total visits, insured patient revenue constituted 72.6% of total patient revenue. Revenue from both insured and uninsured patients increased by 30.5% and 38.8% respectively, with Medi-Cal (\$808.4 million) being the largest source of revenue from insured patients, and Family PACT (\$217.0 million) from uninsured patients. County revenue continued to increase from \$58.7 million to \$90.0 million, while state EAPC revenue deteriorated rapidly, with a 74.2% drop over four years.

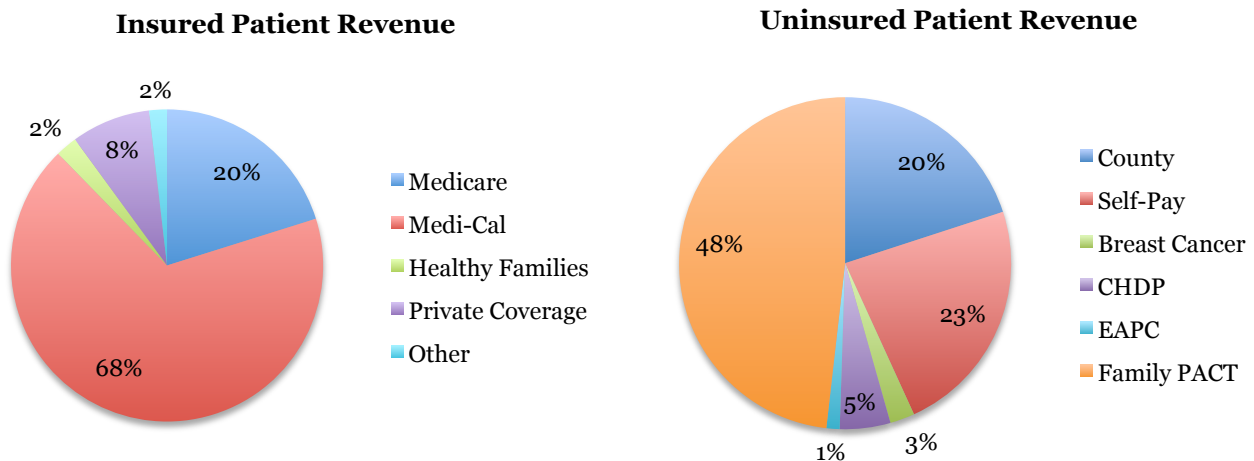


Figure 5. Insured and uninsured patient revenue by source, California 2009.

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

<i>Insured</i>	2006	2007	2008	2009	% Change ('06-'09)
Medicare	\$124,864,091	\$139,207,059	\$155,130,895	\$241,228,366	93.2%
Medi-Cal	\$663,117,964	\$714,755,903	\$775,624,697	\$808,377,487	21.9%
Healthy Families	\$18,551,999	\$23,647,454	\$27,533,741	\$26,951,113	45.3%
Private Coverage	\$83,774,321	\$85,673,309	\$94,591,286	\$98,007,451	17.0%
Other	\$26,411,790	\$25,102,787	\$24,285,810	\$22,117,723	-16.3%
Total	\$916,720,165	\$988,386,512	\$1,077,166,429	\$1,196,682,140	30.5%
Uninsured					
<i>Uninsured</i>	2006	2007	2008	2009	% Change ('06-'09)
County	\$58,679,306	\$63,813,136	\$64,149,800	\$89,992,676	53.4%
Self-Pay	\$75,721,004	\$81,595,330	\$91,510,096	\$104,450,860	37.9%
Non-Pay	\$0	\$1,575	\$0	\$94	-
Breast Cancer	\$9,332,767	\$7,828,164	\$8,809,699	\$10,810,507	15.8%
CHDP	\$19,778,205	\$21,558,717	\$24,421,386	\$22,193,221	12.2%
EAPC	\$22,436,484	\$5,191,084	\$6,364,545	\$5,779,364	-74.2%
Family PACT	\$138,486,647	\$144,845,577	\$185,312,368	\$216,971,480	56.7%
Total	\$324,434,413	\$324,833,583	\$380,567,894	\$450,198,202	38.8%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

Patient fees provided the majority of clinic operating revenue at \$1.65 billion out of \$2.45 billion. State revenue declined from \$86.8 to \$51.6 million. All other sources of revenue increased, most notably from the federal government (33.9%) and county/local sources (44.1%). Note that \$24.0 million of the \$353.9 million in federal funds received in 2009 was from the federal stimulus package.

	2006	2007	2008	2009	% Change ('06-'09)
Patient Fees	\$1,241,154,578	\$1,313,220,095	\$1,457,734,323	\$1,646,880,342	32.7%
Federal	\$264,330,411	\$288,516,922	\$298,850,967	\$353,867,322	33.9%
State	\$86,828,083	\$106,235,805	\$73,493,632	\$51,623,703	-40.5%
County & Local	\$109,787,001	\$127,420,343	\$142,154,912	\$158,219,322	44.1%
Private	\$64,602,633	\$80,094,247	\$79,517,194	\$80,977,717	25.3%
Donations	\$82,729,206	\$85,648,639	\$84,757,174	\$84,287,269	1.9%
Other	\$56,642,908	\$68,865,711	\$54,072,180	\$73,369,395	29.5%
Total Operating Revenue	\$1,906,074,820	\$2,070,001,762	\$2,190,580,382	\$2,449,225,070	28.5%
Expenses	\$1,864,135,743	\$2,000,400,965	\$2,170,492,048	\$2,386,223,753	28.0%
Net Operating Revenue	\$41,939,077	\$69,600,797	\$20,088,334	\$63,001,317	50.2%

Sources: Office of Statewide Health Planning and Development, "2006 State Utilization Data File of Primary Care Clinics;" "2007 State Utilization Data File of Primary Care Clinics;" "2008 State Utilization Data File of Primary Care Clinics;" & "2009 State Utilization Data File of Primary Care Clinics."

SECTION III: FOCUS ON HOSPITALS

UTILIZATION

In FY 2009, California hospitals provided residents with 22.7 million inpatient days and 46.4 million outpatient visits, as well as 9.1 million emergency department visits in 2008. While inpatient utilization remained the same, outpatient visits increased by 3.1 million (7.2%), and emergency department visits² by 1.1 million (14.5%).

Table 14: Hospitals

	2006	2007	2008	2009	% Change ('06-'09)
Total Hospitals	446	443	443	446	0.0%
Total Inpatient Days	22,888,823	22,980,418	23,077,735	22,654,877	-1.0%
Total Inpatient Discharges	3,499,602	3,535,908	3,549,102	3,543,081	1.2%
Total Outpatient Visits	43,306,828	44,393,601	44,766,784	46,408,155	7.2%
Total Emergency Department Visits	7,929,760	9,152,942	9,077,774	N/A	14.5%

Sources: Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009." Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Pages: CY 2006;" "Hospital Annual Financial Selected Pages: CY 2007;" & "Hospital Annual Financial Selected Pages: CY 2008."

The majority of inpatient utilization was by Medicare and Medi-Cal patients, who combined for 61.8% of all inpatient days. Other 3rd party (i.e. private insurance) and Medicare patients had 16.9 million and 12.6 million outpatient visits respectively. County reimbursed inpatient days and ER visits fell 7.0% and 9.0% respectively, despite the growing number of uninsured California residents.

Table 15: Inpatient, Outpatient and Emergency Department Utilization by Payer					
<i>Inpatient</i>	2006	2007	2008	2009	% Change ('06-'09)
Medicare	7,598,572	7,539,014	7,612,403	7,317,664	-3.7%
Medi-Cal	6,691,002	6,777,237	6,756,513	6,682,599	-0.1%
County	549,330	540,082	560,543	510,848	-7.0%
Other 3rd Party	5,314,530	5,383,702	5,426,691	5,304,730	-0.2%
Other Indigent	283,107	298,128	300,679	325,976	15.1%
Other	2,452,282	2,442,255	2,420,906	2,513,060	2.5%
Total	22,888,823	22,980,418	23,077,735	22,654,877	-1.0%
<i>Outpatient</i>	2006	2007	2008	2009	% Change ('06-'09)
Medicare	11,612,584	12,147,563	12,258,468	12,596,246	8.5%
Medi-Cal	9,574,147	9,734,739	9,789,035	10,730,539	12.1%
County	1,987,335	2,023,251	1,940,485	1,999,988	0.6%
Other 3rd Party	16,449,649	16,789,673	16,997,752	16,872,970	2.6%
Other Indigent	554,822	682,525	794,414	924,422	66.6%
Other	3,128,291	3,015,850	2,986,630	3,283,990	5.0%
Total	43,306,828	44,393,601	44,766,784	46,408,155	7.2%
<i>Emergency Department</i>	2006	2007	2008	2009	% Change ('06-'08)
Medicare	1,501,374	1,625,446	1,652,688	N/A	10.1%
Medi-Cal	2,016,758	2,320,110	2,389,286	N/A	18.5%
County	388,683	360,590	353,662	N/A	-9.0%
Other 3rd Party	2,862,441	3,551,752	3,388,170	N/A	18.4%
Other Indigent	201,365	218,523	243,658	N/A	21.0%
Other	959,139	1,076,521	1,050,310	N/A	9.5%
Total	7,929,760	9,152,942	9,077,774	N/A	14.5%

Sources: Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009." Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Pages: CY 2006;" "Hospital Annual Financial Selected Pages: CY 2007;" & "Hospital Annual Financial Selected Pages: CY 2008."

FINANCING

California hospitals reported generating approximately \$81.0 billion in operating revenue in 2009, a 22.6% increase over 2006 numbers. Similarly, total operating expenses increased from \$65.1 billion to \$78.6 billion in the same time period (20.7% increase), to net a \$2.4 billion operating margin. Notably, net patient revenue rose 32.9%, as did bad debt/charity care (37.7%), whose \$2.4 billion easily exceeded the \$1.7 billion in gross DSH funding the hospitals received. County reimbursement, decreased from 3.0% of hospital revenues to 2.8%.

Table 16: Hospital Revenue by Source

	2006	2007	2008	2009	% Change ('06-'09)
Bad Debt & Charity Care (adj.)	\$1,766,916,419	\$2,201,135,438	\$2,344,688,484	\$2,433,689,147	37.7%
County Reimbursement	3.0%	3.2%	3.0%	2.8%	-6.6%
Net Patient Revenue	\$53,407,429,320	\$67,089,752,625	\$71,913,874,300	\$70,971,400,103	32.9%
Gross DSH Fund	\$1,489,972,072	\$1,478,308,685	\$1,533,404,035	\$1,711,886,096	14.9%
Other Oper Rev	\$11,121,829,090	\$1,885,336,125	\$2,142,920,718	\$8,283,542,759	-25.5%
Total Oper Rev	\$66,019,230,482	\$70,453,397,435	\$75,590,199,053	\$80,966,828,958	22.6%
Total Oper Exp	\$65,107,098,903	\$69,374,512,863	\$69,374,512,863	\$78,599,388,189	20.7%
Oper Margin	\$912,131,579	\$1,078,884,572	\$687,982,896	\$2,367,440,769	159.6%

Sources: Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009."

Gross DSH and DSH replacement funding statewide increased slightly (5.0%), with marked increases in the Bay Area (22.8%) and Central Valley (19.9%) regions. North Central, however, saw its gross DSH funding slashed nearly in half from \$71.5 million to \$38.0 million. While the \$100 million increase in DSH funding is an optimistic development, the 5.0% increase is overshadowed by the doubling of unemployment rates and 23.0% increase in the uninsured.

Table 17: Gross DSH and DSH Replacement Funds by Region

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	\$350,060,309	\$375,411,322	\$389,995,442	\$429,768,042	22.77%
Central Coast	\$57,370,730	\$59,633,165	\$55,421,440	\$62,682,972	9.26%
Central Valley	\$175,129,332	\$194,369,185	\$194,744,994	\$209,899,623	19.85%
North Central	\$71,528,911	\$60,631,509	\$56,817,148	\$38,025,454	-46.84%
North Rural	\$12,002,890	\$9,836,392	\$11,997,289	\$12,042,758	0.33%
Southern California	\$1,383,891,161	\$1,395,137,187	\$1,282,797,511	\$1,400,502,255	1.20%
Total	\$2,049,983,333	\$2,095,018,758	\$1,991,773,825	\$2,152,921,105	5.02%

Sources: State of California Department of Health Care Service, "Disproportionate Share Hospitals: FY05-06 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY06-07 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY07-08 DSH and DSH Replacement Payments by County;" & "Disproportionate Share Hospitals: FY08-09 DSH and DSH Replacement Payments by County."

California hospitals reported an aggregate loss of \$2.66 billion in bad debt and charity care, which represents a loss of 3.3% of net patient and other operating revenue. While bad debt/charity care rose by at least a fifth in all six regions, the largest increases were in the regions with the most significant increases in unemployment and uninsured rates, North Rural (47.5%) and Central Valley (42.7%).

Table 18: Bad Debt/Charity Care by Region

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	\$482,502,740	\$453,762,596	\$497,409,497	\$592,980,687	22.90%
Central Coast	\$116,480,913	\$124,086,002	\$147,839,996	\$158,561,429	36.13%
Central Valley	\$159,388,423	\$189,511,516	\$206,636,426	\$227,417,520	42.68%
North Central	\$150,094,092	\$168,539,144	\$168,191,361	\$200,105,129	33.32%
North Rural	\$59,359,554	\$68,178,912	\$72,162,979	\$87,558,087	47.50%
Southern California	\$1,154,611,861	\$1,230,384,815	\$1,281,377,653	\$1,397,828,666	21.06%
Total	\$2,122,437,584	\$2,234,462,985	\$2,373,617,913	\$2,664,451,519	25.54%

Sources: Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009."

Adjusted bad debt/charity care increased for all types of hospitals, excluding non-profit institutions (decrease of 0.81%) and state hospitals. City/county hospitals dedicated the largest percentage of their total operating expenses to bad debt/charity care in 2009 (5.34%), while investor hospitals saw the largest increase from 2006 to 2009 (2.69% to 3.69%)

Table 19: Bad Debt/Charity Care by Hospital Type, 2009

	Bad Debt & Charity Care (adj)	Total Operating Expenses	% of Oper Exp (2006)	% of Oper Exp (2009)	% Change ('06-'09)
City/County	\$392,312,230	\$7,349,749,755	4.91%	5.34%	8.65%
District	\$171,427,501	\$3,593,122,281	4.66%	4.77%	2.28%
Investor	\$321,416,691	\$8,707,038,236	2.69%	3.69%	37.43%
Non-Profit	\$1,838,004,942	\$57,030,815,427	3.25%	3.22%	-0.81%
State	\$0	\$1,918,662,490	0.00%	0.00%	-
Total	\$2,717,741,147	\$78,599,388,189	3.27%	3.46%	5.59%

Sources: Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009."

SECTION IV: FOCUS ON COUNTY HEALTH

FUNDING

County health funding as a whole remained the same with a negligible 1.6% increase from 2006 to 2009, despite increasing need as evidenced by rising unemployment and uninsured rates. Realignment funds decreased by \$150 million (9.8%), gross DSH funding increased by about \$100 million (5.0%), Proposition 99 funding was virtually eliminated, and tobacco settlement funds rose by almost a quarter. Funding per resident remained unchanged; funding per uninsured resident, however, decreased 17.4% due to an increase of 1.5 million in the uninsured population (7.9 million total) while total funding remained static.

In 2006, 45.7% of total county health was spent on the uninsured. Complete data for subsequent years is not available for two reasons: 1) counties did not report expenditure data to MICRS after FY2006-07, and 2) FY2006-07 for CMSP counties is unavailable, and subsequent years are lacking pharmacy claims/expenditure information. Additionally, county indigent figures, as well as utilization and expenditures, are not included in this report due to incomplete data.

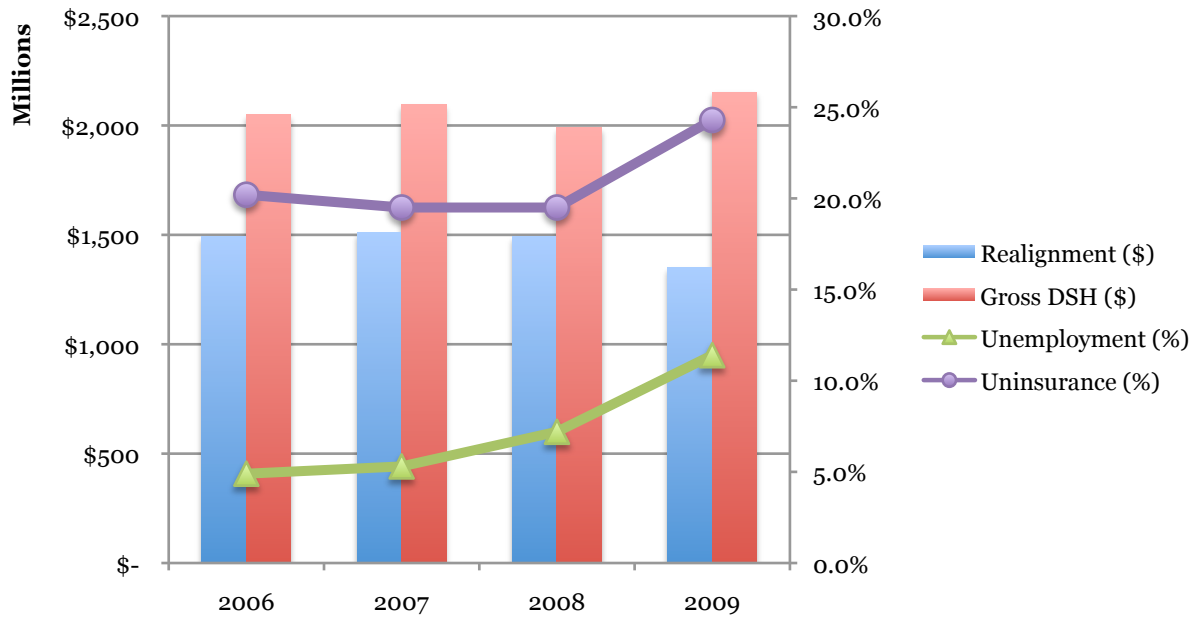


Figure 6. Realignment and gross DSH funding, California 2006-2009.

Sources: State of California Controller’s Office – Division of Accounting and Reporting, “FY2005-06 Program Allocation (New Base for FY2006-07);” “FY2006-07 Program Allocation (New Base for FY2007-08);” “FY2007-08 Program Allocation (New Base for FY2008-09);” & “FY2008-09 Program Allocation (New Base for FY2009-10).” State of California Department of Health Care Service, “Disproportionate Share Hospitals: FY05-06 DSH and DSH Replacement Payments by County;” “Disproportionate Share Hospitals: FY06-07 DSH and DSH Replacement Payments by County;” “Disproportionate Share Hospitals: FY07-08 DSH and DSH Replacement Payments by County;” & “Disproportionate Share Hospitals: FY08-09 DSH and DSH Replacement Payments by County.” State of California Employment Development Department, Labor Market Information Division “Industry Employment and Labor Force – by Annual Average (1990-2009); March 2009 Benchmark (Not Seasonally Adjusted).” UCLA Center for Health Policy Research, “2007 California Health Interview Survey” & “2005 California Health Interview Survey.”

Table 20: County Health Funding by Source

	2006	2007	2008	2009	% Change ('06-'09)
Realignment	\$1,520,501,572	\$1,538,651,128	\$1,518,775,678	\$1,372,049,262	-9.8%
County Match	\$341,356,245	\$341,356,245	\$341,356,245	\$341,356,245	0.0%
Prop. 99	\$49,602,000	\$26,064,000	\$22,580,000	\$800,000	-98.4%
Tobacco Settlement	\$744,481,475	\$774,793,155	\$832,132,094	\$914,379,413	22.8%
Gross DSH	\$2,043,681,742	\$2,082,387,257	\$1,984,313,256	\$2,145,773,307	5.0%
Total	\$4,699,623,033	\$4,763,251,785	\$4,699,157,273	\$4,774,358,227	1.6%
Funding per Resident	\$147.10	\$148.29	\$145.18	\$146.19	-0.6%
Funding per Uninsured Res	\$728.20	\$760.46	\$744.52	\$601.62	-17.4%

Sources: State of California Controller's Office – Division of Accounting and Reporting, "FY2005-06 Program Allocation (New Base for FY2006-07);" "FY2006-07 Program Allocation (New Base for FY2007-08);" "FY2007-08 Program Allocation (New Base for FY2008-09);" & "FY2008-09 Program Allocation (New Base for FY2009-10)." State of California Department of Health Care Service, "Disproportionate Share Hospitals: FY05-06 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY06-07 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY07-08 DSH and DSH Replacement Payments by County;" & "Disproportionate Share Hospitals: FY08-09 DSH and DSH Replacement Payments by County." State of California Department of Public Health, "California Healthcare for Indigents Program Allocations Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09;" "Rural Health Services Program Allocations – Proposition 99 Funded Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09." State of California Office of the Attorney General, "Tobacco Master Settlement Agreement Payments Received by State, Counties and Cities – FY2005-06 to FY2008-09." US Census Bureau – Population Division, "County Resident Population by Age, Sex, Race and Hispanic Origin: April 1, 2000 through July 1, 2009." UCLA Center for Health Policy Research, "2005 California Health Interview Survey" & "2007 California Health Interview Survey."

Table 21: County Health Funding Totals by Region

	2006	2007	2008	2009	% Change ('06-'09)
Bay Area	\$785,874,905	\$812,538,765	\$827,289,049	\$842,150,712	7.16%
Central Coast	\$159,977,612	\$162,626,416	\$159,035,347	\$161,704,110	1.08%
Central Valley	\$382,241,967	\$402,381,738	\$403,096,525	\$406,404,958	6.32%
North Central	\$234,542,622	\$224,826,231	\$221,479,143	\$192,758,194	-17.82%
North Rural	\$103,413,434	\$102,129,597	\$103,970,108	\$100,485,108	-2.83%
Southern California	\$2,584,613,779	\$2,599,595,399	\$2,489,323,193	\$2,534,556,415	-1.94%
Total	\$4,250,664,319	\$4,304,098,146	\$4,204,193,366	\$4,238,059,497	-0.30%

Sources: State of California Controller's Office – Division of Accounting and Reporting, "FY2005-06 Program Allocation (New Base for FY2006-07);" "FY2006-07 Program Allocation (New Base for FY2007-08);" "FY2007-08 Program Allocation (New Base for FY2008-09);" & "FY2008-09 Program Allocation (New Base for FY2009-10)." State of California Department of Health Care Service, "Disproportionate Share Hospitals: FY05-06 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY06-07 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY07-08 DSH and DSH Replacement Payments by County;" & "Disproportionate Share Hospitals: FY08-09 DSH and DSH Replacement Payments by County." State of California Department of Public Health, "California Healthcare for Indigents Program Allocations Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09;" "Rural Health Services Program Allocations – Proposition 99 Funded Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09." State of California Office of the Attorney General, "Tobacco Master Settlement Agreement Payments Received by State, Counties and Cities – FY2005-06 to FY2008-09."

APPENDIX I: METHODOLOGY/DATA SOURCES

The data presented in this report represent the most current data available, as well as historical data from FY2005-06/CY2006. Some comparative data in this report may vary from previous years' reports due to updated data sources and analyses.

SECTION I: GENERAL PERSPECTIVE

Unemployment and industry information were obtained from the State of California's Employment Development Department in July, 2010. There were no changes from prior reports' methodologies.

State of California Employment Development Department, Labor Market Information Division "Industry Employment and Labor Force – by Annual Average (1990-2009); March 2009 Benchmark (Not Seasonally Adjusted)," February 2008, downloaded on July 20, 2010 from <http://www.labormarketinfo.edd.ca.gov/?pageid=170>.

The population and race/ethnicity calculations used in Section I and throughout the report are drawn from the US Census Bureau's 2009 estimates. This is a slight deviation from ITUP reports prior to 2004 that relied solely on Census 2000 information. As we move closer to 2010, the 2000 Census data is less accurate; thus the decision was made to use Census Bureau population estimates for all non-census years. Downloaded from <http://www.census.gov/popest/datasets.html>.

Previously, poverty data was obtained from the US Census Bureau's "Ratio of Income in 1999 to Poverty Level." Due to the economic recession, the 2000 Census may not be accurate; we therefore used data from the 2007 California Health Interview Survey.

US Census Bureau – Population Division, "County Resident Population by Age, Sex, Race and Hispanic Origin: April 1, 2000 through July 1, 2009," downloaded on July 16, 2010 from http://www.census.gov/popest/states/asrh/files/SC-EST2009-alldata6-AL_ID.csv

US Census Bureau, "PCT141.Ratio of Income in 1999 to Poverty Level," Census 2000 Summary File (SF 4) – Sample Data, downloaded on November 3, 2004 from <http://factfinder.census.gov>

UCLA Center for Health Policy Research, "2007 California Health Interview Survey," accessed at <http://www.chis.ucla.edu> in August, 2010.

Data on the number of uninsured was obtained from the UCLA Center for Health Policy Research's 2005 and 2007 California Health Interview Surveys. Medi-Cal enrollment and managed care information were downloaded from the California Department of Health Care Services' Research and Analytical Studies Section (previously known as the Medical Care Statistics Section). Healthy Families enrollment data was downloaded from the Managed Risk Medical Insurance Board.

UCLA Center for Health Policy Research, "2005 California Health Interview Survey" and "2007 California Health Interview Survey," downloaded from <http://www.chis.ucla.edu> in May 2007.

State of California Department of Health Services, Research and Analytical Statistics Section, "Medical Beneficiary Profiles by County: July 2006; July 2007; July 2008 & July 2009," received on July 27, 2010.

Managed Risk Medical Insurance Board, “Healthy Families Program Subscribers Currently Enrolled by Ethnicity; by County,” December 2006; December 2007; December 2008 & December 2009, downloaded on August 9, 2010 from <http://www.mrmib.ca.gov/MRMIB/HFP/HFPReports.shtml>.

Managed Risk Medical Insurance Board, “Healthy Families Program Subscribers Currently Enrolled by Managed Care Plan; by County,” December 2006; December 2007; December 2008 & December 2009, downloaded on August 9, 2010 from <http://www.mrmib.ca.gov/MRMIB/HFP/HFPReports.shtml>.

SECTION II: COMMUNITY CLINICS

All community clinic data was obtained from the Office of Statewide Health Planning and Development (OSHPD). There were no changes from prior reports’ methodologies.

Office of Statewide Health Planning & Development, “State Utilization Data File of Primary Care Clinics: 2006-2009,” downloaded September 27, 2010 from http://oshpd.ca.gov/hid/Products/Hospitals/Utilization/PC_SC_Utilization.html

SECTION III: HOSPITALS

Consistent with ITUP’s previous state reports, analysis of a county’s hospital utilization of inpatient, outpatient and emergency department services was obtained from OSHPD. All calculations were consistent with past methodologies. Emergency department utilization data was not available for 2009.

Office of Statewide Health Planning and Development, “Hospital Annual Financial Selected Data: CY 2006-CY2009,” downloaded on September 27, 2010 from <http://oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/SubSets/SelectedData/default.asp>

Office of Statewide Health Planning and Development, “Hospital Annual Financial Selected Pages: CY 2006;” “Hospital Annual Financial Selected Pages: CY 2007;” & “Hospital Annual Financial Selected Pages: CY 2008,” downloaded on July 27, 2009 from http://oshpd.ca.gov/hid/Products/Hospitals/AnnFinanData/SubSets/Selected_Pages/index.html

Financing data for hospitals were obtained OSHPD, as reported to the State of California Department of Health Care Services. Due to changes in reporting, we have modified our calculations such that bad debt/charity care is adjusted by the ratio between sum of net patient revenue and other revenue to gross patient revenue ³; previously, it had been adjusted by the ratio of the net patient revenue to the gross patient revenue.

SECTION IV: COUNTY HEALTH

County demographic data was obtained from the California Department of Health Services' Office of County Health Services, MICRS and CMSP. Complete data for FY 2005-06 was the most recent available from both MICRS and CMSP. There are no other changes in methodology.

Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Data: CY 2006;" "Hospital Annual Financial Selected Data: CY 2007;" "Hospital Annual Financial Selected Data: CY 2008;" & "Hospital Annual Financial Selected Data: CY 2009."

Office of Statewide Health Planning and Development, "Hospital Annual Financial Selected Pages: CY 2006;" "Hospital Annual Financial Selected Pages: CY 2007;" & "Hospital Annual Financial Selected Pages: CY 2008."

Sources of funding data for county health services were drawn from the Office of County Health Services and the Office of the Attorney General. The methodology used to calculate total funding deviates from reports prior to 2004 in the current version's inclusion of tobacco settlement agreement funds, as well as the inclusion of gross DSH and DSH replacement funding instead of net county DSH funding. The percentage of funding spent on the uninsured was calculated by dividing county spending for the indigent for FY 2005-06, the most recent complete data year available, by total funding received in FY 2005-06 or CY 2006, depending on the source.

State of California Controller's Office – Division of Accounting and Reporting, "FY2005-06 Program Allocation (New Base for FY2006-07);" "FY2006-07 Program Allocation (New Base for FY2007-08);" "FY2007-08 Program Allocation (New Base for FY2008-09);" & "FY2008-09 Program Allocation (New Base for FY2009-10)," received on August 27, 2010.

State of California Department of Health Care Service, "Disproportionate Share Hospitals: FY05-06 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY06-07 DSH and DSH Replacement Payments by County;" "Disproportionate Share Hospitals: FY07-08 DSH and DSH Replacement Payments by County;" & "Disproportionate Share Hospitals: FY08-09 DSH and DSH Replacement Payments by County," received on August 27, 2010.

State of California Department of Public Health, "California Healthcare for Indigents Program Allocations Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09;" "Rural Health Services Program Allocations – Proposition 99 Funded Summary FY2005-06; FY2006-07; FY2007-08 & FY2008-09."

State of California Office of the Attorney General, "Tobacco Master Settlement Agreement Payments Received by State, Counties and Cities – FY2005-06 to FY2008-09," downloaded on July 15, 2010 from http://ag.ca.gov/tobacco/settlements/TMSAPC_REV.pdf

State of California Department of Health Services, Office of County Health Services, "CMSP Summary of Expenditures by Service Type and County, FY 2005-06," received on July 29, 2010.

ENDNOTES

¹ Labor Market Info: The Economy (<http://www.labormarketinfo.edd.ca.gov/?pageid=4>)

² Emergency department utilization was not available for FY2009. The most current data is presented in this report.

³ Some hospitals reported no net patient revenue in 2006, possibly classifying it under other revenue instead. We have combined the two revenue streams into one category for comparability in our trend analyses.